

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Sacramento (the "City") in connection with the issuance by the Sacramento City Financing Authority (the "Issuer") of \$_____ Sacramento City Financing Authority 2006 Capital Improvement Revenue Bonds, Series A (Community Reinvestment Capital Improvement Program) and \$_____ Sacramento City Financing Authority 2006 Taxable Capital Improvement Revenue Bonds, Series B (Community Reinvestment Capital Improvement Program) (collectively, the "Bonds"). The Bonds are being issued pursuant to an Indenture, dated as of June 1, 2006, by and between the Issuer and The Bank of New York Trust Company, N.A., as trustee (the "Trustee") (the "Indenture"). The City and the Authority have entered into a Master Project Lease in connection therewith the City covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission ("S.E.C.") Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings.

"Annual Report" shall mean any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person that has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

"Central Post Office" means the DisclosureUSA website maintained by the Municipal Advisory Council of Texas or any successor thereto, or any other organization or method approved by the staff or members of the Securities and Exchange Commission as an intermediary through which issuers may, in compliance with the Rule, make filings required by this Disclosure Certificate.

"Dissemination Agent" shall mean the City, acting in the capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the City, that has filed with the City a written acceptance of such designation.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. The National Repositories currently approved by the Securities and Exchange Commission can be obtained at <http://www.sec.gov/info/municipal/nrmsir.htm>.

"Official Statement" shall mean the official statement relating to the Bonds, dated _____, 2006.

“Participating Underwriters” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

“Repository” shall mean each National Repository and each State Repository.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” shall mean the State of California.

“State Repository” shall mean any public or private repository or entity designated by the State as the state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Certificate, there is no State Repository.

SECTION 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than the last day of the ninth month following the end of the City’s fiscal year (which fiscal year currently ends on June 30), commencing with the report for the 2005-2006 fiscal year, provide to each Repository an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the City’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The City reserves the right to make this filing through the Central Post Office.

(b) Not later than fifteen (15) Business Days prior to said date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If the City is unable to provide to the Repositories an Annual Report by the date required in subsection (a), the City shall send a notice to each Repository, the Municipal Securities Rulemaking Board and the State Repository, if any, in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and the State Repository, if any; and

(ii) (if the Dissemination Agent is other than the City) file a report with the City certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing all the Repositories to which it was provided.

SECTION 4. Content of Annual Reports. The City’s Annual Report shall contain or include by reference the following:

(a) The Comprehensive Annual Financial Report of the City and, to the extent not contained in said Report or if said Report is no longer being prepared, the audited financial statements of the City for the most recently completed fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to

governmental entities from time to time by the Government Accounting Standards Board. If the City's audited financial statements are not available at the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) The Annual Budget of the City for the current fiscal year.

(c) An update of the information contained in [the Tables entitled "STATEMENT OF GENERAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE," "GROSS ASSESSED VALUES FOR ALL TAXABLE PROPERTY," "CITY OF SACRAMENTO LARGEST LOCAL SECURED TAXPAYERS" and "GENERAL FUND OBLIGATION DEBT SERVICE"] in the Official Statement substantially in the form of the tables by that name included in Appendix A to the Official Statement, for the most recently completed fiscal year.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The City shall clearly identify each such other document so included by reference.

SECTION 5 Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. principal and interest payment delinquencies;
2. non-payment related defaults;
3. modifications to rights of Bondholders;
4. optional, contingent or unscheduled bond calls;
5. defeasances;
6. rating changes;
7. adverse tax opinions or events affecting the tax-exempt status of the Bonds;
8. unscheduled draws on the debt service reserves reflecting financial difficulties;
9. unscheduled draws on the credit enhancements reflecting financial difficulties;
10. substitution of the credit or liquidity providers or their failure to perform;
or
11. release, substitution or sale of property securing repayment of the Bonds.

(b) Whenever the City obtains knowledge of the occurrence of a Listed Event, the City shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) If the City determines that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the City shall promptly file a notice of such occurrence with the Municipal Securities Rulemaking Board and the Repositories. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(4) and (5) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Indenture.

(d) The City reserves the right to make such notice of significant event filings through the Central Post Office.

SECTION 6. Termination of Reporting Obligation. The City's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

SECTION 7. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the City pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the City.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the City shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the

accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the City to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees, and agents, harmless against any loss, expense and liabilities that it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Participating Underwriters, and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: June ____, 2006

CITY OF SACRAMENTO

By: _____
City Treasurer

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Obligated Party: City of Sacramento

Name of Bond Issue: Sacramento City Financing Authority 2006
Capital Improvement Revenue Bonds, Series A
(Community Reinvestment Capital
Improvement Program) and Sacramento City
Financing Authority 2006 Taxable Capital
Improvement Revenue Bonds, Series B
(Community Reinvestment Capital
Improvement Program)

Date of Issuance: June __, 2006

NOTICE IS HEREBY GIVEN that the City has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Certificate, dated as of _____, 2006. [The City anticipates that the Annual Report will be filed by _____].

Dated: _____, 20__

CITY OF SACRAMENTO

By: _____
City Treasurer

cc: The Bank of New York Trust Company, N.A.

When Recorded Return to:

Sean B. Mick, Project Manager
Orrick, Herrington & Sutcliffe LLP
400 Capitol Mall
Suite 3000
Sacramento, CA 95814

SIXTH AMENDMENT TO MASTER PROJECT LEASE

by and between the

SACRAMENTO CITY FINANCING AUTHORITY

and the

CITY OF SACRAMENTO

RELATING TO THE

CITY OF SACRAMENTO
2006 CRCIP PROJECTS

Executed and Entered Into as of June 1, 2006

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SIXTH AMENDMENT TO MASTER PROJECT LEASE

This Sixth Amendment to Master Project Lease (the "Sixth Amendment to Master Project Lease"), executed and entered into as of June 1, 2006, by and between the Sacramento City Financing Authority, a joint exercise of powers authority duly organized and existing under and by virtue of the laws of the State of California (the "Authority"), and the City of Sacramento, a municipal corporation duly organized and existing under and by virtue of the Constitution and laws of the State of California (the "City");

WITNESSETH:

