May 9, 2006

TO: Chairperson and Members of the Redevelopment Agency
   Mayor and City Council

FROM: J. Gordon Palmer, Jr., City Manager / Executive Director
      Stockton Redevelopment Agency

Steven J. Pinkerton, Director
Redevelopment Department

SUBJECT: RESOLUTION: AMEND THE LEASE FINANCING DOCUMENTS
DATED MARCH 1, 2004, TO PROVIDE FOR THE RELEASE OF A
PORTION OF THE REAL PROPERTY SECURING THE $47,000,000
REDEVELOPMENT AGENCY REVENUE BONDS, SERIES 2004
(STOCKTON EVENTS CENTER – ARENA PROJECT)

RECOMMENDATIONS:

City Council Action: Adopt a resolution amending certain Lease Financing
Documents dated March 1, 2004, to provide for the release of a portion of the real
property securing the $47,000,000 Redevelopment Agency Revenue Bonds, Series
2004 (Stockton Events Center – Arena Project).

Redevelopment Agency: Adopt a resolution amending certain Lease Financing
Documents dated March 1, 2004, to provide for the release of a portion of the real
property securing the $47,000,000 Redevelopment Agency Revenue Bonds, Series
2004 (Stockton Events Center – Arena Project).

SUMMARY

In March 2004 the Redevelopment Agency and the City Council approved the sale of
bonds to finance the construction of the arena. This action included the approval of a
Site Lease and a Lease Agreement for the arena parcel and the improvements. In
August 2004 a Lot Line Adjustment was approved which moved 9,000 square feet from
the arena parcel to the Regent hotel parcel. The additional property was needed to
improve access into the hotel parking lot. However, the 9,000 square feet of property
which was moved to the Regent hotel parcel was included in the original legal
description attached to the Site Lease and Lease Agreement and, therefore, is
encumbered by the debt from the sale of the bonds. To release the 9,000 square feet
and Regent Hotel LLC who now owns the property, from the indebtedness, a revised
description of the arena parcel needs to be included in the Site Lease and the Lease
Agreement, which is the purpose of this amendment.

AGENDA ITEM 6.15
RESOLUTION: AMEND THE LEASE FINANCING DOCUMENTS DATED MARCH 1, 2004, TO PROVIDE FOR THE RELEASE OF A PORTION OF THE REAL PROPERTY SECURING THE $47,000,000 REDEVELOPMENT AGENCY REVENUE BONDS, SERIES 2004 (STOCKTON EVENTS CENTER – ARENA PROJECT)  

DISCUSSION

Background

On March 2, 2004, the Redevelopment Agency and the City Council approved the sale of $47,000,000 Redevelopment Agency Revenue Bonds, Series 2004 (Stockton Events Center – Arena Project) to finance the construction of the arena. This action included the approval of a Site Lease through which the City leased the arena parcel to the Agency and a Lease Agreement through which the Agency leased the arena parcel and the improvements back to the City. The City agreed to make annual lease payments to the Agency. The Redevelopment Agency also entered into an Indenture of Trust with Wells Fargo Bank, National Association as the Trustee. Under the Indenture, the Redevelopment Agency assigned its right to receive the annual lease payments from the City to Wells Fargo. Wells Fargo applies the lease payments to the principal and interest on the Bonds.

The arena parcel as it existed in March 2004 was approximately 4.1 acres in size. In August, 2004 a Lot Line Adjustment was approved which moved approximately 9,000 square feet (0.21 acres) of property from the arena parcel to the Regent hotel parcel. This was needed to improve access into the hotel parking lot.

Present Situation

The 9,000 square feet of property, which was moved to the Regent hotel parcel was included in the original legal description attached to the Site Lease and Lease Agreement and, therefore, is encumbered by the debt from the sale of the bonds. It remains encumbered even after title of the property was transferred to Regent Hotel LLC in December 2005.

The bond holders have reviewed the Lot Line Adjustment and have made a determination that the Lot Line Adjustment does not reduce the value of the Arena or the Agency’s ability to pay back the debt. But the revised description of the Arena parcel (after the Lot Line Adjustment) needs to be reflected in the Site Lease and Lease Agreement. This proposed amendment will accomplish that.

