

January 25, 2023

Loan Servicing Manager  
California Infrastructure and Economic Development Bank  
P.O. Box 2830  
Sacramento, CA 95812-2830

**Re:        **AMENDED Fiscal Year 2022/2023 Annual Certificate for Enterprise  
Fund Installment Sale Agreement  
City of Sacramento No. CIEDB B08-084  
Basin 31 Detention Basin at 65<sup>th</sup> Street and Broadway Project****

In accordance with the annual reporting provisions contained in the Enterprise Fund Installment Sale Agreement CIEDB B08-084 dated October 1, 2008, between the City of Sacramento (“Purchaser”) and the California Infrastructure and Economic Development Bank (“IBank”), and any amendment thereto, I hereby certify that the following is true and correct for the fiscal year 2022-2023 (“Fiscal Year”). All capitalized terms have the same meaning as defined in the Agreement.

1. Attached is one copy of the Purchaser’s audited financial statements for the Fiscal Year, which includes audited financial information relating to System Revenues and the Enterprise Funds.
2. The number of System users as of the end of the Fiscal Year was 149,005.
3. The calculation of the coverage ratio described in Section 5.06 of the Agreements is -828%. See Attachment A for calculations.

The coverage ratio is not in compliance with Section 5.06 of the Agreement. The following is an explanation of how the financing agreement covenant is being or will be met:

- a.  The coverage ratio is in compliance with the rates and charges covenant in Section 5.06 of the Agreement.
- b.  The coverage ratio is not in compliance with Section 5.06 of the Agreement. The following is an explanation of how the financing agreement covenant is being or will be met:

Operation and Maintenance costs increased approximately \$7 million in FY 2022/23 compared to the FY 2021/22 disclosure,

primarily due to the necessary but unplanned costs associated with the catastrophic storm events in December 2022 and January 2023. The State of California declared a State of Emergency that qualifies the expenses for FEMA reimbursement. The Department anticipates that Section B, "Cash Available for Debt Service," will be compliant with the terms of the agreement before the next reporting period.

4. There has not been a withdrawal of any System user generating four percent (4%) or more of System Revenues during the Fiscal Year.
5. There have not been any significant System facility retirements or expansions planned or undertaken during the Fiscal Year, and the Purchaser is in compliance with Section 6.02 of the Agreement.
6. The Purchaser has not entered into any Senior, Parity Debt or Subordinate Debt during the Fiscal Year and there has been no default or noncompliance under any obligation secured by System Revenues.
7. No Event of Default has occurred and no event has occurred which, with the passing of time would constitute an Event of Default.
8. The Purchaser is in compliance with the Tax Certificate requirements as set forth in Exhibit G of the Agreement. In addition, the Purchaser certifies to the following:
  - a.  yes            During the Fiscal Year, the Project has not been used and  
 no                            at this time is not expected to be used in the future by  
anyone or any entity other than the Purchaser, other  
governmental entities or the general public.
  - b.  yes            During the Fiscal Year, neither the Project nor any part of  
 no                            the Project has been sold or leased.
  - c.  yes            Only the Purchaser operated and managed the Project  
 no                            during the Fiscal Year.
  - d.  yes            Excluding construction contracts and contracts previously  
 no                            consented to by the IBank related to the Project, the  
Purchaser has not entered into any contracts or agreements  
related to the use, management, or operation of the Project,  
or for any other reason related to the Project.
9. There has not been any event or circumstance of any kind relating to the Project or the Purchaser generally that would materially affect the ability of the Purchaser to make Installment Payments. No litigation or administrative challenges of any type have been commenced or threatened which (if

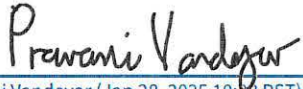
ultimately decided against the Purchaser) would materially affect the ability of the Purchaser to make Installment Payments.

