City of
SACRAMENTO
Office of the City Treasurer

915 I Street, HCH 3rd Floor
Sacramento CA 95814

John Colville ~ Interim City Treasurer

Phone 916-808-5168
Fax 916-808-5171

ADDITIONAL (VOLUNTARY) DISCLOSURE
RATING AFFIRMED

Dated: August 15, 2016

NOTICE IS HEREBY GIVEN that on August 8, 2016, Moody's Corporation ("Moody's") affirmed its "Baa2" rating on Assured Guaranty Municipal Holdings Inc. and "A2" rating on Assured Guaranty Municipal Corp. The bond insurer was affirmed with a Stable Outlook.

The ratings report from Moody's is related to the following bond issuance:

Assured Guaranty

- 2013 Special Tax Refunding Revenue Bonds (Westlake and Regency Park)

The ratings report from Moody's is attached.

City of Sacramento

Brian Wong
Debt Manager

Attachments: Moody's Report – Assured Guaranty Ltd. And Operating Companies

MOODY'S
INVESTORS SERVICE

Rating Action: Moody's affirms Assured Guaranty's ratings; AGC's outlook changed to stable

Global Credit Research - 08 Aug 2016

New York, August 08, 2016 -- Moody's Investors Service, ("Moody's") has affirmed the A2 insurance financial strength (IFS) rating of Assured Guaranty Municipal Corp. (AGM) and the A3 IFS rating of Assured Guaranty Corp. (AGC). In the same rating action, Moody's also affirmed the Baa2 senior unsecured debt ratings of both Assured Guaranty US Holdings Inc. (AGUS) and Assured Guaranty Municipal Holdings Inc. (AGMH). The outlook for the ratings of AGM, AGUS and AGMH remains stable, while the outlook for the rating of AGC was changed to stable from negative. A full list of rating actions on Assured Guaranty Ltd. (Assured) and its subsidiaries is provided below.

RATINGS RATIONALE

According to Moody's, Assured's ratings reflect its strong overall capital profile and core earnings power, its ability to underwrite transactions in both the public finance and structured finance markets worldwide through its multiple insurance operating subsidiaries, the ongoing improvement in capital adequacy due to insured portfolio amortization, as well as its leadership position in the financial guaranty insurance sector. These strengths are tempered by the still depressed levels of financial guaranty insurance utilization, which leaves the company with a limited opportunity set within this niche sector. Other challenges include the potential for volatility in earnings and capital arising from large single risk exposures within its insured portfolio, and the firm's elevated levels of below-investment grade risk exposure, including substantial exposures to the Commonwealth of Puerto Rico and its affiliated debt issuers.

On 7 July 2016, Assured reported that its subsidiaries made $205 million in gross debt service payments to holders of insured general obligation (GO) and other bonds on which Puerto Rico and certain of its instrumentalities defaulted on 1 July 2016, shortly after the 30 June 2016 enactment of the Puerto Rico Oversight, Management, and Economic Stability Act (PROMESA). As of 30 June 2016, Assured had approximately $5.0 billion of consolidated net par exposure to various Puerto Rico issuers.

Among other provisions, PROMESA establishes a financial oversight board for the Commonwealth of Puerto Rico, places a stay on creditor lawsuits and provides an orderly framework for debt restructuring. We view the enactment of PROMESA to be credit positive for the financial guarantors in that it puts a debt restructuring framework into place while avoiding protracted bondholder litigation. Importantly for the financial guarantors, the law requires that any plan for debt adjustment be consistent with existing priorities of payment and lien structures, indicating potentially better recoveries for legally stronger bonds, such as the commonwealth's GO and guaranteed bonds (Caa3/developing) which make up approximately 36% of Assured's consolidated exposure to Puerto Rico at 30 June 2016.

As part of its analysis of Assured's Puerto Rico exposures, Moody's contemplates a variety of loss given default (LGD) scenarios largely based on the LGD-range implied by Moody's ratings on various Puerto Rico issuers. Moody's most recent analysis suggests that Assured's Puerto Rico related losses are likely to be manageable within the context of its capital resources and core earnings power.

As of 2Q2016, AGM and AGC had approximately $2.1 billion and $1.7 billion, respectively, of total net par exposure to Puerto Rico issuers, representing approximately 56% of AGM's qualified statutory capital (QSC) and 71% of AGC's QSC. In our current base case Puerto Rico loss scenario, AGM's claim losses are expected to be mostly an earnings event with the potential for a modest impact on its capital given AGM's lower sensitivity to Puerto Rico losses and its strong earnings profile. While our stress scenarios indicate that AGC will experience higher levels of losses as a percentage of its capital, the resulting deterioration in capital is expected to remain consistent with AGC's current A3 rating level except in the most adverse scenarios.

RATING RATIONALE - Assured Guaranty Municipal Corp.

AGM's A2 IFS Rating (stable outlook) reflects its strong capital profile, conservative underwriting of US municipal and international infrastructure finance risks and leading market position in the financial guaranty insurance sector. Moody's believes AGM is well-positioned to withstand the pressures arising from large single risk exposures, such as Puerto Rico. AGM's strong capital profile and its ability to organically generate significant capital through premium and investment earnings make its credit profile resilient to a broad range of stress scenarios.

RATING RATIONALE - Assured Guaranty Corp.