If the amendment is approved, then Wells Fargo will quitclaim the interest in the 9,000 square feet and the Regent hotel parcel will no longer be encumbered by the bond debt.
RESOLUTION: AMEND THE LEASE FINANCING DOCUMENTS DATED MARCH 1, 2004, TO PROVIDE FOR THE RELEASE OF A PORTION OF THE REAL PROPERTY SECURING THE $47,000,000 REDEVELOPMENT AGENCY REVENUE BONDS, SERIES 2004 (STOCKTON EVENTS CENTER – ARENA PROJECT)

FINANCIAL SUMMARY

The proposed amendment does not create any financial impact for the City or the Agency.

Respectfully submitted,

STEVEN J. PINKERTON, DIRECTOR
REDEVELOPMENT DEPARTMENT

APPROVED BY:

STEVE CARRIGAN, DIRECTOR

JGP:SJP:LI:jb
Attachments

APPROVED:

J. GORDON PALMER JR.
EXECUTIVE DIRECTOR / CITY MANAGER
FIRST AMENDMENT TO LEASE AGREEMENT

(Amending that Certain Lease Agreement, dated as of March 1, 2004, by and between the Redevelopment Agency of the City of Stockton and the City of Stockton)

Dated as of April 1, 2006

by and between the

REDEVELOPMENT AGENCY OF THE CITY OF STOCKTON, as Lessor

and the

CITY OF STOCKTON, as Lessee

Relating to
$47,000,000
Redevelopment Agency of the City of Stockton
Revenue Bonds, Series 2004
(Stockton Events Center—Arena Project)
FIRST AMENDMENT TO LEASE AGREEMENT

THIS FIRST AMENDMENT TO LEASE AGREEMENT, dated as of April 1, 2006, is by and between the by and between the REDEVELOPMENT AGENCY OF THE CITY OF STOCKTON, a public body corporate and politic, organized and existing under and by virtue of the laws of the State of California, as lessor (the “Agency”), and the CITY OF STOCKTON, a municipal corporation and chartered city organized and existing under and by virtue of the laws of the State of California, as lessee (the “City”), amending that certain Lease Agreement, dated as of March 1, 2004, by and between the Agency and the City, and recorded by memorandum on March 25, 2004, as document number 2004-060240 in the Official Records of San Joaquin County, California (the “Lease Agreement”);

WITNESSETH:

WHEREAS, the City and the Agency have heretofore entered into the Site Lease, dated as of March 1, 2004, recorded on March 25, 2004, as document number 2004-060239, in the Official Records of San Joaquin County, California, a first amendment thereto being recorded concurrently herewith (the “Site Lease”), pursuant to which the City leased certain real property, described in Exhibit A thereon (the “Site”) to the Agency and the Agency leased the Site from the City;

WHEREAS, the Agency and the City have heretofore entered into the Lease Agreement, pursuant to which the Agency leased the Site and certain new improvements thereon (the “Project” and, with the Site, the “Property”) to the City and the City leased the Property from the Agency;

WHEREAS, the Agency and the Trustee have heretofore entered into that certain Indenture of Trust, dated as of March 1, 2004 (the “Indenture”), by and between the Agency and Wells Fargo bank, National Association, as trustee (the “Trustee”), and pursuant to which the Agency has issued the $47,000,000 Redevelopment Agency of the City of Stockton Revenue Bonds, Series 2004 (Stockton Events Center—Arena Project) (the “Bonds”) to finance the Project;

WHEREAS, under the Indenture, the Agency has assigned to the Trustee its right to receive lease payments made by the City under the Lease Agreement, which payments are applied to make payments of principal of and interest on the Bonds;

WHEREAS, the City has determined that it is necessary to amend the description of the Site, as set forth in the Site Lease and the Lease Agreement to release a portion of the real property described therein;

WHEREAS, the City and the Agency deems it necessary and desirable that the Lease Agreement be amended to provide for a revised description of the Site to accurately reflect the description intended to be included therein following such release;