10. The Purchaser is in compliance with the insurance requirements contained in Section 5.22 of the Agreement.

11. Please report the most recent credit rating on the pledged revenue source:

Fitch \_\_\_\_\_  
Moody's \_\_\_\_\_  
Standard & Poor's \_\_\_\_\_  
N/A  \_\_\_\_\_

Sincerely,



Pravani Vandeyar (Jan 28, 2025 10:28 PST)

Pravani Vandeyar  
Director of Utilities

**Attachment A  
 CITY OF SACRAMENTO  
 Debt Service Coverage Calculations - **AMENDED****

<b>CIEDB-B08-084            STORM DRAINAGE ENTERPRISE FUND            Fiscal Year Ending June 30, 2023            Amounts in 000s</b>	
<b>A. System Revenue Analysis</b>	
Change in Net Position	<b>(11,149)</b>
Add: Interest Expense	<b>65</b>
Add: Depreciation and Amortization	<b>11,035</b>
<b>B. Cash Available for Debt Service</b>	<b>(49)</b>
<b>C. Senior/Parity Maximum Annual Debt Service</b>	
2008 CIEDB Obligation	<b>161</b>
Clean Water State Revolving Fund Loans	<b>0</b>
<b>D. Total Fiscal Year Senior/Parity Maximum Annual Debt Payments</b>	<b>161</b>
<b>E. Subordinate Debt Service</b>	
1993 Revenue Bonds (maximum annual debt service)	<b>0</b>
<b>F. Total Fiscal Year Subordinate Debt Payments</b>	<b>0</b>
<b>G. Debt Service Coverage Ratios</b>	
Senior/Parity Coverage Ratio (=B/D)	<b>-30%</b>
Aggregate Debt Service Coverage Ratio (=B/(D+F))	<b>-30%</b>

**NOTE: The original FY2022/23 disclosure had a calculation for the debt service coverage ratio at (828%). However, the FY2022/23 calculations mistakenly excluded a revenue changing the debt service coverage ratio to (30%).**

Note the following from the Agreement:

SECTION 5.06. Maintenance of System Revenues.

(a) Subject to the provisions of subsection (b), the Borrower will fix, charge and collect, or cause to be fixed, charged and collected, in each Fiscal Year, such rates and charges for the use of and for the service furnished by the System so that Net System Revenues are in an amount which will be sufficient to be at least equal to 1.25 times the Maximum Annual Debt Service.

(b) If for any reason Net System Revenues prove insufficient to comply with the requirements of subsection (a), the Borrower agrees to increase System Revenues through increased rates, fees, and/or charges, not later than one hundred eighty (180) days following the date on which

Net System Revenues fail to meet those requirements. The Borrower may make adjustments from time to time in such rates, fees and charges and may make such classification thereof as it deems necessary, but shall not reduce the rates, fees, and charges then in effect unless the Net System Revenues from such reduced rates, fees and charges will at all times be sufficient to meet the requirements of this section. CIEDB and the Borrower acknowledge and agree that Borrower's obligations pursuant to this section are subject to the provisions of California Constitution Article XIII C and XIII D, which may result in a lack of authority for Borrower to increase rates, charges and/or fees. In the event Borrower's efforts to increase rates, charges and fees in a Fiscal Year are blocked by majority protest or insufficient voter approval pursuant to provisions of California Constitution Article XIII C and XIII D, the Borrower shall have no further obligation to seek such authorization for that Fiscal Year.

"Debt Service" means, for any Fiscal Year, the sum of interest, and principal due and payable under this Agreement during such Fiscal Year, the CIEDB Annual Fee for such Fiscal Year and any Parity Debt Service for such Fiscal Year.

"Enterprise Fund" means the City of Sacramento's storm drainage enterprise fund established by the Borrower pursuant to Section 114 of the Sacramento City Charter and in which all System Revenues are deposited and maintained by the Borrower pursuant to Section 3.02 and in which the CIEDB has a security interest pursuant to the terms of this Agreement.

"Net System Revenues" means, for any Fiscal Year, all System Revenues received by the Borrower for such Fiscal Year less the Operations and Maintenance Costs for such Fiscal Year.

"System Revenues" means, for each Fiscal Year, all gross income and revenue received or receivable by the Borrower from the ownership or operation of the System, determined in accordance with generally accepted accounting principles, including all rates, fees and charges (including connection fees and charges) received by the Borrower for the services of the System, and all other income and revenue howsoever derived by the Borrower from the ownership or operation of the System or arising from the System, and also including all income from the deposit or investment of any money in the Enterprise Fund or any rate stabilization fund but excluding in all cases any proceeds of taxes, including the Borrower's existing general tax on gross revenues received from System user fees and charges, and any refundable deposits made to establish credit, and advances or contributions in aid of construction.

