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11
12 UNITED STATES BANKRUPTCY COURT
13 EASTERN DISTRICT OF CALIFORNIA
14 SACRAMENTO DIVISION

15 In re
16 CITY OF STOCKTON, CALIFORNIA,
17 Debtor.

18 Case No. 12-32118
19 DC No.: JDE-03
20 Chapter Number: 9

21 **JOINDER OF AD HOC
22 TAXPAYERS WORKING GROUP
23 TO DEAN ANDAL'S MOTION FOR
24 RELIEF FROM AUTOMATIC STAY
25 UNDER 11 U.S.C. SECTION
26 362(d)(1) AND 28 U.S.C. 1334(c)**

27 Date: Aug. 20, 2013
28 Time: 9:30 a.m.
United States Courthouse
Courtroom 35
501 I Street
Sacramento, CA 95814

29 The Ad Hoc Taxpayers Working Group (the "Working Group"), by and through their
30 undersigned attorneys, hereby submits this joinder ("Joinder") to Dean Andal's Motion for Relief
31 from Stay Under 11 U.S.C. 362(d)(1) and 28 U.S.C. 1334(c) [Dkt. No. 1035] ("Motion for Relief
32 from Stay") and respectfully submits as follows:

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Background

1. The Working Group was formed after an initial meeting of seven taxpayers, held on June 5, 2013. The Working Group has retained Schiff Hardin LLP (“Schiff”) to provide counsel in this case, and Schiff filed a Verified Statement pursuant to Federal Rule of Bankruptcy 2019.

2. The Working Group has identified three initial objectives: (1) to analyze and review on behalf of taxpayers the proposed tax increase that the City Manager has advised constitutes part of the Debtor’s anticipated plan of adjustment; (2) to work with the Debtor and creditors to ensure the Debtor’s proposed plan provides the taxpaying residents a sufficient and reasonably acceptable level of health, safety and welfare services as the City Manager acknowledges is necessary; and (3) to work with the Debtor and all of the constituencies to ensure the plan of adjustment is feasible in terms of providing an appropriate level of services to taxpayers and fiscally sustainable for the reasonably foreseeable future.

3. The Debtor, through its duly elected City Council, held a Special City Council Meeting on July 9, 2013. At the Special City Council Meeting, the City Council approved proposed ballot language for a *general* tax increase that is to be on the November 5, 2013 ballot.

4. On August 2, 2013, Dean Andal (“Mr. Andal”) filed a Motion for Relief from Stay, in order to bring a writ of mandate in the Superior Court for the County of San Joaquin against the Debtor, pursuant to California Elections Code § 9295. Mr. Andal seeks to challenge the impartiality of the proposed ballot language approved by the Debtor’s City Council through this writ of mandate.

The Working Group’s Joinder to Mr. Andal’s Motion for Relief From Stay

5. The Working Group joins the arguments made in Mr. Andal’s Motion for Relief from Stay.

1 6. The Working Group believes that the best way for its initial objectives to be
2 accomplished is for the City to establish new levels of transparency with its taxpayers who are
3 being asked to shoulder an additional tax burden to fund the City's as of yet unfiled plan of
4 adjustment.

5 7. As of the date of this Joinder, the Working Group does not have sufficient
6 information from the Debtor to officially take a position on the proposed tax increase on the
7 ballot November 5, 2013.

8 8. The Working Group does not see its support of Mr. Andal's Motion for Relief
9 from Stay as taking a position for or against the proposed tax increase. Rather, it is consistent
10 with the Working Group's constant calls for the Debtor to provide accurate and complete
11 information in connection with this bankruptcy proceeding and in connection with the ballot
12 language.

13 9. As is clear from reading only the title of the Debtor's proposed ballot language ,
14 which states in pertinent part: "Law Enforcement, Crime Prevention, and other essential City
15 Services Measure" for its proposed *general* tax increase, the Debtor is providing neither complete
16 nor accurate information in its proposed ballot language.

17 10. The Working Group requests this Court grant Mr. Andal's Motion so that a state
18 court can review the language and determine whether it is appropriate since the Debtor has failed
19 to advise voters that it is not permitted to allocate funds raised in connection with a general tax
20 for any specific purpose. To do so would violate the California Government Code. This alone
21 makes the Debtor's ballot language incomplete and inaccurate.

22 11. Because of issues with the legality of the Debtor's proposed ballot language, it
23 benefits all parties for state court judicial review of the proposed ballot language to occur now.
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