



Municipal Market Disclosure Information Cover Sheet

This Filing Applies to:

1. Sacramento County Public Financing Authority, Tax Allocation Revenue Bonds (Sacramento County and City Redevelopment Project), 2003 Series A, \$33,695,587.95, Dated: December 23, 2003
786129AU0, 786129BW5, 786129BX3, 786129BY1, 786129BZ8, 786129CA2, 786129CB0,
786129AV8, 786129CC8, 786129CD6, 786129CE4, 786129AW6

TYPE OF FILING:

If information is also available on the Internet, give URL: www.dacbond.com

WHAT TYPE OF INFORMATION ARE YOU PROVIDING? (Check all that apply)**Financial / Operating Data Disclosures****Rule 15c2-12 Disclosure**

- Annual Financial Information & Operating Data (Rule 15c2-12)
- Audited Financial Statements or ACFR (Rule 15c2-12)
- Failure to provide as required

Additional / Voluntary Disclosure

- Quarterly / Monthly Financial Information
- Change in Fiscal Year / Timing of Annual Disclosure
- Change in Accounting Standard
- Interim / Additional Financial Information / Operating Data
- Budget
- Investment / Debt / Financial Policy
- Information Provided to Rating Agency, Credit / Liquidity Provider or Other Third Party
- Consultant Reports

Other Financial / Operating Data

Event Filing

Rule 15c2-12 Disclosure

- Principal / Interest Payment Delinquency
- Non-payment Related Default
- Unscheduled Draw on Debt Service Reserve Reflecting Financial Difficulties
- Unscheduled Draw on Credit Enhancement Reflecting Financial Difficulties
- Substitution of Credit or Liquidity Provider, or Its Failure to Perform
- Adverse Tax Opinion or Event Affecting the Tax-exempt Status of the Security
- Modification to the Rights of Security Holders
- Bond Call
- Defeasance
- Release, Substitution or Sale of Property Securing Repayment of the Security
- Rating Change
- Tender Offer / Secondary Market Purchases
- Merger / Consolidation / Acquisition and Sale of All or Substantially All Assets
- Bankruptcy, insolvency, receivership or similar event
- Successor, Additional or Change in Trustee
- Failure to Provide Event Filing Information as Required
- Financial Obligation - Incurrence and Agreement
- Financial Obligation - Event Reflecting Financial Difficulties

Additional / Voluntary Disclosure

- Amendment to Continuing Disclosure Undertaking
- Change in Obligated Person
- Notice to Investor Pursuant to Bond Documents
- Communication From the Internal Revenue Service
- Bid For Auction Rate or Other Securities
- Capital or Other Financing Plan
- Litigation / Enforcement Action
- Change of Tender Agent, Remarketing Agent or Other On-going Party
- Derivative or Other Similar Transaction
- Other Event-based Disclosures

S&P Rating Affirmation As Of 02/18/2022

Asset-Backed Securities Filing

Additional / Voluntary Disclosure

- Initial Asset-Backed Securities Disclosure (SEC Rule 15Ga-1(c)(1))
- Quarterly Asset-Backed Securities Disclosure (SEC Rule 15Ga-1(c)(2)(i))
- Annual Asset-Backed Securities Disclosure (SEC Rule 15Ga-1(c)(2)(ii))
- Other Asset-Backed Securities Disclosure (e.g. notice of termination of duty to file reports pursuant to SEC Rule 15Ga-1(c)(3))

Disclosure Dissemination Agent Contact:

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Relationship to Issuer: Dissemination Agent

Authorized By:

Name: Claudia Lara

Title: Debt Analyst

Entity: Sacramento, CA, City of Sacramento

Digital Assurance Certification

Filing Certificate

DAC transmitted the Other Event-based Disclosures to EMMA/SID (if applicable) on behalf of Sacramento, CA, City of Sacramento under their SEC Rule 15c2-12 Continuing Disclosure Agreement.