WHEREAS, the City and the Authority duly executed and entered into a Master Site Lease (the "Master Site Lease") as of December 1, 1999, that was recorded on December 14, 1999, in Book 1991214 of the Official Records of Sacramento County, at Page 1004, whereby the City leased to the Authority those certain parcels of real property described therein (the "1999 Site"); and

WHEREAS, the Authority and the City thereafter duly executed and entered into a Master Project Lease (the "Master Project Lease") as of December 1, 1999, that was recorded on December 14, 1999, in Book 1991214 of the Official Records of Sacramento County, at Page 1005, whereby the Authority and the City determined that it was in the best interests of the City and the residents of the City and the Redevelopment Agency of the City of Sacramento (the "Agency") for the Authority to assist the City and the Agency by financing the acquisition and construction of certain capital improvement projects for the City and by financing the acquisition of certain loan obligations of the Agency so that the Agency can undertake redevelopment activities for the benefit of the City, and the Authority leased the 1999 Site to the City, together with the improvements located thereon (the "1999 Project"); and

WHEREAS, pursuant to the Master Project Lease, the Authority may from time to time finance or refinance the acquisition and construction of additional capital improvement projects for the citizens of the City and may finance the acquisition of additional loan obligations of the Agency so that the Agency can undertake redevelopment activities for the benefit of the City, (A) by the City leasing additional parcels of real property (each an "Additional Site") to the Authority as provided in the Master Site Lease, and (B) by the Authority leasing such additional parcels of real property, together with the improvements then located thereon or to be acquired and constructed thereon (each an "Additional Project") to the City; and

WHEREAS, pursuant to an Amendment to Master Site Lease (the "Amendment to Master Site Lease") executed and entered into as of July 1, 2000, by and between the City and the Authority that was recorded on July 25, 2000, in Book 20000725 of the Official Records of Sacramento County, at Page 1311, and an Amendment to Master Project Lease (the "Amendment to Master Project Lease") executed and entered into as of July 1, 2000, by and between the Authority and the City that was recorded on July 25, 2000, in Book 20000725 of the Official Records of Sacramento County, at Page 1312, the Authority and the City provided for the financing of the acquisition and construction of certain additional capital improvement projects for the City by the City leasing additional parcels of real property (the "2000 Site") to

the Authority and the Authority leasing such additional parcels of real property, together with the improvements located thereon (the "2000 Project") to the City; and

WHEREAS, pursuant to a Second Amendment to Master Site Lease (the "Second Amendment to Master Site Lease") executed and entered into as of April 1, 2001, by and between the City and the Authority that was recorded on April 24, 2001, in Book 20010424 of the Official Records of Sacramento County, at Page 1415, and a Second Amendment to Master Project Lease (the "Second Amendment to Master Project Lease") executed and entered into as of April 1, 2001, by and between the Authority and the City that was recorded on April 24, 2001, in Book 20010424 of the Official Records of Sacramento County, at Page 1416, the Authority and the City provided for the financing of the acquisition and construction of certain additional capital improvement projects for the City by the City leasing additional parcels of real property (the "2001 Site") to the Authority and the Authority leasing such additional parcels of real property, together with the improvements located thereon (the "2001 Project") to the City; and

WHEREAS, pursuant to a Third Amendment to Master Site Lease (the "Third Amendment to Master Site Lease") executed and entered into as of July 1, 2002, by and between the City and the Authority that was recorded on July 1, 2002, in Book 20020701 of the Official Records of Sacramento County, at Page 1649, and a Third Amendment to Master Project Lease (the "Third Amendment to Master Project Lease") executed and entered into as of July 1, 2002, by and between the Authority and the City that was recorded on July 1, 2002, in Book 20020701 of the Official Records of Sacramento County, at Page 1650, the Authority and the City provided for the financing of the acquisition and construction of certain additional capital improvement projects for the City and for the financing of the acquisition of certain loan obligations of the Agency by the City leasing additional parcels of real property (the "2002A Site") to the Authority and the Authority leasing such additional parcels of real property, together with the improvements located thereon (the "2002A Project") to the City; and

WHEREAS, pursuant to a Fourth Amendment to Master Site Lease (the "Fourth Amendment to Master Site Lease") executed and entered into as of September 1, 2003, by and between the City and the Authority that was recorded on September 29, 2003, in Book 20030929 of the Official Records of Sacramento County, at Page 2762, and a Fourth Amendment to Master Project Lease (the "Fourth Amendment to Master Project Lease") executed and entered into as of September 1, 2003, by and between the Authority and the City that was recorded on September 29, 2003, in Book 20030929 of the Official Records of Sacramento County, at Page 2763, the Authority and the City provided for the financing of the acquisition and construction of certain additional capital improvement projects for the City by the City leasing additional parcels of real property (the "2003 Site") to the Authority and the Authority leasing such additional parcels of real property, together with the improvements located thereon (the "2003 Project") to the City; and

WHEREAS, pursuant to a Fifth Amendment to Master Project Lease (the "Fifth Amendment to Master Project Lease") executed and entered into as of June 1, 2005, by and between the Authority and the City that was recorded on July 11, 2005, in Book 20050711 of the Official Records of Sacramento County, at Page 498, the Authority and the City provided for the refunding of a portion of the Sacramento City Financing Authority 1999 Capital Improvement Revenue Bonds (Solid Waste and Redevelopment Projects), all of the Sacramento City

Financing Authority 2000 Capital Improvement Revenue Bonds (City of Sacramento 2000 Public Safety and Parking Improvements), and a portion of Sacramento City Financing Authority 2001 Capital Improvement Revenue Bonds (Water and Capital Improvement Projects) and the Sacramento City Financing Authority 2002 Revenue Bonds, Series A (City Hall and Redevelopment Projects) by amendment and restatement of the 1999 Base Rental Payments, the 2001 Base Rental Payments and the 2002A Base Rental Payments (as defined below); and

