

Wells Fargo Bank, N.A.
Corporate Trust Services
Special Account Services
625 Marquette Avenue
Minneapolis, MN 55479
612-667-5047 Fax



April 27, 2012

**NOTICE OF
EVENT OF DEFAULT UNDER STANDBY BOND PURCHASE AGREEMENT
TO HOLDERS OF**

Stockton Public Financing Authority Variable Rate Demand Lease Revenue Bonds, 2007
Series A (Building Acquisition Financing Project) and 2007 Series B (Taxable)

CUSIP NUMBERS¹

CUSIP: 861394BZ6 & 861394CA0

Wells Fargo Bank, National Association serves as trustee (the "Trustee") under the Indenture of Trust dated November 1, 2007 (the "Indenture") by and between the Stockton Public Financing Authority (the "Authority") and the Trustee. In order to provide the revenues necessary to enable the Authority to pay debt service on the above-captioned Bonds (the "Bonds"), the Authority entered into that certain Lease Agreement (the "Lease Agreement") dated as of November 1, 2007 by and between the Authority, as Lessor and the City of Stockton, California (the "City"), as Lessee. The Bonds are variable rate bonds supported by a Standby Bond Purchase Agreement dated November 29, 2007 (the "Standby Bond Purchase Agreement") among Dexia Credit Local, acting through its New York Branch ("Dexia"), the City, the Authority and the Trustee. The Bonds are insured by a Financial Guaranty Insurance Policy issued by Assured Guaranty Corp.

Capitalized terms used in this Notice and not defined herein shall have the meanings given to such terms in the Indenture.

As of the date hereof, the Trustee has not received Lease Payments from the City corresponding to interest due on the Bonds on May 1, 2012 and as a result, there is a deficiency in the Interest Accounts in the amount of \$197,279.56. In accordance with Section 11.08 of the Indenture, the Trustee has delivered Notices of Nonpayment to

¹ No representation is made as to the correctness of the CUSIP numbers, which are included solely for the convenience of the holders of the Bonds.

Assured Guaranty Corp. (“Assured Guaranty”) as the provider of insurance policies on the Bonds.

The Owners of the Bonds as of the Record Date are entitled interest payments on May 1, 2012 from Assured Guaranty. The Trustee has contacted Assured Guaranty which has told us that Owners do not need to provide further information at this time.

Any party in receipt of this Notice may direct questions by telephone to the Trustee at (612) 667-3777, or by mail addressed to:

Wells Fargo Bank, National Association
Corporate Trust Department – Attn: Gavin Wilkinson
MAC# N9311-115
625 Marquette Avenue, 11th Floor
Minneapolis, MN 55479
Email: gavin.wilkinson@wellsfargo.com

Bondholders should not rely on the Trustee as their sole source of information concerning the Bonds. The Trustee makes no recommendations and gives no investment or legal advice herein or as to the Bonds generally.

Dated: April 27, 2012

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Trustee