

[Draft of 23 May 2005]

ESCROW AGREEMENT

by and between the

SACRAMENTO CITY FINANCING AUTHORITY

and

THE BANK OF NEW YORK TRUST COMPANY, N.A.,
as Escrow Agent

Dated as of June 1, 2005

RELATING TO THE

SACRAMENTO CITY FINANCING AUTHORITY
1999 CAPITAL IMPROVEMENT REVENUE BONDS
(SOLID WASTE AND REDEVELOPMENT PROJECTS)

AND THE

SACRAMENTO CITY FINANCING AUTHORITY
2000 CAPITAL IMPROVEMENT REVENUE BONDS
(CITY OF SACRAMENTO 2000 PUBLIC SAFETY
AND PARKING IMPROVEMENTS)

AND THE

SACRAMENTO CITY FINANCING AUTHORITY
2001 CAPITAL IMPROVEMENT REVENUE BONDS
(WATER AND CAPITAL IMPROVEMENT PROJECTS)

AND THE

SACRAMENTO CITY FINANCING AUTHORITY
2002 CAPITAL IMPROVEMENT REVENUE BONDS, SERIES A
(CITY HALL AND REDEVELOPMENT PROJECTS)

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ESCROW AGREEMENT

This Escrow Agreement (the "Escrow Agreement"), dated as of June 1, 2005, by and between the Sacramento City Financing Authority, a joint exercise of powers authority duly organized and existing under the laws of the State of California (the "Authority"), and 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, (1) as successor Trustee under the Indenture dated as of December 1, 1999 (the "1999 Indenture") by and between the Authority and BNY Western Trust Company, as original Trustee (the "Original Trustee") relating to the Sacramento City Financing Authority 1999 Capital Improvement Revenue Bonds (Solid Waste and Redevelopment Projects), (2) as successor Trustee under the Indenture dated as of July 1, 2000 (the "2000 Indenture") by and between the Authority and the Original Trustee relating to the Sacramento City Financing Authority 2000 Capital Improvement Revenue Bonds (City of Sacramento 2000 Public Safety and Parking Improvements), (3) as successor Trustee under the Indenture dated as of _____, 2001 (the "2001 Indenture") by and between the Authority and the Original Trustee relating to the Sacramento City Financing Authority 2001 Capital Improvement Revenue Bonds (Water and Capital Improvement Projects) and (4) as successor Trustee under the Indenture dated as of _____, 2002 (the "2002 Indenture") relating to the Sacramento City Financing Authority 2002 Capital Improvement Revenue Bonds, Series A (City Hall and Redevelopment Projects), and having a corporate trust office in San Francisco, California, and being qualified to accept and administer the trust hereby created (the "Escrow Agent");

WITNESSETH:

WHEREAS, the Authority duly issued \$71,180,000 aggregate principal amount of its Sacramento City Financing Authority 1999 Capital Improvement Revenue Bonds (Solid Waste and Redevelopment Projects) (the "1999 Bonds") under the terms of the 1999 Indenture, the unmatured principal amount of which 1999 Bonds (being \$ _____) is currently outstanding; and

WHEREAS, the Authority duly issued \$40,745,000 aggregate principal amount of its Sacramento City Financing Authority 2000 Capital Improvement Revenue Bonds (City of Sacramento 2000 Public Safety and Parking Improvements) (the "2000 Bonds") under the terms of the 2000 Indenture, the unmatured principal amount of which 2000 Bonds (being \$ _____) is currently outstanding; and

WHEREAS, the Authority duly issued \$ _____ aggregate principal amount of its Sacramento City Financing Authority 2001 Capital Improvement Revenue Bonds (Water and Capital Improvement Projects) (the "2001 Bonds") under the terms of the 2001 Indenture, the unmatured principal amount of which 2001 Bonds (being \$ _____) is currently outstanding; and

