

Exhibit 19

Mediator's Order

Mediator's Order

On September 5, 2013, an order was entered by United States Bankruptcy Court for the Central District of California, Riverside Division (the "Bankruptcy Court"), appointing the Honorable Gregg W. Zive, United States Bankruptcy Judge for the District of Nevada, as the mediator (Judge Zive or any successor mediator, the "Mediator") for this chapter 9 case (the "Mediation Order," [Docket No. 796]), including for the purposes of the current mediation regarding a chapter 9 plan of adjustment for the City of San Bernardino, California ("City"). Mediation sessions between the City and the California Public Employees' Retirement System ("CalPERS") that directly involved the Mediator were conducted over the past several months, and the City and CalPERS and/or their respective counsel also held several meetings under the auspices of the Mediation without the presence of the Mediator.

CalPERS and the City (the "Parties") have resolved certain disputes and have reached an interim agreement on certain matters that the Mediator believes sets the basis for additional progress in the overall ongoing mediation regarding a plan of adjustment. The interim agreement is as follows:

1. The Parties have acknowledged that (a) the Mediation Order authorizes the Mediator to issue this Mediator's Order, (b) the terms of this Mediator's Order have been discussed with and approved by the City's Common Council and by CalPERS' Board of Administration, and (c) this Mediator's Order binds the Parties.

2. Principal and Interest. The City deferred making certain payments to CalPERS during FY12/13 (the "Principal Amount") (*see* attached Exhibit A "Schedule of San Bernardino Payments," prepared by CalPERS and confirmed by the City). Interest accrues on the Principal Amount at the current actuarial rate of 7.5% ("Nonpenalty Interest") until such time as the Principal Amount and all accrued Nonpenalty Interest have been paid in full.

a. The City shall pay to CalPERS the Principal Amount and Nonpenalty Interest as follows: Starting July 1, 2014, and on or before the first day of each month thereafter, the City shall make equal monthly installments amortized over 24 months per the attached Exhibit A; provided, however, that if the effective date ("Effective Date") of the City's chapter 9 plan (the "Chapter 9 Plan") occurs prior to June 1, 2016, then the balance of the Principal Amount and accrued Nonpenalty Interest shall be due on the Effective Date of the City's Chapter 9 Plan.

b. All payments by the City to CalPERS in accordance with this paragraph 2 shall be credited to the City's employer contributions under the pension plans, with 71.5% of the payments allocated to the safety plan and 28.5% allocated to the miscellaneous plan.

3. Penalties. CalPERS asserts (a) the right to collect penalties, penalty interest, fees, late fees, attorneys' fees, costs of collection and other fees and charges related to delinquent payments and reporting (collectively, all such items in excess of the Principal Amount and Nonpenalty Interest shall be referred to as "Penalties"), and (b) that Penalties have accrued and will continue to accrue until all amounts have been paid in full. The City disputes those assertions. Except as provided herein, the Parties reserve their respective rights with respect to all issues related to Penalties.

4. Payment of Penalties. The City shall pay to CalPERS the amount of \$2,000,000 to be applied to Penalties as follows:

a. Five equal annual installments of \$400,000, commencing on the earlier to occur of (a) entry of the first order confirming or denying confirmation of the City's Chapter 9 Plan or (b) dismissal of the City's bankruptcy case. These payments may, at the option of the City, be prepaid at any time in whole or in part, with no prepayment penalty.

b. 75% of all Penalty payments made by the City in accordance with section 4.a. above shall be credited to the City's employer contributions under the pension plans, with 71.5% of the payments allocated to the safety plan and 28.5% allocated to the miscellaneous plan. 25% of all Penalty payments made by the City in accordance with section 4.a. above shall be credited to the CalPERS administrative account.

c. The amount of Penalties in excess of \$2,000,000 shall be referred to herein as the "Excess Penalties". CalPERS may seek to collect Excess Penalties following a Default (as that term is defined below) by the City solely in accordance with the procedures set forth in paragraph 16 below.

5. Ordinary Course Pension Contributions and Other Obligations. The City shall remain current on payment of all ordinary course pension contributions to CalPERS, and the City and CalPERS shall continue to abide by all of their respective obligations to the other (except as expressly modified herein, *e.g.* the payment of the Principal amount over 24 months).