WHEREAS, Section 8.3(b) of the Lease Agreement grants to the City the option to release any portion of the Site, provided that the City shall satisfy certain requirements which are conditions precedent to such release; and

WHEREAS, the City has satisfied all such requirements;

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NOW, THEREFORE, in consideration of the above premises and of the mutual covenants hereinafter contained and for other good and valuable consideration, the parties hereto agree as follows:

SECTION 1. **Amendment of the Lease Agreement.** The description of the Site contained in Exhibit A to the Lease Agreement is hereby amended by releasing and terminating from said lease a portion thereof. The resulting description of the Site shall be as described in Exhibit A attached hereto which shall modify and replace in its entirety Exhibit A attached to the Lease Agreement.

SECTION 2. **Execution in Counterparts.** This First Amendment to Lease Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 3. **Applicable Law.** This First Amendment to Lease Agreement shall be governed by and construed in accordance with the laws of the State of California.
IN WITNESS WHEREOF, the Agency and the City have caused this First Amendment to Lease Agreement to be executed by their respective officers thereunto duly authorized, all as of the day and year first above written.

REDEVELOPMENT AGENCY OF THE
CITY OF STOCKTON, as Lessor

By ___________________________
J. Gordon Palmer, Jr.,
Executive Director

Attest:

______________________________
Katherine Gong Meissner,
Secretary

CITY OF STOCKTON, as Lessee

By ___________________________
J. Gordon Palmer, Jr.,
City Manager

Attest:

______________________________
Katherine Gong Meissner,
City Clerk
EXHIBIT A
DESCRIPTION OF THE RESULTING SITE

All that certain real property situate in the City of Stockton, County of San Joaquin, State of California, described as follows:

A PORTION OF PARCEL 4 AS SHOWN ON THE MAP FILED IN BOOK 23 OF PARCEL MAPS, PAGE 15, SAN JOAQUIN COUNTY RECORDS, SITUATED IN THE CITY OF STOCKTON, COUNTY OF SAN JOAQUIN, STATE OF CALIFORNIA, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWESTERLY CORNER OF PARCEL 3 OF THE MAP FILED IN BOOK 23 OF PARCEL MAPS, PAGE 15;

THENCE ALONG THE WESTERLY LINE OF SAID PARCEL 3 SOUTH 11° 34' 46" EAST, 70.61 FEET TO THE POINT OF BEGINNING;

THENCE NORTH 78° 25' 14" EAST, 99.44 FEET;

THENCE SOUTH 65° 15' 25" EAST, 199.13 FEET;

THENCE NORTH 78° 26' 36" EAST, 150.22 FEET, TO THE BEGINNING OF A NON-TANGENT CURVE TO THE RIGHT AND HAVING A RADIUS OF 906.00 FEET, AND TO WHICH A RADIAL LINE BEARS NORTH 89° 07' 15" EAST;

THENCE SOUTHERLY 138.57 FEET, ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 8° 45' 47" AND HAVING A CHORD LENGTH OF 138.3 FEET BEARING NORTH 03° 30' 08" EAST TO THE BEGINNING OF A COMPOUND CURVE TO THE RIGHT HAVING A RADIUS OF 281.00 FEET, AND TO WHICH A RADIAL LINE BEARS SOUTH 82° 06' 58" EAST;

THENCE SOUTHERLY, SOUTHWESTERLY AND WESTERLY, 436.00 FEET ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 88° 54' 02" AND HAVING A CHORD LENGTH OF 393.56 FEET BEARING NORTH 52° 20' 03" EAST TO THE BEGINNING OF A COMPOUND CURVE TO THE RIGHT HAVING A RADIUS OF 546.00 FEET, AND TO WHICH A RADIAL LINE BEARS SOUTH 06° 47' 04" WEST;

THENCE WESTERLY AND NORTHWESTERLY, 206.14 FEET ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 21° 37' 56" AND HAVING A CHORD LENGTH OF 204.92 FEET BEARING NORTH 72° 23' 58" WEST

THENCE NORTH 28° 25' 00" EAST, 53.81 FEET;

THENCE NORTH 33° 40' 17" WEST, 43.44 FEET;

THENCE NORTH 25° 09' 37" WEST, 43.44 FEET;

