

**REDEVELOPMENT AGENCY OF THE  
CITY OF REDWOOD CITY**

**\$33,997,447.85**  
**REDEVELOPMENT PROJECT AREA NO. 2**  
**TAX ALLOCATION BONDS, SERIES 2003A**

**San Mateo County, California**  
**Dated: October 30, 2003**  
**Base CUSIP<sup>+</sup>: 757887**



**2016 ANNUAL CONTINUING DISCLOSURE  
INFORMATION STATEMENT**

**As of January 25, 2017**

Also available at:



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\* In its role as Disclosure Consultant and Dissemination Agent, Willdan Financial Services has not passed upon the accuracy, completeness or fairness of the statements contained herein.

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## ***I. INTRODUCTION***

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Pursuant to an Official Statement dated October 15, 2003, the Redevelopment Agency of the City of Redwood City (the “Former Agency”) issued \$33,997,477.85 Redevelopment Project Area No. 2 Tax Allocation Bonds, Series 2003A (the “Bonds”). The proceeds of the Bonds were used to repay certain loans made by the City of Redwood City (the “City”) to the Former Agency and to pay the costs of redevelopment activities within the Redevelopment Project Area No. 2 (the “Project Area”). The Bonds were issued on parity with the Former Agency’s Redevelopment Project Area No. 2 Tax Allocation Refunding Bonds, Series 1997 (the “1997 Bonds”). The 1997 Bonds were defeased and called in full on December 1, 2009.

The City is located in San Mateo County and is situated approximately 25 miles south of San Francisco on the west side of San Francisco Bay. The City covers approximately 34 square miles. Upon the dissolution of California redevelopment agencies effective February 1, 2012, the City elected to become Successor to the Former Agency (now referred to as the “Successor Agency”).

The Successor Agency has only one redevelopment project area comprising approximately 932.24 acres of land in three non-contiguous sub-areas, including certain portions of the City’s downtown area, certain portions of the City’s marina area and certain property along Seaport Boulevard.

The Bonds are special obligations of the Successor Agency and are secured by a Pledge of Tax Revenues derived from the Project Area, as defined within the Official Statement. The Bonds are not a debt of the City, the State of California (the “State”), or any of its political subdivisions other than the Successor Agency and neither the City, the State of California, nor any of its political subdivisions other than the Successor Agency is liable. The Bonds do not constitute indebtedness within the meaning of any constitutional or statutory debt limit or restriction.

This Annual Continuing Disclosure Information Statement is being provided pursuant to a covenant made by the Former Agency for the benefit of the holders of the Bonds and includes the information specified in a Continuing Disclosure Certificate. For further information and a more complete description of the Former Agency, the City, and the Bonds, reference is made to the Official Statement.

The information set forth herein has been furnished by the Successor Agency and by other sources, which is believed to be accurate and reliable, but is not guaranteed as to accuracy or completeness. Statements contained in this Annual Continuing Disclosure Information Statement that involve estimates, forecasts, or other matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. Further, the information and expressions of opinion contained herein are subject to change without notice and the delivery of this Annual Continuing Disclosure Information Statement will not, under any circumstances, create any implication that there has been no change in the affairs of the Successor Agency or any other parties described herein.

This Annual Continuing Disclosure Information Statement is of a factual nature without subjective assumptions, opinions, or views and may not be relied upon as advice or recommendation to purchase or sell any product or utilize any particular strategy relating to the issuance of municipal securities or purchase of financial products. Willdan Financial Services and its employees (collectively “Willdan”) do not recommend any actions and are not acting as an advisor to any municipal entity, board, officer, agent, employee or obligated person pursuant to Section 15B of the Exchange Act. Prior to acting on any information or material contained in this communication, you should discuss it with appropriate internal or external advisors and experts and only rely upon their advice.

## ***II. REFERENCE TO PREVIOUSLY FILED INFORMATION***

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For historical information, reference is made to the Annual Continuing Disclosure Information Statements previously filed with the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access website (“EMMA”).

### **III. BOND INFORMATION**

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#### **A. PRINCIPAL OUTSTANDING**

<b>Bonds Outstanding</b>	<b>As of November 30, 2016</b>
Capital Appreciation Bonds	\$56,090,000 <sup>(1)</sup>

<sup>(1)</sup> Principal balance on Capital Appreciation Bonds reflects the Maturity Value.