6. Eligibility Appeal. As long as the City has made the payments required hereunder and is not otherwise in default under this Mediator's Order as determined by the Mediator in accordance with paragraph 16 below, CalPERS (with the cooperation of the City) shall obtain from the Ninth Circuit Court of Appeals a continuance of the briefing schedule or stay of the appeal from Judge Jury's eligibility related orders (the "Eligibility Appeal"), such stay or continuance to remain in effect through the earlier of (a) the Effective Date, at which time CalPERS shall dismiss the Eligibility Appeal or (b) a Default. From time to time at the request of CalPERS, the City shall provide to the Ninth Circuit Mediator (with copy to the Mediator) written consents to continue the briefing schedule or stay the Eligibility Appeal. A continuance or stay of the Eligibility Appeal means that the Parties are not required to file any appeal briefs or other substantive pleadings, and no substantive order is entered on the merits or otherwise with respect to the Eligibility Appeal. Any dismissal of the Eligibility Appeal shall not excuse the City from completing the payments required hereunder and complying with the other terms hereof.

7. Chapter 9 Plan; Subsequent Chapter 9 Cases. The City shall file the Chapter 9 Plan no later than September 1, 2015. The Chapter 9 Plan shall: (a) be consistent with the terms of this Mediator's Order; (b) ratify in full the City's relationship with CalPERS; (c) not impair the City's obligations to CalPERS and (d) not reject the City's relationship with CalPERS. The City shall not, in any subsequent chapter 9 case, seek to reject its relationship with CalPERS or impair its obligations to CalPERS; provided, however, that following the Effective Date of the

Chapter 9 Plan, the City may seek to terminate its relationship with CalPERS in a manner consistent with the PERL and any other applicable state law in any subsequent bankruptcy case or otherwise.

8. Consultation Regarding Chapter 9 Plan; Objections. The Chapter 9 Plan shall be consistent with the terms of this Mediator's Order. The Parties shall cooperate to achieve confirmation of the Chapter 9 Plan and shall make reasonable efforts to consult one another regarding the drafting of the Plan provisions which may affect or relate to the interests of CalPERS ; provided, however, that, with respect to matters not specifically addressed in this Mediator's Order, CalPERS is not precluded hereunder from protecting its interests, and reserves the right to object to the Chapter 9 Plan if, in CalPERS' view, its interests are adversely affected by the proposed Chapter 9 Plan. Without limiting the generality of the foregoing, the City is not precluded hereunder from proposing to assume its contract with CalPERS, or to implement cost sharing, and CalPERS reserves the right to object to any such provisions in the Plan. If CalPERS objects to confirmation of the Chapter 9 Plan or any provision of the Chapter 9 Plan, such objection shall immediately become the subject of plan mediation between the Parties, using the Mediator.

9. No Dismissal of Chapter 9 Case. Neither the City nor CalPERS shall seek dismissal of the chapter 9 case in order to avoid the terms hereof.

10. Confidentiality of Mediator's Order. This Mediator's Order will be disclosed to the other Parties to the mediation, but will otherwise remain mediation confidential prior to the occurrence of a Default unless and until the Mediator requires otherwise.

11. Cost Sharing. CalPERS shall work with the City to implement cost sharing with respect to the employees in bargaining units that consented to such cost sharing prior to the date hereof, by reallocating future monthly employer contributions of the City until the net effect is such that, to the greatest extent possible, the proper amount is credited to each affected employee as if the agreed cost sharing had been implemented by CalPERS effective February 1, 2013. The reallocation shall be cash flow neutral to the City. The reallocation shall be consistent with applicable law and regulations. CalPERS shall also work with the City to implement cost sharing in a similar fashion with respect to employees in bargaining units that may later consent to cost sharing by reallocating future monthly employer contributions of the City until the net effect is such that, to the greatest extent possible, the proper amount is credited to each affected employee as if the agreed cost sharing had been implemented by CalPERS effective February 1, 2013. The reallocation shall be cash flow neutral to the City. The reallocation shall be consistent with applicable law and regulations.

12. Reamortization. If requested by the City, CalPERS shall work with the City to evaluate the City's options with respect to a reamortization of the City's unfunded actuarial accrued liability over a term of no more than 30 years for both the safety and miscellaneous employee plans of the City. If the City requests such a reamortization, CalPERS shall consider approval of that request, provided that any approval shall be consistent with applicable law and regulations including, without limitation, CalPERS' fiduciary obligations.

