


2012-32118  
FILED  
July 10, 2012  
CLERK, U.S. BANKRUPTCY COURT  
EASTERN DISTRICT OF CALIFORNIA  
  
0004329288

6

1 MARC A. LEVINSON (STATE BAR NO. 57613)  
malevinson@orrick.com  
2 NORMAN C. HILE (STATE BAR NO. 57299)  
nhile@orrick.com  
3 JOHN W. KILLEEN (STATE BAR NO. 258395)  
jkilleen@orrick.com  
4 ORRICK, HERRINGTON & SUTCLIFFE LLP  
400 Capitol Mall, Suite 3000  
5 Sacramento, California 95814-4497  
Telephone: (916) 447-9200  
6 Facsimile: (916) 329-4900  
7 Attorneys for Debtor  
City of Stockton  
8

9 UNITED STATES BANKRUPTCY COURT  
10 EASTERN DISTRICT OF CALIFORNIA  
11 SACRAMENTO DIVISION  
12

13 In re:  
14 CITY OF STOCKTON, CALIFORNIA,  
15 Debtor.

Case No. 2012-32118  
DC No. OHS-2  
Chapter 9

16 **ORDER DIRECTING AND**  
17 **APPROVING FORM OF NOTICE AND**  
18 **SETTING DEADLINE FOR FILING**  
19 **OBJECTIONS TO THE CITY OF**  
20 **STOCKTON, CALIFORNIA'S**  
21 **PETITION**

22 Date: Friday, July 6, 2012  
23 Time: 10:00 a.m.  
24 Place: United States Courthouse  
25 Dept. A, Courtroom 28  
26 501 I Street  
27 Sacramento, CA 95814  
28

RECEIVED  
July 09, 2012  
CLERK, U.S. BANKRUPTCY COURT  
EASTERN DISTRICT OF CALIFORNIA  
0004329288

ORD. DIRECTING & APPROVING FORM OF NOT. &  
SETTING DEADLINE FOR FILING OBJS. TO THE  
CITY OF STOCKTON, CALIFORNIA'S PETITION

1 Upon consideration of the Emergency Motion for Entry of an Order (1) Directing and  
2 Approving Form of Notice; and (2) Setting Deadline for Filing Objections to Petition (the  
3 “Emergency Motion”), filed by the City of Stockton, California (the “City”), the Court finding  
4 that notice of the Emergency Motion was reasonable and appropriate under the circumstances,  
5 and the Court determining that the relief requested in the Emergency Motion is appropriate and in  
6 the best interests of the creditors and parties in interest in this case,

7 IT IS HEREBY ORDERED THAT:

8 1. The form of notice of the commencement of case (the “Notice”), attached hereto,  
9 is approved;

10 2. The requirements of Bankruptcy Code § 923 are satisfied by service of the Notice  
11 by first class mail on the United States Trustee and all entities identified on the List of Creditors  
12 filed by the City pursuant to Bankruptcy Code § 924, and by publication of the Notice once a  
13 week for at least three consecutive weeks in each of *The Stockton Record* and *The Bond Buyer*;


14 3. The Clerk of the Court is directed to mail the Notice to all creditors listed on the  
15 City’s List of Creditors filed pursuant to section 924 of the Bankruptcy Code;

16 4. As more particularly described in the Notice, the deadline for filing objections to  
17 the petition under Bankruptcy Code § 921(d) is 5:00 p.m. Pacific time on August 9, 2012 (the  
18 “Objection Deadline”);

19 5. ~~\_\_\_\_\_~~, the Court will conduct a status conference  
20 on Thursday, August 23, 2012, at 10:00 a.m. Pacific time, at which time the Court will consider  
21 setting other dates; and whether, if no objection is filed, to enter

22 ~~\_\_\_\_\_~~  
23 ~~\_\_\_\_\_~~ an order for relief.

24 Dated: July 10, 2012

25   
26 \_\_\_\_\_  
27 United States Bankruptcy Judge  
28

1 MARC A. LEVINSON (STATE BAR NO. 57613)  
 malevinson@orrick.com  
 2 NORMAN C. HILE (STATE BAR NO. 57299)  
 nhile@orrick.com  
 3 JOHN W. KILLEEN (STATE BAR NO. 258395)  
 jkilleen@orrick.com  
 4 ORRICK, HERRINGTON & SUTCLIFFE LLP  
 400 Capitol Mall, Suite 3000  
 5 Sacramento, California 95814-4497  
 Telephone: (916) 447-9200  
 6 Facsimile: (916) 329-4900

7 Attorneys for Debtor  
 City of Stockton  
 8

9 UNITED STATES BANKRUPTCY COURT  
 10 EASTERN DISTRICT OF CALIFORNIA  
 11 SACRAMENTO DIVISION  
 12

13 In re:  
 14 CITY OF STOCKTON, CALIFORNIA,  
 15 Debtor.  
 16

Case No. 2012-32118  
 Chapter 9  
**NOTICE OF COMMENCEMENT OF  
 CHAPTER 9 CASE**

17  
 18 **TO ALL CREDITORS OF THE CITY OF STOCKTON, CALIFORNIA, AND TO**  
 19 **PARTIES IN INTEREST. PLEASE TAKE NOTICE THAT:**

20 **COMMENCEMENT OF CHAPTER 9 CASE.** On June 28, 2012, the City of Stockton,  
 21 California (the “City”) commenced a case under chapter 9 of title 11 of the United States Code  
 22 (the “Bankruptcy Code”) in the United States Bankruptcy Court for the Eastern District of  
 23 California, Sacramento Division (the “Court”). The chapter 9 case is pending before the  
 24 Honorable Christopher M. Klein, Chief United States Bankruptcy Judge. All documents filed  
 25 with the Court are available for inspection via the PACER system, which may be accessed on a  
 26 subscription basis at the following internet address: [www.caeb.uscourts.gov](http://www.caeb.uscourts.gov). In addition, the City  
 27 is in the process of adding a chapter 9 link to its website, [www.stocktongov.com](http://www.stocktongov.com). Such link will  
 28 contain, among other things, key pleadings filed in the bankruptcy case.