#### **B. FUND INFORMATION**

<b>Account</b>	<b>As of November 30, 2016</b>
Reserve Fund	\$3,517,751 <sup>(1)</sup>
Reserve Requirement	\$3,510,000

<sup>(1)</sup> The Reserve Fund is also secured by a Reserve Fund Surety Bond with Ambac Assurance Corporation. Actual balance represents the current Market Value of the Surety Bond.

### **IV. FINANCIAL INFORMATION**

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#### **A. AUDITED FINANCIAL STATEMENTS**

Due to the dissolution of California redevelopment agencies effective February 1, 2012, there will not be separate audited financial statements prepared for the Former Agency for the period February 1, 2012 through June 30, 2012. Commencing with the audited financial statements of the City for the fiscal year ended June 30, 2012, the activities of the Successor Agency will be reported as a fiduciary trust fund as part of the City's audited financial statements.

The City's audited financial statements for the fiscal year ended June 30, 2016 have been separately filed with EMMA and are hereby incorporated by reference into this Annual Continuing Disclosure Information Statement.

## V. OPERATING INFORMATION

### A. HISTORIC PROJECT AREA ASSESSED VALUES

The following table sets forth a summary of the assessed valuations of the Project Area for fiscal years 2012/13 through 2016/17.

	2012/13	2013/14	2014/15	2015/16	2016/17
<b>Locally Assessed Secured Value</b>	\$1,523,280,232	\$1,615,027,257	\$1,731,779,995	\$2,092,507,156	\$2,564,359,138
<b>Unsecured Value</b>	248,109,841	274,752,529	303,890,371	322,023,555	390,832,312
<b>State-Assessed Value</b>	1,420,056	1,420,056	1,420,056	914,760	914,760
<b>Total Taxable Value <sup>(1)</sup></b>	<b>\$1,772,810,129</b>	<b>\$1,891,199,842</b>	<b>\$2,037,090,422</b>	<b>\$2,415,445,471</b>	<b>\$2,956,106,210</b>
<b>Percentage Change</b>	<b>2%</b>	<b>7%</b>	<b>8%</b>	<b>19%</b>	<b>22%</b>
<b>Less Base Year Value</b>	<b>\$370,145,150</b>	<b>\$370,145,150</b>	<b>\$373,183,498</b>	<b>\$373,183,498</b>	<b>\$373,183,498</b>
<b>Levy per County</b>	\$14,003,894	\$15,229,639	\$16,646,744	\$20,430,294	\$25,836,913
<b>Tax Inc. less Supplemental Supplemental</b>	1,402,708,475 (43,496)	1,520,641,158 413,533	1,663,314,885 592,039	2,040,788,031 1,473,942	2,582,493,101 429,611
<b>Total Incremental Value</b>	<b>\$1,402,664,979</b>	<b>\$1,521,054,692</b>	<b>\$1,663,906,924</b>	<b>\$2,042,261,973</b>	<b>\$2,582,992,712</b>

<sup>(1)</sup> Accounts for Exemptions. Does not take into account pending assessment appeals.

Source: California Municipal Statistics, Inc. and San Mateo County Assessor's Database, as compiled by Willdan Financial Services.

### B. HISTORIC TAX REVENUE

The following sets forth the calculation of Tax Revenues pledged to debt service on the Bonds.

	Fiscal Year				
	2011/12	2012/13	2013/14	2014/15	2015/16
Gross Tax Increment	\$12,693,424	\$12,953,258	\$14,860,019	\$16,854,197	\$21,541,285
Less: County Administrative Fee	129,816	214,278	269,205	148,575	183,054
Tax Sharing Payments	2,681,516	2,812,966	3,255,590	3,703,286	8,042,799
Low and Moderate Income Housing Set Aside <sup>(1)</sup>	0	0	0	0	0
<b>Pledged Tax Revenue</b>	<b>\$9,882,092</b>	<b>\$9,926,014</b>	<b>\$11,335,224</b>	<b>\$13,002,336</b>	<b>\$13,315,432</b>

<sup>(1)</sup> Due to the dissolution of the Former Agency, Housing Set-Aside Revenues are no longer deducted.

### C. HISTORIC DEBT SERVICE COVERAGE

The following table sets forth the debt service coverage on the Bonds.