13. Forbearance. CalPERS agrees to forbear in taking any steps to collect the Principal Amount, the Nonpenalty Interest and Penalties so long as no Default (defined below) has occurred. All applicable statutes of limitation pertaining to the collection of the Principal Amount, Nonpenalty Interest and Penalties shall be tolled.

14. Events of Default; Default. Each of the following are Events of Default and shall, if uncured following written notice and an opportunity to cure, constitute a default hereunder only following a determination by the Mediator in accordance with the provisions of paragraph 16 below (a “Default”):

a. Prior to the Effective Date, failure of the City to timely make any payment due hereunder.

b. Following the Effective Date and prior to payment in full of the Principal Amount, the Nonpenalty Interest and \$2,000,000 in Penalties (collectively, the “Plan Payments”), failure of the City to timely make any payment due hereunder.

c. Failure of the City to file a plan of adjustment consistent with this Mediator’s Order on or before September 1, 2015.

d. At any time, in this bankruptcy case or in any subsequent bankruptcy case, any attempt by the City to terminate or reject its contract with CalPERS or impair the City’s obligations to CalPERS; provided, however, that the City may, at any time following the Effective Date of the Chapter 9 Plan, seek to terminate its relationship with CalPERS in accordance with the PERL and any other applicable state law.

e. The filing by the City in this bankruptcy case of any plan of adjustment that does not ratify the City’s relationship with CalPERS and fully honor that relationship in accordance with the PERL (other than as a result of changes in cost sharing).

f. The filing by the City, in this bankruptcy case or in any subsequent bankruptcy case, of any plan of adjustment that does not provide for payments to CalPERS consistent with this Mediator’s Order or is otherwise inconsistent with this Mediator’s Order.

g. Failure of CalPERS to obtain a stay or continuance of the briefing schedule of the Eligibility Appeal required hereunder.

h. Prior to both the Effective Date and the payment in full of the Plan Payments, failure of the City or CalPERS to comply with its other obligations hereunder.

For the avoidance of doubt, it shall not be a breach of this Mediator’s Order, an Event of Default or a Default if the City: (a) impairs or seeks to impair retiree health benefits under the Chapter 9 Plan or otherwise, (b) imposes or seeks to impose cost sharing on any employee, (c) fails to make a payment under paragraph 5 above that first becomes due following both the Effective Date and payment in full of the Plan Payments, (d) reduces the wages and salary of any employee of the City, or (e) at any time following the Effective Date of the Chapter 9 Plan, and notwithstanding anything in paragraphs 14.d., 14.e. or 14.f. to the contrary, seeks to terminate its

relationship with CalPERS in accordance with the PERL and any other applicable state law in a bankruptcy case or otherwise.

For the avoidance of doubt, following the Effective Date, once the City has made the Plan Payments, CalPERS may not seek recovery of any of the Excess Penalties except upon a City Default based upon Events of Default 14.d. or 14.f.

15. Notice and Opportunity to Cure. The notice and cure period shall be 10 business days for payments of money and 30 calendar days for other Events of Default.

16. Dispute Resolution; Remedies.

a. Should a Party assert that an Event of Default has occurred and has continued past the applicable cure period, such Party may seek a determination from the Mediator that a Default has occurred. In making a determination with respect to whether a Default has occurred, the Mediator shall take into consideration the materiality of the alleged Event of Default and any other factors in the Mediator's sole discretion. .

b. An original Stipulated Order for each of the City and CalPERS shall be executed by both Parties, their counsel and the Mediator concurrently with the issuance of this Mediator's Order and held by the Mediator in escrow until the Mediator determines that a Default has occurred, at which time the Mediator shall deliver the original fully-executed original Stipulated Order to counsel for the non-defaulting party. A copy of the form of the Stipulated Order for each party is attached hereto as Exhibit B.

c. The Stipulated Order for the benefit of CalPERS shall grant CalPERS relief from the automatic stay to allow CalPERS to exercise any and all of its rights and remedies available to it under applicable law including, without limitation, the right to sue in state court for payment of any such missed payment and any and all unpaid principal, interest, penalties (including Excess Penalties), penalty interest, fees, late fees, attorneys' fees, costs of collection and other fees and charges and any and all other obligations of the City, or alternatively, at the discretion of CalPERS, to seek an order of the Bankruptcy Court requiring specific performance of this Mediator's Order including, without limitation, payment of any such missed payment, and any and all unpaid principal, interest, penalties, penalty interest, fees, late fees, attorneys' fees, costs of collection and other fees and charges and any and all other obligations of the City.