THENCE NORTH 56° 17' 39" WEST, 134.34 FEET;

THENCE SOUTH 78° 25' 14" WEST, 70.96 FEET, TO THE BEGINNING OF A NON-TANGENT CURVE TO THE RIGHT AND HAVING A RADIUS OF 546.00 FEET, AND TO WHICH A RADIAL LINE BEARS SOUTH 57° 01' 56" WEST;

THENCE NORTHWESTERLY, 49.09 FEET ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 5° 09' 06" AND HAVING A CHORD LENGTH OF 49.09 FEET BEARING SOUTH 30° 23' 31" EAST;

Exhibit A
Page 1
THENCE NORTH 78° 25' 14" EAST, 298.76 FEET;
THENCE NORTH 11° 34' 46" WEST, 43.70 FEET;
THENCE NORTH 78° 25' 14" EAST, 32.84 FEET;
THENCE NORTH 11° 34' 46" WEST, 15.50 FEET TO THE POINT OF BEGINNING.
CONTAINING 4.376 ACRES, MORE OR LESS.
FIRST AMENDMENT TO SITE LEASE

(Amending that Certain Site Lease, dated as of March 1, 2004, by and between the City of Stockton and the Redevelopment Agency of the City of Stockton)

Dated as of April 1, 2006

by and between the

CITY OF STOCKTON, as Lessor

and the

REDEVELOPMENT AGENCY OF THE CITY OF STOCKTON, as Lessee

Relating to
$47,000,000
Redevelopment Agency of the City of Stockton
Revenue Bonds, Series 2004
(Stockton Events Center—Arena Project)
FIRST AMENDMENT TO SITE LEASE

THIS FIRST AMENDMENT TO SITE LEASE, dated as of April 1, 2006, is by and between the CITY OF STOCKTON, a municipal corporation and chartered city organized and existing under and by virtue of the laws of the State of California (the "City"), as lessor, and the REDEVELOPMENT AGENCY OF THE CITY OF STOCKTON, a public body, corporate and politic, organized and existing under and by virtue of the laws of the State of California, as lessee (the "Agency"), amending that certain Site Lease, dated as of March 1, 2004, by and between the City and the Agency, and recorded on March 25, 2004, as document number 2004-060239 in the Official Records of San Joaquin County, California (the "Site Lease");

WITNESSETH:

WHEREAS, the City and the Agency have heretofore entered into the Site Lease, pursuant to which the City leased certain real property, described in Exhibit A thereto (the "Site") to the Agency and the Agency leased the Property from the City;

WHEREAS, the Agency and the City have heretofore entered into a Lease Agreement, dated as of March 1, 2004, recorded by memorandum on March 25, 2004, as document number 2004-060240, in the Official Records of San Joaquin County, California, a first amendment thereto being recorded concurrently herewith (the "Lease Agreement"), pursuant to which the Agency leased the Site and certain new improvements thereon (the "Project" and, with the Site, the "Property") to the City and the City leased the Property from the Agency;

WHEREAS, the Agency and the Trustee have heretofore entered into that certain Indenture of Trust, dated as of March 1, 2004 (the "Indenture"), by and between the Agency and Wells Fargo bank, National Association, as trustee (the "Trustee"), and pursuant to which the Agency has issued the $47,000,000 Redevelopment Agency of the City of Stockton Revenue Bonds, Series 2004 (Stockton Events Center—Arena Project) (the "Bonds") to finance the Project;

WHEREAS, under the Indenture, the Agency has assigned to the Trustee its right to receive lease payments made by the City under the Lease Agreement, which payments are applied to make payments of principal of and interest on the Bonds;

WHEREAS, the City has determined that it is necessary to amend the description of the Site, as set forth in the Site Lease and the Lease Agreement to release a portion of the real property described therein;

WHEREAS, the City and the Agency deem it necessary and desirable that the Site Lease be amended to provide for a revised description of the Site to accurately reflect the description intended to be included therein following such release;

WHEREAS, Section 8.3(b) of the Lease Agreement grants to the City the option to release any portion of the Site, provided that the City shall satisfy certain requirements which are conditions precedent to such release; and

WHEREAS, the City has satisfied all such requirements;
NOW, THEREFORE, in consideration of the above premises and of the mutual covenants hereinafter contained and for other good and valuable consideration, the parties hereto agree as follows:

SECTION 1. Amendment of the Site Lease. The description of the Site contained in Exhibit A to the Site Lease is hereby amended by releasing and terminating from said lease a portion thereof. The resulting description of the Site shall be as described in Exhibit A attached hereto which shall modify and replace in its entirety Exhibit A attached to the Site Lease.

