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**PRESS RELEASE**  
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Sacramento, California

Sacramento City Treasurer Thomas P. Friery announced the successful sale of \$151.1 million (par value) of the 2006 Capital Improvement Revenue Bonds, Series A & B (the "Bonds"). The Bonds were sold in two series, Series A (tax-exempt) in the amount of \$95.9 million with a True Interest Cost (TIC) of 4.66% were insured by Ambac Assurance Corporation and carry Aaa/AAA ratings from Moody's Investor Services (Moody's) and Standard & Poor's Rating Services (Standard and Poor's), respectively, the Series B (taxable) in the amount of \$55.2 million were sold with a TIC of 6.01%. The bonds carry an underlying rating of Aa3/AA-, by the nationally recognized Moody's and Standard and Poor's, respectively. The Bonds are anticipated to close on June 15<sup>th</sup> in Sacramento, California.

Friery reported that "from the sale today, approximately \$141 million in net proceeds will be used to finance over twenty-seven projects, which may include the construction of and improvements to libraries, theaters, museums, parks, transportation facilities, community centers, animal shelters, playgrounds, several of which will benefit non-profit organizations. In addition, four redevelopment project areas for the Sacramento Housing and Redevelopment Agency (SHRA) were included in this financing."

A number of City and SHRA officials further commented on the success of this bond deal. Sacramento Mayor Heather Fargo said, "The 2006 Capital Improvement Revenue Bonds are a commitment by the City Council to invest in Sacramento's quality of life for our current and future residents. Investing in the infrastructure that improves neighborhoods throughout our City is an important component of economic development for our City. The issuance of these revenue bonds is our long-term commitment to our City's strength: The people of Sacramento."

Sacramento City Manager Ray Kerridge stated that, "I am pleased with all the hard work and leadership put forth from all the City and SHRA staff and all of the consultants. This combined with the strength of the Underwriting team contributed greatly to the success of this financing."

Gus Vina, Assistant City Manager added, "This is the culmination of an extended and dedicated effort by the Mayor and City Council to prioritize these projects. This came through a series of public planning sessions, in which Council developed a strategic plan to allocate funds for capital projects citywide. These projects offer a balanced quality of life to our citizens and assist us with our mission in making Sacramento the "most livable city in America."

The bonds also include proceeds of \$25.5 million for redevelopment activities. Satoshi Matsuda, SHRA, Director of Finance, asserted that "because of the interest rates obtained and the City's General Fund backing, the North Sacramento, 65<sup>th</sup> Street, Army Depot and Richards Boulevard project areas will benefit from the proposed development improvements."

Janelle Gray, Public Finance Manager, commented, "We are 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 received."

The bonds were structured by the City's underwriting team. The team members were comprised of Merrill Lynch & Co., who served as Senior Manager. Co-senior managing underwriters included Goldman, Sachs & Co., Stone & Youngberg, Siebert Brandford Shank & Co. LLC., and E. Wagner & Associates, Inc. "We are pleased that the City's bonds were well received by the market. Our underwriting team was focused and committed to this transaction." said Merrill Lynch Director, Cheryl Hines. 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 for the issue.

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](http://www.cityofsacramento.org) to view future press releases relating to the City's bond financings.

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