WHEREAS, the Authority duly issued \$ _____ aggregate principal amount of its Sacramento City Financing Authority 2002 Capital Improvement Revenue Bonds, Series A (City Hall and Redevelopment Projects) (the "2002 Bonds") under the terms of the 2002 Indenture, the unmatured principal amount of which 2002 Bonds (being \$ _____) is

currently outstanding; and

WHEREAS, the Authority has determined to refund (1) [the entire] [a portion of the] outstanding principal amount of the 1999 Bonds [with stated maturity dates of [to come]] (the "Refunded 1999 Bonds") in accordance with the terms of the 1999 Indenture, (2) to refund [the entire] [a portion of the] outstanding principal amount of the 2000 Bonds [with stated maturities of [to come]] (the "Refunded 2000 Bonds") in accordance with the 2000 Indenture, (3) to refund [the entire] [a portion of the] outstanding principal amount of the 2001 Bonds [with stated maturities of [to come]] (the "Refunded 2001 Bonds") in accordance with the 2001 Indenture and (4) to refund [the entire] [a portion of the] outstanding principal amount of the 2002 Bonds [with stated maturities of [to come]] (the "Refunded 2002 Bonds," and collectively with the Refunded 1999 Bonds, the Refunded 2000 Bonds and the Refunded 2001 Bonds, the "Refunded Bonds") in accordance with the terms of the 2002 Indenture from a portion of the proceeds of sale of the Sacramento City Financing Authority 2005 Refunding Revenue Bonds (Solid Waste, Redevelopment and Master Lease Program Facilities) (the "Refunding Bonds") issued under the terms of an indenture dated as of June 1, 2005 (the "Indenture") by and between the City and The Bank of New York Trust Company, N.A., as Trustee; and

WHEREAS, in order to implement the foregoing, the Authority has taken action to cause to be delivered to the Escrow Agent on the date hereof certain of the proceeds of sale of the Refunding Bonds and other funds, as follows:

(a) for deposit in the 1999 Bonds Escrow Fund (hereinafter in Section 1(a) hereof referred to) the sum of \$_____, which sum will be used by the Escrow Agent to purchase those certain United States Treasury obligations (the "1999 Bonds Escrow Securities") listed in Schedule I attached hereto and made a part hereof, the interest on and principal of which 1999 Bonds Escrow Securities, together with the unexpended money from such initial deposit into the 1999 Bonds Escrow Fund, will be sufficient, as certified by _____, Certified Public Accountants, to provide for (1) the payment on and prior to December 1, 2009, of the interest on and principal of the Refunded 1999 Bonds as such interest and principal becomes due and payable on such dates, and (2) the redemption on December 1, 2009, of all outstanding Refunded 1999 Bonds becoming due and payable on and after December 1, 2010, at a redemption price of one hundred two per cent (102%) of the principal amount thereof; and

(b) for deposit in the 2000 Bonds Escrow Fund (hereinafter in Section 1(b) hereof referred to) the sum of \$_____, which sum will be used by the Escrow Agent to purchase those certain United States Treasury obligations (the "2000 Bonds Escrow Securities") listed in Schedule II attached hereto and made a part hereof, the interest on and principal of which 2000 Bonds Escrow Securities, together with the unexpended money from such initial deposit into the 2000 Bonds Escrow Fund, will be sufficient, as certified by _____, Certified Public Accountants, to provide for (1) the payment on and prior to June 1, 2010, of the interest on and principal of the Refunded 2000 Bonds as such interest and principal becomes due and payable on such dates, and (2) the redemption on June 1, 2010, of all outstanding Refunded 2000

Bonds becoming due and payable on and after June 1, 2011, at a redemption price of one hundred one per cent (101%) of the principal amount thereof; and

(c) for deposit in the 2001 Bonds Escrow Fund (hereinafter in Section 1(c) hereof referred to) the sum of \$_____, which sum will be used by the Escrow Agent to purchase those certain United States Treasury obligations (the "2001 Bonds Escrow Securities") listed in Schedule III attached hereto and made a part hereof, the interest on and principal of which 2001 Bonds Escrow Securities, together with the unexpended money from such initial deposit into the 2001 Bonds Escrow Fund, will be sufficient, as certified by _____, Certified Public Accountants, to provide for (1) the payment on and prior to _____ 1, ____, of the interest on and principal of the Refunded 2001 Bonds as such interest and principal becomes due and payable on such dates, and (2) the redemption on _____ 1, ____, of all outstanding Refunded 2001 Bonds becoming due and payable on and after _____ 1, ____, at a redemption price of one hundred _____ per cent (10_%) of the principal amount thereof; and