d. The Stipulated Order for the benefit of the City shall provide that if CalPERS fails to comply with any of its obligation hereunder, the City may exercise all rights and remedies available to it under applicable law including, without limitation, (a) the right to sue CalPERS for payment of money, and (b) the right to seek relief in the Bankruptcy Court or any other court to require CalPERS to comply with this Mediator's Order.

e. No sooner than ten calendar days following the Mediator's determination of the occurrence of a Default, the non-defaulting party shall be entitled to file its Stipulated Order with the Bankruptcy Court, which shall be the procedure for enforcement of this Agreement. Following the lodging of the Stipulated Order with the Bankruptcy Court, in the

event that the Bankruptcy Court fails to sign and enter the Stipulated Order within ten (10) court days, the Parties shall return to the Mediator to provide instruction, resolution or alternative procedures for enforcement of this Agreement.

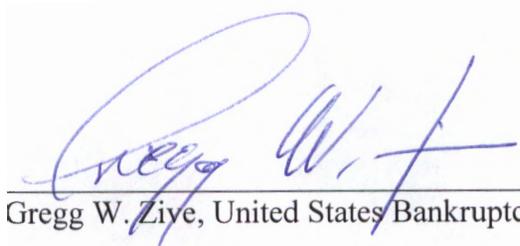
17. Mediation of Disputes Hereunder. Prior to the occurrence of a Default, any alleged breach of this Mediator's Order shall be brought to the Mediator. Only after the Mediator has determined that there has been a Default may a party lodge its Stipulated Order with the Bankruptcy Court. The Mediator shall have the sole discretion to interpret this Mediator's Order.

18. Successor Mediators. At any time, if there is no person acting as Mediator, the Parties may agree upon a successor mediator or, if the Parties cannot agree, a successor mediator shall be appointed by the Bankruptcy Court. The Chapter 9 Plan shall provide that the Bankruptcy Court retains jurisdiction to appoint a successor mediator.

19. Post-Effective Date. Following the Effective Date, the rights of the parties will be as set forth in the Chapter 9 Plan, which shall incorporate the terms of this Mediator's Order. Following the Effective Date and prior to the payment in full of the Plan Payments, in the event that CalPERS alleges that the City has breached its obligations under paragraph 5 hereof, CalPERS may elect in writing furnished to the City and the Mediator to waive its rights to seek to recover Excess Penalties with respect to any failure of the City to timely make the remaining Plan Payments and, following such election, may exercise any and all of its rights and remedies under the PERL or otherwise available under state law with respect to such breach. Following both the Effective Date and the payment in full of the Plan Payments, in the event that CalPERS alleges that the City has breached its obligations under paragraph 5 hereof, CalPERS may exercise any and all of its rights and remedies under the PERL or otherwise available under state law with respect to such breach.

IT IS SO ORDERED.

June, 9, 2014



Gregg W. Ziye, United States Bankruptcy Judge, Mediator

EXHIBIT A

- **SCHEDULE OF SAN BERNARDINO PAYMENTS**

Schedule of San Bernardino Payments

FY 12/13 Contribution Balance	<u>13,517,724</u>
Assessed Interest through 4/30/14	1,332,663
Assessed Interest May 2014	75,111
Assessed Interest June 2014	<u>75,111</u>
Total Interest to June 30, 2014	<u>1,482,885</u>
Interest from July 2014 - June 2016	<u>961,300</u>
Total Principal & Interest	<u>15,961,909</u>
Annual Interest Rate	7.50%
Total Number of Payments	24

