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10 Attorneys for California Public Employees'
11 Retirement System

12 UNITED STATES BANKRUPTCY COURT
13 CENTRAL DISTRICT OF CALIFORNIA
14 RIVERSIDE DIVISION

15 In re
16 CITY OF SAN BERNARDINO, CALIFORNIA,
17 Debtor.

18 Case No. 6:12-bk-28006 MJ

19 Chapter 9

20 DECLARATION OF MICHAEL B. LUBIC IN
21 SUPPORT OF CALPERS' MOTION FOR
22 RELIEF FROM STAY

23 Date: December 21, 2012
24 Time: 10:00 a.m.
25 Place: United States Bankruptcy Court
26 3420 Twelfth Street
27 Courtroom 301
28 Riverside, CA 92501

29 I, Michael B. Lubic, declare as follows:

30 1. I am over 18 years of age. Except where otherwise stated, I have personal knowledge
31 of the facts set forth below and, if called to testify, I could and would testify competently thereto.

32 2. I am duly licensed to practice law in the state of California, in the United States
33 District Courts and Bankruptcy Courts for the Northern, Eastern, Central, and Southern Districts of
34 California, and before the Ninth Circuit.

35 3. I am a partner of the law firm of K&L Gates LLP, counsel to the California Public
36 Employees' Retirement System ("CalPERS") in this matter.

1 4. I make this declaration in support of “CalPERS’ Motion for Relief from Stay,” which
2 has been filed contemporaneously herewith.

3 5. On November 27, 2012, I accessed the City of San Bernardino’s web site and the page
4 titled “Chapter 9 Bankruptcy” (“City’s Web Page”). On the City’s Web Page, in the section labeled
5 “Pendency Plan,” a document entitled “Pendency Plan 11/26/12” (the “Pendency Plan”) was
6 available to be downloaded. A true and correct copy of the Pendency Plan is attached hereto as
7 Exhibit “1”.

8 6. On November 27, 2012, I accessed the City’s Web Page and in the section labeled
9 “Finance Reports,” a document entitled “10/29/2012 City of San Bernardino Cash Flow Position”
10 (the “City of San Bernardino’s Cash Flow Position – Report on Selected Analytics dated October 29,
11 2012”) was available to be downloaded. A true and correct copy of the City of San Bernardino’s
12 Cash Flow Position – Report on Selected Analytics dated October 29, 2012 is attached hereto as
13 Exhibit “2”.

14 7. On November 27, 2012, I accessed the City’s Web Page and in the section labeled
15 “Media releases,” a document entitled “10/29/2012 City’s Deferral of CalPERS Payments” (the “City
16 of San Bernardino 10/29/2012 Press Release”) was available to be downloaded. A true and correct
17 copy of the City of San Bernardino 10/29/2012 Press Release is attached hereto as Exhibit “3”.

18 I declare under penalty of perjury under the laws of the United States of America that
19 the foregoing is true and correct.

20 Executed at Los Angeles, California on November 27, 2012.

21
22 K&L GATES LLP

23 By: /s/Michael B. Lubic

24 Michael B. Lubic

25 Attorneys for California Public Employees’
26 Retirement System
27
28

EXHIBIT 1

**PENDENCY PLAN
City of San Bernardino**

Prepared by:

Andrea Travis-Miller, Acting City Manager
Jason Simpson, Director of Finance
Michael Busch, President, Urban Futures, Inc.

November ~~19~~²⁶, 2012

SUMMARY

This report proposes to take a number of actions related to the City's budget that combined represent the City's financial plan for Fiscal Years 2012-13 and 2013-14 and, if approved by the Common Council, will serve as the City's Pendency Plan. The City's Pre-Pendency Plan submitted to the Mayor and Common Council by the City Manager on August 29, 2012, September 5, 2012, and October 1, 2012 included a plan for all of the City's funds for Fiscal 2012-13. It was noted that the General Fund remained out of balance while the City worked through labor negotiations and discussions with its creditors in an attempt to restructure financial obligations that would balance the fund. While the negotiations process continues, the City must present a balanced financial plan, or Pendency Plan, for the General Fund that allows the City to continue to provide effective service. This Pendency Plan would serve as the City's budget while it is under Chapter 9 protection and is presented for Council consideration as part of this staff report.

The Pendency Plan provides a balanced General Fund through cost reductions to labor, benefits, debt and other obligations, the details of which are provided below and in the supporting financial schedules. It should be noted that solvent funds may experience some beneficial impact of the Pendency Plan changes due to organization wide changes to labor agreements. After the Pendency Plan is approved, staff will return to the Mayor and Common Council and present the balance of the non-General Fund operating and capital budgets for approval.

DISCUSSION

The City of San Bernardino has reached a cross roads. Years of financial struggles and challenges from declining revenues and increasing fixed costs have placed in the City in the position of making difficult service delivery decisions and financial restructuring a necessity. Continued financial imbalance between revenues and expenses have now exhausted the City's general financial reserves and burdened it with obligations it cannot pay, obligations that exceed its current year General Fund resources by \$45.8 million in Fiscal Year 2012-2013 and that, unless addressed structurally to be sustainable, will continue to grow in future years.

Like most cities in the State, the City of San Bernardino enjoyed the building boom in the past decade and the aggressive asset valuation and increasing sales tax growth that followed. Unfortunately, when the boom ended, San Bernardino found itself terribly exposed to the combined impacts of the Great Recession, the collapse of the housing market and the credit/banking crisis of 2008-2009. Revenues

plummeted combined with generous pay and benefit packages, became unupportable. This situation is further exacerbated by a high foreclosure rate and one of the highest unemployment rates in the country.

This Council has had to deal with plummeting revenues and steadily increasing fixed costs that increased the City's vulnerability to the economic storm. Despite efforts to reduce expenditures and put the City's financial house in order, the City is insolvent. During the past two years it became clear the City's financial position was weakening and its employment contracts, post-employment benefits and unfunded liabilities incurred over the last 15 years cannot be supported if the City is to continue delivering services crucial to protecting the health, safety and welfare of the community. The overall poverty level in the City has steadily increased over the past 15 years and the City has few resources to support its most vulnerable citizens. At the same time, drug and gang activity have left the City growing concern for increasing levels of violent crime.