(d) for deposit in the 2002 Bonds Escrow Fund (hereinafter in Section 1(d) hereof referred to) the sum of \$_____, which sum will be used by the Escrow Agent to purchase those certain United States Treasury obligations (the "2002 Bonds Escrow Securities," and collectively with the 1999 Bonds Escrow Securities, the 2000 Bonds Escrow Securities and the 2001 Bonds Escrow Securities, the "Escrow Securities") listed in Schedule IV attached hereto and made a part hereof, the interest on and principal of which 2002 Bonds Escrow Securities, together with the unexpended money from such initial deposit into the 2002 Bonds Escrow Fund, will be sufficient, as certified by _____, Certified Public Accountants, to provide for (1) the payment on and prior to _____ 1, ____, of the interest on and principal of the Refunded 2002 Bonds as such interest and principal becomes due and payable on such dates, and (2) the redemption on _____ 1, ____, of all outstanding Refunded 2002 Bonds becoming due and payable on and after _____ 1, ____, at a redemption price of one hundred _____ per cent (10_%) of the principal amount thereof; and

WHEREAS, the provisions of the 1999 Indenture, the 2000 Indenture, the 2001 Indenture and the 2002 Indenture are incorporated herein by reference as if set forth herein in full;

NOW, THEREFORE, the Authority and the Escrow Agent hereby agree as follows:

Section 1. Establishment and Maintenance of the Escrow Funds.

(a) The Escrow Agent agrees to establish and maintain the 1999 Bonds Escrow Fund (the "1999 Bonds Escrow Fund"), which shall be maintained until all Refunded 1999 Bonds have been paid and redeemed as provided herein in Section 2(a) hereof, and to hold the 1999 Bonds Escrow Securities and the money (whether constituting the initial deposit in the 1999 Bonds Escrow Fund or constituting receipts on the 1999 Bonds Escrow Securities) in the 1999 Bonds Escrow Fund at all times as a separate trust account wholly segregated from all

other securities, investments or money held by it. All 1999 Bonds Escrow Securities and all money in the 1999 Bonds Escrow Fund are hereby irrevocably pledged to secure the payment and redemption of the Refunded 1999 Bonds as provided in Section 2(a) hereof; provided, that any money held in the 1999 Bonds Escrow Fund that is not used for the payment and redemption of the Refunded 1999 Bonds as provided in Section 2(a) hereof shall be repaid to the Authority free from the trust created by the Escrow Agreement.

(b) The Escrow Agent agrees to establish and maintain the 2000 Bonds Escrow Fund (the "2000 Bonds Escrow Fund"), which shall be maintained until all Refunded 2000 Bonds have been paid and redeemed as provided herein in Section 2(b) hereof, and to hold the 2000 Bonds Escrow Securities and the money (whether constituting the initial deposit in the 2000 Bonds Escrow Fund or constituting receipts on the 2000 Bonds Escrow Securities) in the 2000 Bonds Escrow Fund at all times as a separate trust account wholly segregated from all other securities, investments or money held by it. All 2000 Bonds Escrow Securities and all money in the 2000 Bonds Escrow Fund are hereby irrevocably pledged to secure the payment and redemption of the Refunded 2000 Bonds as provided in Section 2(b) hereof; provided, that any money held in the 2000 Bonds Escrow Fund that is not used for the payment and redemption of the Refunded 2000 Bonds as provided in Section 2(b) hereof shall be repaid to the Authority free from the trust created by the Escrow Agreement.

