

**MATERIAL-EVENT NOTICE PURSUANT TO S.E.C. RULE 15c2-12(b)(5)
RATING CHANGES**

Dated: September 22, 2009

NOTICE IS HEREBY GIVEN that on August 28, 2009, Standard & Poor's Rating Services revised its rating outlook for stable and affirmed it's A rating on Sacramento City Financing Authority 1993 Lease Revenue Refunding Bonds, Series B.

Simultaneously, Standard & Poor's Rating Services assigned its A rating, underlying rating, and stable outlook to the Sacramento City Financing Authority 1993 Lease Revenue Refunding Bonds, Series A.

Summary:

Sacramento Financing Authority, California Sacramento; Appropriations

Credit Profile		
Sacramento Fincg Auth, California		
Sacramento, California		
Sacramento Fin Auth lse rev rfdg bnds ser 1993B (MBIA) (National) (SEC MKT)		
<i>Unenhanced Rating</i>	A(SPUR)/Stable	Rating Assigned
Sacramento Fin Auth (Sacramento)		
<i>Long Term Rating</i>	A/Stable	Affirmed, Removed from CreditWatch
Sacramento Fin Auth (Sacramento) lse rfdg ser 1993A (AMBAC)		
<i>Unenhanced Rating</i>	A(SPUR)/Stable	Rating Assigned
Many issues are enhanced by bond insurance.		

Rationale

Standard & Poor's Ratings Services revised the rating outlook to stable on Sacramento Financing Authority (known now as Sacramento City Financing Authority), Calif.'s \$95.48 million lease revenue refunding bonds, series 1993B. Standard & Poor's affirmed its 'A' rating on those bonds. At the same time, Standard & Poor's assigned its 'A' rating and underlying rating (SPUR) and stable outlook to the authority's \$130.425 million lease revenue refunding bonds, series 1993A.

On Aug. 5, 2009, the rating on the 1993B bonds was placed on CreditWatch with negative implications following a review of the 1993B lease agreement, which provides for 12 months of rental interruption insurance. Standard & Poor's current lease rating criteria requires 24 months of coverage. However, on Aug. 25, 2009, the city council approved an amendment to both the series 1993A and 1993B facilities lease agreements, each dated Aug 1, 1993, between the city and the authority, to include a full 24 months of rental interruption insurance.

The ratings reflect our view of:

- The city's covenant to budget and appropriate lease payments,
- Annual appropriation risk, and
- The city's general creditworthiness.

We understand that the authority's 1993A and 1993B lease revenue refunding bonds were issued to refund various outstanding bonds previously issued by the city and the authority. Both series of bonds are payable from lease payments made by the city to the authority under two separate facilities leases, relating to various public facilities and improvements. Under the leases, the city covenants to budget and appropriate lease payments over the life of the bonds. Additional lease provisions include a fully funded debt service reserve fund funded at maximum annual debt service. The authority assigns substantially all of its right to the trustee, including its right to receive lease payments. The city may abate lease payments in the event of damage to or loss of use of the project. Lease provisions include two full years of rental interruption insurance to mitigate the risk of abatement.

For more information on the city's issuer credit rating, its general creditworthiness, and authority lease ratings, see the full analysis published June 22, 2009, on RatingsDirect.

Outlook

The stable outlook reflects our expectation that city management will maintain reserves near levels projected for fiscals 2009 and 2010 without further significant drawdowns. The outlook additionally reflects our view of the city's ability to make budget adjustments as needed to alleviate slower or negative revenue growth. While we note that the city has implemented several cost-cutting measures -- some of which are recurring in nature -- in 2009 (and proposed for 2010), we believe additional reductions and/or revenue enhancement will likely be required to curb falling revenue. We believe the state's budget crisis will present the city with additional financial challenges, but we understand that the city's internal liquidity sources could be tapped, if necessary, on a temporary basis for budgetary relief.

Related Research

USPF Criteria: "Appropriation-Backed Obligations," June 13, 2007

Complete ratings information is available to RatingsDirect subscribers at www.ratingsdirect.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com; under Ratings in the left navigation bar, select Find a Rating.

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