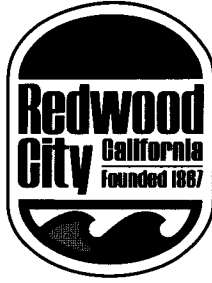


Finance Department
1017 Middlefield Road
Redwood City, California 94063



Telephone (650) 780-7070
FAX (650) 366-2447
www.redwoodcity.org

Sent via US Post

March 2, 2009

Mr. C.J. Vang, Assistant Vice President
Relationship Manager
The Bank of New York
Securities Servicing
550 Kearny Street – Suite 600
San Francisco, CA 94108

Dear Mr. Vang:

Enclosed you will find the (1) annual disclosure form for the City of Redwood City Public Financing Authority Water Revenue Bonds, 2005A, 2006A, and 2007A for fiscal year June 30, 2008 and (2) a disc containing the 2008 CAFR as referenced therein.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Gina Javier".

Gina Javier
Senior Accountant

Enclosure

CC: BP

EXHIBIT B

ANNUAL REPORT

\$ 15,150,000

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

Date of this Annual Report: March 2, 2009

For Fiscal Year: **2007-08**

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 are 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 - See PDF file provided on CD-Rom.

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.

	<u>Average Daily Demand</u> (million gallons per day)	<u>Maximum Daily Demand</u> (million gallons per day)
Current Demand	11.93	16.95
Current Supply Hetch Hetchy	11.70	16.52
Current Supply Recycled Water	0.23	0.43
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.

Enterprise Revenues by Customer Type Fiscal Year 2007-08

	No. of Accounts	Consumption (CCF)	% of Total Consumption	"Billed Water" Total Revenues	% of Total Revenue
<u>Residential</u>					
Single-Family	18,625	\$ 2,512,689	49.13%	\$ 9,847,741	45.09%
Multi-Family Residential	1,675	919,891	17.99%	3,844,577	17.60%
Irrigation Residential	171	223,262	4.37%	1,079,959	4.94%
Subtotal	20,471	3,655,842	71.49%	14,772,277	67.64%
<u>Non-Residential</u>					
Municipal/Commercial	1,595	890,669	17.42%	4,253,039	19.47%
Irrigation Commercial	371	496,086	9.70%	2,135,245	9.78%
Subtotal	1,966	1,386,755	27.12%	6,388,284	29.25%
<u>Other</u>					
Fire/Other	685	71,346	1.40%	680,610	3.12%
Total	23,122	\$ 5,113,943	100.00%	\$ 21,841,171	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.

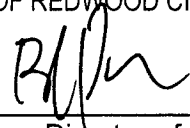
Revenues, Expenses and Debt Service Coverage

Gross Revenues:	
Charges for Services	<u>\$22,176,270</u>
Investment Income/Interest	<u>839,881</u>
Connection fees	<u>424,260</u>
Total Gross Revenues:	<u>\$23,440,411</u>
Operating Expenses [1]	
Transfers In/Out	<u>(599,713)</u>
Total Operating Expenses	<u>\$17,862,037</u>
Net Revenues	<u>\$5,578,374</u>
Debt Service on the Bonds	\$4,250,956
Debt Service Coverage Ratio:	<u>1.31</u>

[1] _____ Net of depreciation and amortization.

CITY OF REDWOOD CITY

By



Director of Finance