SECTION 2. Execution in Counterparts. This First Amendment to Site Lease may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 3. Applicable Law. This First Amendment to Site Lease shall be governed by and construed in accordance with the laws of the State of California.
IN WITNESS WHEREOF, the City and the Agency have caused this First Amendment to Site Lease to be executed by their respective officers thereunto duly authorized, all as of the day and year first above written.

CITY OF STOCKTON, as Lessor

By __________________________
   J. Gordon Palmer, Jr.,
   City Manager

Attest:

______________________________
Katherine Gong Meissner,
City Clerk

REDEVELOPMENT AGENCY OF THE
CITY OF STOCKTON, as Lessee

By __________________________
   J. Gordon Palmer, Jr.,
   Executive Director

Attest:

______________________________
Katherine Gong Meissner,
Secretary
[NOTARY ACKNOWLEDGMENTS TO BE ATTACHED]
EXHIBIT A

DESCRIPTION OF THE RESULTING SITE

All that certain real property situate in the City of Stockton, County of San Joaquin, State of California, described as follows:

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THENCE NORTH 28° 25' 00" EAST, 53.81 FEET;

THENCE NORTH 33° 40' 17" WEST, 43.44 FEET;

THENCE NORTH 25° 09' 37" WEST, 43.44 FEET;

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CONTAINING 4.376 ACRES, MORE OR LESS.
$47,000,000
REDEVELOPMENT AGENCY OF THE CITY OF STOCKTON
REVENUE BONDS, SERIES 2004
(Stockton Events Center—Arena Project)

CONSENT OF FINANCIAL GUARANTY TO AMENDMENTS

The undersigned hereby states and certifies:

(i) that the undersigned is an authorized office of Financial Guaranty Insurance Company, as financial guaranty insurer (the “Insurer”), for the captioned bonds (the “Bonds”), and as such, is familiar with the facts herein and is authorized and qualified to execute and deliver this certificate on behalf of the Insurer;

(ii) that the City of Stockton (the “City”) and the Redevelopment Agency of the City of Stockton (the “Agency”), have heretofore entered into the Site Lease, dated as of March 1, 2004 (the “Site Lease”), pursuant to which the City leased certain real property, described in Exhibit A thereto (the “Site”), to the Agency and the Agency leased the Site from the City;

(iii) that the Agency and the City have heretofore entered into the Lease Agreement, dated as of March 1, 2004 (the “Lease Agreement”), pursuant to which the Agency leased the Site and the new sports arena to be constructed thereon (the “Project” and, with the Site, the “Property”) to the City and the City leased the Property from the Agency;

(iv) that the City has determined that it is necessary to amend the description of the Site, as set forth in the Site Lease and the Lease Agreement to release a portion of the real property described therein;

(v) that the City and the Agency deem it necessary and desirable that the Site Lease and the Lease Agreement be amended to provide for a revised description of the Site to accurately reflect the description intended to be included therein following such release;

(vi) that Section 8.3(b) of the Lease Agreement grants to the City the option to release any portion of the Site, provided that the City shall satisfy certain requirements which are conditions precedent to such release, including the prior written consent of the Insurer;

(vii) that, upon satisfaction of the conditions precedent set forth in the Lease Agreement, including but not limited to delivery by the City of evidence that the Property, as revised by such release, has a value at least equal to $58,750,000, being 1.25 times the principal amount of the Bonds currently outstanding, the Insurer hereby provides its consent to such release;
(viii) that capitalized terms used herein and not otherwise defined shall have the same meanings ascribed to them as in the Lease Agreement.

