



NEWS RELEASE

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Challenge to City's Bankruptcy Confirmation Dismissed by U.S. Bankruptcy Appellate Panel

(Stockton, CA) – The City of Stockton received good news late Friday afternoon, December 11, 2015; the U.S. Bankruptcy Appellate Panel of the Ninth Circuit (BAP) issued an opinion dismissing the appeal to confirmation of the City's plan of adjustment by creditor Franklin High Yield Fund. Bankruptcy Judge Christopher Klein entered an order confirming the City's Plan of Adjustment in early February 2015, and the City exited bankruptcy later that month.

"We officially exited bankruptcy and began implementing our bankruptcy exit plan in February of this year, after a long and painful process in which we endured the most complex analysis and scrutiny of our financial choices and ability," said City Manager Kurt Wilson. "Nearly every creditor, including each of our labor groups, reached an agreement with the City, but Franklin continued to challenge the Judge's decisions. A panel of three U.S. bankruptcy judges have agreed with Judge Klein's decision and the City on every point challenged by Franklin. The City will continue its current path of implementing the court-approved Plan of Adjustment."

The City of Stockton filed for Chapter 9 bankruptcy protection June 28, 2012,

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after attempting to reach agreements with its major creditors, including Franklin, in a state-mandated, pre-bankruptcy process (AB 506). After over two years of continued mediation and hearings, Judge Christopher Klein, then Chief of the U.S. Bankruptcy Court for the Eastern District of California, conducted a trial on Franklin’s objection to the Plan of Adjustment that memorialized the agreements reached by the City of Stockton and nearly all of its creditors. On February 4, 2015, the Judge signed the confirmation order approving the City’s Plan of Adjustment, enabling the City to exit bankruptcy.

“Through the bankruptcy process, the City was able to develop a long-range financial plan to help us prepare and guide our financial decisions for decades into the future,” continued Wilson. “We’re in a good place, and we’re on an even better path forward.”

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