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### **PRESS RELEASE**

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Thomas P. Friery, Sacramento City Treasurer, announced the successful sale of \$173.9 million of the 2005 Refunding Revenue Bonds. The Refunding Bonds were issued for a portion of previously issued Capital Improvement Bonds that had been issued between 1999 and 2002 at higher interest costs for the City of Sacramento and Sacramento Housing and Redevelopment Agency (Agency) projects.

Mr. Friery also reported that the refunding will produce net present value savings of \$8.0 million which equates to savings in interest costs of 4.6% when compared to the portions of the previous bonds that were issued. According to Friery, the Agency will receive \$2.1 million or approximately 25% of these savings with the City and certain city enterprise projects receiving the balance.

Janelle Gray, Senior Debt Analyst mentioned "that the refunding bonds were structured so that a significant amount of these one-time interest savings will be received over the next three years." Ms. Gray also advised that the City's underwriting team served as the underwriting syndicate. The team members were comprised of Goldman, Sachs & Co., who served as Senior Manager and book runner, Stone & Youngberg, as Co-manager, and Merrill Lynch & Co., Siebert, Brandford, Shank & Co. LLC, and E. Wagner & Associates, Inc. Legal opinions and review for the City were provided by the City's bond counsel firm, Orrick, Herrington & Sutcliffe, LLP. Bank of New York will serve as Trustee and Escrow Agent for the issue.

Ms. Gray concluded on the bond structure by stating "The bonds are insured by the municipal bond insurer "FGIC" and as such were rated "AAA" by both Moody's Investors Service (Moody's) and Standard and Poor's Rating Services (Standard & Pooors). The bonds were approximately one-third placed by the market close today."

Mr. Friery commented that the underlying credit rating of the “City’s General Fund Lease” was reaffirmed to Aa3 by Moody’s and AA- by Standard and Poor’s . The Agency’s Del Paso Heights Project Area Loan was awarded a credit rating of A by Standard and Poor’s. As is practice by the insurers our combined issue rating was A1/A, as the rating agency usually reflects the lowest rating when more than one borrower is combined.

Sacramento City Manager Robert P. 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. This refinancing improves the City and Agency cash flow positions and provides for substantial one-time savings opportunities.”

Don Cavier, Finance Manager for the Agency and a member of the refunding bond pricing committee, asserted that, “It’s gratifying that the rating agencies and investment community recognize the strength and success for the Del Paso Heights project area; coupled with the City’s General Fund backing on a portion of the Agency’s obligation, the realized savings will provide for enhanced opportunities in many of the project areas.”

Friery extended appreciation to the syndicate team, City and Agency staff, and all the consultants. “All were committed to completing a prudent and successful financing and we accomplished our mission.”

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