(c) The Escrow Agent agrees to establish and maintain the 2001 Bonds Escrow Fund (the "2001 Bonds Escrow Fund"), which shall be maintained until all Refunded 2001 Bonds have been paid and redeemed as provided herein in Section 2(c) hereof, and to hold the 2001 Bonds Escrow Securities and the money (whether constituting the initial deposit in the 2001 Bonds Escrow Fund or constituting receipts on the 2001 Bonds Escrow Securities) in the 2001 Bonds Escrow Fund at all times as a separate trust account wholly segregated from all other securities, investments or money held by it. All 2001 Bonds Escrow Securities and all money in the 2001 Bonds Escrow Fund are hereby irrevocably pledged to secure the payment and redemption of the Refunded 2001 Bonds as provided in Section 2(c) hereof; provided, that any money held in the 2001 Bonds Escrow Fund that is not used for the payment and redemption of the Refunded 2001 Bonds as provided in Section 2(c) hereof shall be repaid to the Authority free from the trust created by the Escrow Agreement.

(d) The Escrow Agent agrees to establish and maintain the 2002 Bonds Escrow Fund (the "2002 Bonds Escrow Fund," and collectively with the 1999 Bonds Escrow Fund, the 2000 Bonds Escrow Fund and the 2001 Bonds Escrow Fund, the "Escrow Funds"), which shall be maintained until all Refunded 2002 Bonds have been paid and redeemed as provided herein in Section 2(d) hereof, and to hold the 2002 Bonds Escrow Securities and the money (whether constituting the initial deposit in the 2002 Bonds Escrow Fund or constituting receipts on the 2002 Bonds Escrow Securities) in the 2002 Bonds Escrow Fund at all times as a separate trust account wholly segregated from all other securities, investments or money held by it. All 2002 Bonds Escrow Securities and all money in the 2002 Bonds Escrow Fund are hereby irrevocably pledged to secure the payment and redemption of the Refunded 2002 Bonds as provided in Section 2(d) hereof; provided, that any money held in the 2002 Bonds Escrow Fund that is not used for the payment and redemption of the Refunded 2002 Bonds as provided in Section 2(d) hereof shall be repaid to the Authority free from the trust created by the Escrow

Agreement.

Section 2. Payments from the Escrow Funds.

(a) The Escrow Agent is hereby irrevocably instructed to, and the Escrow Agent hereby agrees to, collect and deposit in the 1999 Bonds Escrow Fund the interest on and principal of all 1999 Bonds Escrow Securities held in the 1999 Bonds Escrow Fund promptly as such interest becomes due, and to use such interest, together with any other money deposited in the 1999 Bonds Escrow Fund, to provide for (1) the payment on and prior to December 1, 2009, of the interest on and principal of the Refunded 1999 Bonds as such interest and principal becomes due and payable on such dates, and (2) the redemption on December 1, 2009, of all outstanding Refunded 1999 Bonds becoming due and payable on and after December 1, 2010, at a redemption price of one hundred two per cent (102%) of the principal amount thereof; and

(b) The Escrow Agent is hereby irrevocably instructed to, and the Escrow Agent hereby agrees to, collect and deposit in the 2000 Bonds Escrow Fund the interest on and principal of all 2000 Bonds Escrow Securities held in the 2000 Bonds Escrow Fund promptly as such interest becomes due, and to use such interest, together with any other money deposited in the 2000 Bonds Escrow Fund, to provide for (1) the payment on and prior to June 1, 2010, of the interest on and principal of the Refunded 2000 Bonds as such interest and principal becomes due and payable on such dates, and (2) the redemption on June 1, 2010, of all outstanding Refunded 2000 Bonds becoming due and payable on and after June 1, 2011, at a redemption price of one hundred one per cent (101%) of the principal amount thereof.

(c) The Escrow Agent is hereby irrevocably instructed to, and the Escrow Agent hereby agrees to, collect and deposit in the 2001 Bonds Escrow Fund the interest on and principal of all 2001 Bonds Escrow Securities held in the 2001 Bonds Escrow Fund promptly as such interest becomes due, and to use such interest, together with any other money deposited in the 2001 Bonds Escrow Fund, to provide for (1) the payment on and prior to _____ 1, _____, of the interest on and principal of the Refunded 2001 Bonds as such interest and principal becomes due and payable on such dates, and (2) the redemption on _____ 1, _____, of all outstanding Refunded 2001 Bonds becoming due and payable on and after _____ 1, _____, at a redemption price of one hundred _____ per cent (10_%) of the principal amount thereof.