Dated: _______________ 2006

FINANCIAL GUARANTY INSURANCE COMPANY, as Insurer

By _______________________
Name _______________________
Title _______________________

$47,000,000
REDEVELOPMENT AGENCY OF THE CITY OF STOCKTON
REVENUE BONDS, SERIES 2004
(Stockton Events Center—Arena Project)

CERTIFICATE REGARDING RELEASE OF A PORTION OF THE SITE

The undersigned hereby states and certifies:

(i) that he is the duly appointed, qualified and acting City Manager of the City of Stockton, a municipal corporation and chartered city organized and existing under and by virtue of the laws of the State of California (the "City"), and as such, is familiar with the facts herein certified and is authorized and qualified to certify the same;

(ii) that he is an "Authorized Representative of the City," as such term is defined in that certain Indenture, dated as of March 1, 2004 (the "Indenture"), by and between Wells Fargo Bank, National Association, as trustee (the "Trustee"), and the Redevelopment Agency of the City of Stockton (the "Agency"), relating to the $47,000,000 Redevelopment Agency of the City of Stockton Revenue Bonds, Series 2004 (Stockton Events Center—Arena Project) (the "Bonds");

(iii) that in accordance with the provisions of Section 8.3 (b) of that certain Lease Agreement, dated as of March 1, 2004 (the "Lease Agreement"), by and between the Agency and the City, the City has determined to release a portion of the Site (as such term is defined in the Indenture);

(iv) that the City has filed with the Agency and the Trustee an amended Exhibit A to that certain Site Lease, dated as of March 1, 2004 (the "Site Lease"), by and between the City and the Agency, which describes the Site, as revised by such release;

(v) that the City has filed with the Agency and the Trustee an amended Exhibit A to the Lease Agreement which describes the Site, as revised by such release;

(vi) that the City has delivered to the Agency and the Trustee evidence that the Site, as revised by such release, together with the Project (as such term is defined in the Indenture), has a total value at least equal to $58,750,000, being 1.25 times the principal amount of the Bonds currently outstanding;

(vii) that the City has obtained an amendment to the title insurance policy required pursuant to the Lease Agreement which adds thereto a description of the substitute site and deletes therefrom the description of the former site;

(viii) that the City has received the prior written consent of Financial Guaranty (as such term is defined in the Indenture), to such release;
(ix) that the City has provided notice of such release to all rating agencies currently rating the Bonds;

Dated: April __, 2006

CITY OF STOCKTON

By __________________________

J. Gordon Palmer, Jr.,
City Manager
April __, 2006

Redevelopment Agency of the City of Stockton
425 North El Dorado Street
Stockton, California 95202-1997

City of Stockton
425 North El Dorado Street
Stockton, California 95202-1997

Wells Fargo Bank, National Association
555 Montgomery Street, 10th Floor
San Francisco, California 94111

Financial Guaranty Insurance Company
125 Park Avenue
New York, New York 10017

Re: First Amendment to Site Lease, dated as of April 1, 2006, by and between the City of Stockton and the Redevelopment Agency of the City of Stockton, amending that certain Site Lease, dated as of March 1, 2004, by and between the City of Stockton and the Redevelopment Agency of the City of Stockton

First Amendment to Lease Agreement, dated as of April 1, 2006, by and between the Redevelopment Agency of the City of Stockton and the City of Stockton, amending that certain Lease Agreement, dated as of March 1, 2004, by and between the Redevelopment Agency of the City of Stockton and the City of Stockton

Ladies and Gentlemen:

We have been requested to provide an opinion with respect to (i) a First Amendment to Site Lease (the "First Amendment to Site Lease"), dated as of April 1, 2006, by and between the City of Stockton (the "City") and the Redevelopment Agency of the City of Stockton (the "Agency"), amending that certain Site Lease, dated as of March 1, 2004, by and between the City and the Agency (the "Site Lease"), and (ii) a First Amendment to Lease Agreement, dated as of April 1, 2006 (the "First Amendment to Lease Agreement"), by and between the Agency and the City, amending that certain Lease Agreement, dated as of March 1, 2004, by and between the Agency and the City (the "Lease Agreement").