	Period	Payment Amount	Cumulative Payments	Balance Outstanding
				15,961,909
	1-May-14	1,500,000	1,500,000	14,461,909
				14,461,909
1	1-Jul-14	602,580	2,102,580	13,859,329
2	1-Aug-14	602,580	2,705,160	13,256,749
3	1-Sep-14	602,580	3,307,740	12,654,169
4	1-Oct-14	602,580	3,910,320	12,051,589
5	1-Nov-14	602,580	4,512,900	11,449,009
6	1-Dec-14	602,580	5,115,480	10,846,429
7	1-Jan-15	602,580	5,718,060	10,243,849
8	1-Feb-15	602,580	6,320,640	9,641,269
9	1-Mar-15	602,580	6,923,220	9,038,689
10	1-Apr-15	602,580	7,525,800	8,436,109
11	1-May-15	602,580	8,128,380	7,833,529
12	1-Jun-15	602,580	8,730,960	7,230,949
13	1-Jul-15	602,580	9,333,540	6,628,369
14	1-Aug-15	602,580	9,936,120	6,025,789
15	1-Sep-15	602,580	10,538,700	5,423,209
16	1-Oct-15	602,580	11,141,280	4,820,629
17	1-Nov-15	602,580	11,743,860	4,218,049
18	1-Dec-15	602,580	12,346,440	3,615,469
19	1-Jan-16	602,580	12,949,020	3,012,889
20	1-Feb-16	602,580	13,551,600	2,410,309
21	1-Mar-16	602,580	14,154,180	1,807,729
22	1-Apr-16	602,580	14,756,760	1,205,149
23	1-May-16	602,580	15,359,340	602,569
24	1-Jun-16	<u>602,569</u>	<u>15,961,909</u>	(0)
		<u>15,961,909</u>	7	

EXHIBIT B

- **STIPULATION FOR ENTRY OF ORDER GRANTING CALPERS RELIEF FROM THE STAY**
- **ORDER GRANTING CALPERS RELIEF FROM THE AUTOMATIC STAY**
- **STIPULATION FOR ENTRY OF ORDER GRANTING THE CITY RELIEF AGAINST CALPERS**
- **ORDER GRANTING THE CITY RELIEF AGAINST CALPERS**

1 MICHAEL J. GEARIN (*admitted pro hac vice*)
MICHAEL B. LUBIC (SBN 122591)
2 MICHAEL K. RYAN (*admitted pro hac vice*)
MANOJ D. RAMIA (SBN 295718)
3 K&L GATES LLP
10100 Santa Monica Boulevard, Seventh Floor
4 Los Angeles, California 90067
Telephone: 310.552.5000
5 Facsimile: 310.552.5001
Email: michael.gearin@klgates.com
6 michael.lubic@klgates.com
7 michael.ryan@klgates.com
manoj.ramia@klgates.com

8 Attorneys for California Public Employees'
Retirement System
9

10 UNITED STATES BANKRUPTCY COURT
11 CENTRAL DISTRICT OF CALIFORNIA
12 RIVERSIDE DIVISION

13 In re
14 CITY OF SAN BERNARDINO, CALIFORNIA,
15 Debtor.

Case No.
Chapter 9

**STIPULATION FOR ENTRY OF ORDER
GRANTING CALPERS RELIEF FROM
THE AUTOMATIC STAY**

[No hearing required]

20
21 This Stipulation for Entry of Order Granting CalPERS Relief from the Automatic Stay
22 (the "Stipulation") is entered into by and between the City of San Bernardino, debtor in the above-
23 captioned bankruptcy case (the "City") and the California Public Employees' Retirement System
24 ("CalPERS") and approved by Gregg W. Zive, United States Bankruptcy Judge, in his capacity as
25 mediator (the "Mediator"), with reference to the following facts and recitals:

26 **RECITALS**

27 A. On August 1, 2012, the City of San Bernardino filed a voluntary petition under chapter
28 9 of the United States Bankruptcy Code commencing the above-captioned bankruptcy case (the

1 “Case”).

2 B. On September 5, 2013, the United States Bankruptcy Court presiding over the Case
3 entered an order appointing the Honorable Gregg W. Zive, United States Bankruptcy Judge for the
4 District of Nevada, as mediator in the Case [Dkt. No. 786] (the “Mediation Order”).

5 C. The Mediation Order provided, among other things, that “[t]he scope of the mediation
6 shall be broad, including all aspects of negotiation of a plan of adjustment and any other issues
7 submitted jointly by parties to the Mediator which pertain to Chapter 9 issues....” Mediation Order,
8 ¶2.

9 D. The Mediation Order further provided that “[t]his Order specifically authorizes the
10 Mediator to issue any order or statement to the mediating parties, setting forth requirements he may
11 impose for the conduct of mediation sessions...or any other requirements that the Mediator believes
12 will assist him in the mediation process.” Mediation Order, ¶5.

13 E. The City and CalPERS reached an agreement that was memorialized in an order
14 signed by the Mediator (the “Mediator’s Order”). A copy of the Mediator’s Order is attached hereto
15 as Exhibit A.

