

**CITY OF SACRAMENTO
DEBT MANAGEMENT POLICY
Supplemental Policy on Disclosure**

Adopted by the City Council on February 11, 2025

1. Introduction

1.1 This Supplemental Policy on Disclosure (“**Policy**”) governs the City’s fulfillment of its disclosure obligations related to municipal securities issued by the City or by related entities such as the Sacramento City Financing Authority, the Sacramento Public Financing Authority, and the Redevelopment Agency Successor Agency. In the event an Enhanced Infrastructure Financing District (“**EIFD**”) formed by the City issues bonds, the City, specifically the Office of the City Treasurer, may be asked to handle post issuance matters including continuing disclosure for EIFD bonds. While an EIFD is a separate legal entity from the City with a separate governing body from the City Council, if City staff is responsible with the continuing disclosure requirements for EIFD bonds, City staff (specifically City Treasurer’s Office staff) will do so in accordance with this Policy.

(A) The City and its related entities issue debt in the municipal-bond market from time to time. When bonds are issued, the City, whether acting for itself or for a related entity, is obligated to disclose all material information in compliance with federal securities laws, including the Securities Act of 1933, the Securities and Exchange Act of 1934, Rule 10b-5 of the Securities and Exchange Commission (the “**SEC**”), and Rule 15c2-12 of the SEC as amended. California Government Code sections 8855 and 53359.5 require certain disclosures to the California Debt and Investment Advisory Commission of the California State Treasurer’s Office, and Government Code sections 12463.2, 53891, 53892, 53892.2, and 53892.3 require certain disclosures to the California State Controller’s Office.

(B) Incomplete, inaccurate, or misleading disclosure might have material financial consequences for the City, as well as City officers and employees. For example:

- The SEC could bring civil actions charging that disclosure was negligent, reckless, or intentionally fraudulent; in addition, the SEC could refer cases to the U.S. Department of Justice for criminal prosecution.
- The SEC could impose cumbersome procedures and oversight on the City as conditions for settling civil actions.
- The City could suffer adverse publicity, which might reduce market access and investor acceptance.

- The credit ratings outlook or the credit ratings on the City’s municipal securities could be downgraded, resulting in increased costs in future issuances.
 - City officials could face personal fines for violations of securities laws.
- (C) Sound disclosure practices can provide both tangible and intangible benefits, including the following:
- Enhanced credibility in the municipal-bond market.
 - Transparency with rating agencies, bond insurers, current bondholders, and prospective bond investors.
 - Improved decision making for prospective bond investors.
 - Increased numbers and types of bond investors who purchase the City’s bonds in the primary and secondary markets.
 - Demonstrated City commitment to providing full, accurate, and timely disclosure to rating agencies, bond insurers, current bondholders, and other stakeholders.
 - The potential for a lower overall cost of borrowing.

1.2 Scope of Policy. This policy applies to City information and documents, including the following, that a reasonable bond investor would consider significant or useful when deciding whether to invest in the City’s bonds:

- (A) Initial-disclosure documents, i.e., preliminary and final official statements.
- (B) Continuing-disclosure documents, i.e., annual financial information, required event notices, and voluntary notices.
- (C) Miscellaneous reports and presentations to the public.

2. **Governing Authority, Point of Contact, and Responsibility**

2.1 Authority. Either the City Treasurer or the Debt Manager (the “**Debt Manager**”) shall manage the City’s disclosure program in conformance with federal, state, and local requirements, including the Sacramento City Charter, the Sacramento City Code, and the City’s Debt-Management Policy.

2.2 Point of Contact. Either the City Treasurer or the Debt Manager will be the City's point of contact for disclosure, primarily responsible not only for developing and distributing information but also for determining the materiality of information, based in part by guidance by the City Attorney's Office and the City's disclosure counsel.