WHEREAS, the City is obligated under the Master Project Lease to make scheduled base rental payments (the "1999 Base Rental Payments") and additional rental payments (the "1999 Additional Rental Payments") to the Authority for the lease of the 1999 Project by the Authority to the City, and the City is obligated under the Amendment to Master Project Lease to make scheduled base rental payments (the "2000 Base Rental Payments") and additional rental payments (the "2000 Additional Rental Payments") to the Authority for the lease of the 2000 Project by the Authority to the City, and the City is obligated under the Second Amendment to Master Project Lease to make scheduled base rental payments (the "2001 Base Rental Payments") and additional rental payments (the "2001 Additional Rental Payments") to the Authority for the lease of the 2001 Project by the Authority to the City, and the City is obligated under the Third Amendment to Master Project Lease to make scheduled base rental payments (the "2002A Base Rental Payments") and additional rental payments (the "2002A Additional Rental Payments") to the Authority for the lease of the 2002A Project by the Authority to the City, and the City is obligated under the Fourth Amendment to Master Project Lease to make scheduled base rental payments (the "2003 Base Rental Payments") and additional rental payments (the "2003 Additional Rental Payments") to the Authority for the lease of the 2003 Project by the Authority to the City, and the City is obligated under the Fifth Amendment to Master Project Lease to make scheduled base rental payments (the "2005 Base Rental Payments") and additional rental payments (the "2005 Additional Rental Payments") to the Authority for the lease of the Project by the Authority to the City; and

WHEREAS, the Authority and the City have determined to finance the acquisition and construction of additional municipal projects for the citizens of the City constituting [a variety of capital improvements identified within the City's Community Reinvestment Capital Improvement Program ("CRCIP"), as more fully described in Exhibit D attached hereto] and other municipal improvements (or any other municipal project for the citizens of the City substituted therefor) (comprising "Additional Improvements" under the Master Project Lease, and herein the "2006 CRCIP Projects"); and

WHEREAS, in order to finance the acquisition and construction of the 2006 CRCIP Projects for the citizens of the City, (A) the City will lease to the Authority, pursuant to the Fifth Amendment to Master Site Lease, those certain parcels of real property (the "2006 Site") more particularly described in Exhibit A attached hereto and incorporated herein and made a part hereof, which, together with the 1999 Site, the 2000 Site, the 2001 Site, the 2002A Site and the 2003 Site, will thereafter constitute the "Site" (as more particularly described in Exhibit B attached hereto and incorporated herein and made a part hereof) as provided in the Master Site Lease, and (B) the Authority will lease to the City, pursuant to the Sixth Amendment to Master Project Lease, the 2006 Site, together with the improvements located thereon (the "2006 Project"), which, together with the 1999 Project, the 2000 Project, the 2001 Project, the 2002A

Project and the 2003 Project, will thereafter constitute the "Project" as provided in the Master Project Lease; and

WHEREAS, pursuant to the Sixth Amendment to Master Project Lease, the City will become obligated thereunder to make additional scheduled base rental payments (the "2006 Base Rental Payments"), which, together with the 1999 Base Rental Payments, the 2000 Base Rental Payments, the 2001 Base Rental Payments, the 2002A Base Rental Payments, the 2003 Base Rental Payments and the 2005 Base Rental Payments, will constitute the "Base Rental Payments" as provided in the Master Project Lease and additional rental payments (the "2006 Additional Rental Payments"), which, together with the 1999 Additional Rental Payments, the 2000 Additional Rental Payments, the 2001 Additional Rental Payments, the 2002A Additional Rental Payments, the 2003 Additional Rental Payments and the 2005 Additional Rental Payments, will constitute the "Additional Rental Payments" as provided in the Master Project Lease, to the Authority for the lease of the 2006 Project to the City; and

WHEREAS, the Authority and the City hereby certify that all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of the Sixth Amendment to Master Project Lease do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into the Sixth Amendment to Master Project Lease;

NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES AND OF THE MUTUAL AGREEMENTS AND COVENANTS CONTAINED HEREIN AND FOR OTHER VALUABLE CONSIDERATION, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS:

ARTICLE I

DEFINITIONS

SECTION 1.01. Definitions.

(a) All the terms which are defined in Section 1.01 of the Master Project Lease shall (except as otherwise provided herein) have the same definitions, respectively, in the Sixth Amendment to Master Project Lease that are given to such terms in Section 1.01 of the Master Project Lease.

(b) Unless the context otherwise requires, the terms defined in this section shall for all purposes hereof and of the Master Project Lease and of any certificate, opinion, report, request or other document mentioned herein or therein have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein:

CRCIP

“CRCIP” means the City’s Community Reinvestment Capital Improvement Program.

Fifth Amendment to Master Site Lease

“Fifth Amendment to Master Site Lease” means the Fifth Amendment to Master Site Lease executed and entered into as of June 1, 2006, by and between the City and the Authority, amending the Master Site Lease to add the 2006 Site to the Site leased by the City to the Authority thereunder.

Sixth Amendment to Master Project Lease

“Sixth Amendment to Master Project Lease” means this Sixth Amendment to Master Project Lease executed and entered into as of June 1, 2006, by and between the Authority and the City, amending the Master Project Lease to add the 2006 Project to the Project leased by the Authority to the City thereunder.

2006 Additional Rental Payments

“2006 Additional Rental Payments” means the payments payable by the City as Additional Rental Payments pursuant to Section 6.01(b) hereof, which constitute Additional Rental Payments under the Master Project Lease.

2006 Base Rental Payments

“2006 Base Rental Payments” means the payments payable by the City as Base Rental Payments pursuant to Section 6.01(a) hereof, which constitute Base Rental Payments under the Master Project Lease.

2006 Bonds

“2006 Bonds” means, collectively, the Authority’s 2006 Capital Improvement Revenue Bonds, Series A (Community Reinvestment Capital Improvement Program) and 2006 Taxable Capital Improvement Revenue Bonds, Series B (Community Reinvestment Capital Improvement Program), which constitute Additional Bonds under the Master Project Lease.

2006 CRCIP Projects

“2006 CRCIP Projects” means those additional municipal projects for the citizens of the City constituting [a variety of capital improvements identified within the CRICP, as more fully described in Exhibit D attached hereto] and other municipal improvements (or any other municipal project for the citizens of the City substituted therefor), which constitute Additional Improvements under the Master Project Lease.

2006 CRCIP Projects Improvement Fund

“2006 CRCIP Projects Improvement Fund” means the City of Sacramento 2006 CRCIP Projects Improvement Fund established pursuant to Section 4.01 hereof and maintained by the Treasurer of the City.

2006 Indenture

“2006 Indenture” means the Indenture dated as of June 1, 2006, by and between the Authority and the Trustee, as originally executed and as it may from time to time be amended or supplemented as provided therein, pursuant to which the Authority will execute and deliver the 2006 Bonds, which constitutes a Supplemental Indenture under the Master Project Lease.

