

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

EVENT NOTICE UNDER S.E.C. RULE 15c2-12
RELEASE, SUBSTITUTION, OR SALE OF PROPERTY
SECURING REPAYMENT OF THE BONDS
Sacramento City Financing Authority Revenue Bonds
(North Natomas CFD No. 2), Series A (1999)

Dated: October 10, 2016

NOTICE IS HEREBY GIVEN that on September 30, 2016, the City of Sacramento (the "**City**") and the Sacramento City Financing Authority (the "**Authority**") terminated the Site Lease and the Project Lease (together, the "**Leases**") associated with the Sacramento City Financing Authority Revenue Bonds (North Natomas CFD No. 2), Series A (1999) (the "**Authority Bonds**") in accordance with the provisions of the Leases. As of the date of termination, the outstanding principal amount of the Authority Bonds secured by the Leases was \$1,460,000.

Concurrently with the termination of the Leases, the City issued \$1,460,000 aggregate principal amount of its North Natomas Community Facilities District No. 2 Special Tax Bonds, Series B (2016) (the "**Series B (2016) Bonds**") in accordance with the Mello-Roos Community Facilities Act of 1982. The trustee for the Authority Bonds is the holder of the Series B (2016) Bonds and will use the debt-service payments received on the Series B (2016) Bonds to pay the portion of the debt service on the Authority Bonds that was previously payable from rent the Authority received under the Leases.

The Series B (2016) Bonds are payable solely from the proceeds of the special tax levied by the City within the City of Sacramento North Natomas Community Facilities District No. 2 (the "**District**") on a parity with the City's North Natomas Community Facilities District No. 2 Special Tax Bonds, Series A (1999) (the "**Series A (1999) Bonds**"). The Series A (1999) Bonds are also held by the trustee for the Authority Bonds. So, with the Leases terminated, debt service on the Authority Bonds is now payable from debt-service payments on *both* the Series A (1999) Bonds *and* the Series B (2016) Bonds.

Before the issuance of the Series B (2016) Bonds, two conditions in the Master Indenture relating to the Series A (1999) Bonds had to be satisfied: (1) certification of a value-to-lien ratio of 3:1 (inclusive of the Series A (1999) Bonds, the Series B (2016) Bonds, and overlapping debt of other

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special districts) based on a *bulk-value-of-land basis*; and (2) certification that the ratio of the special-tax levy in the District to debt service on the Series A (1999) Bonds and Series B (2016) Bonds would be at least 115% if the special tax were levied and collected in the District at its maximum rate. Both conditions have been satisfied.

Below is a table that summarizes the principal-maturity schedule after the termination of the Leases and the issuance of the Series B (2016) Bonds.

Maturity Date	Series A (1999) Bonds (Principal only)	Series B (2016) Bonds (Principal only)	Aggregate Principal
9/1/2017	\$230,000	\$165,000	\$395,000
9/1/2018	\$245,000	\$180,000	\$425,000
9/1/2019	\$265,000	\$190,000	\$455,000
9/1/2020	\$285,000	\$205,000	\$490,000
9/1/2021	\$305,000	\$225,000	\$530,000
9/1/2022	\$205,000	\$240,000	\$445,000
9/1/2023	\$0	\$255,000	\$255,000
TOTAL	\$1,535,000	\$1,460,000	\$2,995,000

Sincerely,
City of Sacramento



Brian Wong
Debt Manager