



CITY OF STOCKTON NEWS RELEASE

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Contact: Connie Cochran
Public Information Officer
(209) 937-8827
connie.cochran@stocktongov.com

Stockton Chapter 9 Eligibility Trial Concludes Judge to Rule Next Week

(Stockton, CA) - Today was the third day of trial in the United States Bankruptcy Court, Eastern District of California (Sacramento), to determine the City of Stockton's eligibility for chapter 9 bankruptcy relief. Chief Judge Christopher M. Klein, who had originally dedicated four full days for the trial, heard closing arguments today, after just three trial days. The Judge stated that he would make findings of fact and conclusions of law on Monday, April 1, 2013, at 10a.

The City defended its eligibility against its largest creditors: Assured Guaranty Corp., Assured Guaranty Municipal Corp., National Public Finance Guaranty Corporation, Franklin Advisors, Inc. and Wells Fargo Bank, referred to collectively as the Capital Market Creditors. The primary objections were addressed in the City's reply brief, filed with the court on February 15, 2013, Document 707 (72 pages), at www.stocktongov.com/chapter9.

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Testimony was submitted in advance of the trial in a series of declarations and exhibits. Witnesses were cross-examined about these testimonies in-person, in the courtroom. During the first day of trial on Monday, March 25, the following witnesses testified on behalf of the City and were cross-examined by the objectors: City Manager Bob Deis, Deputy City Manager Laurie Montes, Chief Financial Officer Vanessa Burke, and Dave Millican, Management Partners, a consultant for the City of Stockton. The second day of trial, Dave Millican, Management Partners, was called for additional questioning, followed by Teresia Haase, City of Stockton Human Resources Director, and the City's labor relations consultant, Ann Goodrich.

During the third and final day of trial, the Capital Market Creditors called Councilmember Kathy Miller to testify as an adverse witness, questioning her about employee compensation, pensions and how the Council addressed decisions related to entering bankruptcy. Councilmember Miller was the only witness called by the objectors to testify in-person. Following her testimony, the Capital Market Creditors rested their case.

Closing arguments were presented by both sides in the afternoon.

For exhibits to the declarations linked above and additional filings, please visit www.stocktongov.com/chapter9.

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All News Releases can be found on the City of Stockton website. www.stocktongov.com/news

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