16 F. In June 2014, the Mediator's Order was disseminated to all parties to the mediation
17 and their counsel.

18 G. The Mediator’s Order provides that, upon a determination that a Default has occurred
19 (as defined in the Mediator’s Order), CalPERS may file this Stipulation and the order attached hereto
20 as Exhibit B (the Stipulation and order together, the “Stipulated Order”) with the Bankruptcy Court.
21
22
23
24
25
26
27
28

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

STIPULATION

NOW, THEREFOR, in consideration of the foregoing facts and recitals and the mutual consideration set forth herein, the receipt and adequacy of which is hereby acknowledged, the parties hereto agree as follows:

1. Each of the City, CalPERS and the Mediator confirm the accuracy of the foregoing recitals.

2. In the event that the then-acting mediator determines that a Default has occurred under the Mediation Order such that CalPERS is entitled to relief from the automatic stay, the Mediator shall certify in writing that such a Default has occurred by signing below where indicated and deliver the original executed Stipulation to CalPERS.

3. No sooner than ten calendar days following the date of the Mediator’s certification below, CalPERS may file this Stipulation with the Bankruptcy Court or such other court that is then exercising jurisdiction over the Case.

4. The parties have agreed to the form of the order attached hereto as Exhibit “B”, which will be lodged concurrently with the filing of this Stipulation.

5. This Stipulation may be executed in counterparts, and all such executed counterparts when taken together shall constitute an original of one and the same document. Counterparts may be transmitted by facsimile, electronic mail or other electronic means.

Respectfully submitted,

MICHAEL J. GEARIN
MICHAEL B. LUBIC
MICHAEL K. RYAN
MANOJ D. RAMIA
K&L GATES LLP

DATED: June ____, 2014

By: _____
Michael B. Lubic
Attorneys for California Public Employees’
Retirement System

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

PAUL R. GLASSMAN
FRED NEUFELD
STRADLING YOCCA CARLSON & RAUTH,
P.C.

DATED: June ____, 2014

By: _____
Paul R. Glassman
Attorneys for City of San Bernardino, California

DATED: June ____, 2014

Gregg W. Zive, United States Bankruptcy Judge
Mediator

* * *

CERTIFICATION OF MEDIATOR

I hereby certify that a Default has occurred under the terms of the Mediator’s Order. Accordingly, by agreement of the City and CalPERS and in accordance with the Mediator’s Order, CalPERS is entitled to relief from the automatic stay and may file this Stipulation with the Bankruptcy Court and lodge the form of order attached hereto as Exhibit “B” no sooner than ten calendar days following the date below.

DATED: _____

Mediator

1 MICHAEL J. GEARIN (*admitted pro hac vice*)
2 MICHAEL B. LUBIC (SBN 122591)
3 MICHAEL K. RYAN (*admitted pro hac vice*)
4 MANOJ D. RAMIA (SBN 295718)
5 K&L GATES LLP
6 10100 Santa Monica Boulevard, Seventh Floor
7 Los Angeles, California 90067
8 Telephone: 310.552.5000
9 Facsimile: 310.552.5001
10 Email: michael.gearin@klgates.com
11 michael.lubic@klgates.com
12 michael.ryan@klgates.com
13 manoj.ramia@klgates.com

14 Attorneys for California Public Employees'
15 Retirement System

16 UNITED STATES BANKRUPTCY COURT
17 CENTRAL DISTRICT OF CALIFORNIA
18 RIVERSIDE DIVISION

19 In re
20 CITY OF SAN BERNARDINO, CALIFORNIA,
21 Debtor.

Case No. 6:12-bk-28006 MJ

Chapter 9

**ORDER GRANTING CALPERS RELIEF
FROM THE AUTOMATIC STAY**

[No hearing required]

22 The Court, having considered the Stipulation for Entry of Order Granting CalPERS Relief
23 from the Automatic Stay [Dkt No. ____] (the "Stipulation"), and good cause appearing therefor, it is
24 hereby:

ORDERED THAT:

- 25 1. The Stipulation is approved;
- 26 2. The Stipulation, including the Mediator's Order attached thereto as an exhibit, is
27 attached hereto;
- 28 3. The automatic stay provided for in § 362 of the Bankruptcy Code is hereby modified
to allow the California Public Employees' Retirement System ("CalPERS") to exercise any and all of
its rights and remedies available to it under applicable law. Without limiting the generality of the

1 foregoing, the stay is modified to allow CalPERS to sue the City of San Bernardino in California
2 state court for payment of any payment or payments due including, without limitation, any and all
3 unpaid principal, interest, penalties, penalty interest, fees, late fees, attorneys' fees, costs of collection
4 and other fees and charges and any and all other obligations of the City to CalPERS; and

5 4. The temporary stay provisions of FRBP 4001(a)(3) are hereby waived and this Order
6 is effective immediately.