Transmission Details: P11192395

Date & Time Stamp: 02/23/2022

Document: Other Event-based Disclosures: S&P Rating Affirmation
As Of 02/18/2022

DAC Bond Coversheet: Yes

Transmitted to: MSRB-EMMA

Total CUSIPs associated with this Filing: 12

Filing made on Series: 2003A

Codes: P (Prerefunded), R (Refunded), U (Unrefunded), E (Escrowed), A (Advance Refunding), D (Defeased), T (Tendered), V (Derivatives), UD (Undetermined), NLO (No Longer Outstanding)

Red: Original CUSIPs - filing missed · **Blue:** Non-Original CUSIPs - filing missed · **Green:** Outstanding CUSIPs - filing made · **Black:** Inactive CUSIPs

1. Issue: Sacramento County Public Financing Authority, Tax Allocation Revenue Bonds (Sacramento County and City Redevelopment Project), 2003 Series A, \$33,695,587.95, Dated: December 23, 2003

CUSIP: 786129AU0, 786129BW5, 786129BX3, 786129BY1, 786129BZ8, 786129CA2, 786129CB0, 786129AV8, 786129CC8, 786129CD6, 786129CE4, 786129AW6

No missing CUSIPs for this bond issue

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**ADDITIONAL (VOLUNTARY) DISCLOSURE
RATING AFFIRMED**

Dated: February 23, 2022

NOTICE IS HEREBY GIVEN that on February 18, 2022, Standard and Poor's Global Ratings ("**S&P**") affirmed the "A-" long-term rating with a stable outlook for the Sacramento County Public Financing Authority's 2003 Tax Allocation Revenue Bonds, Series A (Sacramento County and City Redevelopment Projects).

The credit report from S&P is attached.

City of Sacramento



Brian Wong
Debt Manager

Attachment: S&P credit report – Sacramento County Public Financing Authority's 2003 Tax Allocation Revenue Bonds

RatingsDirect®

Summary:

Sacramento Housing And Redevelopment Agency, California Sacramento County Public Financing Authority; Tax Increment

Primary Credit Analyst:

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Related Research

Summary:

Sacramento Housing And Redevelopment Agency, California

Sacramento County Public Financing Authority; Tax Increment

Credit Profile

Sacramento Cnty Pub Fincg Auth, California

Successor Agy to the Sacramento Redev Agy, California

Sacramento Cnty Pub Fincg Auth (Sacramento Hsg and Redev Agy) non-hsg TABs (Del Paso & Mather-McClellan Proj Areas) (FGIC) (National)

Unenhanced Rating

A-(SPUR)/Stable

Affirmed

Many issues are enhanced by bond insurance.

Rating Action

S&P Global Ratings affirmed its 'A-' long-term and underlying rating (SPUR) on the Sacramento County Public Financing Authority, Calif.'s series 2003A tax-exempt tax allocation revenue bonds, issued on behalf of the Sacramento Housing and Redevelopment Agency. The outlook is stable.

Two loan agreements secure the series 2003A tax-exempt tax allocation revenue bonds on a weak link basis. Tax increment revenue that includes the former low- and moderate-income housing set-aside revenue generated from the Sacramento County Redevelopment Agency's Mather-McClellan Merged Redevelopment Project Area (MMMRPA) secures one loan agreement. Tax increment revenue that includes the former housing set-aside revenue generated by the Sacramento Housing and Redevelopment Agency's Del Paso Heights project area secures the second loan agreement. The series 2003A bonds have a senior lien on pledged revenues from these two project areas and the bonds are on parity with other outstanding debt that we do not rate, but have included in our maximum annual debt service (MADS) coverage analysis. A cash debt service reserve fund that is funded at the lowest of MADS, 10% of principal, or 125% of average annual debt service provides additional security for the bonds.

The weak link basis is based on the none cross-collateralization of the pledged tax increment revenue between the two project areas. Thus, based on our criteria, the rating on the bonds backed by two separate revenue streams (the 2003A bonds) reflects our assessment of the revenue stream that we consider to be of lower credit quality (the MMMRPA loan agreement).

Credit overview

Sacramento County has an estimated population of 1.6 million with the state's capital, the City of Sacramento, serving as the county seat. The county provides employment in the government, retail trade, and service industries. The county's median household effective buying income is, in our view, good 107% of the national level. The City of

Sacramento has an estimated population of 508,000, and median household effective buying income is 98% of the national level. We consider the Sacramento-Roseville-Arden-Arcade metropolitan statistical area broad and diverse. The county's preliminary annual average unemployment rate is 6.7% for 2021, according to the U.S. Bureau of Labor and Statistics.

The rating further reflects our view of the county MMRPA's:

- Low volatility ratio, reflecting only modest sensitivity in tax increment revenue to changes in overall assessed value (AV),
- Good 1.98x MADS coverage,
- Limited ability to issue additional debt under the dissolution law except for refunding purposes, and
- Moderate taxpayer concentration.

Environmental, social, and governance

We determined that the county's social and governance risks are in line with our view of the sector standard. We view the environmental risks as being elevated compared with the sector standard from the county's exposure to wildfire, flooding and seismic risk, which could affect the project area's development and property values in the long term. The county has taken steps to mitigate its exposure to wildfire risks as a result of wildfires in California in recent years.