(d) The Escrow Agent is hereby irrevocably instructed to, and the Escrow Agent hereby agrees to, collect and deposit in the 2002 Bonds Escrow Fund the interest on and principal of all 2002 Bonds Escrow Securities held in the 2002 Bonds Escrow Fund promptly as such interest becomes due, and to use such interest, together with any other money deposited in the 2002 Bonds Escrow Fund, to provide for (1) the payment on and prior to _____ 1, _____, of the interest on and principal of the Refunded 2002 Bonds as such interest and principal becomes due and payable on such dates, and (2) the redemption on _____ 1, _____, of all outstanding Refunded 2002 Bonds becoming due and payable on and after _____ 1, _____, at a redemption price of one hundred _____ per cent (10_%) of the principal amount thereof.

Section 3. Substitution of Securities in the Escrow Funds. Upon telephonic (confirmed in writing) or written request of the Authority, and after receiving from the Authority an unqualified opinion of a nationally recognized bond counsel that such substitution will not

cause the Refunding Bonds to be "arbitrage bonds" as defined in Section 148 of the Internal Revenue Code of 1986 and the regulations of the United States Department of the Treasury issued thereunder, and will not result in the breach of any covenant of the Authority contained in the 1999 Indenture, the 2000 Indenture, the 2001 Indenture or the 2002 Indenture, and after receiving from the Authority a written report of a nationally recognized firm of independent certified public accountants to the effect that the substitute securities will mature in such principal amounts and earn interest in such amounts and at such times so that sufficient money will be available to provide for the payment and redemption of the Refunded 1999 Bonds from the 1999 Bonds Escrow Fund as provided in Section 2(a) hereof, the payment and redemption of the Refunded 2000 Bonds from the 2000 Bonds Escrow Fund as provided in Section 2(b) hereof, the payment and redemption of the Refunded 2001 Bonds from the 2001 Bonds Escrow Fund as provided in Section 2(c) hereof and the payment and redemption of the Refunded 2002 Bonds from the 2002 Bonds Escrow Fund as provided in Section 2(d) hereof as the case may be, the Escrow Agent shall sell, redeem or otherwise dispose of any securities in the 1999 Bonds Escrow Fund, the 2000 Bonds Escrow Fund, the 2001 Bonds Escrow Fund or the 2002 Bonds Escrow Fund if, but only if, there are substituted therefor, from the proceeds of such securities, other noncallable direct obligations of the United States of America or obligations the payment of the principal of and interest on which is guaranteed by a pledge of the full faith and credit of the United States of America. Any proceeds of the sale, redemption or other disposition of such securities in the 1999 Bonds Escrow Fund, the 2000 Bonds Escrow Fund, 2001 Bonds Escrow Fund or the 2002 Bonds Escrow Fund not needed for the foregoing substitution purpose shall be remitted to the Authority free from the trust created by the Escrow Agreement. The Escrow Agent shall not be liable or responsible for any loss resulting from any investment made pursuant to this section and in full compliance with the provisions hereof.

Section 4. Deficiencies in the Escrow Funds. If at any time it shall appear to the Escrow Agent that the money in the Escrow Funds will not be sufficient to make all payments required by Section 2, the Escrow Agent shall notify the Authority in writing as soon as reasonably practicable of such fact, stating the amount of such deficiency and the reason therefor, and the Authority shall use its best efforts to obtain and deposit with the Escrow Agent for deposit in the Escrow Funds, from any legally available moneys, such additional money as may be required to provide for the payment and redemption of the Refunded 1999 Bonds in accordance with the conditions and terms of the 1999 Indenture and hereof, to provide for the payment and redemption of the Refunded 2000 Bonds in accordance with the conditions and terms of the 2000 Indenture and hereof, to provide for the payment and redemption of the Refunded 2001 Bonds in accordance with the conditions and terms of the 2001 Indenture and hereof and to provide for the payment and redemption of the Refunded 2002 Bonds in accordance with the conditions and terms of the 2002 Indenture and hereof; provided, that the Escrow Agent shall in no event or manner be responsible for the failure of the Authority to make any such deposit.

