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PRESS RELEASE

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City of Sacramento Treasurer Thomas P. Friery announced this afternoon, "The Sacramento City Financing Authority successfully completed a \$46,265,000 bond sale to refund previously refinanced and issued bonds. The refunding issue will result in net present-value savings of \$4.2 million, of which 60% will benefit the City's General Fund and the remaining 40% will benefit the City's Community Center Fund. The Bonds were sold with a true interest cost of 3.98% and carried A1/AA- ratings from the nationally recognized 'Moody's' and 'Standard & Poor's', respectively."

Friery reported that, "through the refunding, the City will reduce its debt service payments by approximately \$829,000 per year. The cash flow savings from this refinancing means the City will spend about \$8,293,000 million less than budgeted for debt service over the next ten years."

The bonds refund two series of Certificates of Participation issued by the City in 1991. Bond proceeds were originally used to finance the Sacramento Community Center Theater and certain rail cars and rail facilities used by the Sacramento Light Rail Transit District.

The bonds were structured and underwritten by a syndicate led by Stone & Youngberg LLC of San Francisco with legal representation from Hawkins Delafield and Wood. Co-managing underwriters included Merrill Lynch & Co., E. Wagner & Associates, Inc., Goldman Sachs & Co. and Siebert Brandford Shank & CO. LLC. 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.

Lydia Lara, Sacramento Deputy City Treasurer, stated that, "The Bonds were brought to market during a volatile period in which interest rates rose dramatically and the municipal market was inundated with new supply. Competing with the City's financings for investor attention were several insured issues including, a \$296 million City of San Jose Financing Authority issue and two series of City of Los Angeles Certificates totaling \$116 million. A one-day retail investor order period was followed by a one-day institutional order period. The retail order period enabled \$9.2 million in bonds to be sold at favorable rates. During the last week, yields rose as much as 50 basis points and spreads between insured and non-insured also had widened. At the close of pricing on Tuesday, October 22, 2002, nearly 90% of the bonds were placed with investors."

Friery further commented that, "Despite the difficult market conditions, it was advantageous for the City of Sacramento to go out in the market this week. We don't expect interest rates to move lower soon, especially with the Treasury refinancing \$22 billion in bonds next week and the State of California coming with \$6 billion early in November. We did not want to lose the opportunity to refund these bonds, which provided approximately 9% of present value savings in debt service."

Sacramento Mayor Heather Fargo stated, "This refinancing improves the City's cash-flow and we may have experienced the last opportunity to refund these bonds in this interest rate cycle."

Sacramento City Manager Robert Thomas commented, that "This refinancing gives us a great opportunity to reduce the City's operating costs during these volatile times."

"The successful underwriting was the result of a concentrated sales effort on the part of the underwriting syndicate. We are very pleased to have had a name like the City of Sacramento to offer in this volatile market; other names might not have fared as well," said Scott Sollers, Stone & Youngberg Managing Director.

Friery gave special recognition to Lydia Lara, City staff, Sacramento Regional Transit District staff and all of the consultants for their cooperative efforts to bring this issue to market in such a short time in order to take advantage of favorable interest rates.

The bond issue is scheduled to close on October 31, 2002, 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.