

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Stockton, California (the "City") in connection with the issuance of \$_____ aggregate principal amount of Stockton Public Financing Authority Revenue Bonds (Assessment and Special Tax District Refundings) Series 2016A (the "2016 Bonds"). The 2016 Bonds were issued pursuant to an Indenture of Trust, dated as of August 1, 2016 (the "Indenture"), between the Stockton Public Financing Authority and Wells Fargo Bank, National Association, as trustee (the "Trustee"). The City covenants and agrees as follows:

SECTION 1. Purpose of this Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the Owners and Beneficial Owners of the 2016 Bonds and to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms have the following meanings when used in this Disclosure Certificate:

"Annual Report" means any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" means any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any 2016 Bond (including persons holding any 2016 Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any 2016 Bond for federal income tax purposes.

"Dissemination Agent" means any entity designated in writing by the City to perform the duties specified in Section 3(c) of this Disclosure Certificate and which has filed with the City a written acceptance of such designation.

"EMMA" means the MSRB's Electronic Municipal Market Access system.

"Fiscal Year" means, with respect to the City, the period beginning on July 1 of each year and ending on the next succeeding June 30, or any other annual accounting period thereafter by the City as its Fiscal Year with notice of such selection of change in fiscal year to be provided as set forth herein.

"Listed Events" means any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board.

"Official Statement" means the Official Statement, dated July __, 2016, with respect to the 2016 Bonds.

"Participating Underwriters" means RBC Capital Markets and Hilltop Securities, as the original underwriters of the 2016 Bonds required to comply with the Rule in connection with offering of the 2016 Bonds.

“Rule” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than the March 31 following the end of the City’s Fiscal Year (presently June 30), commencing with the report for the 2015-16 Fiscal Year, provide to the MSRB through EMMA, in an electronic format and accompanied by such identifying information as is prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements described in Section 4 may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if the audited financial statements are not available by that date. If the City’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5.

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If the City provides the Annual Report to the Dissemination Agent pursuant to the preceding sentence, the City shall provide written certification to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent) that such Annual Report constitutes the Annual Report required to be furnished pursuant to this Disclosure Certificate. The Dissemination Agent and the Trustee may conclusively rely upon such certification of the City and shall have no obligation to review such Annual Report. If the City is unable to provide an Annual Report to the MSRB through EMMA by the date required in subsection (a), the City shall send a notice to the MSRB through EMMA, in substantially the form attached as Exhibit A to this Disclosure Certificate.

(c) If the Dissemination Agent is other than the City, the Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the applicable electronic format for filings through EMMA;

(ii) file the Annual Report with the MSRB through EMMA by the date required therefor by Section 3(a) and file any notice of a Listed Event, if requested by the City, as soon as practicable following receipt from the City of such notice; and

(iii) file a report with the City and (if the Dissemination Agent is not the Trustee) the Trustee certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided.

SECTION 4. Content of Annual Reports. It is acknowledged that the Closing Date for the 2016 Bonds occurred after the end of the 2015-2016 fiscal year of the Authority. In light of the foregoing, submission of the Official Statement shall satisfy the Authority’s obligation to file an Annual Report for fiscal year 2015-2016.

The Annual Report for each fiscal year commencing with the Annual Report for the 2016-2017 fiscal year, shall contain or incorporate by reference the following:

(a) Audited financial statements of the City for the most recently completed fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the City's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) The following additional information:

(i) A maturity schedule for the outstanding 2016 Bonds, and a listing of 2016 Bonds, if any, redeemed prior to maturity during the prior Fiscal Year.

(ii) Total deposits to the Revenue Fund for the prior Fiscal Year, together with a statement of the debt service requirement for the 2016 Bonds discharged by the Revenue Fund in the prior Fiscal Year.

(iii) The balance in the Reserve Fund as of the end of the prior Fiscal Year, together with a statement as to the Reserve Requirement as of such Fiscal Year end, and the name(s) of the provider(s) of any Qualified Reserve Fund Credit Instrument(s) held for the benefit of the Reserve Fund and the amount available to be drawn on any Reserve Fund Credit Instrument(s) as of the end of such Fiscal Year.

(iv) Tables indicating the Reassessment levy, amount collected, delinquent amount and percent of Reassessment levy delinquent for the most recent Fiscal Year for each individual Reassessment District; but such information need not be provided for any Reassessment District that did not have any outstanding Reassessment Bonds during such Fiscal Year.

(v) The aggregate assessed value of the properties in each individual Reassessment District for the most recent Fiscal Year; but such information need not be provided for any Reassessment District that did not have any outstanding Reassessment Bonds during such Fiscal Year.

(vi) Tables indicating the levy of Special Taxes, amount collected, delinquent amount and percent of Special Tax levy delinquent for the most recent Fiscal Year for each individual Community Facilities District; but such information need not be provided for any Community Facilities District that did not have any outstanding CFD Bonds during such Fiscal Year.

(vii) The aggregate assessed value of the properties in each individual Community Facilities District for the most recent Fiscal Year; but such information need not be provided for any Community Facilities District that did not have any outstanding CFD Bonds during such Fiscal Year.