As described in extensive reports to the Mayor and Common Council in recent months, the City is insolvent. Now, only the difficult process of restructuring its long-term financial obligations and fixed costs will enable the Mayor and Common Council to protect the community and make sure that the City emerges from this financial crisis as a viable, sustainable institution. The Mayor and Common Council began that work on June 26, 2012, when it authorized the City Manager to develop a financial and organizational restructuring plan necessary to balance revenues against expenses.

The City is working with its employee unions and associations, and its creditors, to reach agreements that would restructure the City's unsustainable financial obligations. Negotiations continue as this report is being drafted.

At this time, however, the City cannot assume that agreements reached will enable the Mayor and Common Council to completely close the budget gap. The City must be prepared to balance its budget through a Pendency Plan implemented in the Chapter 9 case.. The alternative to a Pendency Plan that imposes selective reductions in the City's financial obligations are deep service reductions that are simply unacceptable because they are dangerous to our citizens or they threaten the future economic viability of the City. Should any tentative agreements be reached by the parties, they will be honored and will contribute to the City's ability to use bankruptcy as efficiently and expeditiously as possible. If agreements are reached and ratified with some or all of creditors after adoption of this agenda item and its contents, those new Memoranda of Understanding or agreements would modify the actions in the Pendency Plan.

Without the changes incorporated into the budget as part of its Pendency Plan for the General Fund, the City cannot adopt the balanced budget required by its Charter and the State Constitution. This would affect its ability to pay its employees and suppliers and further interrupting critical service delivery during the fiscal year. In fact, by approving this Pendency Plan, the Mayor and Common Council will be protecting critical services and the San Bernardino citizenry.

The City's Capital Improvement Program (CIP) is a five year plan that addresses facility and infrastructure needs for the City and is currently being updated and finalized for review once the Pendency Plan measures are known. The bulk of the funding for Capital Improvements come from restricted sources such as Measure I, a half-cent voter approved sales tax for street improvements, State Gas Tax or from the City's utility funds restricted for improvements to the utility systems.

Although the CIP will not receive funding from the General Fund in Fiscal 2012-13 nor under the Pendency Plan. This level is far below the amount needed to address existing deficiencies or ongoing needs for maintenance of capital assets essential to functions funded through the General Fund.

An amendment to the California Constitution intended to limit growth in local government spending requires establishment of a maximum limit for expenditures from general taxes. The limit is indexed to specified growth factors approved by the Legislature. The City's annual appropriation limit will be calculated once the Pendency Plan measures are known for 2012-13 pursuant to the requirements of the California Government Code. This limit pertains to appropriations from general taxes and is far above the general taxes the City has available to appropriate. The City of San Bernardino uses the "change in California per capita personal income" for the "change in cost of living" component of the calculation of the appropriation limit. The growth of the index and recent declines in tax revenues leave the appropriation limit much higher than the general taxes available for expenditure.

PENDENCY PLAN

The Preliminary FY 2012-13 Operating Budget included a General Fund deficit of \$45.8 million and indicated that a contingency, or balancing, plan to close the gap would be forthcoming. That plan is known as the Pendency Plan.

The Pre-Pendency Plan presented on August 29, 2012, and the amendments to the Pre-Pendency Plan referenced in this Report, together, represent the City's Fiscal Years 2012-13 and 2013-14 Budget and will serve as its Pendency Plan during the bankruptcy proceedings and will allow the City to balance its budget. The Pendency Plan represents the spending levels the City needs to implement to become and remain solvent. Those spending levels are lower than the levels that would be required to deliver adequate services and meet all the requirements of the City's contractual obligations. Spending levels adequate to pay contractual obligations would exceed revenues and there are no reserves to make up the difference. The California State Constitution and the City Charter prohibit the City from adopting a budget that is out of balance, preventing the City approving expenditures unless the budget is balanced. Without restructuring its finances or maintaining the protection of Chapter 9, the City could not pay its employees, retirees, bondholders or vendors. This would result in uncontrolled default and, presumably, a collapse of public services.

Bankruptcy protection assures that this will not happen in San Bernardino, though we cannot say how much creditors will, or will not, receive. The term "Pendency Plan" was developed in the City of Vallejo Chapter 9 case to describe the plan the City would operate under pending the completion of the bankruptcy process. Amendments to the plan or extension of the plan into future fiscal years could occur. Because the Great Recession struck Vallejo after it filed for bankruptcy protection it had to make many changes in its plan to adjust to worsening economic conditions.

During the period the City operates under the Pendency Plan in bankruptcy, the differences between payments required by contracts and the amount actually paid become claims in bankruptcy and are resolved through negotiations and, ultimately, the Plan of Adjustment submitted to the creditors for approval and to the bankruptcy court for confirmation. In Vallejo, after three years, all classes of creditors voted to accept the Plan of Adjustment; however, under the Bankruptcy Code,

the court can confirm a Plan of Adjustment even if some classes of creditors disapprove; a process known as "cram down".

The Vallejo Chapter 9 case took many months because suits determining General Fund access to restricted fund resources and issues regarding bankruptcy court jurisdiction and California labor laws had to be decided. We hope decisions in this case will provide the appropriate guidance in our case and reduce the litigations costs while in bankruptcy.

Amendments to the Pre-Pendency Plan

This Report describes further changes to the Pre-Pendency Plan required for solvency in Fiscal Years 2012-13 and 2013-14 under the protection of Chapter 9. The changes are based on adjustments intended to implement important principles that have guided the preparation of the Proposed Budget, especially in the General Fund. In addition minor technical corrections in estimates and calculations have been included based on actuals for the first quarter of the fiscal year. The changes described below will be important to the City's creditors. A description is included below of these principles and how they play out in the budget balancing plan.

Promote Health, Safety and Welfare – Protecting the health, safety and welfare of the community continues to be the top priority for the financial restructuring process. Service levels are inadequate throughout the City, though public safety has received special attention as the City balances competing demands for resources. Given the extremely high crime rates in San Bernardino, the foundation of the City's future must be safety, and the City's actions to assure that grant funded public safety positions continue to receive funding as grant funds expire reflect the commitment to that. Due to turnover, the base budget also includes funding to assure that the Police Department has resources to recruit and train new officers to fill vacancies, to take advantage of new staffing grants, and to assure that services are available for the community. This principle shaped the decision to recommend no additional significant service reductions.

