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EVENT NOTICE PURSUANT TO S.E.C. RULE 15c2-12
RATING CHANGES

Dated: October 10, 2016

NOTICE IS HEREBY GIVEN that on October 6, 2016, Moody's Investors Service ("**Moody's**") upgraded the City of Sacramento's debt issues below to "A1" from "A2" with a stable outlook.

1. Lease Revenue Refunding Bonds, Series 1993 B
2. 2006 Taxable Capitalized Improvement Revenue Bonds, Series B
3. 2006 Capitalized Improvement Revenue Bonds, Series D
4. 2006 Refunding Revenue Bonds, Series E
5. 2015 Refunding Revenue Bonds

Moody's also affirmed the City of Sacramento's 1997 Lease Revenue Bonds (ARCO Arena Acquisition) and Lease Revenue Refunding Bonds, Series 1993 A rating of "A2" with a stable outlook.

A copy of the rating report by Moody's regarding this rating change is attached.

City of Sacramento

Brian Wong
Debt Manager

Attachment: Moody's Investors Service – Upgraded and Affirmed the City of Sacramento Various Debt Issues

MOODY'S
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Rating Action: Moody's Upgrades the City of Sacramento, CA's Lease Revenue Bonds to A1; Confirms Ser. 1997 and Ser. 1993A at A2; outlook is stable

Global Credit Research - 06 Oct 2016

New York, October 06, 2016 -- Summary Rating Rationale

Moody's Investors Service has upgraded the rating of the City of Sacramento, CA's Lease Revenue Bonds to A1 from A2. We have also confirmed the A2 rating on the city's Lease Revenue Bonds (ARCO Arena Acquisition), Series 1997 and Lease Revenue Refunding Bonds, Series 1993A.

The A1 rating is two notches lower than Moody's Aa2 Issuer Rating for the city. The notching reflects a standard legal structure for a California abatement lease financing and the leased assets that we view as "more essential." The notching also reflects the strong legal features of California general obligation bonds that are not shared by lease revenue debt.

The A2 rating on the city's Lease Revenue Bonds (ARCO Arena Acquisition), Series 1997 and Lease Revenue Refunding Bonds, Series 1993A is three notches lower than Moody's Aa2 Issuer Rating for the city. The notching reflects a standard legal structure for a California abatement lease financing and the leased assets that we view as "less essential." The notching also reflects the strong legal features of California general obligation bonds that are not shared by lease revenue debt.

The city's lease ratings are generally weakened by the significant debt service burden on the city's general fund, as the legal security for the bonds; though we note the significant additional revenues available, but not legally pledged, which help to support the debt service on the city's lease obligation bonds.

This action concludes a review undertaken in conjunction with the publication on July 26, 2016 of the Lease, Appropriation, Moral Obligation, and Comparable Debt of US State and Local Governments Methodology.

Rating Outlook

The stable outlook on the lease revenue bonds reflects the stable outlook on the city's fundamental credit factors.

Factors that Could Lead to an Upgrade

Improvement of the general credit profile of the issuer

Factors that Could Lead to a Downgrade

Deterioration in the general credit profile of the issuer

Legal Security

The lease revenue bonds are secured by lease payments made by the city for use and occupancy of the leased assets.

The city's 2015 Refunding Revenue Bonds (Master Lease Program Facilities); 2006 Capital Improvement Revenue Bonds, Series A and 2006 Series B Taxable; 2006 Capital Improvement Revenue Bonds, Series C (300 Richards Boulevard Building Acquisition); 2006 Taxable Capital Improvement Revenue Bonds, Series D (300 Richards Boulevard Building Acquisition); and 2006 Refunding Revenue Bonds, Series E (Master Lease Program Facilities) all benefit from the essential nature of the assets within the city's Master Lease Program.

The city's Lease Revenue Refunding Bonds, Series 1993B benefit from the essential nature of the city's executive airport and civic center garage as the leased assets securing the bonds.

The Lease Revenue Bonds (ARCO Arena Acquisition), Series 1997 are secured by the city's Sleep Train sports arena, which we deem as a less essential asset.

The Lease Revenue Refunding Bonds, Series 1993A are secured by the city's Convention Center, which we deem as a less essential asset.

Methodology

The principal methodology used in this rating was Lease, Appropriation, Moral Obligation, and Comparable Debt of US State and Local Governments published in July 2016. Please see the Rating Methodologies page on www.moodys.com for a copy of this methodology.

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