



Municipal Market Disclosure Information Cover Sheet

This Filing Applies to:

1. City of Sacramento Tourism Infrastructure District, Assessment Revenue Bonds (Convention Center Ballroom), Series 2019, \$50,465,000, Dated: August 22, 2019
785843AA1, 785843AB9, 785843AC7, 785843AD5, 785843AE3, 785843AF0, 785843AG8,
785843AH6, 785843AJ2, 785843AK9, 785843AL7, 785843AM5, 785843AN3, 785843AP8,
785843AQ6, 785843AR4, 785843AS2, 785843AT0, 785843AU7, 785843AV5

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 CAFR (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

Moody's Affirms Rating on Sacramento's 2019 Tourism Infrastructure District Assessment Revenue Bonds

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))

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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: SS1050904

Date & Time Stamp:	04/27/2020
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Document Description:	Moody's Affirms Rating on Sacramento's 2019 Tourism Infrastructure District Assessment Revenue Bonds
DAC Bond Coversheet:	Yes
Transmitted to:	MSRB-EMMA
Total CUSIPs associated with this Filing:	20
Filing made on Series:	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 Tourism Infrastructure District, Assessment Revenue Bonds (Convention Center Ballroom), Series 2019, \$50,465,000, Dated: August 22, 2019

CUSIP: 785843AA1, 785843AB9, 785843AC7, 785843AD5, 785843AE3, 785843AF0, 785843AG8, 785843AH6, 785843AJ2, 785843AK9, 785843AL7, 785843AM5, 785843AN3, 785843AP8, 785843AQ6, 785843AR4, 785843AS2, 785843AT0, 785843AU7, 785843AV5

No missing CUSIPs for this bond issue

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**ADDITIONAL (VOLUNTARY) DISCLOSURE
RATING AFFIRMED**

Dated: April 27, 2020

NOTICE IS HEREBY GIVEN that on April 24, 2020, Moody's Investor Services ("**Moody's**") affirmed the "**A2**" long-term rating, but revised the outlook of the City of Sacramento's 2019 Sacramento Tourism Infrastructure District Assessment Revenue Bonds from **stable** to **negative**.

City of Sacramento



Brian Wong
Debt Manager

Attachment: Moody's revises outlook on Sacramento, CA's Tourism Infrastructure District No. 2018-04 to negative from stable, affirms outstanding hotel assessment revenue rating

Rating Action: Moody's revises outlook on Sacramento Tourism Infrastructure District No. 2018-04, CA to negative from stable, affirms outstanding A2 assessment revenue rating

24 Apr 2020

New York, April 24, 2020 -- Moody's Investors Service has revised the outlook on the Sacramento Tourism Infrastructure District No. 2018-04, CA to negative from stable. Concurrently, we affirmed the A2 rating on the district's \$45 million outstanding assessment revenue bonds.

RATINGS RATIONALE

The A2 rating on the bonds reflects the economic strength of the assessment district, which includes all of the City of Sacramento (Aa2 stable) and neighboring unincorporated areas of Sacramento County (A1 stable) primarily to the east. While the assessment district was newly established in 2018, it is nearly contiguous with a tourism marketing district formed in 2012, which has a track record of collecting similar assessments, and prior to the coronavirus outbreak, was experiencing robust growth in travel and tourism.

The A2 rating further reflects the limited nature of the assessments pledged to repay the bonds, which are economically sensitive. The assessment district was formed by lodging businesses in the Sacramento area for the purpose of funding a new ballroom at the city's convention center through a 1% assessment on lodging revenues. The rating incorporates the solid historical demand for hotel rooms, as demonstrated by the rapid growth in assessments collected in the overlapping tourism marketing district, as well as projected demand resulting in notable new hotel construction. The rating further incorporates favorable debt structuring and legal provisions, which are key credit features. Coverage for the bonds is from current revenue will very likely to drop below 1.0 times in the near term. Debt service is currently being paid from capitalized interest sufficient to pay the June 1, 2020 debt service. The district also has a surplus revenue account funded to 50% of maximum annual debt service (MADS) equal to \$1.4 million and assessment revenue collected since September 2019 totaling \$1.3 million, both available to pay debt service through the downturn. Construction of the new ballroom is continuing with minor delays and is expected to be complete in late spring 2021.