Minimize Impact on Future Services - The future also depends on stewardship of public assets in the form of maintenance, repair and replacement. Unfortunately, funding limitations do not allow even the modest expansion of these investments in the Pendency Plan despite ongoing deterioration of assets. In fact, some minor reductions in Public Works contract work and transfer of right of way median maintenance to Gas Tax funding is included. Other services that will assure the City can rebuild its reputation as a great place to live and invest continue with only very minor cost reductions planned for recreation, parks and libraries. The City's sewer and integrated waste utilities and other solvent funds are structured to operate with only indirect impacts from the insolvency of the General Fund and the Pendency Plan. Solvent funds, like utility enterprises will actually benefit from some of the organization wide reductions made as part of the Pendency Plan.

Maintain Competitive Compensation Packages – It is essential the City maintain competitive pay and benefit programs to retain and attract qualified, motivated employees. In the past, the City's pay and benefit packages were among the most generous in its market area, sometimes significantly above the regional market. The City has, through negotiation or through imposition of reductions covered by its fiscal emergency powers, reduced compensation and benefit packages for its employees. These include employee payment of their PERS contributions, capping contributions to employee health plans and reducing costs by changing carriers, limiting pay outs, seeking new, lower pension benefit levels for new hires and eliminating retiree health insurance for new hires. The additional, but

selective, changes here continue to address situations where compensation is above market and has created excessive liabilities that cannot be paid without unacceptable reductions in service. The primary reductions proposed herein relate to retirement costs and benefit structure.

Balance Costs and Service Impacts of Reductions – Cost reductions in the Pendency Plan have been designed to minimize service impacts. As noted above, reductions in employment benefits will not affect service levels. In comparison, significantly reducing salaries could have immediate direct impacts on current employees and would make recruiting and retaining qualified staff nearly impossible.

Build Fiscal Sustainability – The Mayor and Common Council's often-stated goal for the restructuring process has focused on sustainability, which means building adequate reserves, covering the full cost of operations, implementing proper stewardship of public assets and building competitive, affordable compensation packages over the long run. Inadequate financial resources result in compromises in the Pendency Plan. Elements of the Proposed Budget aimed at stabilization and sustainability like maintenance investments are deferred in the Pendency Plan. Other sustainability measures like restoration of adequate, pay-as-you-go funding of internal service costs and the basic commitment to competitive compensation remain. The Pendency Plan must appropriate funding for restructuring expenses because sustainability is central to the City's effort to return to fiscal health.

General Fund Spending Changes Implemented in this Pendency Plan

The principles built into the Pendency Plan come in different forms. They include suspension of debt payments and payments for legal claims, continued reductions on pay and benefits imposed under emergency powers, reductions to over market compensation components, transfers of eligible costs to other funds, necessary legal and financial consulting services to pursue the City's interests via bankruptcy and, possibly, via labor negotiations and limited revenue increases. These changes eliminate the \$45 million FY 2012-13 General Fund gap identified in the preliminary budget and begin to address the City's General Fund cash deficit of \$18 million. The City's current deficiency and efforts taken to date are addressed in greater detail on page 8 of this Report.

The further reductions proposed in the Pendency Plan are detailed on pages 9 and 10 of this Report. Impacts are ongoing in nature unless otherwise noted and are reflected in the attached schedules.

Summary of Pendency Plan Reductions and Deferrals

Salary, Wages, and Benefits Balancing Measures (\$26,064,125)

1. Complete implementation of the Pre-Pendency Plan approved by the Mayor and Common Council.
2. ~~Maintain~~Eliminate vacant sworn positions in the Police Department above 260 as unfunded.
3. Achieve employee concessions that reflect full implementation of the State's pension reform.
4. Reduce Fire overtime by 35 percent by employing a minimum staffing model of a 3-person engine/truck company made up of a Captain, Engineer, and Paramedic/Firefighter at all fire stations. Eliminate the Constant Manning provision in the Fire Department which results in a 35% reduction in overtime.
5. Phase out the Other Post Employment Benefit (OPEB) implied subsidy for retiree health.

6. Reduce the OPEB direct payment for health care for police retirees to the amount afforded to other employees.
7. Eliminate the 9% Employer Paid Member Contribution (EPMC) for police and fire.

Deferral of General Fund Obligations (\$34,959,311)

1. Defer reimbursement of the Restricted and Non-Restricted Funds. Reimbursement would be addressed in future years.
2. Defer the CalPERS payments less the Employee Withholding and negotiate repayment over time.
3. Suspend payment of accruals to employees terminating employment with the City until an alternative program is approved. This does not apply to employees that continue employment with the City. Paid Time Off payments to all employees.
4. Defer debt service on 2005 Pension Obligation Bonds.
5. Discuss the reamortization of the CalPERS liability with CalPERS actuarials.

Revenue Related Balancing Measures

While new revenues are not projected in FY 2012-13 due to the timing of implementation, it is recommended the Council consider and provide direction related to new revenue measures to be explored further. The Pendency Plan identifies four measures for Council consideration or the Council may identify other measures.

Indirect Impacts on Other Funds

The Pendency Plan focuses on the insolvent General Fund but has implications for other funds. All reductions apply to employees equally regardless of their fund assignment or allocation, and all funds will have cost reductions associated with personnel cost changes. Potential changes in required subsidy levels from the General Fund resulting from those savings have not been programmed at this time.

The primary impact of these Pendency Plan changes on other funds is a reduction in salary, wages, and benefit costs. These changes will be offset by allocations of costs related to the Chapter 9 process and continuing efforts to work with investors, rating agencies and insurers of bonds to emphasize and clearly disclose the strength of the revenue and cash balances that support repayment of these bonds.

STATE OF FISCAL EMERGENCY

The Mayor and Common Council, by Resolution 2012-205, declared a state of fiscal emergency based on fiscal circumstances on July 16, 2012. It is recommended the Council authorize the continuation of the Fiscal Emergency through June 30, 2014. With respect to MOUs that have expired and to the extent that the meet and confer process under the Meyers Milius Brown Act is not yet complete, the Council hereby finds that the need to immediately implement the Pendency Plan constitutes an emergency within the meaning of Government Code section 3504.5, authorizing the immediate implementation of such plans while the City completes any remaining aspects of the meet and confer process. This emergency is based upon the findings in this Report, and in the staff report and accompanying Resolution adopted by the Mayor and Common Council.

CONCLUSION

PLEASE NOTE: THIS IS A DRAFT DOCUMENT PRESENTED TO THE MAYOR AND COMMON COUNCIL AT THEIR MEETING ON NOVEMBER 26, 2012. THE FINAL PENDENCY PLAN PRESENTED TO THE COURT WILL CONTAIN ANY CHANGES OR MODIFICATIONS DIRECTED/APPROVED BY THE COMMON COUNCIL AT THAT MEETING.