Stable Outlook

Upside scenario

We could raise the rating if the county's MMRPA AV continues to grow, strengthening MADS coverage to levels comparable to those of higher-rated peers.

Downside scenario

We could lower the rating if the county's MMRPA AV declines, leading to a substantial reduction in coverage and an increase in the volatility ratio.

Credit Opinion

Tax base

The county's MMRPA is made up of 7,502 acres that encompass the merger of two former Air Force bases (both with still-active airports) and a commercial corridor. Land use for the MMRPA includes residential at 25% of fiscal 2022 total AV, commercial at 24%, and industrial at 24%. The redevelopment plans for the Mather and McClellan projects were originally adopted in May 1995 and November 2000, respectively, and the two project areas were merged in June 2001. The Mather Project includes 4,012 acres of the former Mather Air Force Base (AFB), while the McClellan Project encompasses 2,856 acres of the former McClellan AFB and an additional 634 acres of commercial property along Watt Avenue, for a total merged project area of 7,502 acres. The former Mather AFB and the adjacent main base area, now called Mather Commerce Center, comprise 600 acres of developed and developable property along the Highway 50 corridor. The Mather Airport, operated by the county, has an air cargo aviation center with

operations from firms such as DHL and United Parcel Service. The McClellan project area includes the former McClellan AFB, including a current county-run airport, as well as a portion of the Watt Avenue corridor, which serves as the commercial and industrial market for the North Highlands community within the county. The McClellan Airport serves a mix of general aviation (typically private use) and private commercial aviation (primarily corporate planes).

The MMMRPA's AV has grown annually for the past five fiscal years, most recently by 6.8% in fiscal 2022 to \$1.86 billion. Tax base (base-year to total AV) volatility is, in our view, low at 0.13 for the MMMRPA in fiscal 2022. The MMMRPA remains moderately concentrated, in our opinion, with the 10 largest taxpayers making up 34% of incremental AV. There are no significant taxpayer appeals outstanding, based on recent disclosure from the County agency.

The city's Del Paso Heights project area is strategically located adjacent to Interstate 80, minutes from downtown Sacramento, and includes several in-fill housing and commercial developments. The 1,071-acre project area's land use is predominantly residential at 81% with commercial and industrial at 5% each. Project area AV has grown consistently for the past five years, most recently by 8.3% in fiscal 2022 to \$583 million. The volatility ratio is low, in our view, at 0.05. Reflective of a largely residential project area, taxpayer concentration is minimal, in our view, with the top 10 taxpayers representing 9% of incremental AV. Projected MADS coverage in fiscal 2022 is very strong at 4.66x from projected pledged tax increment revenues (based on fiscal 2022's AV) and current total MADS of \$1.02 million (including parity debt services). According to our calculations, the project area could withstand a 75% decline in overall AV and still achieve 1x MADS coverage.

Coverage

Pro forma all-in MADS coverage generated by the MMMRPA's projected pledged tax increment revenues (based on fiscal 2022's AV) and current total MADS of about \$5.9 million (including parity debt services) is 1.98x, which we consider good. Given the coverage and the 0.13 volatility ratio, we calculate that the project area could withstand a 43% decline in total AV before coverage fell to less than 1.0x, which would cover the top 10 taxpayers at 1.5x for total AV and at 1.3x for incremental AV.

Debt management

The City and County of Sacramento have acted as Successor Agencies (SAs) to the former Redevelopment Agencies, respectively, after the state legislature and a subsequent court ruling dissolved all RDAs in California in February 2012, pursuant to Assembly Bill x1 26 and subsequent amending legislation, Assembly Bill 1484. Dissolution legislation permits the SA to issue debt only for certain purposes, such as paying or amending an enforceable obligation, generating savings, or flattening spikes in debt service. Management reports that the SA has no owner participation agreements or disposition-and-development agreements outstanding. As a result, we believe the SAs has limited ability to issue additional debt on the liens outstanding, except for refunding purposes. We note that both SAs have received a finding of completion from the state department of finance. We understand both SAs have also completed an asset transfer review and are not required to remit funds to the California Department of Finance.

Related Research

- [Through The ESG Lens 2.0: A Deeper Dive Into U.S. Public Finance Credit Factors](#), April 28, 2020
- [Credit Conditions: U.S. Regions' Economies Perk Up As The Pandemic's Impact Ebbs](#), April 16, 2021

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.

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