In connection with the following opinion, we have reviewed the Site Lease, the First Amendment to Site Lease the Lease Agreement and the First Amendment to Lease Agreement, and such other information and documents as we consider necessary in the circumstances. As to questions of fact material to our opinion, we have relied upon such representations and other certifications of public officials and others furnished to us and
such other documents as we deemed necessary in the circumstances, without undertaking to verify such facts by independent investigation.

Based upon the foregoing, and without independent investigation, we are of the opinion, as of the date hereof, that:

(1) the First Amendment to Site Lease and the First Amendment to Lease Agreement are valid and binding amendments of the documents they purport to amend;

(2) the amendments of the Site Lease and the Lease Agreement comply with the provisions of the Site Lease and the Lease Agreement and will not, in themselves, impair any enforceability of the Site Lease or the Lease Agreement;

(3) the amendment of the Site Lease and the Lease Agreement will not, in themselves, impair any exclusion from gross income of interest with respect to the Bonds (as defined in the Lease Agreement) under federal tax law and any exemption of such interest from State of California personal income taxation.

This opinion is rendered solely for the benefit of the addressees hereof, and may not be relied upon by any other person without our prior written consent.

Respectfully submitted,
Resolution No. ________

STOCKTON CITY COUNCIL

RESOLUTION AMENDING CERTAIN LEASE FINANCING DOCUMENTS DATED MARCH 1, 2004, TO PROVIDE FOR THE RELEASE OF A PORTION OF THE REAL PROPERTY SECURING THE $47,000,000 REDEVELOPMENT AGENCY OF THE CITY OF STOCKTON REVENUE BONDS, SERIES 2004 (STOCKTON EVENTS CENTER—ARENA PROJECT) AND AUTHORIZING AND DIRECTING CERTAIN ACTIONS WITH RESPECT THERETO

WHEREAS, the City of Stockton (the “City”) and the Redevelopment Agency of the City of Stockton (the “Agency”) have heretofore entered into the Site Lease, dated as of March 1, 2004 (the “Site Lease”), pursuant to which the City leased certain real property described in Exhibit A thereto (the “Site”), to the Agency and the Agency leased the Site from the City; and

WHEREAS, the Agency and the City have heretofore entered into the Lease Agreement, dated as of March 1, 2004 (the “Lease Agreement”), pursuant to which the Agency leased the Site and certain new improvements thereon (the “Project” and, with the Site, the “Property”) to the City and the City leased the Property from the Agency; and

WHEREAS, the Agency and the Trustee have heretofore entered into that certain Indenture of Trust, dated as of March 1, 2004 (the “Indenture”), by and between the Agency and Wells Fargo Bank, National Association, as trustee (the “Trustee”), and pursuant to which the Agency has issued the $47,000,000 Redevelopment Agency of the City of Stockton Revenue Bonds, Series 2004 (Stockton Events Center—Arena Project) (the “Bonds”) to finance the Project; and

WHEREAS, under the Indenture, the Agency has assigned to the Trustee its right to receive lease payments made by the City under the Lease Agreement, which payments are applied to make payments of principal of and interest on the Bonds; and

WHEREAS, the City has determined that it is necessary to amend the description of the Site, as set forth in the Site Lease and the Lease Agreement to release a portion of the real property described therein; and

WHEREAS, Section 8.3(b) of the Lease Agreement grants to the City the option to release any portion of the Site, provided that the City shall satisfy certain requirements which are conditions precedent to such release; and

[Signature] MAY 2, 2006
WHEREAS, the documents below specified have been filed with the City and the members of the City Council, with the aid of its staff, have reviewed said documents; now, therefore,

NOW THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF STOCKTON, AS FOLLOWS:

Section 1. The below enumerated documents be and are hereby approved, and the City Manager, the Assistant City Manager or the Administrative Services Officer, or their designees (the "Designated Officers"), are hereby authorized and directed to execute said documents, with such changes, insertions and omissions as may be approved by such official, and the City Clerk is hereby authorized and directed to attest to such official’s signature:

(a) an amendment to the Site Lease; and
(b) an amendment to the Lease Agreement.

