

Finance Department  
1017 Middlefield Road  
Redwood City, California 94063



Telephone (650) 780-7074  
FAX (650) 366-2447  
[www.redwoodcity.org](http://www.redwoodcity.org)

*Sent via US Post*

February 14, 2012

Mr. Gordon Fung  
Relationship Manager  
The Bank of New York  
Securities Servicing  
100 Pine Street Suite 3100  
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, 2011. A link to City of Redwood City's website is provided as well in case you need a hard copy of 2011 CAFR.

Please feel free to call me at (650)780-7074 if you have any questions regarding the above matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Jennifer Chang". The signature is written in a cursive style with a long, sweeping tail that extends downwards and to the right.

Jennifer Chang  
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: February 14, 2012

For Fiscal Year: **2010-2011**

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 (million gallons per day)	Maximum Daily Demand (million gallons per day)
Current Demand	9.71	14.93
Current Supply Hetch Hetchy	9.15	13.85
Current Supply Recycled Water	0.56	1.08
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 Fiscal Year 2010-2011</b>					
	No. of Accounts	Consumption (CCF)	% of Total Consumption	"Billed Water" Total \$ Revenues	% of Total Revenue
<u>Residential</u>					
Single-Family	18,756	2,174,459	47.90%	11,027,665	43.70%
Multi-Family Residential	1,685	895,401	19.72%	4,708,048	15.40%
Irrigation Residential	169	188,987	4.16%	1,009,041	5.93%
Subtotal	20,610	3,258,847	71.79%	16,744,755	65.03%
<u>Non-Residential</u>					
Municipal/Commercial	1,582	821,275	18.09%	5,145,933	23.17%
Irrigation Commercial	382	391,346	8.62%	2,070,835	9.85%
Subtotal	1,964	1,212,621	26.71%	7,216,767	33.02%
<u>Other</u>					
Fire/Other	718	68,255	1.50%	1,030,774	1.95%
Total	23,292	4,539,723	100.00%	24,992,297	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 Debt Service Coverage</b>	
Gross Revenue:	
Charges for Services	\$25,284,898
Investment Income/Interest	98,364
Connection Fees	736,520
Total Gross Revenue	<u>\$26,119,782</u>
Operating Expenses [1]	\$19,250,205
Transfers In/Out	(652,426)
Total Operating Expenses	<u>\$18,597,779</u>
Net Revenue	<u>\$7,522,003</u>
Debt Service on the Bond	\$4,660,765
Debt Service Coverage Ratio	<u>1.61</u>

[1] Net of depreciation and amortization.

CITY OF REDWOOD CITY

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Brian Ponty  
Director of Finance