7
8 **IT IS SO ORDERED.**

9
10 ###

1 PAUL R. GLASSMAN (State Bar No. 76536)
2 FRED NEUFELD (State Bar No. 150759)
3 LAURA L. BUCHANAN (State Bar No. 156261)
4 KATHLEEN D. DeVANEY (State Bar No. 156444)
5 STRADLING YOCCA CARLSON & RAUTH, P.C.
6 100 Wilshire Blvd., 4th Floor
7 Santa Monica, CA 90401
8 Telephone: (424) 214-7000
9 Facsimile: (424) 214-7010
10 E-mail: pglassman@sycr.com
11 fneufeld@sycr.com
12 lbuchanan@sycr.com
13 kdevaney@sycr.com

14 GARY D. SAENZ (State Bar No. 79539)
15 OFFICE OF THE CITY ATTORNEY
16 300 N. "D" STREET, Sixth Floor
17 San Bernardino, CA 92418
18 Telephone: (909) 384-5355
19 Facsimile: (909) 384-5238
20 E-mail: saenz_ga@sbcity.org

21 Attorneys for Debtor
22 City of San Bernardino

23
24
25
26
27
28
**UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
RIVERSIDE DIVISION**

In re
CITY OF SAN BERNARDINO,
CALIFORNIA,
Debtor.

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

Chapter 9

**STIPULATION FOR ENTRY OF ORDER
GRANTING THE CITY RELIEF AGAINST
CALPERS**

[no hearing required]

1 This Stipulation for Entry of Order Granting the City Relief Against CalPERS (the
2 “Stipulation”) is entered into by and between the City of San Bernardino, debtor in the above-
3 captioned bankruptcy case (the “City”) and the California Public Employees’ Retirement
4 System (“CalPERS”) and approved by Gregg W. Zive, United States Bankruptcy Judge, in his
5 capacity as mediator (the “Mediator”), with reference to the following facts and recitals:

6 RECITALS

7 A. On August 1, 2012, the City of San Bernardino filed a voluntary petition under
8 chapter 9 of the United States Bankruptcy Code commencing the above-captioned bankruptcy
9 case (the “Case”).

10 B. On September 5, 2013, the United States Bankruptcy Court presiding over the
11 Case entered an order appointing the Honorable Gregg W. Zive, United States Bankruptcy
12 Judge for the District of Nevada, as mediator in the Case [Dkt. No. 786] (the “Mediation
13 Order”).

14 C. The Mediation Order provided, among other things, that “[t]he scope of the
15 mediation shall be broad, including all aspects of negotiation of a plan of adjustment and any
16 other issues submitted jointly by parties to the Mediator which pertain to Chapter 9 issues....”
17 Mediation Order, ¶ 2.

18 D. The Mediation Order further provided that “[t]his Order specifically authorizes
19 the Mediator to issue any order or statement to the mediating parties, setting forth requirements
20 he may impose for the conduct of mediation sessions...or any other requirements that the
21 Mediator believes will assist him in the mediation process.” Mediation Order, ¶ 5.

22 E. The City and CalPERS reached an agreement that was memorialized in an order
23 signed by the Mediator (the “Mediator’s Order”). A copy of the Mediator’s Order is attached
24 hereto as Exhibit A.

25 F. In June 2014, the Mediator's Order was disseminated to all parties to the
26 mediation and their counsel.

27 G. The Mediator’s Order provides that, upon a determination that a Default (as
28 defined in the Mediator’s Order) by CalPERS has occurred, the City may file this Stipulation

1 and the order attached hereto as Exhibit B (the Stipulation and order together, the “Stipulated
2 Order”) with the Bankruptcy Court.

3 **STIPULATION**

4 NOW, THEREFOR, in consideration of the foregoing facts and recitals and the mutual
5 consideration set forth herein, the receipt and adequacy of which is hereby acknowledged, the
6 parties hereto agree as follows:

7 1. Each of the City, CalPERS and the Mediator confirm the accuracy of the foregoing
8 recitals.