Declaration Page 10 of 28

Despite the drastic reductions in staffing and service levels, the City of San Bernardino is insolvent from both a financial and service delivery perspective. Further reductions to service levels would jeopardize the health, safety and welfare of residents, and would severely limit the City's chances for economic development. The City has a responsibility to provide the services the citizens deserve and require, and the limited resources available to the City need to be focused on preserving basic services and providing for public health and safety given the high crime rates, poverty levels and other socio-economic challenges facing the community. It is with hope for a financially stable and fiscally responsible future, that the proposed Pendency Plan is submitted. We are committed to continuing to participate in good faith negotiations with our creditors going forward in the bankruptcy process and remain committed to getting San Bernardino to a position of fiscal solvency such that it can remain able to deliver essential services.

**CITY OF SAN BERNARDINO, CALIFORNIA
 PENDENCY PLAN
 FY 2012-13 and FY 2013-14**

CURRENT FINANCIAL SITUATION

CHART TO BE REPLACED –

General Fund Cash Projection	FY 2013 Base Year
Receipts	\$ 120,424
Disbursements	(166,237)
<i>Deficiency Before Transfers</i>	(45,812)
Transfers	4,830
<i>Total Operating Deficiency</i>	(40,983)
Initial Cash Deficit	(18,946)
Integrated Waste Fund Transfer Reversal	(3,722)
<i>Total Beginning Cash Deficit</i>	(22,668)
<i>Total Deficiency</i>	(63,651)
Pre-Pendency Plan	9,318
9-Point Plan Adjustment	(296)
<i>Net Pre-Pendency Impact</i>	9,022
<i>Total Deficiency with Pre-Pendency</i>	(54,629)

<i>Projected Average Deficiency Over 5 Years</i>	(44,004)
<i>Required Percentage Impact to Total Annual Expenditures</i>	26.5%
OR	
<i>Required Percentage Impact to Salary, Wages & Benefits</i>	35.6%

Notes:

1. The table above reflects the July 31, 2012 General Fund cash deficit, the FY 2012-13 General Fund preliminary budget (“Baseline”) deficit, the impact of the Pre-Pendency Plan as adjusted by the 9-Point Plan, the Adjusted Fire Department Plan, and the projected 5 year average General Fund deficiency.
2. The proposed receipts of \$120,424 million includes repayment by the Successor Agency of \$2 million for costs related to the Regal Theater.
3. The Integrated Waste Fund Transfer Reversal is for FY 2010-11.
4. The reference to the Pre-Pendency Plan includes the Adjusted Fire Department Plan approved subsequently by the Mayor and Common Council.

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PENDENCY PLAN ELEMENTS – FY2012-13 and FY2013-14

<u>Item</u>	<u>FY 2013 Impact</u>	<u>Notes</u>
Salary, Wages, and Benefits, <u>and Expense</u> Balancing Measures		
1. Workforce and Service Reductions	\$ 13,452,000	Reflects the <u>additional</u> savings from Pre-Pendency Plan less SAFER grant.
2. Police Vacancies (Voluntary Separations)	3,280,000	Sworn positions included in the proposed FY 2012-13 budget totaled 299. The Pre-Pendency Plan addressed the 18 vacancies that existed at that time, reducing the number of sworn to 281. It is anticipated there will be 268 sworn positions filled as of 12/2012 and 258 filled as of 01/2013. <u>As proposed, 260 positions would be funded and the remainder would be unfunded. It is recommended the number be set at 260. The City is currently awaiting a proposal from the San Bernardino County Sheriff's Department as there may be significant savings or adjustments in the City's overall cost to effectively police the City.</u>
3. Police 13.989% Benefit Concession	3,252,000	Reflects 50% of the normal PERS costs; the recent change to state law encourages cities to implement the full cost sharing by 2018.
4. Fire 13.989% Benefit Concession	1,894,000	Reflects 50% of the normal PERS costs; the recent change to state law encourages cities to implement the full cost sharing by 2018.
5. Miscellaneous 9.304% Benefit Concession	651,000	Reflects 50% of the normal PERS costs; the recent change to state law encourages cities to implement the full cost sharing by 2018.
6. Fire Overtime ("OT") Reduction	921,375	<u>Elimination of Constant Manning provisions in MOU; a conservative formula estimated that 35% of the Fire Department OT costs were related to the Constant Manning provision. This number reflects a 35% reduction in Fire OT. This number reflects a 35% reduction in Fire overtime by employing a minimum staffing model of a 3-person engine/truck company made up of a Captain, Engineer, and Paramedic/Firefighter at all fire stations.</u>
7. OPEB Implied Subsidy Phase Out	0	Reflects the reduction of the implied subsidy to existing retirees of roughly \$800,000 to \$1 Million annually beginning January 1, 2014.
8. OPEB Direct Subsidy Phase Out	213,750	Reflects the reduction of the direct payment to existing police retirees to the \$112 per month afforded to other retirees beginning January 1, 2013. Elimination of the subsidy would

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<u>Item</u>	<u>FY 2013 Impact</u>	<u>Notes</u>
result in savings of \$427,000 for FY 2012-13.		
9.EPMC	2,400,000	The City currently provides through an MOU a 9% salary adjustment for Police and Fire employees to cover the cost of the Employer Paid Member Contribution (EPMC) benefit. The City could eliminate the 9% contribution and require the employees receiving this benefit to pay the contribution through salary deductions. The annual savings to the City is \$2.4M.
<u>10. Council Office Expense Reductions</u>	<u>\$64,156 less \$211,695</u>	<u>Reflects expense reductions in the Council office.</u>
Subtotal Salary, Wages & Benefits	\$ <u>26,064,125</u> <u>\$25,980,742</u>	
Deferral of General Fund Obligations		
10-11. Defer Reimbursement to Restricted and Non- Restricted Funds	\$ 15,156,944	Reimbursement will be addressed in future years.
11-12. CalPERS Payments less Employee Withholding (ER)	12,974,727	Reflects the deferral plus the balance of the payments due and payable and not paid. Assumes repayment at some future date to be negotiated with creditor and assumes resumption of payments in FY 2013-14.
12-13. Paid Time Off Payments	3,453,175	Vacation, sick leave, holiday and concession leave time accruals.
13-14. Pension Bond Payments	3,374,465	Reflects deferral of principal and interest.
14-15. Reamortize CalPERS Liability over 30 yrs (Fresh Start)		Discussions with CalPERS actuarial staff are underway; would realize value of \$1.3 million per year starting Fiscal Year 2014.
Subtotal Deferrals	\$ <u>34,959,311</u>	
Revenue Related Balancing Measures		
1. Real Property Transfer Tax	\$	- Increase to \$5 per \$1,000 transferred; projected \$3 million annually in future years. <u>Alternatively, consider a comprehensive tiered structure.</u>
2. Transient Occupancy Tax		- Increase from 10% to 12% projected \$800,000 annually in future years.