<b>Fiscal Year</b>	<b>Pledged Tax Revenue</b>	<b>Debt Service</b>	<b>Debt Service Coverage</b>
2011/12	\$9,882,092	\$1,850,975	5.34
2012/13	9,926,014	2,991,075	3.32
2013/14	11,335,224	3,280,481	3.46
2014/15	13,002,336	3,274,556	3.97
2015/16	13,315,432	3,434,813	3.88

### D. LARGEST PROPERTY TAXPAYERS

<b>Assessee</b>	<b>Property Use</b>	<b>2015/16 Total Value <sup>(1)</sup></b>	<b>% of Taxable Value <sup>(2)</sup></b>
Slough Redwood City LLC	Industrial	\$185,532,804	7.68%
BRE Properties Inc.	Commercial	129,494,380	5.36%
BMR Bay LP	Industrial	89,141,129	3.69%
Irvine Co. LLC	Residential	86,981,828	3.60%
Metropolitan Life Insurance Co.	Industrial	84,049,890	3.48%
Redwood City Partners LLC	Commercial	65,162,561	2.70%
Elan Redwood City LLC	Residential	63,588,148	2.63%
Century Theatres Inc.	Commercial	60,643,721	2.51%
Downtown RWC RES LLC	Commercial	50,766,450	2.10%
Raintree 201 Marshall LLC	Residential	56,535,622	2.34%
<b>Total Valuation</b>		<b>\$871,896,533</b>	<b>36.10%</b>

<sup>(1)</sup> Based on ownership of locally assessed secured property and unsecured property.

<sup>(2)</sup> Based upon fiscal year 2015/16 total assessed value of \$2,415,445,471.

Source: MuniServices, LLC, as compiled by Willdan Financial Services.

### E. PARITY ISSUES

There currently are no outstanding bonds on parity with the Bonds.

## VI. SUBSEQUENT EVENT

On October 24, 2016, the City Council authorized the selection of a financing team to refund the outstanding Public Financing Authority Water Revenue Bonds, Series 2007A. The 2007A series revenues are not pledged to the Successor Agency. The refinancing is expected to occur in February 2017.

## ***VII. REDEVELOPMENT AGENCY DISSOLUTION***

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On December 29, 2011, the California Supreme Court upheld ABx1 26, which dissolved all redevelopment agencies (“RDA”) in California, effective February 1, 2012. Each successor agency is responsible for drafting a Recognized Obligation Payment Schedule (“ROPS”) delineating the enforceable obligations of the former RDA payable through June 30, 2012 and their source of payment, and then additional ROPS every six months thereafter. ROPS are subject to the approval of the local oversight board and the State Department of Finance. All tax increment revenue which was previously received by the Former Agency is now deposited into the Redevelopment Property Tax Trust Fund, which is the sole funding source of the ROPS, by the County Controller and distributed in accordance with State law. At this time there are questions about the priority of these distributions which have yet to be resolved.

The Successor Agency’s schedules can be accessed by the link below.

<http://www.redwoodcity.org/departments/administrative-services/finance/financial-information-reports/former-redevelopment-agency-annual-financial-reports>

## **VIII. OCCURRENCE OF LISTED EVENTS**

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As amended, the Continuing Disclosure Covenants outline the events that must be reported in not more than ten (10) business days after the occurrence of the event, ***irrespective of any determination as to whether such event may or may not be deemed material.*** The Successor Agency has no knowledge that any of the events listed below have occurred or have not been previously reported during the fiscal year ended June 30, 2016.

1. Principal and interest payment delinquencies on the Bonds.
2. Unscheduled draws on debt service reserves reflecting financial difficulties.
3. Unscheduled draws on credit enhancements reflecting financial difficulties.
4. Substitution of credit or liquidity providers, or their failure to perform.
5. Adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds.
6. Defeasances.
7. Tender offers.
8. Bankruptcy, insolvency, receivership or similar proceedings pertaining to the Successor Agency.
9. Ratings changes.

As amended, the Continuing Disclosure Covenants outline the events that must be reported in not more than ten (10) Business Days after the occurrence of the event, ***if deemed material.*** The Successor Agency has no knowledge that any of the events listed below have occurred or have not been previously reported during the fiscal year ended June 30, 2016.

10. Mergers, consolidations, acquisitions, the sale of all or substantially all of the assets of the Successor Agency or the dissolution of the Successor Agency.
11. Appointment of a successor or additional Trustee or the change of the name of the Trustee or any successor or additional Trustee.
12. Non-payment related defaults.
13. Modifications to the rights of Holders.
14. Optional, contingent or unscheduled bond calls, prepayment or redemptions other than defeasances.
15. Release, substitution or sale of property securing repayment of the Bonds.