

Finance Department  
1017 Middlefield Road  
Redwood City, California 94063



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[www.redwoodcity.org](http://www.redwoodcity.org)

*Sent via US Post*

January 28, 2013

Mr. Gordon Fung  
Relationship Manager  
The Bank of New York  
Securities Servicing  
100 Pine Street Suite 1100  
San Francisco, CA 94111

Dear Mr. Fung,

Enclosed you will find the annual disclosure form for the City of Redwood City Public Financing Authority Water Revenue Bonds, 2005A, 2006A, and 2007A for fiscal year June 30, 2012. A link to City of Redwood City's website is provided as well in case you need a hard copy of 2012 CAFR.

As per our Installment Purchase Contract, dated February 1, 2005, Section 5.11 (b) (1), City of Redwood City has fulfilled all its obligations under the agreement throughout fiscal year 2011-2012 and there is no event of default.

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, appearing to read "Gita Mehirdel".

Gita Mehirdel  
Senior Accountant

Enclosure  
<http://www.redwoodcity.org/finance/fininfo/cafr/index.html>

CC: BP

**EXHIBIT B**

**ANNUAL REPORT**

**\$ 76,940,000**

**CITY OF REDWOOD CITY PUBLIC FINANCING AUTHORITY,  
WATER REVENUE BONDS,  
SERIES 2005A, 2006A, 2007A**

Date of this Annual Report: January 28, 2013

For Fiscal Year: **2011-2012**

This Annual Report is hereby submitted under Section 4 of the Continuing Disclosure Certificate (the "Disclosure Certificate") dated March 1, 2006 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<br>(million gallons per day) | Maximum Daily Demand<br>(million gallons per day) |
|-------------------------------|---|---|
| Current Demand                | 9.58  | 14.37   |
| Current Supply Hetch Hetchy   | 9.06  | 13.59   |
| Current Supply Recycled Water | 0.52  | 1.35  |
| Current Capacity Surplus      | n/a   | n/a   |

### III. Enterprise Revenues

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

| <b>Enterprise Revenues by Customer Type<br/>Fiscal Year 2011-2012.</b> |                    |                      |                           |  |                          |
|--|--------------------|----------------------|---------------------------|--|--------------------------|
|  | No. of<br>Accounts | Consumption<br>(CCF) | % of Total<br>Consumption | "Billed<br>Water" Total<br>\$ Revenues | % of<br>Total<br>Revenue |
| <u>Residential</u>   |                    |                      |                           |  |                          |
| Single-Family  | 18,846             | 2,011,088            | 49.22%                    | 12,168,055                             | 44.30%                   |
| Multi-Family Residential   | 1,684              | 772,466              | 18.91%                    | 5,199,781                              | 18.93%                   |
| Irrigation Residential   | 190                | 193,592              | 4.74%                     | 1,100,810                              | 4.01%                    |
| Subtotal   | 20,720             | 2,977,146            | 72.87%                    | 18,468,646                             | 67.24%                   |
| <u>Non-Residential</u>   |                    |                      |                           |  |                          |
| Municipal/Commercial   | 1,584              | 703,610              | 17.22%                    | 5,616,186                              | 20.45%                   |
| Irrigation Commercial  | 377                | 334,894              | 8.20%                     | 2,197,278                              | 8.00%                    |
| Subtotal   | 1,961              | 1,038,504            | 25.42%                    | 7,813,464                              | 28.45%                   |
| <u>Other</u>   |                    |                      |                           |  |                          |
| Fire/Other   | 730                | 70,142               | 1.72%                     | 1,184,728                              | 4.31%                    |
| Total  | 23,411             | 4,085,792            | 100.00%                   | 27,466,838                             | 100.00%                  |

### 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<br/>Debt Service Coverage</b> |                     |
|---|---------------------|
| Gross Revenue:  |                     |
| Charges for Services                                    | \$27,698,297        |
| Investment Income/Interest                              | 109,461             |
| Connection Fees   | 426,722             |
| Total Gross Revenue                                     | <u>\$28,234,480</u> |
| Operating Expenses [1]                                  | \$22,780,472        |
| Transfers In/Out  | (677,023)           |
| Total Operating Expenses                                | <u>\$22,103,449</u> |
| Net Revenue   | <u>\$6,131,031</u>  |
| Debt Service on the Bond                                | \$4,663,003         |
| Debt Service Coverage Ratio                             | <u>1.31</u>         |

[1] Net of depreciation and amortization.

CITY OF REDWOOD CITY

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Brian Ponty  
Director of Finance