

Finance Department  
1017 Middlefield Road  
Redwood City, California 94063



Telephone (650) 780-7223  
FAX (650) 366-2447  
www.redwoodcity.org

*Sent via US Post*

March 14, 2017

**Ms. Mary Wong-U.S. Bank National Association**  
**Global Corporate Trust Services**  
**One California Street #1000**  
**San Francisco, CA 94111**

**Re: Annual Report – Water Revenue Refunding Bonds, Series 2013**

Dear Ms. Wong,

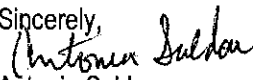
Pursuant to Exhibit B of the Official Statement enclosed please find the Annual Report from City of Redwood City Public Financing Authority, Water Revenue Refunding Bonds - Series 2013 for fiscal year ended June 30, 2016

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,  
  
Antonia Saldou  
Accountant

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

CC: Ms. Starla Jerome Robinson, Interim Finance Director, City of Redwood City  
CC: Grace Moon, Corp Trust Review Analyst

EXHIBIT B

ANNUAL REPORT

\$26,870,000

CITY OF REDWOOD CITY PUBLIC FINANCING AUTHORITY,  
WATER REVENUE BONDS,  
SERIES 2013

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 June 5, 2013, 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

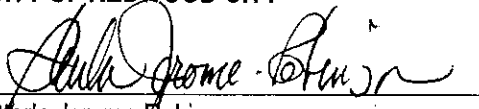
The table below sets forth Enterprise revenues and expenses, debt service on the Bonds, and the resulting debt service coverage ratio for the prior Fiscal Year.

#### 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 cursive script, appearing to read "Starla Jerome Robinson", written over a horizontal line.

Starla Jerome Robinson  
Interim Finance Director

Finance Department  
1017 Middlefield Road  
Redwood City, California 94063



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March 14, 2017

**Ms. Mary Wong**  
U.S. Bank National Association  
Global Corporate Trust Services  
One California Street #1000  
San Francisco, CA 94111

**Re: Annual Report – Water Revenue Refunding Bonds, Series 2015 and  
Water Revenue Refunding Bonds, Series 2017**

Dear Ms. Wong,

Pursuant to Exhibit B of the Official Statement enclosed please find the Annual Report from City of Redwood City Public Financing Authority, Water Revenue Refunding Bonds - Series 2015, and Series 2017 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).

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

Sincerely,

A handwritten signature in black ink that reads "Antonia Saldou".

Antonia Saldou  
Accountant

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

CC: Ms. Starla Jerome Robinson, Interim Finance Director, City of Redwood City  
CC: Melanie Fijan, Corp Trust Review Analyst

**EXHIBIT B**

**ANNUAL REPORT**

**\$20,235,000**

**CITY OF REDWOOD CITY PUBLIC FINANCING AUTHORITY,  
WATER REVENUE BONDS,  
SERIES 2015**

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, 2015, 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.

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**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.

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[1] Net of depreciation and amortization.

#### **V. No Default Certificate**

A certified statement of the City to the effect that no Event of Default (as defined in that certain Installment Purchase Contract, dated as of May 1, 2015 by and between the Authority and the City (the "Installment Purchase Contract") has occurred, or if an Event of the Default has occurred, specifying the nature thereof and, if the City has a right to cure pursuant to Section 7.01 of the Installment Purchase Contract, stating in reasonable detail the measures, if any being undertaken by the City to cure such Event of Default.

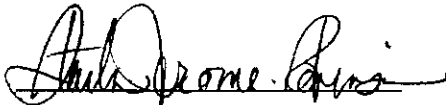
#### **VI. Insurance Compliance**

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#### **VII. Application of Gross Revenues**

A summary statement showing the amount of the Gross Revenues and the disbursements from the Gross Revenues, and the Maintenance and Operation Costs, in reasonable detail, for the preceding Fiscal Year, and a general statement of the Financial and physical condition of the Enterprise.

**CITY OF REDWOOD CITY**



Starla Jerome Robinson  
Interim Finance Director

**EXHIBIT B**

**ANNUAL REPORT**

**\$6,300,000**

**CITY OF REDWOOD CITY PUBLIC FINANCING AUTHORITY,  
WATER REVENUE REFUNDING BONDS,  
SERIES 2017**

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

For Fiscal Year: **2015-2016**

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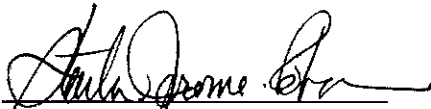
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**CITY OF REDWOOD CITY**



Starla Jerome Robinson  
Interim Finance Director