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CITY TREASURER**

**THOMAS P. FRIERY
TREASURER**

**CITY OF SACRAMENTO
CALIFORNIA**

PRESS RELEASE
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Sacramento City Treasurer, Thomas P. Friery, announced today the successful sale of \$35,460,000 par value of City of Sacramento, North Natomas Drainage Basin Community Facilities District No. 97-01, Series 2005 Special Tax Bonds (Bonds.) The Bonds are primarily refunding bonds and were structured with serial and term bonds maturing between 2005 and 2035 with interest rates ranging from 2.70% to 5.10%. In addition to the refunding of the prior Series A, Series B, and Subordinate Series C bonds, additional new money was raised totally \$3,385,000. The refunding portion of these bonds will result in a savings of approximately \$3.3 million, which equates 13% over the term of the bonds. The true interest cost on these Bonds, which is similar to the "APR" on a home loan, was 5.02%. Mr. Friery stated "We had strong demand for the issue and received favorable interest rates. The combination of an attractive interest rate environment, the City's positive name recognition, and the market's acceptance of the vitality of North Natomas all contributed to this interest rate success."

Janelle Gray, Senior Debt Analyst with the City explained that, "although the City of Sacramento issued the bonds, they are not obligations of the City. The bonds are secured by a special tax levied and collected against the taxable property within the District." Mayor Heather Fargo stated, "We are particularly pleased that we were able to achieve these savings, within a few years, taxpayers in the North Natomas area will likely realize a lower special tax payment due to the City's efforts."

Friery further pointed out that due to the success of development in North Natomas funding was needed to construct the last major drainage improvement. Unable to proceed with a public financing, in 2003 approximately \$8.3 million was invested by the City, Reclamation District 1000 and three major developers, Lennar Communities, Lewis Operating Corporation, and The Cambay Group, plus subsequent developers. Without such investment development in North Natomas would have halted. The Subordinate Series C refunding and a portion of the new money component will provide for the repayment of these invested funds. The remaining portion of the new money (approximately \$1.5 million) will be used to complete the construction of storm water conveyance facilities

North Natomas Community Facilities District No. 97-01 is located in the north/west boundaries of the City of Sacramento. It contains over 4,000 net developable acres and at build-out is projected to have approximately 65,000 residents and 70,000 employees.

The bonds were structured and underwritten by Stone & Youngberg LLC of San Francisco with legal representation from Jones Hall. The City's bond counsel firm, Orrick, Herrington & Sutcliffe LLP, provided legal opinion and review for the City of Sacramento. U.S. Bank National Association shall serve as the Trustee for the issue.

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