2.3 Responsibility.

(A) The City Treasurer or the Debt Manager shall oversee all aspects of disclosure. As such, the City Treasurer or the Debt Manager shall review the form and content of the City's documents and materials prepared, issued, or distributed in connection with the City's disclosure obligations relating to its municipal securities. Those documents and materials include not just preliminary and final official statements but also the following:

- Annual financial information provided to the Municipal Securities Rulemaking Board ("**MSRB**") in accordance with SEC Rule 15c2-12 as may be amended periodically and any applicable continuing-disclosure agreement or certificate (except that the City Treasurer and the Debt Manager are not responsible for the form and content of the City's annual comprehensive financial report, which is prepared by the City's Accounting Division and reviewed and confirmed by the City's external auditor).
- Event notices provided to the MSRB in accordance with SEC Rule 15c2-12 as may be amended periodically and any applicable continuing-disclosure agreement or certificate.
- Any other information provided to the MSRB for use by investors in making investment decisions.

Such information and notices will typically be provided through the MSRB's Electronic Municipal Market Access website (known as "**EMMA**"), which the SEC has designated as the official source for municipal securities data and disclosure documents.

The City reserves the right to utilize certain services provided by a third-party dissemination agent such as the upload of disclosure filings to EMMA, however as stated in section (C) below, the preparation, review, and final approval of all disclosure filings are the responsibility of the City.

(B) Along with the City Treasurer and their staff, the City Attorney and the City Manager shall serve as integral members of the financing team, each responsible, as appropriate, for ensuring and certifying to the accuracy of information disclosed to the municipal-bond market.

(C) The City is responsible for the content of its disclosure documents. The City Treasurer, City Attorney, and City Manager and their appointed or delegated staff shall ensure that the use of outside professionals for their respective

areas of expertise is appropriate and that reliance upon outside professionals is reasonable and not excessive. The City Treasurer's Office is responsible for the completeness, accuracy, and timeliness of information uploaded to EMMA, except with respect to certain information filed by developers and merchant builders or their respective consultants, in accordance with the respective developer's or merchant builder's limited scope continuing disclosure requirements for certain special-tax revenue bonds.

- (D) The City Treasurer or the Debt Manager shall ensure that subject-matter experts, including City staff with relevant knowledge or expertise, are involved in developing and periodically reviewing and updating disclosure documents. For example, when obligations are secured by specific revenues, such as water or wastewater revenues, City staff who are knowledgeable about the relevant enterprise utility must be involved.
- (E) The City Treasurer or the Debt Manager, in collaboration with the City Attorney, shall arrange for the engagement of disclosure counsel to assist the City in complying with disclosure requirements, as warranted. The City Treasurer or the Debt Manager shall also arrange for the periodic training of City Council members and City Council members' staff (as determined by the City Treasurer or the Debt Manager), executive management and other employees who may contribute to or have involvement with the City's primary offerings or continuing disclosure obligations, regarding the City's disclosure obligations under federal securities laws. Such training may take place via a webinar/recording accessible on the Acumen or other training platform utilized by the City.
- (F) City officers and employees serving as financing-team members are responsible for reviewing and commenting on draft documents. As part of their review, they must determine whether all material information—including confidential or politically sensitive information—has been included and is both accurate and relevant.
- (G) City officers and employees and the officers and employees of related entities shall promptly provide all information, assurances, and certifications the City Treasurer or the Debt Manager requests for compliance with federal securities laws. The City Manager and the City Attorney shall be required to promptly and fully respond to those requests.

3. Certifications

- 3.1 In connection with the City Council's approval of preliminary or final official statements for publicly issued municipal securities, an appropriate City officer or employee shall certify in writing, to the best of their knowledge, that the documents do not make any untrue statement of a material fact or omit to state a material fact

necessary to make the statements made, in light of the circumstances under which they were made, not misleading.

- 3.2 The City Treasurer or the Debt Manager shall provide offering documents such as preliminary official statements to appropriate City officials (which may include the Mayor and City Council, City Manager, City Attorney, and other City officers and employees) in such a manner as to allow timely, informed decisions regarding disclosure.