Section 2. The Designated Officers, the City Clerk and all other appropriate officials of the City are hereby authorized and directed to execute such other agreements, documents and certificates as may be necessary to effect the purposes of this resolution.

Section 3. This Resolution shall take effect upon its adoption by the City Council.

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PASSED, APPROVED and ADOPTED _____________________________.

EDWARD J. CHAVEZ, Mayor
of the City of Stockton

ATTEST:

KATHERINE GONG MEISSNER
City Clerk of the City of Stockton
Resolution No. ____________

REDEVELOPMENT AGENCY

REDEVELOPMENT AGENCY OF THE CITY OF STOCKTON
RESOLUTION AMENDING CERTAIN LEASE FINANCING DOCUMENTS
DATED MARCH 1, 2004, TO PROVIDE FOR THE RELEASE OF A
PORTION OF THE REAL PROPERTY SECURING THE $47,000,000
REDEVELOPMENT AGENCY OF THE CITY OF STOCKTON REVENUE
BONDS, SERIES 2004 (STOCKTON EVENTS CENTER—ARENA
PROJECT) AND AUTHORIZING AND DIRECTING CERTAIN ACTIONS
WITH RESPECT THERETO

WHEREAS, the City of Stockton (the “City”) and the Redevelopment Agency of
the City of Stockton (the “Agency”) have heretofore entered into the Site Lease, dated
as of March 1, 2004 (the “Site Lease”), pursuant to which the City leased certain real
property described in Exhibit A thereto (the “Site”), to the Agency and the Agency
leased the Site from the City; and

WHEREAS, the Agency and the City have heretofore entered into the Lease
Agreement, dated as of March 1, 2004 (the “Lease Agreement”), pursuant to which the
Agency leased the Site and certain new improvements thereon (the “Project” and, with
the Site, the “Property”) to the City and the City leased the Property from the Agency;
and

WHEREAS, the Agency and the Trustee have heretofore entered into that certain
Indenture of Trust, dated as of March 1, 2004 (the “Indenture”), by and between the
Agency and Wells Fargo Bank, National Association, as trustee (the “Trustee”), and
pursuant to which the Agency has issued the $47,000,000 Redevelopment Agency of
the City of Stockton Revenue Bonds, Series 2004 (Stockton Events Center—Arena
Project) (the “Bonds”) to finance the Project; and

WHEREAS, under the Indenture, the Agency has assigned to the Trustee its
right to receive lease payments made by the City under the Lease Agreement, which
payments are applied to make payments of principal of and interest on the Bonds; and

WHEREAS, the City has determined that it is necessary to amend the description
of the Site, as set forth in the Site Lease and the Lease Agreement to release a portion
of the real property described therein; and

WHEREAS, Section 8.3(b) of the Lease Agreement grants to the City the option
to release any portion of the Site, provided that the City shall satisfy certain
requirements which are conditions precedent to such release; and
WHEREAS, the documents below specified have been filed with the City and the members of the City Council, with the aid of its staff, have reviewed said documents; now, therefore,

BE IT RESOLVED BY THE MEMBERS OF THE REDEVELOPMENT AGENCY OF THE CITY OF STOCKTON, AS FOLLOWS:

Section 1. The below-enumerated documents be and are hereby approved, and the Executive Director or the Assistant Executive Director, or their designees (the "Designated Officers"), are hereby authorized and directed to execute said documents, with such changes, insertions and omissions as may be approved by such official, and the Secretary is hereby authorized and directed to attest to such official's signature:

(a) an amendment to the Site Lease; and
(b) an amendment to the Lease Agreement.

Section 2. The Designated Officers, the Secretary and all other appropriate officials of the Agency are hereby authorized and directed to execute such other agreements, documents and certificates as may be necessary to effect the purposes of this resolution.

Section 3. This Resolution shall take effect upon its adoption by the Agency.

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PASSED, APPROVED and ADOPTED ____________________________

EDWARD J. CHAVEZ, Chairperson
Redevelopment Agency of the
City of Stockton

ATTEST:

KATHERINE GONG MEISSNER
Secretary, Redevelopment Agency
of the City of Stockton

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