Section 5. Notice of Redemption. The Escrow Agent agrees to give timely notice of the redemption of the Refunded 1999 Bonds in accordance with the 1999 Indenture, to give timely notice of the redemption of the Refunded 2000 Bonds in accordance with the 2000 Indenture, to give timely notice of the redemption of the Refunded 2001 Bonds in accordance with the 2001 Indenture and to give timely notice of the redemption of the Refunded 2002 Bonds

in accordance with the 2002 Indenture,.

Section 6. Compensation and Indemnification of the Escrow Agent.

(a) The Authority shall pay the Escrow Agent a fee for its services hereunder and shall reimburse the Escrow Agent for its out-of-pocket expenses (including but not limited to the fees and expenses, if any, of its counsel or accountants) incurred by the Escrow Agent in connection with these services, all as more particularly agreed upon by the Authority and the Escrow Agent; provided, that these fees and expenses shall in no event be deducted from the Escrow Funds, and the Escrow Agent has no lien or right of set-off against the Escrow Funds for payment of its fees.

(b) The Authority agrees to indemnify the Escrow Agent, its agents and its officers or employees for, and hold the Escrow Agent, its agents and its officers or employees harmless from, liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind (including, without limitation, reasonable fees and disbursements of counsel or accountants for the Escrow Agent) which may be imposed on, incurred by, or asserted against the Escrow Agent or such other party at any time by reason of its performance of Escrow Agent's services, in any transaction arising out of the Escrow Agreement or any of the transactions contemplated herein, unless due to the negligence or willful misconduct of the particular indemnified party. The provisions of this section shall survive the removal or resignation of the Escrow Agent

Section 7. Functions of the Escrow Agent.

(a) The Escrow Agent undertakes to perform only such duties as are expressly and specifically set forth in the Escrow Agreement and no implied duties or obligations shall be read into the Escrow Agreement against the Escrow Agent.

(b) The Escrow Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, and shall be protected and indemnified as stated in the Escrow Agreement, in acting, or refraining from acting, upon any written notice, instruction, request, certificate, document, report or opinion furnished to the Escrow Agent and reasonably believed by the Escrow Agent to have been signed or presented by the proper party, and it need not investigate any fact or matter stated in such notice, instruction, request, certificate, document, report or opinion.

(c) The Escrow Agent shall not have any liability hereunder except to the extent of its own negligence or willful misconduct. In no event shall the Escrow Agent be liable for any special, indirect or consequential damages, even if parties know of the possibility of such damages. The Escrow Agent shall have no duty or responsibility under the Escrow Agreement in the case of any default in the performance of covenants or agreements contained in the Indenture or in the case of the receipt of any written demand with respect to such default. The Escrow Agent is not required to resolve conflicting demands to money or property in its possession under the Escrow Agreement.

(d) The Escrow Agent may consult with counsel of its own choice (which

may be counsel to the Authority) and the opinion of such counsel shall be full and complete authorization to take or suffer in good faith any action in accordance with such opinion of counsel.

(e) The Escrow Agent shall not be responsible for any of the recitals or representations contained herein, in the 1999 Indenture, the 2000 Indenture, the 2001 Indenture, the 2002 Indenture or in the Indenture.

(f) The Escrow Agent may become the owner of, or acquire any interest in, any of the Refunded Bonds with the same rights that it would have if it were not the Escrow Agent, and may engage or be interested in any financial or other transaction with the Authority.

(g) The Escrow Agent shall not be liable for the accuracy of the calculations as to the sufficiency of the Escrow Securities and moneys to make the payments of the interest on and principal of and redemption premiums, if any, on the Refunded Bonds.