9 2. In the event that the then-acting mediator determines that a CalPERS Default has
10 occurred under the Mediation Order such that the City is entitled to relief, the Mediator shall
11 certify in writing that such a Default has occurred by signing below where indicated and deliver
12 the original executed Stipulation to the City.

13 3. No sooner than ten calendar days following the date of the Mediator’s certification
14 below, the City may file this Stipulation with the Bankruptcy Court or such other court that is then
15 exercising jurisdiction over the Case.

16 4. The parties have agreed to the form of the order attached hereto as Exhibit “B”, which
17 will be lodged concurrently with the filing of this Stipulation.

18 5. This Stipulation may be executed in counterparts, and all such executed counterparts
19 when taken together shall constitute an original of one and the same document. Counterparts may
20 be transmitted by facsimile, electronic mail or other electronic means.

21 \\\

22 \\\

23

24

25

26

27

28

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Respectfully submitted,

MICHAEL J. GEARIN
MICHAEL B. LUBIC
MICHAEL K. RYAN
MANOJ D. RAMIA
K&L GATES LLP

By: _____

Michael B. Lubic
Attorneys for California Public Employees'
Retirement System

PAUL R. GLASSMAN
FRED NEUFELD
STRADLING YOCCA CARLSON & RAUTH, P.C.

By: _____

Paul R. Glassman
Attorneys for City of San Bernardino, California

Gregg W. Zive, United States Bankruptcy Judge,
Mediator

* * *

CERTIFICATION OF MEDIATOR

I hereby certify that a Default by CalPERS has occurred under the terms of the Mediator's Order. Accordingly, by agreement of the City and CalPERS and in accordance with the Mediator's Order, the City is entitled to file this Stipulation with the Bankruptcy Court and lodge the form of order attached hereto as Exhibit B no sooner than ten calendar days following the date below.

DATED: _____

Gregg W. Zive, United States Bankruptcy Judge, Mediator

1 PAUL R. GLASSMAN (State Bar No. 76536)
2 FRED NEUFELD (State Bar No. 150759)
3 LAURA L. BUCHANAN (State Bar No. 156261)
4 KATHLEEN D. DeVANEY (State Bar No. 156444)
5 STRADLING YOCCA CARLSON & RAUTH, P.C.
6 100 Wilshire Blvd., 4th Floor
7 Santa Monica, CA 90401
8 Telephone: (424) 214-7000
9 Facsimile: (424) 214-7010
10 E-mail: pglassman@sycr.com
11 fneufeld@sycr.com
12 lbuchanan@sycr.com
13 kdevaney@sycr.com

14 GARY D. SAENZ (State Bar No. 79539)
15 OFFICE OF THE CITY ATTORNEY
16 300 N. "D" STREET, Sixth Floor
17 San Bernardino, CA 92418
18 Telephone: (909) 384-5355
19 Facsimile: (909) 384-5238
20 E-mail: saenz_ga@sbcity.org

21 Attorneys for Debtor
22 City of San Bernardino

23
24
25
26
27
28
**UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
RIVERSIDE DIVISION**

In re

CITY OF SAN BERNARDINO,
CALIFORNIA,

Debtor.

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

Chapter 9

**ORDER GRANTING THE CITY RELIEF
AGAINST CALPERS**

[no hearing required]

1 Reference is made to the Stipulation for Entry of Order Granting the City Relief Against
2 CalPERS [Dkt No. ____] (the "Stipulation"). The Stipulation Including the Mediator's Order
3 attached thereto as an Exhibit), is attached hereto. CalPERS means the California Public
4 Employees Retirement System, and the City means the City of San Bernardino, California.
5 Good cause appearing therefor, it is hereby:

6 ORDERED THAT:

- 7 1. The Stipulation is approved; and
8 2. The Mediator having determined that a CalPERS Default has occurred, the City
9 may exercise all rights and remedies available to it under applicable law including, without
10 limitation, (a) the right to sue CalPERS for payment of money, and (b) the right to seek relief in
11 the Bankruptcy Court or any other court to require CalPERS to comply with this Mediator's
12 Order.
13 3. The temporary stay provisions of FRCP 62(a) are hereby waived and this Order
14 is effective immediately.

15
16 Dated: June ____, 2014

17 _____
18 Honorable Judge Gregg W. Zive,
19 United States Bankruptcy Judge
20
21
22
23
24
25
26
27
28