

SAB&W llp
Draft of 5/24/05

**CONTINUING DISCLOSURE CERTIFICATE
(AGENCY)**

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Redevelopment Agency of the City of Sacramento (the "Agency") in connection with the issuance by the Sacramento City Financing Authority (the "Issuer") of \$ _____ Sacramento City Financing Authority 2005 Refunding Revenue Bonds (Solid Waste, Redevelopment and Master Lease Program Facilities) (the "Bonds"). The Bonds are being issued pursuant to an Indenture, dated as of June 1, 2005, by and between the Issuer and The Bank of New York Trust Company, N.A., as trustee (the "Trustee") (the "Indenture"). The Agency, the City of Sacramento (the "City") and the Issuer have entered into a First Amendment to Del Paso Heights Loan Agreement, dated as of June 1, 2005 (the "Amendment to Loan Agreement"), amending that certain Loan Agreement, dated as of December 1, 1999 (the "Loan Agreement"), by and among the Agency, the City and the Issuer, relating to the Agency's Del Paso Height Redevelopment Project (the "Redevelopment Project") and in connection therewith, the Agency covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Agency for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5). The Agency acknowledges that the Issuer has undertaken no responsibility with respect to any reports, notices or disclosures provided or required pursuant to this Certificate, and has no liability to any person, including any holder of the Bonds, with respect to any such reports, notices or disclosures.

Section 2. Definitions. In addition to the definitions set forth in the Indenture and the Amendment to Loan Agreement, 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 Agency pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"**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 (the "SEC") as an intermediary through which issuers may, in compliance with the Rule, make filings required by this Disclosure Certificate.

"**Dissemination Agent**" shall mean _____, or any successor Dissemination Agent designated in writing by the Agency and which has filed with the Agency and the Trustee 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.

“Official Statement” means the Official Statement, dated _____, 2005, relating to the Bonds.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with 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 Repository” shall mean any public or private repository or entity designated by the State of California as a state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Agreement, there is no State Repository.

Section 3. Provision of Annual Reports.

(a) The Agency shall, or upon written direction shall cause the Dissemination Agent to, not later than the last day of the ninth (9th) month (currently September 30) after the end of the Agency’s fiscal year (which currently ends December 31), commencing with the report for the Fiscal Year ending December 31, 2005, provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than fifteen (15) Business Days prior to said date, the Agency shall provide the Annual Report to the Dissemination Agent (if other than the Agency). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Agency 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 not available by that date. If the Agency’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 Agency shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by it hereunder. The Dissemination Agent may conclusively rely upon such certification of the Agency and shall have no duty or obligation to review such Annual Report. The Agency reserves the right to make this filing through the Central Post Office.

(b) If the Agency is unable to provide to the Repositories an Annual Report by the date required in subsection (a), the Agency shall send a notice to the Municipal Securities Rulemaking Board and any appropriate State Repository 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 each State Repository, if any; and

(ii) if the Dissemination Agent is other than the Agency, and such information is available to it, file a report with the Agency 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 Agency's Annual Report shall contain or incorporate by reference the following:

(a) Audited Financial Statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Agency's audited financial statements are not available by 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 final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) A table showing the historical assessed values and tax increment revenues of properties located within the Redevelopment Project for the five most recent years for which such information is then available in a format similar to that set forth in the table in the Official Statement designated "Historical Taxable Values and Tax Revenues";

(c) A table showing the ten largest payers of secured property taxes in the Redevelopment Project for the most recent year for which such information is then available in a format similar to that set forth in the table in the Official Statement designated "Ten Largest Assesseees";

(d) With respect to then pending appeals of assessed valuation of property within the Redevelopment Project, a description of any such appeals by the ten largest assesseees in such Redevelopment Project; and

(e) A description of outstanding indebtedness payable from Tax Revenues with respect to the Redevelopment Project.

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 Agency 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 Agency 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 Agency 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) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions or events affecting the tax-exempt status of the security.
- (7) Modifications to rights of security holders.
- (8) Contingent or uncheduled bond calls.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities.
- (11) Rating changes.

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

(c) If the Agency determines that knowledge of the occurrence of a Listed Event would be material under applicable Federal securities law, the Agency shall promptly file a notice of such occurrence with the Municipal Securities Rulemaking Board and each State Repository, if any. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) 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 Agency reserves the right to make such notices to of significant event filings through the Central Post Office.

Section 6. Termination of Reporting Obligation. The Agency'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 Agency shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 7. Dissemination Agent. The Agency 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 initial Dissemination Agent shall be _____ . The Dissemination Agent may resign as Dissemination Agent by providing thirty days written notice to the Agency and the Trustee. The Dissemination Agent shall not be responsible for the content of any report or notice prepared by the Agency. The Dissemination Agent shall have no duty to prepare any information report nor shall the Dissemination Agent be responsible for filing any report not provided to it by the Agency in a timely manner and in a form suitable for filing.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Agency may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived (provided no amendment that modifies or increases its duties or obligations of the Dissemination Agent shall be effective without the consent of the Dissemination Agent), 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 type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner 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.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the Agency to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the

accounting principles shall be sent to the Repositories in the same manner as for a Listed Event under Section 5(c).

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Agency 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 Agency 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 Agency shall have no obligation under this Agreement 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 Agency to comply with any provision of this Disclosure Certificate, any Participating Underwriter or 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 Agency 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 or the Loan Agreement, and the sole remedy under this Disclosure Certificate in the event of any failure of the Agency 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 Agency agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which 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 Dissemination Agent shall be paid compensation by the Agency for its services provided hereunder in accordance with its schedule of fees as amended from time to time and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the Agency, the Issuer, the Bond holders, or any other party. Other than in the case of negligence or willful misconduct of the Dissemination Agent, the Dissemination Agent shall not have any liability to the Bondholders or any other party for any monetary damages or financial liability of any kind whatsoever related to or arising from any breach of any obligation of the Dissemination Agent. The obligations of the Agency 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 Agency, the Dissemination Agent, 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.

Dated: _____, 2005

REDEVELOPMENT AGENCY OF THE
CITY OF SACRAMENTO

By: _____
Executive Director

ACCEPTANCE OF
DISSEMINATION AGENT:

The undersigned hereby accepts the designation of Dissemination Agent and agrees to further the duties set forth in Section 3(c) of the foregoing Continuing Disclosure Certificate.

By: _____
Authorized Signatory

Dated: _____, 2005

EXHIBIT A

NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Sacramento City Financing Authority
Name of Bond Issue: Sacramento City Financing Authority
2005 Refunding Revenue Bonds
(Solid Waste, Redevelopment and Master Lease Program Facilities)
Date of Issuance: _____, 2005

NOTICE IS HEREBY GIVEN that the Redevelopment Agency of the City of Sacramento has not provided an Annual Report with respect to the above-named Bonds as required by Section 4.09 of the Indenture dated as of _____, 2005, between the Sacramento City Financing Authority, as issuer (the "Issuer"), and The Bank of New York Trust Company, N.A. The Agency anticipates that the Annual Report will be filed by _____.

Dated: _____

REDEVELOPMENT AGENCY OF THE
CITY OF SACRAMENTO

By: