

Sacramento Suburban Water District

Debt Obligation Disclosure PolicyAdopted: March 16, 2015; Amended on February 27, 2023

100.00 Purpose of the Policy

The purpose of this Debt Obligation Disclosure Policy (“Policy”) is to memorialize and communicate Board direction in connection with obligations, including notes, bonds and certificates of participation, issued by or on behalf of the Sacramento Suburban Water District (the “District”) to ensure that the District continues to comply with all applicable disclosure obligations and requirements under the federal securities laws and state laws governing local agency debt issuance.

200.00 Background

The District from time to time issues or incurs various forms of debt, including certificates of participation, revenue bonds, notes or other obligations (collectively, “Obligations”) in order to fund or refund capital investments or other long-term programs. Certain Obligations are issued or executed and delivered through the Sacramento Suburban Water District Financing Corporation (the “Financing Corporation”), a joint powers agency, or incurred directly by the District.

In offering Obligations to the public, and at other times when the District makes certain reports, the District must comply with the “antifraud rules” of federal securities laws. (“Antifraud rules” refers to Section 17 of the Securities Act of 1933 and Section 10(b) of the Securities and Exchange Act of 1934, and regulations adopted by the Securities and Exchange Commission (“SEC”) under those Acts, particularly “Rule 10b-5” under the 1934 Act.)

The core requirement of these rules is that potential investors in Obligations must be provided with all “material” information relating to the offered Obligations. The information provided to investors must not contain any material misstatements, and the District must not omit material information which would be necessary to provide to investors a complete and transparent description of the Obligations and the District’s financial condition. In the context of the sale of securities, a fact is generally considered to be “material” if there is a substantial likelihood that a reasonable investor would consider it to be important in determining whether or not to purchase the securities being offered or alters the total mix of available information.

Refer to Procedure PR-Fin 010 – Debt Obligation Disclosure Procedure for details on specific activities regarding the preparation, review, and completion of the District’s disclosure obligations under the antifraud rules of federal securities law.

200.10 Initial Disclosure Obligations

Each time the District issues or executes and delivers Obligations that are publicly offered, the two central disclosure documents which are prepared are a preliminary official statement (“POS”) and a final official statement (the “OS”, and collectively with the POS, the “Official Statement”). Investors use the Official Statement as one of their primary resources for making informed investment decisions regarding the Obligations.

When the District decides to incur debt, the Director of Finance and Administration requests the involved departments to commence preparation of the portions of the Official Statement (particularly the District Section) for which they are responsible. The entire Official Statement is to be reviewed by not only the staff updating the OS, but also by the Board of Directors, the General Manager, and General Counsel for input. The Board of Directors and staff of the District are requested to inform the finance team of all material changes that take place up to and including the closing date of the transaction. Members of the finance team will assist District staff in determining the materiality of particular data that might be material to the specific Obligation and in the development of specific language for the Official Statement.

200.30 Ongoing Continuing Disclosure Obligations

In connection with the issuance or execution and delivery of Obligations, the District has entered and may enter into several contractual agreements (“Continuing Disclosure Certificates”) to provide annual reports related to its financial condition (including its audited financial statements), as well as notice of certain events relating to the Obligations specified in the Continuing Disclosure Certificates. The District must comply with the specific requirements of each Continuing Disclosure Certificate. The District’s Continuing Disclosure Certificates generally require that the annual reports be filed within 270 days after the end of the District’s fiscal year, and that the event notices are generally required to be filed within 10 business days of their occurrence. Filing is centralized on the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access (“EMMA”) website and portal.

Specific events which require notices are set forth in each Obligation’s Continuing Disclosure Certificate.

The District Treasurer shall be responsible for preparing and filing the annual reports and the event notices required pursuant to the Continuing Disclosure Certificates. Particular care shall be paid to the timely filing of any changes in credit ratings on Obligations (including changes resulting from changes in the credit ratings of insurers

of particular Obligations) or if the District incurs any “financial obligation” deemed to be material as defined by the SEC.

200.40 Information Available to the Public

The Office of Municipal Securities (“OMS”) released a bulletin on February 7, 2020 which states that, in OMS’ opinion, the antifraud provisions of Rule 10b-5 apply to all municipal issuer statements that provide information which is reasonably expected to reach investors and the trading markets regardless of the intended primary audience and the medium of delivery. The following are potential delivery mediums with respect to information and statements relating to the District that could reach the investment market outside of the context of Official Statements or in annual reports or event notices filed on EMMA pursuant to a Continuing Disclosure Certificate.

- Information on the District Website.
- Public Reports.
- Statements Made by District Officials.

When placing or updating financial information or reports on the District website, historical information should be clearly identified. District staff should contact members of the finance team and General Counsel for disclaimer language before any financial reports that could reasonably reach investors are finalized and made available to the public.

Hyperlinks to third-party websites on the District’s website should be avoided when possible. If hyperlinks to third-party websites are included on the District’s website, an appropriate disclaimer to the effect that the District has not verified and is not responsible for the information on such third-party website should be considered.

When making written or verbal public statements, District elected officials and staff should consider whether such statements might reasonably be expected to reach investors and if so, ensure that such statements are not materially misleading or are made with an appropriate disclaimer.

200.50 Training

This Policy and related Procedure shall be provided to all members of senior staff and any other member of the District staff that is involved in complying with the District’s disclosure obligations. Periodic training for the staff involved in complying with the District’s disclosure obligations and the Board of Directors will be coordinated by the Director of Finance and Administration and include the finance team.

300.00 Policy Review

This Policy shall be reviewed at least biennially.