



Municipal Market Disclosure Information Cover Sheet

This Filing Applies to:

1. City of Sacramento Wastewater Revenue Refunding Bonds, Series 2020 (Federally Taxable), \$27,970,000, Dated: July 1, 2020
786087BW5, 786087BX3, 786087BY1, 786087BZ8, 786087CA2, 786087CB0, 786087CC8, 786087CD6, 786087CE4, 786087CF1, 786087CG9, 786087CH7, 786087CJ3
2. City of Sacramento, Wastewater Revenue Bonds, Series 2019, \$25,960,000, Dated: April 10, 2019
786087BA3, 786087BB1, 786087BC9, 786087BD7, 786087BE5, 786087BF2, 786087BG0, 786087BH8, 786087BJ4, 786087BK1, 786087BL9, 786087BM7, 786087BN5, 786087BP0, 786087BQ8, 786087BR6

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

Sacramento, CA, City of Standard & Poor's Affirmation September 25, 2023

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:

Name: DAC

Address: 315 East Robinson Street

Suite 300

City: Orlando

State: FL

Zip Code: 32801-1674

Telephone: 407 515 - 1100

Fax: 407 515 - 6513

Email Address: emmaagent@dacbond.com

Relationship to Issuer: Dissemination Agent

Certification Authorized By:

/s/ Ellen Hunt

Name: Ellen Hunt

Title: Senior Debt Analyst

Entity: Sacramento, CA, City of

Digital Assurance Certification

Filing Certificate

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

Transmission Details: P11289171

Date & Time Stamp: 09/26/2023

Document: Other Event-based Disclosures: Sacramento, CA, City of Standard & Poor's Affirmation September 25, 2023

DAC Bond Coversheet: Yes

Transmitted to: MSRB-EMMA

Total CUSIPs associated with this Filing: 29

Filing made on Series: 2020, 2019

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: City of Sacramento Wastewater Revenue Refunding Bonds, Series 2020 (Federally Taxable), \$27,970,000, Dated: July 1, 2020

CUSIP: 786087BW5, 786087BX3, 786087BY1, 786087BZ8, 786087CA2, 786087CB0, 786087CC8, 786087CD6, 786087CE4, 786087CF1, 786087CG9, 786087CH7, 786087CJ3

No missing CUSIPs for this bond issue

2. Issue: City of Sacramento, Wastewater Revenue Bonds, Series 2019, \$25,960,000, Dated: April 10, 2019

CUSIP: 786087BA3, 786087BB1, 786087BC9, 786087BD7, 786087BE5, 786087BF2, 786087BG0, 786087BH8, 786087BJ4, 786087BK1, 786087BL9, 786087BM7, 786087BN5, 786087BP0, 786087BQ8, 786087BR6

No missing CUSIPs for this bond issue

915 I Street, HCH 3rd Floor
Sacramento CA 95814

John Colville ~ City Treasurer

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

**ADDITIONAL (VOLUNTARY) DISCLOSURE
RATING AFFIRMED**

Dated: September 26, 2023

NOTICE IS HEREBY GIVEN that on September 25, 2023, Standard and Poor's Global Ratings ("S&P") affirmed the "AA" long-term rating with a stable outlook for the City of Sacramento's Wastewater Revenue Bonds, Series 2019 and Wastewater Revenue Refunding Bonds, Series 2020.

The credit report from S&P is attached.

City of Sacramento



Brian Wong
Debt Manager

Attachment: S&P credit report - City of Sacramento Wastewater Revenue Bonds, Series 2019 and City of Sacramento Wastewater Revenue Refunding Bonds, Series 2020

RatingsDirect®

Summary:

Sacramento, California; Water/Sewer

Primary Credit Analyst:

Adriana Artola, San Francisco + 415-371-5057; Adriana.Artola@spglobal.com

Secondary Contact:

Chloe S Weil, San Francisco + 1 (415) 371 5026; chloe.weil@spglobal.com

Table Of Contents

Credit Highlights

Outlook

Related Research

Summary:

Sacramento, California; Water/Sewer

Credit Profile

Sacramento swr

Long Term Rating

AA/Stable

Affirmed

Credit Highlights

- S&P Global Ratings affirmed its 'AA' long-term rating on the Sacramento, Calif.'s outstanding wastewater revenue bonds.
- The outlook is stable.

Security

Net revenue of the wastewater system secures the outstanding bonds. As of fiscal 2022, the city's wastewater system had \$58.9 million in total debt outstanding.

Credit overview

The rating reflects our view of the wastewater system's robust liquidity position and debt service coverage (DSC) levels, which we expect will be maintained despite significant capital needs associated with aging infrastructure and environmental regulations. We understand that relatively large, regulatory-driven capital projects have been on hold and could require draws on reserves during the next few years. Officials report that there is ongoing litigation related to the collection of storm drainage fees approved by voters in 2022 that are intended to help fund improvements to the city's aging combined sewer system (CSS) infrastructure, and that the timing and funding of its related projects will be determined once litigation has been settled. The city plans to finance its capital projects on a pay-go basis during the next five years and has no near-term debt plans. We expect the city's strong financial management policies and proactive rate setting practices will support its stable financial profile as it progresses through its capital plan. The city may draw on reserves to fund projects, but we expect cash levels to remain healthy given its ample liquidity and formal operating reserve policy of 120 days' of working capital. Moreover, the city's reserve policy includes an additional designated capital reserve that will have one-year budgeted capital expenditures in the next fiscal year, with a target of building the reserve over the next five fiscal years.

