

Finance Department
1017 Middlefield Road
Redwood City, California 94063



Telephone (650) 780-7075
FAX (650) 366-2447
mflowerday@redwoodcity.org

Sent via US Post

March 15, 2018

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, 2017.

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 2016-2017 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 2016-17 and all insurance required under its obligation under the agreement is in full force and effect.

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

Sincerely,


Molly Flowerday
Accountant

Enclosure: <http://www.redwoodcity.org/home/showdocument?id=14244>
Annual Report (Exhibit B of Official Statement)

CC: Ms. Kimbra McCarthy, Assistant City Manager of Administrative Services, 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 15, 2018**

For Fiscal Year: **2016-2017**

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	7.8	10.3
Current Supply Hetch Hetchy	10.9	10.9
Current Supply Recycled Water	2.9	2.9
Current Capacity Surplus	6.0	3.5

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 2016-17

	No. of Accounts	Consumption (CCF)	% of Total Consumption	"Billed Water" Total \$ Revenues	% of Total Revenue
<u>Residential</u>					
Single-Family	19,176	1,655,049	45%	16,256,387	46%
Multi-Family Residential	1,686	749,003	20%	7,733,390	22%
Irrigation Residential	201	185,683	5%	1,186,201	3%
Subtotal	21,063	2,589,735	70%	25,175,978	71%
<u>Non-Residential</u>					
Municipal/Commercial	1,523	717,002	19%	6,588,763	19%
Irrigation Commercial	388	316,799	9%	2,405,424	7%
Subtotal	1,911	1,033,801	28%	8,994,186	25%
<u>Fire</u>	720	(1,155)	0%	715,726	2%
<u>Other</u>	77	56,076	2%	525,386	1%
Total	23,771	3,678,457	100%	35,411,276	100%

IV. Debt Service Coverage

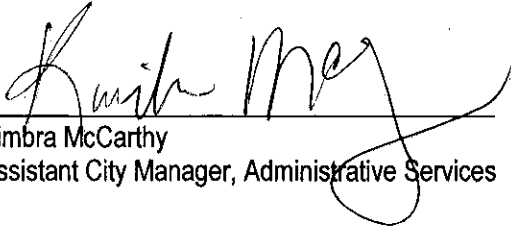
The table below sets forth Enterprise revenues and expenses, debt service on the Bonds, and the resulting debt service coverage ratio for the prior Fiscal Year.

Revenues, Expenses and Debt Service Coverage

Gross Revenue:	
Charges for Services	\$ 35,753,429
Investment Income/Interest	\$ 8,478
Connection Fees	\$ 990,728
Total Gross Revenue	\$ 36,752,635
Operating Expenses [1]	\$ 31,415,115
Transfers In/Out	\$ (691,113)
Total Operating Expenses	\$ 30,724,002
Net Revenue	\$ 6,028,633
Debt Service on Bond	\$ 4,512,723
Debt Service Coverage Ratio	\$ 1.34

[1] Net of depreciation and amortization.

CITY OF REDWOOD CITY

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Kimbra McCarthy
Assistant City Manager, Administrative Services

Finance Department
1017 Middlefield Road
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One California Street #1000
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**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, 2017.

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Molly Flowerday
Accountant

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Annual Report (Exhibit B of Official Statement)

CC: Ms. Kimbra McCarthy, Assistant City Manager of Administrative Services, City of Redwood City
CC: Grace Moon, 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 15, 2018**

For Fiscal Year: **2016-2017**

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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Enterprise Revenues by Customer Type Fiscal Year 2016-17

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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

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Debt Service Coverage Ratio	\$ 1.34

[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.

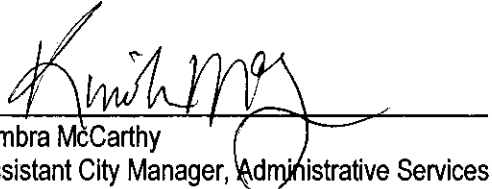
VI. Insurance Compliance

A certified statement of the City to the effect that all insurance required by the Installment Purchase Contract to be carried by the City with respect to the Enterprise is in full force and effect and complies with the terms of the Installment Purchase Contract.

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



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EXHIBIT B

ANNUAL REPORT

\$6,300,000

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

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For Fiscal Year: **2016-2017**

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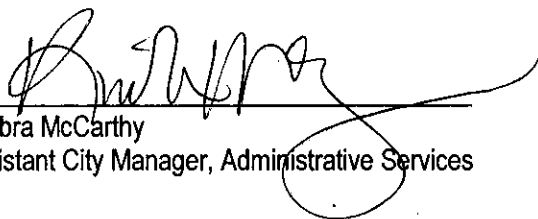
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CITY OF REDWOOD CITY



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