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PRESS RELEASE
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Thomas P. Friery, Sacramento City Treasurer, announced the successful pricing of \$70.93 million of taxable lease revenue bonds (the "Bonds") with a delayed delivery of July 18, 2007. The interest rate associated with the Bonds was based on the 3-month LIBOR index plus a fixed spread of 25 basis points, in which the LIBOR rate will be reset quarterly over the next 10 years. At the time the rates were set, the Bonds would have been set initially at 5.61%. The Bonds are callable at anytime and may need to be remarketed again in July 2017 (10 years from now). At that point, approximately, \$51.6 million in Bonds will remain outstanding.

In 1997, the Sacramento City Council (the "Council") committed to a 30-year loan to provide assistance to the owners of the Sacramento Kings NBA franchise and ARCO Arena (the "Kings") to operate in Sacramento. To accomplish this loan commitment, the Council authorized the issuance of lease revenue bonds to restructure outstanding debt, which allowed the Kings basketball organization to operate more efficiently in a small market city. The current financing marks the second 10-year leg of the original 30-year financing structure and will expire in 2017, at which time a new financing structure will be remarketed or the Bonds will be paid off.

To mitigate the uncertainty of the variable interest rate paid to bondholders, the City entered into a 10-year LIBOR fixed-rate swap agreement with Goldman Sachs Capital Markets, L.P. The swap agreement will limit the City's Bond payment to 5.607% regardless of the level of the 3-month LIBOR rate paid to investors. Effectively the new financing will reduce the City's costs (which are paid by the Kings through lease payments) from 6.845% to 5.607%.

According to Friery, “the financing will payoff the investors who funded the first 10-year leg of the City’s loan agreement. In addition the structure permitted the City to lock in interest rates at today’s level although investors will not have to pay for the Bonds until July 18, 2007.”

Sacramento City Mayor Heather Fargo commented “This financing transaction satisfies the requirements that were established in the original 1997 transaction and I am pleased that it was completed in an efficient manner.”

Ray Kerridge, City Manager, expressed thanks to everyone involved and noted, “their efforts allowed the City to have a successful financing and to provide our customer with great results.”

Janelle Gray, Public Finance & Banking Manager, concluded on the bond structure by stating, “The Bonds continue to be insured by MBIA through the final maturity and are rated “AAA” by both Moody’s Investors Service and Standard & Poor’s. The 10-year structure is prudent to allow flexibility to the market and allow for savings when compared to the current interest rate of 6.845%.”

Mr. Friery extended appreciation to the underwriter, City staff, and all the consultants that were part of the financing team. “Everyone worked tirelessly to bring this issue to fruition. This financing was well received domestically and marks the first time that there was international interest in both the European and Asian markets. However, due to strong domestic interest at the time of pricing, domestic investors were the primary purchasers. The results from Goldman, Sachs & Co.’s efforts were outstanding.”

Mr. Friery reported that Goldman, Sachs & Co. served as the underwriter. Legal opinions and review for the City were provided by the City’s bond counsel firm, Orrick, Herrington & Sutcliffe, LLP. U.S. Bank National Association will continue as trustee. The Bonds are scheduled to close on July 18, 2007.

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