



NEWS RELEASE

FOR IMMEDIATE RELEASE:
Tuesday, February 24, 2015

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STOCKTON EXITING BANKRUPTCY ***Announcing Plan Effective Date***

(Stockton, CA) - The City of Stockton announced that it will officially exit bankruptcy, effective, February 25, 2015. While Judge Christopher M. Klein, of the U.S. Bankruptcy Court stated on October 30, 2014, that Stockton's Plan of Adjustment (bankruptcy exit plan) was confirmable, he prepared an extensive opinion to support his decision and signed the Confirmation Order on February 4, 2015, paving the way for the City to make the final preparations for exiting bankruptcy.

"We have spent the last several weeks finalizing dozens of complicated legal and real estate documents and making preparations for thousands of checks that must be issued for the effective date," stated City Manager Kurt Wilson. "After 2 ½ years, the timing and synchronization of everything to culminate on a specific date is a huge effort by everyone involved."

The City's Plan of Adjustment includes the various agreements reached with employees, retirees, capital market creditors, and numerous other classes of creditors, implementing structural changes to the City's operations and finances that would not have been possible outside of bankruptcy. Stockton has been able to address over \$2 billion in

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long-term debt and obligations that had overburdened the General Fund and caused both fiscal and service insolvency for the City. With implementation of the plan agreements, the City is fiscally solvent and sustainable.

Wilson, who came to work for the City after it had already declared bankruptcy, has worked with two Councils to lead the City through the final stages of the process. “We emerge from bankruptcy a renewed city, perhaps better prepared for our future than any other city in the State, with a new value system, a thorough understanding of our operations and finances, and the tools to maintain solvency and adjust to economic conditions for decades into the future.”

The City has developed a Long-Range Financial Plan (LRFP) to inform and guide financial decisions for the duration of the agreements that comprise the Plan of Adjustment, some of which extend out to 2053. The plan requires fiscal discipline because it is lean and does not allow for increases in employees or services, with the exception of police and the Marshall Plan on Crime. This means we will have to live within our means, even when that requires the denial of well-deserved service enhancements. Increases in services will only be possible through efficiencies gained by the City and improvements in the local economy. The LRFP is the basis of all the agreements made as part of the bankruptcy Plan of Adjustment. It will allow decision makers to examine the long-term impacts of policy decisions and budget assumptions to ensure that mistakes of the past are not repeated and all future decisions are conservative and reasonable.

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“There is cause for celebration,” continued City Manager Wilson. “We have worked long and hard to get to this day. We owe a huge debt of gratitude to all of our City employees for their hard work, dedication, and the sacrifices they have made over the last several years. The stigma of bankruptcy is lifted and we can move our city forward toward recovery.”

For additional information, please visit www.stocktongov.com/bankruptcy or call (209) 937-8827.

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