"Subordinate Debt" means any loan, bond, note, advance, installment sale agreement, or other indebtedness or capital lease of the Borrower payable from and secured by a lien on System Revenues, or portion thereof, subordinate to the Agreement.

"Parity Debt" means the payments due under the Clean Water State Revolving Fund Loans and any loan, bond, note, advance, installment sale agreement, capital lease or other evidence of indebtedness payable from and secured by a first lien on the System Revenues on a parity with the Installment Payments and Additional Payments, issued or incurred pursuant to and in accordance with the provisions of Section 2.08.

"Parity Debt Service" means, for any Fiscal Year, the sum of: (1) the principal and interest due and payable during such Fiscal Year for all outstanding Parity Debt, and (2) annual fees, if any, under Parity Debt.

January 25, 2023

John Wier  
Loan Servicing Manager  
California Infrastructure and Economic Development Bank  
P.O. Box 2830  
Sacramento, CA 95812-2830

**Re: Annual Certificate for Enterprise Fund Installment Sale Agreement  
City of Sacramento No. CIEDB B08-084  
Basin 31 Detention Basin at 65<sup>th</sup> Street and Broadway Project**

In accordance with the annual reporting provisions contained in the Enterprise Fund Installment Sale Agreement CIEDB B08-084 dated October 1, 2008, between the City of Sacramento (“Purchaser”) and the California Infrastructure and Economic Development Bank (“IBank”), and any amendment thereto, I hereby certify that the following is true and correct for the fiscal year 2022-2023 (“Fiscal Year”). All capitalized terms have the same meaning as defined in the Agreement.

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8. The Purchaser is in compliance with the Tax Certificate requirements as set forth in Exhibit G of the Agreement. In addition, the Purchaser certifies to the following:
  - a.  yes      During the Fiscal Year, the Project has not been used and  
 no                      at this time is not expected to be used in the future by  
anyone or any entity other than the Purchaser, other  
governmental entities or the general public.
  - b.  yes      During the Fiscal Year, neither the Project nor any part of  
 no                      the Project has been sold or leased.
  - c.  yes      Only the Purchaser operated and managed the Project  
 no                      during the Fiscal Year.
  - d.  yes      Excluding construction contracts and contracts previously  
 no                      consented to by the IBank related to the Project, the  
Purchaser has not entered into any contracts or agreements  
related to the use, management, or operation of the Project,  
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9. There has not been any event or circumstance of any kind relating to the Project or the Purchaser generally that would materially affect the ability of the Purchaser to make Installment Payments. No litigation or administrative challenges of any type have been commenced or threatened which (if

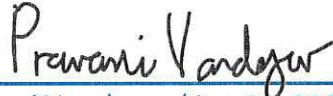
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11. Please report the most recent credit rating on the pledged revenue source:

Fitch \_\_\_\_\_  
Moody's \_\_\_\_\_  
Standard & Poor's \_\_\_\_\_  
N/A  \_\_\_\_\_

Sincerely,



Pravani Vandeyar (Jan 26, 2024 14:25 PST)

Pravani Vandeyar  
Director of Utilities



**Attachment A  
 CITY OF SACRAMENTO  
 Debt Service Coverage Calculations**

<b>CIEDB-B08-084            STORM DRAINAGE ENTERPRISE FUND            Fiscal Year Ending June 30, 2023            Amounts in 000s</b>	
<b>A. System Revenue Analysis</b>	
Change in Net Position	<b>(12,433)</b>
Add: Interest Expense	<b>65</b>
Add: Depreciation and Amortization	<b>11,035</b>
<b>B. Cash Available for Debt Service</b>	<b>(1,333)</b>
<b>C. Senior/Parity Maximum Annual Debt Service</b>	
2008 CIEDB Obligation	<b>161</b>
Clean Water State Revolving Fund Loans	<b>0</b>
<b>D. Total Fiscal Year Senior/Parity Maximum Annual Debt Payments</b>	<b>161</b>
<b>E. Subordinate Debt Service</b>	
1993 Revenue Bonds (maximum annual debt service)	<b>0</b>
<b>F. Total Fiscal Year Subordinate Debt Payments</b>	<b>0</b>
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Note the following from the Agreement:

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(a) Subject to the provisions of subsection (b), the Borrower will fix, charge and collect, or cause to be fixed, charged and collected, in each Fiscal Year, such rates and charges for the use of and for the service furnished by the System so that Net System Revenues are in an amount which will be sufficient to be at least equal to 1.25 times the Maximum Annual Debt Service.