2006 Project

“2006 Project” means the 2006 Site, together with the improvements located thereon, that have been leased by the Authority to the City pursuant hereto, which constitutes an Additional Project under the Master Project Lease.

2006 Series A Base Rental Payments

“2006 Series A Base Rental Payments” means the payments related to the 2006 Series A Bonds payable by the City as Base Rental Payments pursuant to Section 6.01(a) hereof, which constitute Base Rental Payments under the Master Project Lease.

2006 Series A Bonds

“2006 Series A Bonds” means the Sacramento City Financing Authority 2006 Capital Improvement Revenue Bonds, Series A (Community Reinvestment Capital Improvement Program).

2006 Series A Reserve Requirement

“2006 Series A Reserve Requirement” means, as of any date of determination by the City, the least of (i) ten percent (10%) of the initial offering price to the public of the Series A Bonds related to the 2006 Series A Base Rental Payments paid by the City pursuant to the Sixth Amendment to Master Project Lease (as determined under the Code), (ii) the maximum annual 2006 Series A Base Rental Payments related to the Series A Bonds payable in the current or any future one-year period ending on each June 30 or (iii) 125% of the average annual 2006 Series A Base Rental Payments related to the Series A Bonds payable in the current and all future one-year periods ending on each June 30, but in any such case not greater than the maximum amount permitted to be held in the Series A Reserve Subaccount under the Code.

2006 Series B Base Rental Payments

“2006 Series B Base Rental Payments” means the payments related to the 2006 Series B Bonds payable by the City as Base Rental Payments pursuant to Section 6.01(a) hereof, which constitute Base Rental Payments under the Master Project Lease.

2006 Series B Bonds

“2006 Series B Bonds” means the Sacramento City Financing Authority 2006 Taxable Capital Improvement Revenue Bonds, Series B (Community Reinvestment Capital Improvement Program).

2006 Series B Reserve Requirement

“2006 Series B Reserve Requirement” means, as of any date of determination by the City, the least of (i) ten percent (10%) of the initial offering price to the public of the Series B Bonds related to the 2006 Series B Base Rental Payments paid by the City pursuant to the Sixth Amendment to Master Project Lease (as determined under the Code), (ii) the maximum annual 2006 Series B Base Rental Payments related to the Series B Bonds payable in the current or any future one-year period ending on each June 30 or (iii) 125% of the average annual 2006 Series B Base Rental Payments related to the Series B Bonds payable in the current and all future one-year periods ending on each June 30, but in any such case not greater than the maximum amount permitted to be held in the Series B Reserve Subaccount under the Code.

2006 Site

“2006 Site” means those certain parcels of real property that have been leased to the Authority by the City pursuant to the Fifth Amendment to Master Site Lease, as more particularly described in Exhibit A attached hereto and incorporated herein and made a part hereof, which constitutes an Additional Site under the Master Site Lease and under the Master Project Lease.

Tax-Exempt Additional Bonds

“Tax-Exempt Additional Bonds” means any Additional Bonds treated as an obligation described in Section 103(a) of the Code.

Trustee

“Trustee” means The Bank of New York Trust Company, N.A., a national banking association duly organized and existing under and by virtue of the laws of the United States of America and authorized to accept and execute trusts of the character set forth in the 2006 Indenture, at its Principal Corporate Trust Office (as that term is defined in the 2006 Indenture), and its successors or assigns, or any other bank or trust company having a corporate trust office in Los Angeles or San Francisco, California, which may at any time be substituted in its place as provided in Section 5.01 of the 2006 Indenture.

ARTICLE II

ADDITION OF 2006 PROJECT TO THE PROJECT

SECTION 2.01. Addition of 2006 Project to the Project. The Master Project Lease is hereby amended by the parties hereto to add the 2006 Project as an Additional Project to

the Project, and the 2006 Project is hereby added to the leasehold estate created under the Master Project Lease.

ARTICLE III

TERM OF THE MASTER PROJECT LEASE

SECTION 3.01. Term of the Master Project Lease. If the term of the Master Site Lease is extended or shortened in accordance with the terms thereof, the term hereof shall (subject to Section 14.06 of the Master Project Lease) end on the day immediately preceding the date of termination of the Master Site Lease.

ARTICLE IV

USE OF PROCEEDS

SECTION 4.01. Use of Proceeds. Pursuant to Sections 2.12 and 2.13 of the 2006 Indenture and this Section 4.01, the Authority shall pay the sum of \$_____ to the City, which shall constitute payment for the acquisition of this Sixth Amendment to Master Project Lease by the Authority. Such payment shall be deposited by the City in the "City of Sacramento 2006 CRCIP Projects Improvement Fund," which fund is hereby established and which fund the City agrees and covenants to maintain with the Treasurer of the City, and the proceeds in the 2006 CRCIP Projects Improvement Fund shall be used by the City to finance the acquisition and construction of the 2006 CRCIP Projects.

ARTICLE V

TAX COVENANTS

SECTION 5.01. Tax Covenants. The City covenants and agrees that it will at all times do and perform all acts and things permitted by law and hereby which are necessary in order to assure that interest paid on the 2006 Series A Bonds (or any of them) will be excluded from gross income for federal income tax purposes and will take no action that would result in such interest not being excluded from gross income for federal income tax purposes. Without limiting the generality of the foregoing, the City agrees to comply with the provisions of the Tax Certificate (as that term is defined in the 2006 Indenture) and any tax certificate delivered in connection with the issuance of Tax-Exempt Additional Bonds. This covenant shall survive payment in full or defeasance of the 2006 Series A Bonds.

The 2006 Series B Bonds shall not be subject to Section 5.01 of the Master Project Lease.

