



OFFICE OF THE
CITY TREASURER

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PRESS RELEASE

**SACRAMENTO CITY FINANCING AUTHORITY
2003 CAPITAL IMPROVEMENT REVENUE BONDS**

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Sacramento, California

Sacramento City Treasurer Thomas P. Friery announced this morning, "The Sacramento City Financing Authority completed the sale of \$68,470,000 tax-exempt Capital Improvement Revenue Bonds ("Bonds"). The bond proceeds will be used to construct a new 911 Dispatch and Training Facility," continued Friery. Additionally, the bond proceeds will finance a new library, fire station and equipment in the North Natomas area, acquisition of park lands in North Natomas, and the acquisition of the former Consolidated Freight truck terminal site at the intersection of Del Paso and Kenmar Road. The Bonds were sold with a true interest cost of 4.93%.

Friery reported that "the Bonds were structured and underwritten by a syndicate led by Merrill Lynch & Co. Co-senior managing underwriters included Siebert Brandford Shank & Co. LLC., Stone & Youngberg, E. Wagner & Associates, Inc., and Goldman, Sachs & Co. Legal opinions and review for the City were provided by the City's bond counsel firm, Orrick, Herrington & Sutcliffe LLP. Bank of New York Western Trust shall serve as the Trustee for the issue."

Friery further stated that "the Bonds maturing in 2008-2033 were insured by Ambac Assurance Corporation and carried a AAA rating by the nationally recognized Standard & Poor's and Moody's rating services." Friery pointed out that, "the City's bonds were

rated AA-/AA3 by the Standard & Poor's and Moody's rating services, respectively, without the Ambac Insurance and the interest cost savings with the insurance are estimated in excess of \$1 million over the life of the bonds."

Lydia Abreu, Sacramento Deputy City Treasurer, commented, "The Bonds were favorably received by a wide variety of retail and institutional investors." A two-day retail investor order period occurred, followed by a one-day institutional order period. Abreu went on to state that interest in the Bonds was particularly strong in the serials through 2014 allowing the yields to be reduced at the end of the pricing period by 2-3 basis points from 2004 through 2018. The term bond in 2033 was placed with two California mutual funds.

Sacramento Mayor Heather Fargo stated, "The bond proceeds provide the cash necessary to build critically needed assets such as the 911 Call Center, the North Natomas Library and fire stations. The ability to accomplish these projects at this time permit us to continue to provide the necessary infrastructure our City needs." continued Mayor Fargo.

Sacramento City Manager Robert Thomas commented, "I am pleased with the market's continued recognition and acceptance of the City's credit. It is gratifying to see the investor support and competitive pricing the City receives," says Thomas.

"This is the fourth time, since 1999 that the City has gone into the market with its innovative master lease program, which has enabled the City to leverage its assets most efficiently. Because of the project's strong underlying quality and the market's favorable perception of Sacramento, the bonds were very well received by investors." added Merrill Lynch Director Cheryl Hines.

Friery and Abreu extended great appreciation to City staff and all of the consultants for their assistance in the successful completion of this financing.

The Bonds are scheduled for closing on September 30th in San Francisco, California.

The City Treasurer's Office will provide continuing updates to keep the investment community informed. Please see the City Treasurer's website at www.cityofsacramento.org to view future press releases relating to the City's bond financings.