The rating also reflects our view of the system's:

- Residential and very diverse customer base in the broad and diverse Sacramento-Roseville-Arden-Arcade metropolitan service area with a growing regional economy and diversifying employment opportunities;
- Affordable rates in the context of the service area's income levels and poverty rate, inclusive of the regional treatment plant provider's (Sacramento Regional County Sanitation District) single-family residential treatment fee of \$37;
- Sufficient treatment capacity but significant capital needs associated with the aging infrastructure of the combined

sewer system and compliance with environmental regulations;

- DSC that has been at least 2.2x during the past three years, which, though it may moderate from projected rising costs, we expect to remain healthy given no debt plans and the city's history of proactive rate increases;
- Robust reserves levels, with a 681 days' cash on hand (DCOH) reported at fiscal 2022 year-end;
- Moderate debt-to-capitalization ratio of 24% and no debt plans for the next five years; and
- Credit supportive financial management policies and practices that include robust long-term financial and capital planning as well as formalized liquidity and debt policies.

Environmental, social, and governance

We believe the system has elevated environmental risk compared to peers given that portions of the system are combined with stormwater and therefore more susceptible to combined sewer overflows. The CSS covers the older areas of the city, and the remaining network is a separated sewer system (SSS). The system's wastewater is conveyed to the Sacramento Regional County Sanitation District's (SRCSD) 181 million gallon per day (mgd) treatment plant. Under an operating agreement, SRCSD is contracted to accept 60 mgd of wastewater and stormwater flow from the CSS and all flows from the SSS. During storm events, CSS flows in excess of 60 mgd are stored at the city's three wet weather storage and treatment facilities, where they are eventually discharged to the SRCSD treatment plant. During large storm events when the system's storage capacity is exhausted, excess flows are treated to a primary level at the city's facilities and discharged to the Sacramento River under a state discharge permit. Both the SSS and CSS are susceptible to overflows and evolving environmental regulations that are a key driver of capital projects. The city has recently made upgrades, such as adding a 6 mg CSS storage facility designed to detain wastewater during storm events. Management reports that there have been combined sewer overflows and sanitary sewer overflows since 2020, but that the city has been in compliance with its discharge permits and all regulatory requirements. The city is currently upgrading its long-term control plan in response to updated requirements under its discharge permit. The updated long-term plan is due in 2024, and it will guide the system's priorities as it relates to capital projects. We consider social and governance factors neutral in our credit analysis. Given the current income indicators and county poverty rate, we do not view affordability as an elevated social risk.

Outlook

The stable outlook reflects our expectation that the city will maintain its healthy DSC and liquidity levels and that the stability of the service area economy will support rate raising flexibility.

Downside scenario

We could take a negative rating action if the city materially spends down its cash reserves or if its financial performance significantly and unfavorably deviates from its historical performance.

Upside scenario

We could raise the rating if the city continues to manage through its large capital plan through well-defined strategies to address its infrastructure needs while maintaining its extremely strong coverage and cash.

Leased wastewater assets

The city has a master lease program under which it has issued bonds for financing various capital improvements unrelated to the wastewater system. The bonds are secured by lease payments from the city's general fund. Under the master lease program, the city has leased a pool of assets, including portion of the wastewater system's wet weather facilities related to the CSS. If the city were to fail to make any portion of its lease payments under the entire program, the trustee has the right to re-let a portion of the leased property, potentially including the wastewater system assets. Any disruption in the use of the system's wet weather facilities would affect operations, particularly during storm events. Therefore, in our view, under the lease revenue bond structure, the wastewater system has some exposure to the financial position of the general fund. However, given S&P Global Ratings' current rating on the city's general fund-backed debt, we do not view this exposure as a key credit weakness at this time.

Sacramento, California--Economic and financial data

	Most recent	Fiscal year-end			Median (AA)
		2022	2021	2020	
Economic data					
Water customers	--				19,445
Sewer customers	72,809				19,829
MHHEBI of the service area as % of the U.S.	103.0				110.0
Unemployment rate (%)	4.1				4.3
Poverty rate (%)	13.0				10.5
Water rate (6,000 gallons or actual) (\$)	0.0				35.0
Sewer rate (6,000 gallons or actual) (\$)	76.0				45.0
Annual utility bill as % of MHHEBI	1.4				0.9
Operational Management Assessment	Good				Good
Financial data					
Operating revenues (\$000s)		44,389	43,892	44,753	21,711
Total operating expenses less depreciation (\$000s)		28,953	31,007	30,748	13,767
S&P Global Ratings-adjusted all-in DSC (x)		3.1	2.2	4.1	2.2
Unrestricted cash (\$000s)		54,001	50,344	59,445	22,334
Days' cash of operating expenses		681	593	706	566
Total on-balance-sheet debt (\$000s)		58,928	61,167	61,451	33,692
Financial Management Assessment		Strong	--	--	Good

Note: Most recent economic data available from our vendors. MHHEBI--Median household effective buying income. DSC--Debt service coverage.

Related Research

Through The ESG Lens 3.0: The Intersection Of ESG Credit Factors And U.S. Public Finance Credit Factors, March 2, 2022

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.spglobal.com/ratings for further information. Complete ratings information is available to RatingsDirect subscribers at www.capitaliq.com. All ratings affected by this rating

action can be found on S&P Global Ratings' public website at www.spglobal.com/ratings.

Copyright © 2023 by Standard & Poor's Financial Services LLC. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. Rating-related publications may be published for a variety of reasons that are not necessarily dependent on action by rating committees, including, but not limited to, the publication of a periodic update on a credit rating and related analyses.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw or suspend such acknowledgment at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.spglobal.com/ratings (free of charge), and www.ratingsdirect.com (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.spglobal.com/usratingsfees.

STANDARD & POOR'S, S&P and RATINGSDIRECT are registered trademarks of Standard & Poor's Financial Services LLC.