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<u>Item</u>	<u>FY 2013 Impact</u>	<u>Notes</u>
3. Utility User Tax	-	Increase from 7.75% to 9.5%; projected \$5.25 million annually in future years.
4. 911 Communications Fee	-	Projected \$6.7 million annually in future years.
Subtotal Revenue	\$	- Projection model assumes about \$5.1 million in new revenue in future years (33% of total revenues).
Total Balancing Measures	\$61,023,436 61,023,436	

Additional Expenditure Reduction Measures Being Considered (Not an Exhaustive List):

1. Capping of vacation and sick leave and use policies are continuing to be evaluated.
2. The City is continuing to review options to reduce unfunded liabilities related to retiree health and evaluate the impacts of the Affordable Health Care Act, Medicare eligibility, and implementation of health savings accounts.

EXHIBIT 2



**CITY OF SAN BERNARDINO, CALIFORNIA
TRANSMITTAL MEMORANDUM**

TO: Mayor and Common Council

**FROM: Andrea Travis-Miller, Acting City Manager
Jason Simpson, Director of Finance**

DATE: October 29, 2012

SUBJECT: City of San Bernardino's Cash Flow Position – Report on Selected Analysis

BACKGROUND – CASH POSITION DAY BEFORE FILING BANKRUPTCY

On July 31, 2012, the day before the City declared bankruptcy; the City had approximately \$6 million in Cash on the City's ledger. This amount is deceptive, however, because it is the net amount of the four categories below, as follows:

General Fund	\$	(18,946,180)
Discretionary Funds		(3,741,023)
Board Assigned/Committed		1,616,815
Restricted		27,077,679
	\$	<u>6,007,291</u>

In essence, as of 7/31/12, the General Fund has borrowed \$18.9 million from Restricted Funds and Council Assigned/Committed funds to pay for General Fund and Discretionary Fund expenditures. The main reason for this borrowing is the structural deficit that exists in the City, which put quite simply, is that expenditures exceed revenues. Absent immediate actions to reduce the structural deficit, the excess of expenses over revenues are projected to continue each month.

CURRENT CASH POSITION – OCTOBER 29, 2012

On October 29, 2012, General Fund has a negative cash balance of **(\$15,990,330)** as shown on page 5. Furthermore, the citywide overall cash balance (including general, discretionary, assigned, committed and restricted funds) was \$16,508,687 (page 4). This positive cash amount is misleading because it is primarily due to the deferral of currently due obligations including payments due to bond holders, a portion of amounts due to CalPERS, trade payables, prior litigation costs, and employee leave bank cashouts.

As also shown on page 4, the citywide net cash deficit, if all obligations due were paid as of October 29, 2012, is a negative **(\$8,980,785)**. This means that the City does not have enough cash in all of its funds, including the restricted funds, to pay its current obligations. The deferral of obligations has been necessary to continue to meet payroll obligations and other critical obligations necessary to provide

basic level services. As estimated by staff in July, the City would have run out of cash at the September 15th payroll if these deferrals had not occurred.

As implemented, the deferral of expenses is intended to be short-term in nature (i.e., through September). In order to continue to provide essential services, the City must complete implementation of the restructuring approved in the Pre-Pendency Plan and continue with certain deferrals until the next phase of the Pendency Plan can be developed and approved by the Mayor and Common Council. Continued reductions in expenses, including those approved in the Pre-Pendency Plan, are necessary to ensure the City can continue to provide services, pay its obligations for services and materials necessary for staff to perform assigned tasks, pay deferred obligations, balance the budget, and to build operating capital and reserves.

CITYWIDE FUND STRUCTURE/CATEGORIES

Funds, which are used to account for specific activities, fall into one of four categories:

- A. The **General Fund**. This fund accounts for the majority of activity of the City's general operations like Police, Fire, Public Works, and other services. In any City Government, there is only one General Fund.
- B. **Discretionary Funds** represent funds that are Special Revenue Funds or Internal Service Funds that do not have legal or Council restrictions, but instead are used as tracking mechanisms for certain revenues and expenses.
- C. **Council Assigned/Committed Funds** represent funds that the Council has made a formal or informal action to assign or commit to specific purposes.
- D. **Restricted Funds** are funds restricted by external entities such as grantors, assessment districts, Measure I sales tax proceeds, and other legal restrictions such as Proposition 218 restrictions.

Exhibit A

CITY OF SAN BERNARDINO, CALIFORNIA
SELECTED ANALYSIS OF CITY CASH (unaudited)

	CASH PER CITY BOOKS*	CALCULATION OF CASH SHORTAGE
Cash per City's books as of 10/29/2012		
General Fund	\$ (15,990,333)	
Discretionary Funds	(4,338,820)	
Board Assigned/Committed	6,510,847	
Restricted	30,326,994	
	<hr/>	
<i>Net Cash - Citywide (including restricted) @ 10/29/2012</i>		\$ 16,508,687
City's Obligations:		
Unpaid City Obligations since 7/31/12:		
<u>Due Date</u>	<u>Obligation</u>	
7/25/2012	Pension Obligation Bonds - Bond Payment	(3,338,739)
7/31/2012	City lawsuits - litigation	(1,461,100)
7/31/2012	City Lawsuits - litigation with labor group	(2,000,000)
7/31/2012	CalPERS/PARS Employer Portion - Payperiod ending 7/31	(865,432)
8/15/2012	CalPERS/PARS Employer Portion - Payperiod ending 8/15	(865,523)
8/31/2012	CalPERS/PARS Employer Portion - Payperiod ending 8/31	(843,524)
9/15/2012	CalPERS/PARS Employer Portion - Payperiod ending 9/15	(843,998)
9/30/2012	CalPERS/PARS Employer Portion - Payperiod ending 9/30	(838,851)
10/15/2012	CalPERS/PARS Employer Portion - Payperiod ending 10/15	(848,779)
		<hr/>
		(11,905,946)
New City Obligations 10/29/12:		
<u>Due Date</u>	<u>Obligation</u>	
10/29/2012	CalPERS/PARS Employer Portion - Payperiod ending 10/31	(847,000)
10/29/2012	Payroll - payperiod ending 10/31	(3,659,516)
10/29/2012	Cashouts to Separated Employees (unpaid)	(322,479)
10/29/2012	Sell Back Time (unpaid)	(19,356)
10/29/2012	Trade payables	(8,338,463)
11/1/2012	Police vehicle and street sweepers lease payments	(396,712)
		<hr/>
		(13,583,526)
	Estimated Net Cash Deficit (Citywide) on 10/29/2012 including City Obligations	\$ (8,980,785)