(viii) Identification of each delinquent property owner in each Reassessment District or Community Facilities District representing more than 5% of the levy in such respective Reassessment District or Community Facilities

District, and the value-to-lien ratios of the corresponding property, together with the following information respecting each such parcel:

- (A) the amount delinquent (exclusive of late charges and monthly penalties for reinstatement) and the assessed value of such parcel;
- (B) the date of the first delinquency;
- (C) the status of any foreclosure action by the City;
- (D) in the event a foreclosure complaint has been filed respecting such delinquent parcel and such complaint has not yet been dismissed, the date on which the complaint was filed in the California Superior Court; and
- (E) in the event a foreclosure sale has occurred respecting such delinquent parcel, a summary of the results of such foreclosure sale.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities that are available to the public from the MSRB's internet website or filed with the Securities and Exchange Commission. The City shall clearly identify each such other document so included by reference; provided that, if any document incorporated by reference is a final official statement, it must be available from the MSRB.

SECTION 5. Reporting of Listed Events.

(a) Pursuant to the provisions of this Section 5, the City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the 2016 Bonds not later than ten (10) business days after the occurrence of the event:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the 2016 Bonds or other material events adversely affecting the tax status of the 2016 Bonds;
- (6) modifications to rights of Owners, if material;
- (7) substitution of credit or liquidity providers, or their failure to perform;
- (8) optional, contingent or unscheduled bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution or sale of property securing repayment of the 2016 Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the City;

- (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) appointment of a successor or additional Trustee or the change of name of the Trustee, if material.

For the purpose of the event identified in Section 5(a)(12), the event is considered to occur when any of the following occur: the appointment of a receiver, trustee or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

(b) The Dissemination Agent (if other than the City) shall, promptly upon obtaining actual knowledge at its office as specified in Section 12 hereof of the occurrence of any of the Listed Events, contact the City, inform such person of the event, and request that the City promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (f); provided that, failure by the Dissemination Agent to so notify the City and make such request shall not relieve the City of its duty to report Listed Events as required by this Section 5.

(c) Whenever the City obtains knowledge of the occurrence of a Listed Event, whether because of a notice from the Dissemination Agent pursuant to subsection (b) or otherwise, the City shall determine as soon as possible if such event is required to be reported pursuant to this Section 5.

(d) If the City has determined that the occurrence of a Listed Event is required to be reported pursuant to this Section 5, the City shall, within the time prescribed by this Section 5, file a notice of such occurrence with the MSRB through EMMA in an electronic format and accompanied by such identifying information as is prescribed by the MSRB or promptly notify the Dissemination Agent (if other than the City) in writing. Such notice to the Dissemination Agent shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (f).

(e) If in response to a request under subsection (b), the City determines that the Listed Event is not required to be reported pursuant to this Section 5, the City shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence.

(f) If the Dissemination Agent has been instructed by the City to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB through EMMA in an electronic format and accompanied by such identifying information as is prescribed by the MSRB.

(g) The Dissemination Agent may conclusively rely on an opinion of counsel that the City's instructions to the Dissemination Agent under this Section 5 comply with the requirements of the Rule.

SECTION 6. Termination of Reporting Obligation. The obligations under this Disclosure Certificate shall terminate (a) upon the legal defeasance, prior redemption or payment in full of all of the 2016 Bonds or (b) if, in the opinion of nationally recognized bond counsel, the City ceases to be an "obligated person" (within the meaning of the Rule) with respect to the 2016 Bonds or the 2016 Bonds otherwise cease to be subject to the requirements of the Rule. If such termination occurs prior to the final maturity of the 2016 Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5.

SECTION 7. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the City pursuant to this Disclosure Certificate. If at any time there is not any other designated Dissemination Agent, the City shall be the Dissemination Agent. Any Dissemination Agent designated by the City may resign by providing thirty (30) days' written notice to the City. The Dissemination Agent shall be paid compensation by the City for its services provided hereunder in accordance with the schedule of fees agreed upon by the City, as amended from time to time, and all reasonable expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived if the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the 2016 Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally-recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the 2016 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Owners in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Owners, or (ii) does not, in the opinion of nationally-recognized bond counsel, materially impair the interests of the Owners or Beneficial Owners.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the City shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event

under Section 5(d), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the City or the Dissemination Agent to comply with any provision of this Disclosure Certificate, any Owner or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City or the Dissemination Agent to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the City or the Dissemination Agent to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties under this Disclosure Certificate as are specifically set forth in this Disclosure Certificate, and the City, to the extent permitted by law, agrees to indemnify and save the Dissemination Agent and its officers, directors, employees and agents, harmless against any loss, expense and liabilities they may incur arising out of or in the exercise or performance of their powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the 2016 Bonds.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriters and Owners and Beneficial Owners from time to time of the 2016 Bonds, and shall create no rights in any other person or entity.

Date: August __, 2016.

CITY OF STOCKTON, CALIFORNIA

By _____
Chief Financial Officer

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Obligated Person: City of Stockton, California

Name of Issue: Stockton Public Financing Authority Revenue Bonds
(Assessment and Special Tax District Refundings) Series 2016A

Date of Issuance: August __, 2016

NOTICE IS HEREBY GIVEN that the City of Stockton, California has not provided an Annual Report with respect to the above-named 2016 Bonds as required by the Continuing Disclosure Certificate, dated August __, 2016, relating to the 2016 Bonds. [The City anticipates that the Annual Report will be filed by _____.]

Date: _____

CITY OF STOCKTON, CALIFORNIA

By: _____
Name: _____
Title: _____