This Filing Applies to:

1. City of Sacramento Water Revenue Refunding Bonds, Series 2020 (Federally Taxable), $188,390,000 Dated: May 6, 2020  
   786089JD5, 786089JE3, 786089JF0, 786089G8, 786089H6, 786089J2, 786089K9, 786089JL7, 786089JM5, 786089JN3, 786089JP8, 786089Q6, 786089JR4

2. City of Sacramento, Water Revenue Bonds, Series 2017, $52,610,000, Dated: June 22, 2017  
   786089HH8, 786089HJ4, 786089HK1, 786089HL9, 786089HM7, 786089HN5, 786089HP0, 786089HQ8, 786089HR6, 786089HS4, 786089HT2, 786089HU9, 786089HV7, 786089HW5, 786089HX3, 786089HY1

   786089GG1

**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
Sacramento, CA City of Fitch Rating Assigned and Rating Affirmed as of October 27, 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:**
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Telephone: 407 515 - 1100  
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Email Address: emmaagent@dacbond.com  
Relationship to Issuer: Dissemination Agent

**Certification Authorized By:**
/s/ Brian Wong  
Name: Brian Wong  
Title: Debt Manager  
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: P21318292

Date & Time Stamp: 10/30/2023
Document: Other Event-based Disclosures: Sacramento, CA City of Fitch Rating Assigned and Rating Affirmed as of October 27, 2023
DAC Bond Coversheet: Yes
Transmitted to: MSRB-EMMA
Total CUSIPs associated with this Filing: 30

Codes: P (Prerefunded), R (Refunded), U (Unrefunded), E (Escrowed), A (Advance Refunding), D (Deceased), 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 Water Revenue Refunding Bonds, Series 2020 (Federally Taxable), $188,390,000 Dated: May 6, 2020
CUSIP: 786089JD5, 786089JE3, 786089JF0, 786089G8, 786089JH6, 786089J2, 786089JK9, 786089JL7, 786089JM5, 786089JN3, 786089JP8, 786089JQ6, 786089JR4
No missing CUSIPs for this bond issue

2. Issue: City of Sacramento, Water Revenue Bonds, Series 2017, $52,610,000, Dated: June 22, 2017
CUSIP: 786089HH8, 786089HJ4, 786089HK1, 786089HL9, 786089HM7, 786089HN5, 786089HP0, 786089HQ8, 786089HR6, 786089HS4, 786089HT2, 786089HU9, 786089HV7, 786089HW5, 786089HX3, 786089HY1
No missing CUSIPs for this bond issue

CUSIP: 786089GG1
No missing CUSIPs for this bond issue
ADDITIONAL (VOLUNTARY) DISCLOSURE
RATING ASSIGNED AND AFFIRMED

Dated: October 30, 2023

NOTICE IS HEREBY GIVEN that on October 27, 2023, Fitch Ratings ("Fitch") assigned the “AA-“ long-term rating and the “positive” outlook for the City of Sacramento Water Revenue Refunding Bonds, Series 2023. Fitch also affirmed the long-term rating and outlook for the following series of bonds:

- Water Revenue Bonds, Series 2013
- Water Revenue Bonds, Series 2017
- Water Revenue Refunding Bonds, Series 2020

City of Sacramento

[Signature]

Brian Wong
Debt Manager

Attachment: Fitch Ratings Report for the City of Sacramento’s Water Revenue Bonds
RATING ACTION COMMENTARY

Fitch Rates Sacramento, CA Water System 'AA-' ; Outlook Positive

Fri 27 Oct, 2023 - 10:53 AM ET

Fitch Ratings - Austin - 27 Oct 2023: Fitch Ratings has assigned a 'AA-' rating to the following city of Sacramento, CA (the city) water system (the system) obligations:

--Approximately $25.9 million water revenue refunding bonds, series 2023.

The bonds are scheduled to price the week of Dec. 4 and close the week of Dec. 19. Proceeds of the series 2023 bonds will be used to refund a portion of the city's outstanding water revenue refunding bonds, series 2020 by partial tender.

Fitch has also affirmed the 'AA-' ratings on the following bonds:

--$52.8 million water revenue bonds, series 2013, 2017;

--$179.4 million water revenue refunding bonds, series 2020.

Additionally, Fitch has assessed the system's Standalone Credit Profile (SCP) at 'aa-'. The SCP represents the credit profile of the system on a stand-alone basis irrespective of its relationship with, and the credit quality of the city (Issuer Default Rating AA/Stable).

The Rating Outlook is Positive.

RATING ACTIONS

<table>
<thead>
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<th>ENTITY / DEBT</th>
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VIEW ADDITIONAL RATING DETAILS

The 'AA-' water revenue bond rating along with the 'aa-' Standalone Credit Profile reflect the system's 'Very Strong' financial profile within the framework of 'Very Strong' revenue defensibility and 'Very Strong' operating risk profile, both assessed at 'aa'. The system's leverage, measured as net adjusted debt to adjusted funds available for debt service (FADS), was very low at 6.5x in fiscal 2022 and is expected to decrease moderately to 5.6x over the five-year horizon in Fitch's Analytical Stress Test (FAST) stress case.

The Positive Outlook reflects expectations for lower leverage than previously expected, driven by cost containment measures the last few years that outperformed projections, and in conjunction with more moderate capital needs in upcoming years. FADS is expected to be sufficient to support planned capital and operations and keep leverage between 5.0x and 6.0x on a sustained basis.

