

Finance Department  
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Redwood City, California 94063



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*Sent via US Post*

March 6, 2015

**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, 2014

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)780-7223 if you have any questions regarding the above matter.

Sincerely,

Carolyne Kerans  
Senior Accountant

Enclosure: <http://www.redwoodcity.org/finance/fininfo/cafr/index.html>  
Annual Report (Exhibit B of Official Statement)

CC: Ms. Audrey Ramberg, Interim Finance Director, City of Redwood City  
Ms. Serena Gutierrez, U.S. Bank, One California Street #1000, San Francisco, CA 94111

**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 6, 2015**

For Fiscal Year: **2013-2014**

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	9	13
Current Supply Hetch Hetchy	11	11
Current Supply Recycled Water	3	3
Current Capacity Surplus	4	0

### III. Enterprise Revenues

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

<b>Enterprise Revenues by Customer Type Fiscal Year 2013-2014</b>					
	No. of Accounts	Consumption (CCF)	% of Total Consumption	"Billed Water" Total \$ Revenues	% of Total Revenue
<u>Residential</u>					
Single-Family	19,054	2,287,398	49%	15,341,546	46%
Multi-Family Residential	1,668	810,307	17%	5,843,931	17%
Irrigation Residential	193	249,304	5%	1,510,566	4%
Subtotal	20,915	3,347,009	71%	22,696,499	67%
<u>Non-Residential</u>					
Municipal/Commercial	1,565	821,449	18%	6,774,246	20%
Irrigation Commercial	376	432,457	9%	2,792,338	8%
Subtotal	1,941	1,253,906	27%	9,566,584	28%
<u>Other</u>					
Fire/Other	759	84,061	2%	1,381,748	4%
Total	23,615	4,684,976	100%	33,644,375	100%

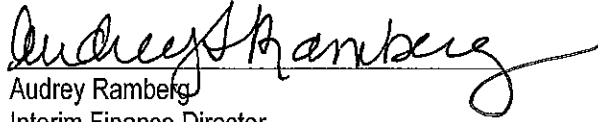
### IV. Debt Service Coverage

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.

<b>Revenues, Expenses and Debt Service Coverage</b>	
Gross Revenue:	
Charges for Services	\$34,052,837
Investment Income/Interest	252,370
Connection Fees	1,602,722
Total Gross Revenue	<u>\$35,907,929</u>
Operating Expenses [1]	
Operating Expenses [1]	\$25,674,838
Transfers In/Out	(634,456)
Total Operating Expenses	<u>\$25,040,382</u>
Net Revenue	<u>\$10,867,547</u>
Debt Service on the Bond	\$4,106,766
Debt Service Coverage Ratio	<u>2.65</u>

[1] Net of depreciation and amortization.

CITY OF REDWOOD CITY

A handwritten signature in black ink, appearing to read "Audrey Ramberg", written over a horizontal line.

Audrey Ramberg  
Interim Finance Director