

Finance Department
1017 Middlefield Road
Redwood City, California 94063



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Sent via US Post

March 14, 2017

Kitty Kwong-Trust Associate
The Bank of New York
Securities Servicing
100 Pine Street Suite 3100
San Francisco, CA 94111

Re: Annual Disclosure – Water Revenue Bonds, Series 2007A

Dear Ms. Kwong,

Pursuant to Exhibit B of the Official Statement enclosed please find the Annual Report from City of Redwood City Public Financing Authority, Water Revenue Bonds – Series 2007A, for fiscal year ended June 30, 2016.

A link to City of Redwood City's website is provided as well in case you need a hard copy of the City's Comprehensive Annual Financial Report (CAFR).

Also, as per the Installment Purchase Contract, Section 5.11 (b) (1), the City has fulfilled all its obligations under the agreement throughout fiscal year 2015-2016 and there is no event of default.

Pursuant to Installment Purchase Contract section 5.11 (b) (2), the undersigned hereby certifies that The City of Redwood City has all insurance required under its obligations under the agreement throughout fiscal year 2015-16

Please feel free to call me at (650)780-7075 if you have any questions regarding the above matter.

Sincerely,

A handwritten signature in cursive script that reads "Antonia Saldou".

Antonia Saldou
Accountant

Enclosure: <http://www.redwoodcity.org/home/showdocument?id=10165>
Annual Report (Exhibit B of the Official Statement)

Cc: Ms. Starla Jerome Robinson, Interim Finance Director, City of Redwood City

EXHIBIT B

ANNUAL REPORT

\$15,150,000

**CITY OF REDWOOD CITY PUBLIC FINANCING AUTHORITY,
WATER REVENUE BONDS,
SERIES 2007A**

Date of this Annual Report: **March 8, 2017**

For Fiscal Year: **2015-2016**

This Annual Report is hereby submitted under Section 4 of the Continuing Disclosure Certificate (the "Disclosure Certificate") dated May 1, 2007 executed by the undersigned (the "City") for and on behalf of itself and the City of Redwood City Public Financing Authority (the "Authority") in connection with the issuance of the above-captioned bonds by the Authority.

Capitalized terms used in this Annual Report but not otherwise defined have the meanings given to them in the Disclosure Certificate.

Any or all of the items listed below may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The City shall clearly identify each such other document so included by reference.

I. Audited Financial Statements

Attached is a link to audited financial statements of the City, which include financial statements of the City's municipal water system enterprise (the "Enterprise"), prepared in accordance with Generally Accepted Accounting Principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board.

II. Existing Water Supply and Demand

The table below sets forth the average daily demand and maximum daily demand on the Enterprise for the prior Fiscal Year.

	Average Daily Demand (million gallons per day)	Maximum Daily Demand (million gallons per day)
Current Demand	7.9	10.5
Current Supply Hetch Hetchy	10.9	10.9
Current Supply Recycled Water	2.9	2.9
Current Capacity Surplus	5.9	3.4

III. Enterprise Revenues

The table below sets forth Enterprise revenues by customer type for the prior Fiscal Year.

Enterprise Revenues by Customer Type Fiscal Year 2015-2016

<u>Residential</u>	No. of Accounts	Consumption (CCF)	% of Total Consumption	"Billed Water" Total \$ Revenues	% of Total Revenue
Single-Family	19,139	1,555,948	44%	13,571,860	42%
Multi-Family Residential	1,676	694,379	20%	6,525,228	20%
Irrigation Residential	197	161,727	5%	1,011,067	3%
Subtotal	21,012	2,412,054	68%	21,108,154	65%
<u>Non-Residential</u>					
Municipal/Commercial	1,543	761,472	21%	7,645,870	24%
Irrigation Commercial	383	312,939	9%	2,428,393	7%
Subtotal	1,926	1,074,411	30%	10,074,262	31%
<u>Other</u>	0	52,837	1%	564,547	2%
Fire/Other	784	5,608	0%	743,716	2%
Total	23,722	3,544,910	100%	32,490,679	100%

IV. Debt Service Coverage

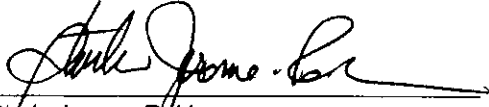
The table below sets forth Enterprise revenues and expenses, debt service on the Bonds, and the resulting debt service coverage ratio for the prior Fiscal Year.

Revenues, Expenses and Debt Service Coverage

Gross Revenue:	
Charges for Services	\$33,303,347
Investment Income/Interest	306,009
Connection Fees	1,898,943
Total Gross Revenue	<u>\$35,508,299</u>
Operating Expenses [1]	\$28,248,490
Transfers In/Out	(689,046)
Total Operating Expenses	<u>\$27,559,444</u>
Net Revenue	<u>\$7,948,855</u>
Debt Service on the Bond	\$4,547,121
Debt Service Coverage Ratio	<u>1.74</u>

[1] Net of depreciation and amortization.

CITY OF REDWOOD CITY

A handwritten signature in black ink, appearing to read "Starla Jerome Robinson", written over a horizontal line.

Starla Jerome Robinson
Interim Finance Director