ARTICLE VI

2006 RENTAL PAYMENTS

SECTION 6.01. Payment of 2006 Rental Payments. The City agrees to pay to the Authority, its successor or assigns, without deduction or offset of any kind, as rental for the use and occupancy of the 2006 Project the following amounts at the following times:

(a) 2006 Base Rental Payments. The City shall pay to the Authority the 2006 Base Rental Payments which shall be due in the amounts and at the times set forth in the 2006 Base Rental Payment Schedule contained in Exhibit C attached hereto and made a part hereof, which 2006 Base Rental Payments shall be payable by the City for the lease of the 2006 Project to it. Each 2006 Base Rental Payment shall be payable to the Trustee (as assignee of the Authority pursuant to the 2006 Indenture) in immediately available funds on the Business Day immediately preceding such 2006 Base Rental Payment Date (the "Due Date"), and any payments remitted to the Trustee prior to any Due Date shall be invested for the credit of the City as instructed by the City, and any interest or other income with respect thereto accruing prior to each such Due Date shall belong to the City and shall be returned by the Trustee, on behalf of the Authority, to the City on June 1 and December 1 of each year or shall be transferred as otherwise directed by the City. The City shall provide written notice to the Trustee at least thirty (30) Business Days prior to any Due Date upon which it expects to be unable to pay the 2006 Base Rental Payment due on such Due Date, informing the Trustee of its expected inability to pay the 2006 Base Rental Payment due on such Due Date. The City covenants (subject to Section 6.04 of the Master Project Lease) to take such action each year as may be necessary to include all 2006 Base Rental Payments due hereunder in its annual budgets and (to the extent that provisions for the payment of 2006 Base Rental Payments have not been otherwise made) to make the necessary annual appropriations for all such 2006 Base Rental Payments, and the City will furnish to the Trustee, within ninety (90) days after the final adoption of each annual budget of the City, a certificate that the annual budget of the City provides for all such 2006 Base Rental Payments required to be made hereunder in such year.

(b) 2006 Additional Rental Payments. The City shall pay to the Authority or the Trustee, as the case may be, as 2006 Additional Rental Payments hereunder (in addition to the foregoing 2006 Base Rental Payments) all such amounts in each year as shall be required by the Authority or the Trustee for the payment of all costs and expenses incurred by the Authority or the Trustee in connection with the performance, enforcement or amendment of the Sixth Amendment to Master Project Lease, including but not limited to payment of all fees and expenses of the Authority or the Trustee in connection with the lease of the 2006 Project to the City, together with all salaries and wages of employees, all expenses, compensation and indemnification of the Trustee payable by the Authority under the 2006 Indenture, all fees of auditors, accountants, attorneys or engineers, all insurance premiums, all taxes and all other necessary administrative costs of the Authority or charges required to be paid by it in order to maintain its existence or to comply with the terms of the 2006 Bonds or the 2006 Indenture or hereof. Such 2006 Additional Rental Payments shall be billed to the City by the Authority or by the Trustee from time to time, and all amounts so billed shall be due and payable by the City to the Authority or the Trustee, as designated in the bill to the City, within thirty (30) days after receipt of the bill by the City. The City reserves the right to audit billings for 2006 Additional

Rental Payments although exercise of such right shall in no way affect the duty of the City to make full and timely payment for all 2006 Additional Rental Payments.

SECTION 6.02. Prepayment of 2006 Base Rental Payments.

(a) The City may prepay, from eminent domain proceeds or net insurance proceeds received by it pursuant to Section 9.01 of the Master Project Lease, all or any portion of the principal components of 2006 Base Rental Payments then unpaid, as a whole on any date or in part on any date in integral multiples of five thousand dollars (\$5,000) so that the aggregate annual amounts of principal components of 2006 Base Rental Payments which shall be payable after such prepayment date shall each be in an integral multiple of five thousand dollars (\$5,000) and shall be as nearly proportional as practicable to the aggregate annual amounts of principal components of 2006 Base Rental Payments then unpaid, at a prepayment price equal to the sum of the principal components prepaid plus accrued interest thereon to the date of prepayment, without a prepayment premium.

(b) [The City may prepay, from any source of available funds, all or any portion of the principal components of 2006 Base Rental Payments due on the Principal Payment Dates on or after December 1, 20__, as a whole on any date on or after December 1, 20__, or in part in such amounts in integral multiples of five thousand dollars (\$5,000) and from such series and maturities as are selected by the Treasurer of the City on any date on or after December 1, 20__, at a prepayment price equal to the sum of the principal components prepaid plus accrued interest thereon to the date of prepayment, without a prepayment premium.]

Before making any prepayment pursuant to this section, the City shall, within five (5) Business Days following the event creating such right or obligation to prepay, give written notice to the Authority and the Trustee describing such event and specifying the date on which the prepayment will be made, which date shall be not less than seventy-five (75) days from the date such notice is given.

SECTION 6.03. Reserve Account. The City agrees that, if ever the 2006 Series A Reserve Subaccount within the Reserve Account (as those terms are defined in the 2006 Indenture) is drawn upon below the 2006 Series A Reserve Requirement, the first 2006 Series A Base Rental Payments made thereafter shall be used to restore the 2006 Series A Reserve Subaccount to an amount equal to the 2006 Series A Reserve Requirement; provided, that after the 2006 Series A Bonds are no longer Outstanding (as that term is defined in the 2006 Indenture) under the 2006 Indenture, any balance of money remaining in the 2006 Series A Reserve Subaccount shall be transferred to such other fund or account of the City or shall be otherwise used by the City for any lawful purpose as the City may direct.

The City agrees that, if ever the 2006 Series B Reserve Subaccount (as that term is defined in the 2006 Indenture) within the Reserve Account is drawn upon below the 2006 Series B Reserve Requirement, the first 2006 Series B Base Rental Payments made thereafter shall be used to restore the 2006 Series B Reserve Subaccount to an amount equal to the 2006 Series B Reserve Requirement; provided, that after the 2006 Series B Bonds are no longer Outstanding (as that term is defined in the 2006 Indenture) under the 2006 Indenture, any balance of money remaining in the 2006 Series B Reserve Subaccount shall be transferred to

such other fund or account of the City or shall be otherwise used by the City for any lawful purpose as the City may direct.