We regard the coronavirus outbreak as a social risk under our ESG framework, given the substantial implications for public health and safety. The coronavirus crisis is a key driver for this rating action. We anticipate that previously expected growth in revenue from the district's lodging business assessment revenue will not materialize in the near term due to the economic effects of the coronavirus, materially affecting both coverage and balances available for bond debt service, resulting in a negative outlook. The longer-term impact of coronavirus will depend on both the severity and duration of the crisis. The situation surrounding coronavirus is rapidly evolving. If our view of the credit quality of the district changes, we will publish our updated opinion at that time.

RATING OUTLOOK

The negative outlook reflects our view that the current coronavirus downturn, even if short lived, will materially affect the credit quality of the STID bonds and if prolonged would result in negative pressure on the credit profile.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Substantial growth in debt service coverage
- Restoration of hotel occupancy rates to historical levels could result in removing the negative outlook

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Protracted revenue downturn due to the coronavirus outbreak
- Authorization and issuance of substantial additional debt beyond funding for the current project

- Depletion of available reserves
- Use of the debt service reserve surety

LEGAL SECURITY

The bonds are secured by a first pledge of and lien on, and a security interest in, all of the pledged assessment revenues and all of the moneys on deposit in the pledged assessment revenue account. Pledged assessments are those assessments on the lodging businesses in the district, excluding vacation rentals, although any assessments paid by vacation rental owners are also available for payment of debt service.

Parity bonds are permitted for the costs of ballroom completion or refunding outstanding bonds. Subordinate obligations permitted for other tourism infrastructure projects approved by the tourism district committee in accordance with the STID Management District Plan. There is an additional bonds test (ABT) for bonds of 1.15 times MADS.

The debt service reserve account was funded at closing at the lesser of the three-prong test with a surety. Additionally, a surplus revenue account was cash funded at 50% of MADS and any draws will be replenished over time from excess revenues.

PROFILE

The Sacramento Tourism Infrastructure District was formed through petition by lodging businesses located within the district and approval by the City of Sacramento to provide specific benefits to payors, by providing funding for the construction of a second ballroom as part of the Sacramento Convention Center and other infrastructure project and marketing designed to increase room night sales for assessed lodging businesses. The Tourism District was formed pursuant to the Property and Business Improvement District Law of 1994, as augmented by an ordinance adopted by the City Council pursuant to its charter powers. The assessment rate is 1% of total room revenues of lodging businesses within the district, with collections beginning in September 2019. Assessments on lodging businesses located outside of the city but within the district are collected and remitted to the city by Sacramento County. The district currently has over 100 lodging businesses (excluding vacation rentals) with nearly 11,000 rooms.

Sacramento is located at the confluence of the Sacramento and American rivers in the northern Central Valley, 75 miles northeast of San Francisco (Aaa stable). The city encompasses 99 square miles and has over 500,000 residents as of 2018, making it the sixth largest city in the state. It was incorporated in 1849 and is the California (Aa2 stable) state capital and the seat of Sacramento County. The full-service city is governed by a nine-member city council including an elected mayor.

METHODOLOGY

The principal methodology used in this rating was US Public Finance Special Tax Methodology published in July 2017 and available at https://www.moody.com/researchdocumentcontentpage.aspx?docid=PBM_1077147. Alternatively, please see the Rating Methodologies page on www.moody.com for a copy of this methodology.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found at: https://www.moody.com/researchdocumentcontentpage.aspx?docid=PBC_79004.

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At least one ESG consideration was material to the credit rating action(s) announced and described above.

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