(h) The Escrow Agent shall not be liable for any action or omission of the Authority under the Escrow Agreement, the 1999 Indenture, the 2000 Indenture, the 2001 Indenture, the 2002 Indenture or the Indenture.

(i) Whenever in the administration of the trust of the Escrow Agreement the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or willful misconduct on the part of the Escrow Agent, be deemed to be conclusively proved and established by a Certificate of the Authority (as that term is defined in the 1999 Indenture, the 2000 Indenture, the 2001 Indenture and the 2002 Indenture), and such certification shall, in the absence of negligence or willful misconduct on the part of the Escrow Agent, be full warrant to the Escrow Agent for any action taken or suffered by it under the provisions of the Escrow Agreement upon the faith thereof.

(j) The Escrow Agent may at any time resign by giving written notice to the Authority of such resignation, whereupon the Authority shall promptly appoint a successor Escrow Agent by the resignation date. Resignation of the Escrow Agent will be effective sixty (60) days after notice of the resignation is given as stated above or upon appointment of a successor Escrow Agent, whichever first occurs. If the Authority does not appoint a successor Escrow Agent by the resignation effective date, the resigning Escrow Agent may petition any court of competent jurisdiction for the appointment of a successor Escrow Agent (or may deposit with the court the Escrow Securities and money or other property held by it in trust under the Escrow Agreement), which court may thereupon, after such notice, if any, as it may deem proper and prescribe and as may be required by law, appoint a successor Escrow Agent. After receiving a notice of resignation of an Escrow Agent, the Authority may appoint a temporary Escrow Agent to replace the resigning Escrow Agent until the Authority appoints a successor Escrow Agent. Any such temporary Escrow Agent so appointed by the Authority shall immediately and without further act be superseded by the successor Escrow Agent so appointed.

(k) The Escrow Agent will provide the Authority with annual statements of

the account maintained hereunder.

Section 8. Merger or Consolidation of the Escrow Agent. Any company into which the Escrow Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Escrow Agent may sell or transfer all or substantially all of its corporate trust business shall be the successor to the Escrow Agent and vested with all of the title to the Escrow Funds and all of the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

Section 9. Amendment of the Escrow Agreement. The Escrow Agreement may not be revoked or amended by the parties hereto unless there shall first have been filed with the Authority and the Escrow Agent (i) an unqualified opinion of a nationally recognized bond counsel that such amendment will not adversely affect the exclusion from gross income for federal income tax purposes of interest evidenced by the Refunded Bonds, and (ii) unless such amendment is not materially adverse to the interests of the registered owners of the Refunded Bonds, the written consent of the registered owners of all the Refunded Bonds.

Section 10. Notices. All notices and communications hereunder shall be in writing and shall be deemed to be duly given if received or sent by first class mail, as follows:

If to the Authority:

Sacramento City Financing Authority
926 J Street, Suite 300
Sacramento, CA 95814
Attention: Treasurer

If to the Escrow Agent:

The Bank of New York Trust Company, N.A.
550 Kearny Street, Suite 600
San Francisco, CA 94108
Attention: Corporate Trust Department

Section 11. Severability. If any section, paragraph, sentence, clause or provision of the Escrow Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, sentence, clause or provision shall not affect any of the remaining provisions of the Escrow Agreement.

Section 12. California Law. The Escrow Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of California.

Section 13. Execution. The Escrow Agreement may be executed in any number of counterparts, each of which shall for all purposes be deemed to be an original and all of which

shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the Authority and the Escrow Agent have each caused the Escrow Agreement to be executed in its name by its duly authorized officer all as of the day and year first above written.

SACRAMENTO CITY FINANCING AUTHORITY

By

Treasurer

THE BANK OF NEW YORK, N.A., as
Escrow Agent

By:

Authorized Officer

SCHEDULE I

1999 Bonds Escrow Securities

[To Come From the Verification Report]

SCHEDULE II

2000 Bonds Escrow Securities

[To Come From the Verification Report]

SCHEDULE III

2001 Bonds Escrow Securities

[To Come From the Verification Report]

SCHEDULE IV

2002 Bonds Escrow Securities

[To Come From the Verification Report]