ARTICLE VII

MISCELLANEOUS

SECTION 7.01. Notices. All written notices to be given hereunder shall be given by first class mail to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other parties in writing from time to time, namely:

If to the City and the Authority:

City of Sacramento
c/o City Treasurer
915 I Street
HCH, 3rd Floor #0900
Sacramento, California 95814-2704

with a copy to:

City Attorney
City of Sacramento
915 I Street, 4th Floor
Sacramento, California 95814-2704

If to the Trustee:

The Bank of New York Trust Company, N.A.
550 Kearny Street, Suite 600
San Francisco, California 94108
Attention: Corporate Trust Department
FAX: 415/399-1647

If to the Bond Insurer:

[To Come]

SECTION 7.02. Effect of Sixth Amendment to Master Project Lease. Except as herein otherwise expressly provided, the Master Project Lease and all agreements, conditions, covenants and terms contained therein shall remain in full force and effect, and are hereby approved, confirmed and ratified by the parties hereto; provided, that the leasing by the City to the Authority of the 2006 Site shall not effect or result in a merger of the City's leasehold estate pursuant hereto and its fee simple estate as lessor under the Master Site Lease, and the Authority shall continue to have and hold a leasehold estate in the 2006 Site pursuant to the Master Site Lease throughout the term thereof and the term hereof, and as to the 2006 Site, the Sixth Amendment to Master Project Lease shall be deemed and constitute a sublease; and

provided further, that in determining whether any amendment, consent or other action proposed to be taken under the Master Project Lease would adversely affect the security of the 2006 Bonds (or the rights of the registered owners thereof), the City and the Authority shall consider the effect of any such amendment, consent or other action as if there were no bond insurance securing the 2006 Bonds; and provided further, that the City agrees that (i) if it proceeds pursuant to Section 2.06 of the Master Project Lease to add an Additional Project to the Project, the real property that shall be so added shall be property that has been accepted by the City, and the Bond Insurer (as that term is defined in the 2006 Indenture) shall be provided with a copy of the certificate executed by the City in accordance with such Section 2.06, (ii) such Bond Insurer shall have the right to give notice of covenant defaults under Section 12.01 of the Master Project Lease, and any such notice shall have the same force and effect hereunder as if it came from the Authority or the Trustee, (iii) the City may not terminate the Master Project Lease as a remedy for a default by the Authority thereunder, and (iv) a default under the Master Project Lease shall constitute an Event of Default under the 2006 Indenture.

SECTION 7.03. Execution. The Sixth Amendment to Master Project Lease may be executed and entered into in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed and entered into the Sixth Amendment to Master Project Lease by their officers thereunto duly authorized as of the day and year first written above.

SACRAMENTO CITY FINANCING
AUTHORITY

By _____
Thomas P. Friery
Treasurer

ATTEST:

Assistant Secretary

CITY OF SACRAMENTO

By _____
Thomas P. Friery
City Treasurer

(SEAL)

ATTEST:

City Clerk

APPROVED AS TO FORM:

City Attorney

EXHIBIT A

Description of the 2006 Site

All those certain parcels of real property in the City of Sacramento, the County of Sacramento, the State of California, described as follows:

[TO COME]

EXHIBIT B

Description of the Site after the Addition of the 2006 Site

All those certain parcels of real property in the City of Sacramento, the County of Sacramento, the State of California, described as follows:

[TO COME]

EXHIBIT C

2006 Base Rental Payment Schedule

<u>2006 Base Rental Payment Date</u>	<u>Principal Component Related to 2006 Series A Base Rental Payments</u>	<u>Interest Component Related to 2006 Series A Base Rental Payments</u>	<u>Principal Component Related to 2006 Series B Base Rental Payments</u>	<u>Interest Component Related to 2006 Series B Base Rental Payments</u>	<u>Total 2006 Base Rental Payments</u>
--	--	---	--	---	--

<u>2006 Base Rental</u> <u>Payment Date</u>	<u>Principal</u> <u>Component Related to</u> <u>2006 Series A</u> <u>Base Rental Payments</u>	<u>Interest</u> <u>Component Related to</u> <u>2006 Series A</u> <u>Base Rental Payments</u>	<u>Principal</u> <u>Component Related to</u> <u>2006 Series B</u> <u>Base Rental Payments</u>	<u>Interest</u> <u>Component Related to</u> <u>2006 Series B</u> <u>Base Rental Payments</u>	<u>Total 2006 Base</u> <u>Rental Payments</u>
--	--	---	--	---	--

EXHIBIT D

Description of the 2006 CRCIP Projects

[TO COME]

[ATTACH NOTARY FORMS]

When Recorded Return to:

Sean B. Mick, Project Manager
Orrick, Herrington & Sutcliffe LLP
400 Capitol Mall
Suite 3000
Sacramento, CA 95814

FIFTH AMENDMENT TO MASTER SITE LEASE

by and between the

CITY OF SACRAMENTO

and the

SACRAMENTO CITY FINANCING AUTHORITY

RELATING TO THE

CITY OF SACRAMENTO
2006 CRCIP PROJECTS

Executed and Entered Into as of June 1, 2006

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FIFTH AMENDMENT TO MASTER SITE LEASE

This Fifth Amendment to Master Site Lease (the "Fifth Amendment to Master Site Lease"), executed and entered into as of June 1, 2006, by and between the City of Sacramento, a municipal corporation duly organized and existing under and by virtue of the Constitution and laws of the State of California (the "City"), and the Sacramento City Financing Authority, a joint exercise of powers authority duly organized and existing under and by virtue of the laws of the State of California (the "Authority");

WITNESSETH:

WHEREAS, the City and the Authority duly executed and entered into a Master Site Lease (the "Master Site Lease") as of December 1, 1999, that was recorded on December 14, 1999, in Book 1991214 of the Official Records of Sacramento County, at Page 1004, whereby the City leased to the Authority those certain parcels of real property described therein (the "1999 Site"); and

WHEREAS, the Authority and the City thereafter duly executed and entered into a Master Project Lease (the "Master Project Lease") as of December 1, 1999, that was recorded on December 14, 1999, in Book 1991214 of the Official Records of Sacramento County, at Page 1005, whereby the Authority and the City determined that it was in the best interests of the City and the residents of the City and the Redevelopment Agency of the City of Sacramento (the "Agency") for the Authority to assist the City and the Agency by financing the acquisition and construction of certain capital improvement projects for the City and by financing the acquisition of certain loan obligations of the Agency so that the Agency can undertake redevelopment activities for the benefit of the City, and the Authority leased the 1999 Site to the City, together with the improvements located thereon (the "1999 Project"); and

WHEREAS, pursuant to the Master Project Lease, the Authority may from time to time finance or refinance the acquisition and construction of additional capital improvement projects for the citizens of the City and may finance the acquisition of additional loan obligations of the Agency so that the Agency can undertake redevelopment activities for the benefit of the City, (A) by the City leasing additional parcels of real property (each an "Additional Site") to the Authority as provided in the Master Site Lease, and (B) by the Authority leasing such additional parcels of real property, together with the improvements then located thereon or to be acquired and constructed thereon (each an "Additional Project") to the City; and