(b) If for any reason Net System Revenues prove insufficient to comply with the requirements of subsection (a), the Borrower agrees to increase System Revenues through increased rates, fees, and/or charges, not later than one hundred eighty (180) days following the date on which Net System Revenues fail to meet those requirements. The Borrower may make adjustments from time to time in such rates, fees and charges and may make such classification thereof as it deems

necessary, but shall not reduce the rates, fees, and charges then in effect unless the Net System Revenues from such reduced rates, fees and charges will at all times be sufficient to meet the requirements of this section. CIEDB and the Borrower acknowledge and agree that Borrower's obligations pursuant to this section are subject to the provisions of California Constitution Article XIII C and XIII D, which may result in a lack of authority for Borrower to increase rates, charges and/or fees. In the event Borrower's efforts to increase rates, charges and fees in a Fiscal Year are blocked by majority protest or insufficient voter approval pursuant to provisions of California Constitution Article XIII C and XIII D, the Borrower shall have no further obligation to seek such authorization for that Fiscal Year.

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"Parity Debt Service" means, for any Fiscal Year, the sum of: (1) the principal and interest due and payable during such Fiscal Year for all outstanding Parity Debt, and (2) annual fees, if any, under Parity Debt.

City of  
**SACRAMENTO**  
Office of the City Treasurer

915 I Street, HCH 3<sup>rd</sup> Floor  
Sacramento CA 95814

John Colville ~ City Treasurer

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

*Via Email*


January 10, 2024

John Weir, Loan Servicing Manager  
California Infrastructure and Economic Development Bank  
john.weir@ibank.ca.gov

**RE: Compliance with Tax Certificate**

The undersigned, the City Treasurer of the City of Sacramento, hereby certifies as follows:

1. I have reviewed and am familiar with the provisions of the Tax Certificate (Exhibit G) of the Enterprise Fund Installment Payment Agreement by and between the City of Sacramento, as borrower, and the California Infrastructure and Economic Development Bank, as lender, dated May 01, 2008 (Agreement No. CIEDB B07-084).
2. Based upon the information available and provided to me, I am of the opinion that the City of Sacramento is compliant with Exhibit G of the Enterprise Fund Installment Payment Agreement, dated May 01, 2008, and its First Amendment, dated September 01, 2011 (Agreement No. CIEDB B08-084).

  
John P. Colville (Jan 10, 2024 09:13 PST)  
John P. Colville Jr.  
City Treasurer

CC: Brian Wong—Debt Manager, Office of the City Treasurer  
Claudia Lara—Debt Analyst, Office of the City Treasurer



January 17, 2023

Loan Servicing Manager  
California Infrastructure and Economic Development Bank  
PO Box 2830  
Sacramento, CA 95812-2830

RE: City of Sacramento's Self Insurance Program  
City of Sacramento Loan CIEDB B-084  
Detention Basin 31 (City Contract #2007-1356)

To Whom It May Concern:

The purpose of this letter is to advise your agency that the City of Sacramento is self-insured under Government Code Section 990.4 for the first \$2 million of liability under its general liability and auto liability programs and has obtained excess insurance beyond that limit. The City of Sacramento is also self-insured under Labor Code Section 3700 et seq. for Workers' Compensation for the first \$2 million of liability and has obtained excess insurance beyond that limit. Therefore, losses for which the City of Sacramento is required to insure under the agreement, will be covered to the extent of the agreement's insurance requirements and administered as described above.

If you have any questions or concerns regarding the City's Insurance program, please contact me at (916) 808-5278.

Sincerely,

A handwritten signature in cursive script that reads "Pat Flaherty".

Patrick Flaherty  
Risk Management

cc: Ambrosia Allen, Risk Management  
Linh Tuyen, Utilities

Department of Human Resources  
Risk Management Division  
(916) 808-5278  
915 I Street, 4<sup>th</sup> Floor  
Sacramento, CA 95814