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WINSTON & STRAWN LLP Richard A. Lapping (SBN: 107496 rlapping@winston.com 101 California Street San Francisco, CA 94111-5802 Telephone: (415) 591-1000 Facsimile: (415) 591-1400 WINSTON & STRAWN LLP Lawrence A. Larose (admitted pro hac vice) llarose@winston.com 200 Park Avenue New York, NY 10166-4193 Telephone: (212) 294-2700 Facsimile: (212) 294-4700 Attorneys for Creditor

NATIONAL PUBLIC FINANCE GUARANTEE CORPORATION

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF CALIFORNIA, SACRAMENTO DIVISION

In re:
CITY OF VALLEJO, CALIFORNIA,
Debtor.

Chapter 9

DC No. WS-1

Case No. 08-26813

[No Hearing Requested]

ORDER PURSUANT TO BANKRUPTCY RULE 2004 AUTHORIZING AND DIRECTING (A) ORAL EXAMINATION OF DEBTOR CITY OF VALLEJO, CALIFORNIA AND (2) PRODUCTION OF DOCUMENTS

Upon *ex parte* application (the "Application") of creditor National Public Finance Guarantee ("National") for an Order pursuant to Federal Rule of Bankruptcy Procedure ("FRBP") 2004 authorizing and directing Debtor City of Vallejo, California (the "Debtor" or the "City") to (1) appear for an oral examination and (2) produce the documents described on Exhibit A attached hereto and incorporated by reference as though set forth in full; the Court finding that it has jurisdiction over this matter pursuant to sections 157 and 1334 of Title 28 of the United States Code,

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Winston & Strawn LLP 101 California Street San Francisco, CA 94111-5802 that adequate notice has been, and that good cause appearing therefor,

IT IS HEREBY ORDERED:

- 1. The Application is GRANTED.
- 2. National is authorized to examine the Debtor pursuant to FRBP 2004(a) on the subjects specified in FRBP 2004(b).
- 3. The examination shall not be scheduled earlier than 30 days after service under FRBP 9016. For the avoidance of doubt, the examination of the Debtor shall take place on July 1, 2010 at 10:00 a.m. at the San Francisco office of Winston & Strawn LLP 101 California Street, San Francisco, California 94111-5802.
- 4. Pursuant to FRBP 2004(c) the Debtor shall produce all responsive documents being sought pursuant to the attached Exhibit A on June 24, 2010 at 5:00 p.m. at the San Francisco office of Winston & Strawn LLP, 101 California Street, San Francisco, California 94111-5802.
- 5. Nothing contained herein compels the production of privileged or other legally protected matter or precludes the filing of a motion to quash or a motion for protective order. This notwithstanding, if documents are withheld from production based on a claim of privilege or other legal grounds, the Debtor must deliver to National's counsel at the San Francisco office of Winston & Strawn LLP 101 California Street, San Francisco, California 94111-5802 a privilege log in accordance with FRBP 7026(b)(5) with its document production.

Dated: May 18, 2010

By the Court

Míchael S. McManus

United States Sankruptcy Judge

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EXHIBIT A

DEFINITIONS

- 1. "DOCUMENT" means a writing, as defined in Rule 34 of the Federal Rules of Civil Procedure and Rule 1001 of the Federal Rules of Evidence, and includes any kind of written, typewritten, or printed material whatsoever, any kind of graphic material, and any computer readable media including, but without limitation, papers, agreements, contracts, notes, memoranda, correspondence, e-mails, studies, working papers, letters, telegrams, invoices, personal diaries, journal entries, reports, records, books, forms, indexes, transcriptions and recordings, magnetic tapes, disks and printed cards, data sheets, data processing cards, personal calendars, interoffice memoranda, minutes and records of any meetings, financial statements, financial calculations, estimates, reports of telephone or other oral conversations, appointment books, maps, drawings, charts, graphs, photographs, and all other writings and recordings of every kind, however produced or reproduced, whether signed or unsigned, and whether in computerized databases or other electronic format or whether hard copies thereof. The term "DOCUMENT" further includes, without limitation, the original and all file copies and other copies that are not identical to the original no matter how or by whom prepared, and all drafts prepared in connection with any documents, whether used or not. If the original of any document is not in your possession, custody or control, a copy of that document should be produced. The term "DOCUMENT" also includes any COMMUNICATION that otherwise meets the definition of "DOCUMENT," and the term "COMMUNICATION" includes any DOCUMENT that otherwise meets the definition of "COMMUNICATION."
- 2. A DOCUMENT is one RELATING TO a subject if, for example, it constitutes, comprises, describes, sets forth, shows, reflects, analyzes, refers to, evidences, comments upon, mentions, is connected to, discusses, contains quantitative data relating to, or pertains to the subject.
- "COMMUNICATION" or "COMMUNICATIONS" refers to any transmission of 3. information, the information transmitted and any process by which information is transmitted, and includes written and documented communications, as well as oral communications, or any other exchange of information, response, in-person conversation or affirmative contact between one or more PERSONS.

