RESOLUTION NO. 2007-001

Adopted by the Sacramento City Financing Authority

April 10, 2007

AUTHORIZING THE CITY TREASURER, ACTING AS TREASURER OF THE AUTHORITY, TO EXECUTE AND DELIVER A NOTICE OF MODE CHANGE AND A NOTICE OF MANDATORY TENDER RELATING TO THE 1997 LEASE REVENUE BONDS (ARCO ARENA ACQUISITION)

BACKGROUND

A. On July 17, 1997, the Sacramento City Financing Authority (the "Authority") and the City of Sacramento entered into a purchase contract with Merrill Lynch, Pierce, Fenner & Smith Incorporated regarding $73.725 million in lease revenue bonds for the acquisition of Arco Arena (the "Bonds").

B. Initially, the Bonds were structured with a 30-year maturity schedule and a July 15, 2027, final maturity. The Bonds were issued at an interest rate of 6.845%, with a mandatory bond call and remarketing to occur on July 18, 2007.

C. Pursuant to section 2.10(a)(i) of the indenture associated with the Bonds, the Authority is required to give written notice to the remarketing agent, insurer, and trustee of the Authority's intention to change the interest-rate mode on the Bonds.

D. The Notice of Mode Change must be provided to remarketing agent, insurer, and trustee no later than 90 days before the mandatory tender and remarketing of the Bonds (i.e., on or before April 19, 2007).

E. The Notice of Mandatory Tender must be provided to the holders of the outstanding Bonds on or before June 18, 2007, informing them of the mandatory tender of the Bonds on July 18, 2007

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

Section 1. The above recitals are true, and City Council so finds and determines.

Section 2. The City Treasurer, acting as Treasurer of the Authority, is authorized to execute and deliver a Notice of Mode Change and a Notice of Mandatory Tender to fulfill requirements in section 2.10(a)(i) of the indenture associated with the Bonds. The Notice of Mode Change and the Notice of Mandatory Tender shall be substantially in the forms set forth in Exhibit A and Exhibit B to this resolution, both of which forms are hereby approved.

Table of Contents:

Exhibit A – Notice of Mode Change
Exhibit B – Notice of Mandatory Tender

Adopted by the City of Sacramento Financing Authority on April 10, 2007 by the following vote:

Ayes: Members Cohn, Fong, Hammond, McCarty, Pannell Sheedy, Tretheway, Waters, and Chair Fargo.

Noes: None.

Abstain: None.

Absent: None.

Heather Fargo

Heather Fargo, Chair

Attest:

Dawn Bullwinkel

Dawn Bullwinkel, Assistant Secretary

EXHIBIT A

NOTICE OF MODE CHANGE

City of Sacramento
City Hall
915 I Street
Sacramento, CA 95814
Attention: City Clerk

Merrill Lynch, Pierce, Fenner & Smith
Incorporated
World Financial Center - North Tower
250 Vesey Street, 9th Floor
New York, NY 10080
Attention: Short Term Desk

U.S. Bank National Association
One California Street, Suite 2100
San Francisco, California 94111
Attention: Corporate Trust Department

MBIA Insurance Corporation
113 King Street
Armonk, New York 10504
Attention: Insured Portfolio Management - Western Region

Re: Sacramento City Financing Authority 1997 Lease Revenue Bonds (ARCO Arena Acquisition)

Ladies and Gentlemen:

In accordance with Section 2.10(a)(i) of the Indenture, dated as of July 1, 1997 (the "Indenture"), between the Sacramento City Financing Authority (the "Authority") and U.S. Bank National Association, as successor trustee and paying agent (the "Paying Agent"), related to the above-referenced bonds (the "Bonds"), the Authority hereby provides notice of its intention to effect a change in the Mode related to the Bonds on July 18, 2007 from the current Floating Rate Mode to a new Floating Rate Mode with an initial Floating Rate Period of 10 years.

The Paying Agent is hereby requested to provide notice of mandatory tender pursuant to Section 3.09(a) of the Indenture in substantially the form attached hereto as Exhibit A on April 12, 2007, which is more than thirty (30) days prior to the date for mandatory tender of the Bonds, namely, July 18, 2007.

SACRAMENTO CITY FINANCING AUTHORITY

By:_____
Thomas P. Friery
Treasurer

EXHIBIT B

NOTICE OF MANDATORY TENDER FOR PURCHASE
TO THE OWNERS OF

SACRAMENTO CITY FINANCING AUTHORITY
1997 LEASE REVENUE BONDS
(ARCO ARENA ACQUISITION)

CUSIP 785846 BR6

Notice is hereby given pursuant to Section 2.10(a)(i) of the Indenture, dated as of July 1, 1997 (the "Indenture"), between the Sacramento City Financing Authority (the "Authority") and U.S. Bank National Association, as successor trustee and paying agent, related to the above-referenced bonds (the "Bonds"), that all Bonds are subject to mandatory tender on **July 18, 2007** (the "Mandatory Tender Date") at a purchase price (the "Purchase Price") equal to 100% of the principal amount of the Bonds, plus accrued interest thereon to the Mandatory Tender Date.

All Bonds shall be delivered by the Owners to the office of U.S. Bank National Association, as paying agent (the "Paying Agent") specified below at or before 12:00 noon New York time on the Mandatory Tender Date and payment of the Purchase Price of the Bonds shall be made by wire transfer in immediately available funds by the Paying Agent by the close of business on the Mandatory Tender Date.

Notice is hereby further given that interest shall cease to accrue on the Bonds on the Mandatory Tender Date as to the Owners of the Bonds on the Mandatory Tender Date in accordance with the provisions of Section 3.09(a) of the Indenture.

The CUSIP number appearing herein has been included solely for the convenience of the Owners of the Bonds. Neither the Authority nor the Paying Agent shall be responsible for the selection or use of the CUSIP number nor is any representation made as to the correctness of the CUSIP number on any of the Bonds or as indicated herein.

Capitalized terms not otherwise defined herein and used in this notice shall have the meanings given such terms in the Indenture.

The address of the office of the Paying Agent for delivery of Bonds is:

U.S. Bank National Association
60 Livingston Ave, 2nd Floor
Attn Specialized Finance
St Paul, MN 55107

Dated: April 12, 2007.

By: U.S. Bank National Association,
as Paying Agent