According to Moody's, the change in AGC's (IFS rating A3) outlook status to stable from negative reflects AGC's strengthening capital adequacy profile due to an increase in its capital resources resulting from the recent acquisitions of run-off legacy financial guarantors Radian Asset Assurance and CIFG North America. The resulting increase in AGC's invested assets and future premium earnings also improves the firm's prospective profitability. AGC's capital adequacy profile has also experienced improvement from the continued amortization of its insured portfolio and meaningful credit strengthening among several of AGC's legacy structured finance exposure classes, including TruPS CDOs. Despite these improvements, Moody's continues to maintain a one notch rating differential between AGM and AGC to reflect AGC's considerably higher level of below investment grade exposures relative to capital and its more limited strategic role within the Assured Guaranty group relative to AGM. Concurrent with AGC's change in outlook status, Moody's has also aligned AGC's stand-alone credit profile with its current A3 IFS rating.

Moody's has also changed the outlook of Assured Guaranty (UK) Ltd. (AGUK - IFS rating A3) to stable, from negative. AGUK's rating is based on a combination of formal and implicit support from AGC, including a net worth maintenance agreement and quota share and excess of loss reinsurance arrangements, which results in the alignment of their ratings.

WHAT COULD CHANGE THE RATING UP OR DOWN

The main rating sensitivities for Assured and its subsidiaries relate to the composition and performance of their respective insured portfolios, capitalization levels and market support. The ratings could be lowered if the quality of the various insured portfolios meaningfully decreased or if capital was withdrawn without an associated reduction of risk, or if profitability reduced materially. The credit profiles of Assured's operating companies could improve if there is a favorable resolution to the firm's Puerto Rico related exposures during the upcoming restructuring process and there is a significant increase in financial guaranty business origination at attractive pricing levels.

RATINGS LIST

The following ratings have been affirmed:

Assured Guaranty Ltd. -- issuer rating at Baa2, provisional senior unsecured shelf at (P)Baa2, provisional subordinated shelf at (P)Baa3, provisional preferred shelf at (P)Ba1;

Assured Guaranty US Holdings Inc. -- backed senior unsecured debt at Baa2, backed junior subordinated debt at Baa3(hyb), provisional backed senior unsecured shelf at (P)Baa2, provisional backed subordinated shelf at (P)Baa3;

Assured Guaranty Municipal Holdings Inc. -- senior unsecured debt at Baa2, junior subordinated debt at Baa3(hyb), provisional backed senior unsecured shelf at (P)Baa2, provisional backed subordinated shelf at (P)Baa3;

Assured Guaranty Municipal Corp. -- insurance financial strength rating at A2;

Assured Guaranty (Europe) Ltd. -- insurance financial strength rating at A2;

Sutton Capital Trusts I, II, III, and IV -- backed pref. stock non-cumulative debt at Baa2(hyb).

Assured Guaranty Corp. -- insurance financial strength rating at A3;

Assured Guaranty (UK) Ltd. -- insurance financial strength rating at A3;

Woodbourne Capital Trusts I, II, III, and IV -- backed pref. stock non-cumulative debt at Baa3(hyb).

Outlook actions:

Assured Guaranty Ltd - outlook remains stable;

Assured Guaranty US Holdings Inc. - outlook remains stable;

Assured Guaranty Municipal Holdings Inc. - outlook remains stable;

Assured Guaranty Municipal Corp. - outlook remains stable;

Assured Guaranty (Europe) Ltd. - outlook remains stable;

Sutton Capital Trusts I, II, III, and IV - outlook remains stable;

Assured Guaranty Corp. - outlook changed to stable from negative;

Assured Guaranty (UK) Ltd. - outlook changed to stable from negative;

Woodbourne Capital Trusts I, II, III, and IV - outlook changed to stable from negative.

Assured Guaranty Municipal Corp. and Assured Guaranty Corp. are financial guaranty insurance companies based in New York. They are wholly owned by Assured Guaranty Ltd. [NYSE:AGO], the ultimate holding company. As of 30 June 2016, Assured Guaranty Ltd. had consolidated GAAP net par outstanding of approximately $330 billion, qualified statutory capital of $7.0 billion, and total claims paying resources of $11.9 billion.

The principal methodology used in these ratings was Financial Guarantors published in April 2016. Please see the Ratings Methodologies page on www.moodys.com for a copy of this methodology.

REGULATORY DISCLOSURES

For ratings issued on a program, series or category/class of debt, this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series or category/class of debt or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides certain regulatory disclosures in relation to the credit rating action on the support provider and in relation to each particular credit rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the ratings tab on the issuer/entity page for the respective issuer on www.moodys.com.

For any affected securities or rated entities receiving direct credit support from the primary entity(ies) of this credit rating action, and whose ratings may change as a result of this credit rating action, the associated regulatory disclosures will be those of the guarantor entity. Exceptions to this approach exist for the following disclosures, if applicable to jurisdiction: Ancillary Services, Disclosure to rated entity, Disclosure from rated entity.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

Please see www.moodys.com for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

Please see the ratings tab on the issuer/entity page on www.moodys.com for additional regulatory disclosures for each credit rating.

James Eck
VP - Senior Credit Officer
Financial Institutions Group
Moody's Investors Service, Inc.
250 Greenwich Street
New York, NY 10007
U.S.A.
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

Stanislas Rouyer
Associate Managing Director
Financial Institutions Group
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

Releasing Office:
Moody's Investors Service, Inc.
250 Greenwich Street
New York, NY 10007
U.S.A.
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

MJKK and MSFJ also maintain policies and procedures to address Japanese regulatory requirements.