1           **AUTOMATIC STAY.** Pursuant to sections 362 and 922 of the Bankruptcy Code, 11  
2 U.S.C. §§ 362 and 922, the filing of the City's chapter 9 petition operates as an automatic stay of  
3 actions against the City, including, among other things, the enforcement of any judgment, any act  
4 to obtain property from the City, any act to create, perfect, or enforce any lien against property of  
5 the City, any act to collect, assess or recover a claim against the City, and the commencement or  
6 continuation of any judicial, administrative, or any other action or proceeding against the City or  
7 against an officer or inhabitant of the City that seeks to enforce a claim against the City.

8           **PURPOSE OF THE CHAPTER 9 FILING.** Chapter 9 of the Bankruptcy Code  
9 provides a means for a municipality, such as the City, that has encountered financial difficulty to  
10 work with its creditors to adjust its debts. The primary purpose of chapter 9 is to allow the  
11 municipality to continue its operations and its provision of services while it adjusts or restructures  
12 creditor obligations. Pursuant to the Tenth Amendment to the United States Constitution and to  
13 Bankruptcy Code sections 903 and 904 (11 U.S.C. §§ 903 and 904), in a chapter 9 case, the  
14 jurisdiction and powers of the bankruptcy court are limited such that the court may not interfere  
15 with any of the political or governmental powers of the City, or the City's use or enjoyment of  
16 any income-producing property. The City intends to propose a plan for the adjustment of its  
17 debts. Future notice concerning any such plan will be provided to all known creditors. During  
18 the bankruptcy case, the City will remain in possession and control of its property, and will  
19 maintain its operations for the benefit of the public.

20           **DEADLINE FOR OBJECTIONS TO PETITION AND ENTRY OF AN ORDER**  
21 **FOR RELIEF.** Objections to the chapter 9 petition may be filed by a creditor or party in interest  
22 by no later than 5:00 p.m. Pacific time on Thursday, August 9, 2012. If you are an authorized  
23 user of the Court's CM/ECF system, any such objection shall be filed via the Court's CM/ECF  
24 system. If you are not an authorized user of the Court's CM/ECF system, a written objection  
25 must be sent by means calculated to reach the Court no later than 5:00 p.m. on August 9, 2012 at  
26 the following address: The Clerk of the United States Bankruptcy Court for the Eastern District  
27 of California, Sacramento Division, 501 I Street, Sacramento, California 95814.

28           Any objection shall state the facts and legal authorities relied upon in support thereof, and

1 shall be served on or before the same date on the following parties (collectively, the “Special  
2 Notice Parties”): (1) the United States Trustee; (2) the City; (3) the City Attorney; (4) the City’s  
3 chapter 9 counsel; (5) the creditors holding the 20 largest unsecured claims against the City; (6)  
4 counsel for Union Bank, N.A., Wells Fargo Bank, and Dexia Credit Local, as the Trustees of  
5 certain bond indebtedness of the City; (7) counsel for National Public Finance Guarantee  
6 Corporation and Assured Guaranty, the City’s bond insurers; (8) California Public Employees  
7 Retirement System; (9) counsel for the Stockton Police Management Association, Stockton  
8 Police Officers’ Association, Stockton Fire Management Unit, International Association of  
9 Firefighters Local 456, Stockton Mid-Management/Supervisory Level Unit, and Stockton City  
10 Employees’ Association; (10) counsel for Operating Engineers Local 3; (11) counsel for the  
11 Association of Retired Employees of the City of Stockton; (12) counsel for Franklin Advisers,  
12 Inc.; (13) counsel for the United States Department of Housing and Urban Development; (14)  
13 counsel for the Howard Jarvis Taxpayers Association; (15) counsel for the Price Judgment  
14 Creditors; and (16) any other party who has filed a request for special notice with the Court. The  
15 contact information for such persons may be found on the Special Notice List that the City will  
16 file with the Court prior to the publication of this Notice.

17 **HEARING ON OBJECTIONS.** If no objection is timely filed, the filing of the petition  
18 shall be deemed an order for relief under chapter 9 of the Bankruptcy Code, and this notice shall  
19 be deemed notice of such order for relief. If a timely objection is filed and served, the Court has  
20 set a status conference for Thursday, August 23, 2012, at 10:00 a.m. Pacific time in Courtroom 35  
21 at the United States Bankruptcy Court for the Eastern District of California, Sacramento Division,  
22 501 I Street, 6<sup>th</sup> floor, Sacramento, California 95814. At such time, the Court will consider  
23 setting other dates.

1 **FAILURE TO FILE A TIMELY WRITTEN OPPOSITION WILL RESULT IN THE**  
2 **ORDER FOR RELIEF BEING ENTERED.**

3 Dated: July 6, 2012

MARC A. LEVINSON  
NORMAN C. HILE  
JOHN W. KILLEEN  
Orrick, Herrington & Sutcliffe LLP

4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

By: /s/ Marc A. Levinson  
MARC A. LEVINSON  
Attorneys for Debtor  
Debtor