* Please note that the City's financial records have not been closed for FY 12; accordingly, there may be some adjustments to these amounts as we finalize reconciliations and adjustment to the accounting ledgers for FY 2011-12.

CITY OF SAN BERNARDINO			A	B	C	D
Estimated Cash balances as of 10/29/12 (unaudited)						
<u>FUND</u>		<u>10/29/2012</u>	<u>GENERAL FUND</u>	<u>OTHER DISCRETIONARY</u>	<u>ASSIGNED COMMITTED</u>	<u>RESTRICTED</u>
A	General Fund available					
B	Other Discretionary Funds					
C	Assigned/Committed by Council					
D	Legally Restricted (External or Charter)					
		<u>AMOUNTS</u>	<u>CATEGORY SPREAD</u>			
001	GENERAL FUND	A	(15,990,333)	(15,990,333)	0	0
004	OLD FIRE	D	(532,819)	0	0	(532,819)
105	LIBRARY FUND	D	(348,743)	0	0	(348,743)
106	CEMETERY FUND	D	11,781	0	0	11,781
108	ASSET FORFEITURE FUND	D	1,296,611	0	0	1,296,611
111	AB2744 AIR QUALITY - ALT TRANS	D	44,375	0	0	44,375
116	EMERGENCY SOLUTIONS GRANT	D	0	0	0	0
117	HOME IMPROVEMENT PART PROGRAM	D	(399,095)	0	0	(399,095)
118	GANG & DRUG ASSET FORFEITURE	D	127,752	0	0	127,752
119	CDBG	D	(610,699)	0	0	(610,699)
120	NEIGHBORHOOD STABILIZATION PROGRAM	D	(896,135)	0	0	(896,135)
121	SBETA	D	2,107,596	0	0	2,107,596
123	FEDERAL & STATE PROGRAM	D	(2,293,206)	0	0	(2,293,206)
124	ANIMAL CONTROL FUND	C	178,916	0	178,916	0
126	GAS TAX FUND	D	492,596	0	0	492,596
128	TRAFFIC SAFETY FUND	D	(649,724)	0	0	(649,724)
129	1/2 CENT SALES & ROAD	D	4,673,744	0	0	4,673,744
132	SEWER LINE MAINTENANCE	D	1,908,787	0	0	1,908,787
133	BASEBALL STADIUM	C	(55,792)	0	(55,792)	0
134	SOCCER FIELD	C	365,788	0	365,788	0
135	AB 2928 TRAFFIC CONGESTION	D	(33,597)	0	0	(33,597)
137	CFD 1033 - FIRE STATION	D	333,300	0	0	333,300
208	VERDEMONT CAPITAL PROJECT	C	248,608	0	248,608	0
211	FIRE EQUIP ACQUISITION	C	95,971	0	95,971	0
240	CIEDB STREET CONSTRUCTION	C	(9,049)	0	(9,049)	0
241	PARK EXTENSION FUND	C	4,519	0	4,519	0
242	STREET CONSTRUCTION FUND	C	(1,370,348)	0	(1,370,348)	0
243	PARK CONSTRUCTION FUND	C	94,907	0	94,907	0
244	CEMETERY CONSTRUCTION	D	52,519	0	0	52,519
245	SEWER LINE CONSTRUCTION	C	2,384,503	0	2,384,503	0
246	PUBLIC IMPROVEMENT FUND	C	1,079,024	0	1,079,024	0
247	CULTURAL DEVELOPMENT CONSTRUCTION	C	564,974	0	564,974	0
248	STORM DRAIN CONSTRUCTION	C	2,928,826	0	2,928,826	0
250	TRAFFIC SYSTEMS CONSTRUCTION	B	0	0	0	0
251	SPECIAL ASSESSMENTS FUND	D	(2,025,723)	0	0	(2,025,723)
254	ASSESSMENT DISTRICT FUND	D	1,972,240	0	0	1,972,240
256	ASSESSMENT DISTRICT 1015	D	33,779	0	0	33,779
257	STREET LIGHTING/SWEEPING	D	226	0	0	226
258	PROP 1B - LOCAL STREET	D	2,346,923	0	0	2,346,923
261	LAW ENFORCEMENT FACILITY	D	128,541	0	0	128,541
262	FIRE SUPPRESSION/MEDIC	D	193,373	0	0	193,373
263	LOCAL REGIONAL CIRCULA	D	612,803	0	0	612,803
264	REGIONAL CIRCULATION S	D	6,410,912	0	0	6,410,912
265	LIBRARY FACILITIES	D	(9,998)	0	0	(9,998)
266	PUBLIC USE FACILITIES	D	379,297	0	0	379,297
267	AQUATICS FACILITIES	D	115,303	0	0	115,303
268	AB 1600 PARKLAND	D	1,526,056	0	0	1,526,056
269	QUIMBY ACT PARKLAND	D	241,344	0	0	241,344
305	AD#985 DEBT SERVICE FUND	D	68,457	0	0	68,457
306	AD#987 DEBT SERVICE FUND	D	19,020	0	0	19,020
356	AD939 NEW PINE DEBT	D	25,474	0	0	25,474
527	INTEGRATED WASTE MANAGEMENT	D	3,167,732	0	0	3,167,732
621	CENTRAL SERVICES FUND	B	(100,995)	(100,995)	0	0
629	LIABILITY INSURANCE FUND	B	486,985	486,985	0	0
630	TELEPHONE SUPPORT FUND	B	86,887	86,887	0	0
631	UTILITY FUND	B	(1,185,597)	(1,185,597)	0	0
635	FLEET SERVICES FUND	B	(2,056,098)	(2,056,098)	0	0
677	UNEMPLOYMENT INSURANCE	B	(84,552)	(84,552)	0	0
678	WORKERS COMPENSATION FUND	B	(1,741,109)	(1,741,109)	0	0
679	INFORMATION TECHNOLOGY	B	255,658	255,658	0	0
701	AD 961 TRUST AND AGENCY	D	369,598	0	0	369,598
703	AD977A TRUST & AGENCY	D	62,145	0	0	62,145