WHEREAS, pursuant to an Amendment to Master Site Lease (the "Amendment to Master Site Lease") executed and entered into as of July 1, 2000, by and between the City and the Authority that was recorded on July 25, 2000, in Book 20000725 of the Official Records of Sacramento County, at Page 1311, and an Amendment to Master Project Lease (the "Amendment to Master Project Lease") executed and entered into as of July 1, 2000, by and between the Authority and the City that was recorded on July 25, 2000, in Book 20000725 of the Official Records of Sacramento County, at Page 1312, the Authority and the City provided for the financing of the acquisition and construction of certain additional capital improvement projects for the City by the City leasing additional parcels of real property (the "2000 Site") to

the Authority and the Authority leasing such additional parcels of real property, together with the improvements located thereon (the "2000 Project"), to the City; and

WHEREAS, pursuant to a Second Amendment to Master Site Lease (the "Second Amendment to Master Site Lease") executed and entered into as of April 1, 2001, by and between the City and the Authority that was recorded on April 24, 2001, in Book 20010424 of the Official Records of Sacramento County, at Page 1415, and a Second Amendment to Master Project Lease (the "Second Amendment to Master Project Lease") executed and entered into as of April 1, 2001, by and between the Authority and the City that was recorded on April 24, 2001, in Book 20010424 of the Official Records of Sacramento County, at Page 1416, the Authority and the City provided for the financing of the acquisition and construction of certain additional capital improvement projects for the City by the City leasing additional parcels of real property (the "2001 Site") to the Authority and the Authority leasing such additional parcels of real property, together with the improvements located thereon (the "2001 Project") to the City; and

WHEREAS, pursuant to a Third Amendment to Master Site Lease (the "Third Amendment to Master Site Lease") executed and entered into as of July 1, 2002, by and between the City and the Authority that was recorded on July 1, 2002, in Book 20020701 of the Official Records of Sacramento County, at Page 1649, and a Third Amendment to Master Project Lease (the "Third Amendment to Master Project Lease") executed and entered into as of July 1, 2002, by and between the Authority and the City that was recorded on July 1, 2002, in Book 20020701 of the Official Records of Sacramento County, at Page 1650, the Authority and the City provided for the financing of the acquisition and construction of certain additional capital improvement projects for the City and for the financing of the acquisition of certain loan obligations of the Agency by the City leasing additional parcels of real property (the "2002A Site") to the Authority and the Authority leasing such additional parcels of real property, together with the improvements located thereon (the "2002A Project") to the City; and

WHEREAS, pursuant to a Fourth Amendment to Master Site Lease (the "Fourth Amendment to Master Site Lease") executed and entered into as of September 1, 2003, by and between the City and the Authority that was recorded on September 29, 2003, in Book 20030929 of the Official Records of Sacramento County, at Page 2762, and a Fourth Amendment to Master Project Lease (the "Fourth Amendment to Master Project Lease") executed and entered into as of September 1, 2003, by and between the Authority and the City that was recorded on September 29, 2003, in Book 20030929 of the Official Records of Sacramento County, at Page 2763, the Authority and the City provided for the financing of the acquisition and construction of certain additional capital improvement projects for the City by the City leasing additional parcels of real property (the "2003 Site") to the Authority and the Authority leasing such additional parcels of real property, together with the improvements located thereon (the "2003 Project") to the City; and

WHEREAS, pursuant to a Fifth Amendment to Master Project Lease (the "Fifth Amendment to Master Project Lease") executed and entered into as of June 1, 2005, by and between the Authority and the City that was recorded on July 11, 2005, in Book 20050711 of the Official Records of Sacramento County, at Page 498, the Authority and the City provided for the refunding of a portion of the Sacramento City Financing Authority 1999 Capital Improvement Revenue Bonds (Solid Waste and Redevelopment Projects), all of the Sacramento City

Financing Authority 2000 Capital Improvement Revenue Bonds (City of Sacramento 2000 Public Safety and Parking Improvements), and a portion of Sacramento City Financing Authority 2001 Capital Improvement Revenue Bonds (Water and Capital Improvement Projects) and the Sacramento City Financing Authority 2002 Revenue Bonds, Series A (City Hall and Redevelopment Projects) by amendment and restatement of the 1999 Base Rental Payments, the 2001 Base Rental Payments and the 2002A Base Rental Payments (as defined below); and

WHEREAS, the City is obligated under the Master Project Lease to make scheduled base rental payments (the "1999 Base Rental Payments") and additional rental payments (the "1999 Additional Rental Payments") to the Authority for the lease of the 1999 Project by the Authority to the City, and the City is obligated under the Amendment to Master Project Lease to make scheduled base rental payments (the "2000 Base Rental Payments") and additional rental payments (the "2000 Additional Rental Payments") to the Authority for the lease of the 2000 Project by the Authority to the City, and the City is obligated under the Second Amendment to Master Project Lease to make scheduled base rental payments (the "2001 Base Rental Payments") and additional rental payments (the "2001 Additional Rental Payments") to the Authority for the lease of the 2001 Project by the Authority to the City, and the City is obligated under the Third Amendment to Master Project Lease to make scheduled base rental payments (the "2002A Base Rental Payments") and additional rental payments (the "2002A Additional Rental Payments") to the Authority for the lease of the 2002A Project by the Authority to the City, and the City is obligated under the Fourth Amendment to Master Project Lease to make scheduled base rental payments (the "2003 Base Rental Payments") and additional rental payments (the "2003 Additional Rental Payments") to the Authority for the lease of the 2003 Project by the Authority to the City, and the City is obligated under the Fifth Amendment to Master Project Lease to make scheduled base rental payments (the "2005 Base Rental Payments") and additional rental payments (the "2005 Additional Rental Payments") to the Authority for the lease of the Project by the Authority to the City; and

WHEREAS, the Authority and the City have determined to finance the acquisition and construction of additional municipal projects for the citizens of the City constituting [a variety of capital improvements identified within the City's Community Reinvestment Capital Improvement Program ("CRCIP"), as more fully described in Exhibit C attached hereto] and other municipal improvements (or any other municipal project for the citizens of the City substituted therefor) (comprising "Additional Improvements" under the Master Project Lease, and herein the "2006 CRCIP Projects"); and