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| 4. "RELATING TO" shall mean pertaining to, mentioning, commenting on, connected |
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| with, discussing, describing, analyzing, explaining, showing, reflecting, referring to, dealing with, |
| comprising, consisting of, containing, resulting from, or recording a particular subject in whole or in |
| part either directly or indirectly or being in any way logically or factually connected with the matter |
| discussed or identified |

- 5. "PERSON" or "PERSONS" include natural persons, proprietorships, partnerships, firms, corporations, federal, state and local governments, limited liability companies, political subdivisions, groups, associations or organizations.
- "DEBTOR" shall mean Debtor City of Vallejo, California and its agents and employees.
- 7. "YOU" and "YOUR" as used herein means DEBTOR and any person acting on his behalf or at its direction.
- "NATIONAL" shall mean National Public Finance Guarantee Corporation, a stock 8. insurance corporation, duly organized and existing under the laws of the State of New York, and its predecessors and successors.
- "1999 COPs" shall mean the Vallejo Public Financing Authority Certificates of Participation (1999 Capital improvements Project), for which Wells Fargo Bank, N.A. acts as trustee.
 - 10. "VLFs" shall mean the California Department of Motor Vehicle License Fees.
- 11. "PROPERTY TAX IN-LIEU OF VLFs" shall mean disbursements from or through Solano County Vehicle License Fee Property Tax Compensation Fund.
- 12. "PROPOSED PLAN" shall mean the Bankruptcy Workout Plan that was proposed by the Debtor to the City Council of the City of Vallejo on December 22, 2009 and as amended on March 23, 2010.
 - 13. "1999 TRUSTEE" shall mean Wells Fargo Bank, N.A.

INSTRUCTIONS

The conjunctives "and" and "or" are to be construed both conjunctively and 1. disjunctively, and each includes the other wherever such dual construction serves to bring with the

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scope of and demand any writings that otherwise would not fall within its scope.

- The singular form includes the plural and vice versa wherever dual construction will serve to bring within the scope of any demand any writings which would otherwise not fall within its scope.
- 3. The use of a verb in any tense shall be construed as the use of the verb in all other tenses.

DOCUMENTS TO BE PRODUCED

- DOCUMENTS reporting the current and historical property tax rate/base and sales 1. tax rates for the period from fiscal year 1999-00 to and including fiscal year 2009-10.
- 2. Any and all DOCUMENTS containing the complete reports on tax revenue projections (including, without limitations, VLFs and PROPERTY TAX IN-LIEU OF VLFs) or any other subject prepared or delivered by the property tax and sales tax consultants referred to in the PROPOSED PLAN.
- 3. Documents containing or reporting the amount of VLFs and PROPERTY TAX IN-LIEU OF VLFs received by the DEBTOR in fiscal year 2009-10.
- 4. The DOCUMENTS containing the DEBTOR'S comprehensive annual financial reports for fiscal years 1999-00, 2000-01, 2001-02, and 2002-03.
- 5. DOCUMENTS RELATING TO or reporting the wage, salary, bonus, overtime pay, health benefits and pension contribution history of the DEBTOR'S employees by rank and association for the period from fiscal year 1999-00 to and including fiscal year 2009-10.
- 6. DOCUMENTS RELATING TO or reporting the total number of the DEBTOR'S employees by association for the period from fiscal year 1999-00 to and including fiscal year 2009-10.
- 7. The DOCUMENTS containing the International Association of Fire Fighters' collective bargaining agreement with the DEBTOR.
- 8. The DOCUMENTS containing the International Brotherhood of Electrical Workers' collective bargaining agreement with the DEBTOR.
 - 9. DOCUMENTS listing or reporting the ten (10) largest tax payers and their

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| | 1 | respective percentage contribution to the DEBTOR. | | |
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| | 2 | 10. Any and all DOCUMENTS RELATING TO the DEBTOR'S new revenue and/or | | |
| | 3 | fee initiatives and their expected revenue impact. | | |
| | 4 | 11. Any and all DOCUMENTS RELATING TO the compensation surveys the | | |
| | 5 | DEBTOR had prepared from 2005 to the present that are available for public distribution. | | |
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