<u>FUND</u>		<u>10/29/2012</u>	<u>GENERAL FUND</u>	<u>OTHER DISCRETIONARY</u>	<u>ASSIGNED COMMITTED</u>	<u>RESTRICTED</u>
A	General Fund available					
B	Other Discretionary Funds					
C	Assigned/Committed by Council					
D	Legally Restricted (External or Charter)					
		AMOUNTS	CATEGORY SPREAD			
704	AD977B TRUST & AGENCY	D 26,718	0	0	0	26,718
758	AD906 TRUST & AGENCY	D 57,687	0	0	0	57,687
772	SPECIAL DEPOSITS FUND	D 4,441,569	0	0	0	4,441,569
775	CEMETERY PERPETUAL CARE	D 206,426	0	0	0	206,426
784	PAYROLL TRUST FUND	D 4,672,049	0	0	0	4,672,049
TOTAL		16,508,687	(15,990,333)	(4,338,820)	6,510,847	30,326,994

SUMMARY	
General Fund	A \$ (15,990,333)
Discretionary Funds (General Fund eligible)	B (4,338,820)
Board assigned/committed	C 6,510,847
Restricted - Prop 218 Funds	D 942,921
Restricted	D 29,384,073
TOTAL	\$ 16,508,687

* Please note that the City's financial records have not been closed for FY 12; accordingly, there may be some adjustments to these amounts as we finalize reconciliations and adjustment to the accounting ledgers for FY 2011-12.

EXHIBIT 3



Office of the City Manager
Andrea Travis-Miller
Interim City Manager

Release Date: 10/29/12

Contact: Gwendolyn Waters

Police Captain / Acting Assistant City Manager

Phone: 909-384-5122

E-mail: waters_gw@sbcity.org

City's Deferral of CalPERS Payments

There has been discussion in the media recently about San Bernardino's deferral of payment of the City's portion of its CalPERS obligation. This decision was not taken lightly and is one of a number of difficult choices the City has had to make during San Bernardino's financial crisis. Due to the City's current cash flow deficit, it has been necessary to defer payment of some obligations to allow the City to keep providing the most basic and critical services to the community. Payroll to City employees and operating costs for essential services must be maintained while San Bernardino works through its structural deficit.

The City first deferred its CalPERS payment on 7/31/12, as is detailed in the Cash Flow Position report dated 9/4/12 available on the City's website, and in each cash flow report since then. Only the Employer portion of payments has been deferred; the City has continued to make the payment for the Employee portion in full. No CalPERS benefits, for current or retired employees, have been impacted at this point. Preserving the retirement benefits of its employees is a priority for the City and one that the City hopes to protect through restructuring of its finances and of its benefits packages so that they are affordable for both the City and its employees.

City management is in discussion with CalPERS regarding this situation. No formal action has been taken by CalPERS to terminate the City's contract and it is expected that CalPERS would communicate such intention to the City before initiating action. City officials are working diligently to correct San Bernardino's cash flow deficit and to resolve this situation. Much depends on the decisions of policymakers and how quickly they will act to correct San Bernardino's dire cash flow crisis.

This issue will be addressed further in the City's Pendency Plan and long term Plan of Adjustment. The Pendency Plan is being constructed now for anticipated presentation to the Common Council in the next few weeks.

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is: **10100 Santa Monica Blvd., 7th Floor, Los Angeles, CA 90067**

A true and correct copy of the foregoing document entitled (*specify*): DECLARATION OF MICHAEL B. LUBIC IN SUPPORT OF CALPERS' MOTION FOR RELIEF FROM STAY will be served or was served **(a)** on the judge in chambers in the form and manner required by LBR 5005-2(d); and **(b)** in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On (*date*) 11/27/12, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

- Jerrold Abeles abeles.jerry@arentfox.com, labarreda.vivian@arentfox.com
- Franklin C Adams franklin.adams@bbklaw.com,
arthur.johnston@bbklaw.com;lisa.spencer@bbklaw.com;bknotices@bbklaw.com
- Joseph M Adams jadams@lawjma.com
- Andrew K Alper aalper@frandzel.com, efilings@frandzel.com;ekidder@frandzel.com
- Thomas V Askounis taskounis@askounisdarcy.com
- Anthony Bisconti tbisconti@bmkattorneys.com
- Jeffrey E Bjork jbjork@sidley.com
- Sarah C Boone sboone@marshackhays.com, ecfmarshackhays@gmail.com
- J Scott Bovitz bovitz@bovitz-spitzer.com
- Jeffrey W Broker jbroker@brokerlaw.biz
- Deana M Brown dbrown@milbank.com
- Michael J Bujold Michael.J.Bujold@usdoj.gov
- Christopher H Conti chc@sdlaborlaw.com, sak@sdlaborlaw.com
- Christina M Craige ccraige@sidley.com
- Alex Darcy adarcy@askounisdarcy.com
- Susan S Davis sdavis@coxcastle.com
- Robert H Dewberry robert.dewberry@dewlaw.net
- Todd J Dressel dressel@chapman.com, lubecki@chapman.com
- Chrysta L Elliott elliottc@ballardspahr.com, manthiek@ballardspahr.com
- Scott Ewing contact@omnimgt.com, sewing@omnimgt.com