SECURITY

The bonds are secured by a senior lien on the city's net water system revenues after payment of maintenance and operations expenses.

KEY RATING DRIVERS

Revenue Defensibility - 'aa'

Favorable Service Area, Affordable Rates for a Significant Majority of the Population: The city retains the legal authority to adjust rates as needed without external oversight. Fitch considers the monthly residential water bill affordable for approximately 79% of the service area population based on standard monthly usage of 7,500 gallons. The favorable service area is characterized by average income levels, a moderate unemployment rate relative to the nation and midrange customer growth.

Customer growth registered a five-year compound annual growth rate of 1.1% as of fiscal 2022. Income levels are about 3% above the national median as of 2021. The
unemployment rate has increased to 4.1% since 2019 and was 14% more than the national average in 2022.

**Operating Risk - 'aa'**

Very Low Operating Cost Burden, Moderate Investment Needs: In fiscal 2022, the system's operating cost burden was considered very low at $3,391 per million gallons (mg), consistent with the operating risk assessment. The life cycle ratio was very low at 30% in fiscal 2022. Capex to depreciation has been robust, reflected in the five-year average of 245% from fiscal 2018 to fiscal 2022. Planned capital spending for the next five years should be in line with historical depreciation, allowing for stability in the currently very low life cycle ratio.

The system's estimated capex in 2023 of $13.6 million plus planned capex for 2024-2027 totals $124.4 million and the entirety is anticipated to be funded through current revenues, development impact fees, and grant proceeds. Focus will be on rehabilitating and/or replacing critical infrastructure, including groundwater production facilities, and rehabilitation and improvements at many of the city's drinking water storage reservoirs.

**Financial Profile - 'aa'**

Leverage to Decline Slightly: The system had very low leverage of 6.5x as of fiscal 2022, which is the highest level since fiscal 2018. The increase was driven by negative interest earnings in fiscal 2022 (and hence, lower FADS), but Fitch expects FADS to rebound in upcoming years. The liquidity profile is neutral to the overall assessment with current days cash on hand of 1,155 and coverage of full obligations (COFO) of 1.6x. Fitch-calculated total debt service coverage is stronger (as it excludes net transfers) and was 2.1x in fiscal 2022.

The FAST considers the potential trend of key ratios in a base case and stress case over a five-year period. The stress case is designed to impose capital costs 10% above expected base case levels and evaluate potential variability in projected key ratios. The FAST reflects Fitch's view of a reasonable scenario, which is generally informed by publicly available and/or management provided information with respect to capital expenditures, user charges and rate of revenue and expenditure growth.

In the base case scenario, the leverage ratio is projected to decline to 5.4x over the five-year horizon. In the stress case, the leverage ratio is expected to decrease to 5.6x through fiscal 2027. Liquidity is expected to remain neutral to the assessment over the five-year horizon.
Asymmetric Additional Risk Considerations

No asymmetric additive risk considerations affected this rating determination.

RATING SENSITIVITIES

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

--Sustained trend of leverage that approaches 10.0x through Fitch's base and stress cases, assuming revenue defensibility and operating risk assessments remain unchanged, would likely stabilize the Rating Outlook.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

--Leverage that stabilizes to approximate 8.0x or less through Fitch's base and stress cases, assuming revenue defensibility and operating risk assessments remain unchanged;

--Continued ability to generate sufficient FADS through either rate increases or cost containment measures.

PROFILE

The system provides essential water services to more than 500,000 residents of the city, California's state capital. The system provides some water on a wholesale basis to Sacramento Suburban Water District, Sacramento County Water Agency, California American Water Co., and the system also provides some water on a wheel basis to Sacramento County Water Agency.

The city has rights to an ample supply of local surface water under high-priority water rights that are limited in only the most severe drought conditions. Sacramento draws about 74% of its water supplies from the American and Sacramento Rivers based on a five-year average. Another 26% of supplies are provided by local ground water wells. The city estimates that its reliable supplies equal about 260 million gallons per day (mgd) compared with recent demand of about 76 mgd in fiscal 2023. The city has contracts with the U.S. Bureau of Reclamation that require the agency to provide sufficient flows to meet city needs before serving the Bureau’s own Central Valley Project customers from its Folsom Lake reservoir. Ample water supply is treated at two city-owned and operated treatment plants.

Fitch considers the system a related entity of the city given the relationship of the system serves as an enterprise fund of the city. The rating on the water revenue bonds is not
currently constrained by the credit quality of the city. However, as a result of being a related entity, the issue rating could become constrained by a decline in the general credit quality of the city.

Sources of Information

In addition to the sources of information identified in Fitch's applicable criteria specified below, this action was informed by information from Lumesis.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

ESG CONSIDERATIONS

The highest level of ESG credit relevance is a score of '3'; unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit https://www.fitchratings.com/topics/esg/products#esg-relevance-scores.

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APPLICABLE CRITERIA  
U.S. Water and Sewer Rating Criteria (pub. 03 Mar 2023) (including rating assumption sensitivity)  
Public Sector, Revenue-Supported Entities Rating Criteria (pub. 27 Apr 2023) (including rating assumption sensitivity)

ADDITIONAL DISCLOSURES  
Dodd-Frank Rating Information Disclosure Form  
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