WHEREAS, in order to finance the acquisition and construction of the 2006 CRCIP Projects for the citizens of the City, (A) the City will lease to the Authority, pursuant to the Fifth Amendment to Master Site Lease, those certain parcels of real property (the "2006 Site") more particularly described in Exhibit A attached hereto and incorporated herein and made a part hereof, which, together with the 1999 Site, the 2000 Site, the 2001 Site, the 2002A Site and the 2003 Site, will thereafter constitute the "Site" (as more particularly described in Exhibit B attached hereto and incorporated herein and made a part hereof) as provided in the Master Site Lease, and (B) the Authority will lease to the City, pursuant to the Sixth Amendment to Master Project Lease, the 2006 Site, together with the improvements located thereon (the "2006 Project"), which, together with the 1999 Project, the 2000 Project, the 2001 Project, the 2002A

Project and the 2003 Project, will thereafter constitute the "Project" as provided in the Master Project Lease; and

WHEREAS, pursuant to the Sixth Amendment to Master Project Lease, the City will become obligated thereunder to make additional scheduled base rental payments (the "2006 Base Rental Payments"), which, together with the 1999 Base Rental Payments, the 2000 Base Rental Payments, the 2001 Base Rental Payments, the 2002A Base Rental Payments, the 2003 Base Rental Payments and the 2005 Base Rental Payments, will constitute the "Base Rental Payments" as provided in the Master Project Lease and additional rental payments (the "2006 Additional Rental Payments"), which, together with the 1999 Additional Rental Payments, the 2000 Additional Rental Payments, the 2001 Additional Rental Payments, the 2002A Additional Rental Payments, the 2003 Additional Rental Payments and the 2005 Additional Rental Payments, will constitute the "Additional Rental Payments" as provided in the Master Project Lease, to the Authority for the lease of the 2006 Project to the City; and

WHEREAS, the City and the Authority hereby certify that all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of the Fifth Amendment to Master Site Lease do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into the Fifth Amendment to Master Site Lease;

NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES AND OF THE MUTUAL AGREEMENTS AND COVENANTS CONTAINED HEREIN AND FOR OTHER VALUABLE CONSIDERATION, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS:

SECTION 1. Leased Premises. The City hereby leases to the Authority and the Authority hereby hires from the City, on the terms and conditions set forth herein and in the Master Site Lease, the Amendment to Master Site Lease, the Second Amendment to Master Site Lease, the Third Amendment to Master Site Lease and the Fourth Amendment to Master Site Lease, those certain parcels of real property more particularly described in Exhibit A attached hereto and incorporated herein and made a part hereof (constituting the 2006 Site), which, together with the 1999 Site, the 2000 Site, the 2001 Site, the 2002A Site and the 2003 Site, will, on the date of commencement hereof, constitute the Site under the Master Site Lease (as more particularly described in Exhibit B attached hereto and incorporated hereof and made a part hereof).

SECTION 2. Term of the Master Site Lease. If on December 1, 20__, all 2006 Base Rental Payments and the interest accrued thereon and all 2006 Additional Rental Payments and the interest accrued thereon and all fees and expenses of the Trustee (as that term is defined in the Indenture (the "Indenture") dated as of June 1, 2006, by and between the Authority and The Bank of New York Trust Company, N.A., as Trustee (the "Trustee") relating to the Authority's 2006 Capital Improvement Revenue Bonds, Series A (Community Reinvestment Capital Improvement Program) (the "Series A Bonds") and 2006 Taxable Capital Improvement Revenue Bonds, Series B (Community Reinvestment Capital Improvement Program) (the "Series B Bonds" and, collectively with the Series A Bonds, the "Bonds")) shall not have been

fully paid pursuant to the Master Project Lease, or if any 2006 Base Rental Payments shall have been abated such that any of the Bonds otherwise payable from such abated 2006 Base Rental Payments shall not have been fully paid in accordance with the terms of the Indenture, then the term of the Master Site Lease shall (subject to Section 14 of the Master Site Lease) be extended until the earlier of (i) the date on which all such payments and all such Bonds have been fully paid pursuant to the Master Project Lease and the Indenture; or (ii) December 1, 20__; provided, that if prior to December 1, 20__, all such payments shall have been fully paid, the term of the Master Site Lease shall (subject to Section 14 of the Master Site Lease) end on the date of such payment.

SECTION 3. Rental. The Authority shall pay to the City, on the date of commencement hereof, as and for the total rental payable hereunder, the sum of one dollar (\$1.00).

SECTION 4. Effect of Amendment. Except as in the Fifth Amendment to Master Site Lease otherwise provided, the Master Site Lease (as amended by the Amendment to Master Site Lease, the Second Amendment to Master Site Lease, the Third Amendment to Master Site Lease and the Fourth Amendment to Master Site Lease) and all agreements, conditions, covenants and terms contained or defined therein shall remain in full force and effect, and are hereby approved, confirmed and ratified by the parties hereto, and all terms which are defined in the Master Site Lease shall (except as otherwise provided herein) have the same definitions, respectively, in the Fifth Amendment to Master Site Lease that are given to such terms in the Master Site Lease.

SECTION 5. Execution. The Fifth Amendment to Master Site Lease may be executed and entered into in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed and entered into the Fifth Amendment to Master Site Lease by their officers thereunto duly authorized as of the day and year first above written.

CITY OF SACRAMENTO

By _____
Thomas P. Friery
City Treasurer

(SEAL)

ATTEST:

City Clerk

APPROVED AS TO FORM:

City Attorney

SACRAMENTO CITY FINANCING AUTHORITY

By _____
Thomas P. Friery
Treasurer

ATTEST:

Assistant Secretary

EXHIBIT A

Description of the 2006 Site

All those certain parcels of real property in the City of Sacramento, the County of Sacramento, the State of California, described as follows:

[TO COME]

EXHIBIT B

Description of the Site after the Addition of the 2006 Site

All those certain parcels of real property in the City of Sacramento, the County of Sacramento, the State of California, described as follows:

[TO COME]

EXHIBIT C

Description of the 2006 CRCIP Projects

[TO COME]

[ATTACH NOTARY FORMS]