- 1 • Paul R. Glassman pglassman@sycr.com
- 2 • David M Goodrich dgoodrich@marshackhays.com, ecfmarshackhays@gmail.com
- 3 • Everett L Green everett.l.green@usdoj.gov
- 4 • Chad V Haes chaes@marshackhays.com, ecfmarshackhays@gmail.com
- 5 • James A Hayes jhayes@cwlawyers.com
- 6 • M Jonathan Hayes jhayes@hayesbklaw.com,
7 roksana@hayesbklaw.com;carolyn@hayesbklaw.com;elizabeth@hayesbklaw.com
- 8 • D Edward Hays ehays@marshackhays.com, ecfmarshackhays@gmail.com
- 9 • Eric M Heller eric.m.heller@irsounsel.treas.gov
- 10 • Bonnie M Holcomb bonnie.holcomb@doj.ca.gov
- 11 • Whitman L Holt wholt@ktbslaw.com
- 12 • Michelle C Hribar mch@sdlaborlaw.com
- 13 • Steven J Katzman SKatzman@bmkattorneys.com
- 14 • Jane Kespradit jane.kespradit@limruger.com, amy.lee@limruger.com
- 15 • Mette H Kurth kurth.mette@arentfox.com
- 16 • Michael B Lubic michael.lubic@klgates.com, jonathan.randolph@klgates.com
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lbergini@marshackhays.com;ecfmarshackhays@gmail.com
- 18 • Gregory A Martin gmartin@winston.com
- 19 • David J Mccarty dmccarty@sheppardmullin.com, pibsen@sheppardmullin.com
- 20 • Reed M Mercado rmercado@sheppardmullin.com
- 21 • Aron M Oliner roliner@duanemorris.com
- 22 • Scott H Olson solson@seyfarth.com
- 23 • Dean G Rallis drallis@sulmeyerlaw.com
- 24 • Christopher O Rivas crivas@reedsmith.com
- 25 • Kenneth N Russak krussak@frandzel.com, efiling@frandzel.com;dmoore@frandzel.com
- 26 • Gregory M Salvato gsalvato@salvatolawoffices.com, calendar@salvatolawoffices.com
- 27 • Mark C Schnitzer mschnitzer@rhlaw.com, mschnitzer@verizon.net
- 28 • Diane S Shaw diane.shaw@doj.ca.gov

- 1 • Jason D Strabo jstrabo@mwe.com, apolin@mwe.com
- 2 • Matthew J Troy matthew.troy@usdoj.gov
- 3 • United States Trustee (RS) ustpreion16.rs.ecf@usdoj.gov
- 4 • Anne A Uyeda auyeda@bmkattorneys.com
- 5 • Annie Verdries verdries@lbbslaw.com
- 6 • Brian D Wesley brian.wesley@doj.ca.gov
- 7 • Kirsten A Roe Worley kworley@wthf.com, bcordova@wthf.com

8
9 ***SEE NEF FOR CONFIRMATION OF ELECTRONIC TRANSMISSION TO THE U.S. TRUSTEE AND ANY TRUSTEE IN THIS CASE, AND TO ANY ATTORNEYS WHO RECEIVE SERVICE BY NEF***

10 **2. SERVED BY UNITED STATES MAIL:**

11 On (*date*) 11/27/12, I served the following persons and/or entities at the last known addresses in this
12 bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in
13 the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here
14 constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document
15 is filed.

14 Bryan C Altman
15 The Altman Law Group
16 6300 Wilshire Blvd Ste 980
17 Los Angeles, CA 90048

16 Roger Jon Diamond
17 2115 Main Street
18 Santa Monica, CA 90405

18 Dale K Galipo
19 21800 Burbank Blvd Ste 310
20 Woodland Hills, CA 91367

20 Susan Millslagle
21 10045 Jonathan Ave
22 Cherry Valley, CA 92223

22 Jon Schlueter
23 108 Orange St Ste 8
24 Redlands, CA 92373

24 Neil S Steiner
25 433 N Camden Drive Ste 730
26 Beverly Hills, CA 90210

1 **[LIST OF CREDITORS HOLDING 20 LARGEST UNSECURED CLAIMS]**

2 2006 City of San Bernardino Taxable Pension
3 Obligation Bonds, 2005, Series A
4 Wells Fargo Bank, NA Corporate Trust Services
5 Special Accounts Group, MAC N9311-115
6 625 Marquette Avenue
7 Minneapolis, MN 55479

8 Kohl's Corporate Offices
9 N56 W17000 Ridgewood Drive
10 Menomonee Falls, Wisconsin 53051

11 US Bank, NA, Trustee
12 633 West 5th Street, 24th Floor
13 Los Angeles, CA 90071

14 California Infrastructure Bank and Economic
15 Development Bank (CIEDB)
16 1001 "I" Street, 19th Floor
17 Sacramento, CA 95814

18 Comerica Leasing Corporation
19 611 Anton Blvd.
20 Costa Mesa, CA 92626

21 New World Systems Corporation
22 888 W. Big Beaver Road #600
23 Troy, MI 48084

24 MARQUETTE BANK
25 10000 W. 151st Street
26 Orland Park, Illinois 60462

27 Bank of America
28 c/o Western Alliance Equipment Finance Inc.
1400 East Washington, Suite 1400
Phoenix, AZ 85004

Public Agency Retirement Services
P.O. Box 12919
Newport Beach, CA 92658-2919

U.S. Bank, N.A., Trustee
633 West 5th Street, 24th Floor
Los Angeles, CA 90071

American Traffic Systems
Michael Bolton, COO
American Traffic Solutions Inc.
7581 E. Gray Road
Scottsdale, AZ 85260

SUN TRUST EQUIPMENT FINANCE & LEASING CORPORATION
P.O. BOX 79194

- 1 BALTIMORE, CA 21279-0191
- 2 SAN BERNARDINO CITY PROFESSIONAL FIREFIGHTERS LOCAL 891
- 3 P.O. BOX 2703
- 4 San Bernardino, CA 92406
- 5 Tim Burgess
- 6 1625 Iowa Avenue
- 7 Riverside, CA 92507
- 8 603384 - AECOM USA INC.
- 9 1178 PAYSPPHERE CIR
- 10 CHICAGO, IL 60674
- 11 1458- CELPLAN TECHNOLOGIES INC
- 12 1897 PRESTON WHITE DRIVE
- 13 RESTON, VA 20191
- 14 614238 - NIKOLA CONSTRUCTION CORPORATION
- 15 18012 COWAN 290
- 16 IRVINE, CA 92614
- 17 SAN BERNARDINO COUNTY SOLID WASTE
- 18 825 E. 3RD STREET, #207
- 19 SAN BERNARDINO, CA 92415-0017

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL

(state method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on *(date)* 11/27/12, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

Overnight Mail

The Hon. Meredith A. Jury
United States Bankruptcy Court
3420 Twelfth Street
Suite 325 / Courtroom 301
Riverside, CA 92501-3819

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

11/27/12

Brett Bissett

/s/ Brett Bissett

Date

Printed Name

Signature