

Finance Department  
1017 Middlefield Road  
Redwood City, California 94063



Telephone (650) 780-7070  
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[www.redwoodcity.org](http://www.redwoodcity.org)

*Sent via US Post*

February 17, 2010

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 annual disclosure form for the City of Redwood City Public Financing Authority Water Revenue Bonds, 2005A, 2006A, and 2007A for fiscal year June 30, 2009. A link to City of Redwood City's website is provided as well in case you need a hard copy of 2009 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 cursive script, appearing to read "Jennifer Chang".

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: March 2, 2010.

For Fiscal Year: **2008-2009**

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> <u>(million gallons per day)</u>	<u>Maximum Daily Demand</u> <u>(million gallons per day)</u>
Current Demand	10.60	16.25
Current Supply Hetch Hetchy	10.35	15.65
Current Supply Recycled Water	0.25	0.60
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 2008-2009					
	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%	\$ 9,026,577	43.87%
Multi-Family Residential	1,675	891,607	18.27%	4,072,887	17.82%
Irrigation Residential	171	244,291	5.01%	1,217,902	5.33%
Subtotal	20,417	3,494,014	71.60%	15,317,366	67.02%
<u>Non-Residential</u>					
Municipal/Commercial	1,589	844,737	17.31%	4,398,491	19.25%
Irrigation Commercial	372	474,613	9.73%	2,224,239	9.73%
Subtotal	1,961	1,319,350	27.04%	6,622,731	28.98%
<u>Other</u>					
Fire/Other	685	66,747	1.37%	914,474	4.00%
Total	23,110	\$ 4,880,111	100.00%	\$ 22,854,571	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 Revenue:	
Charges for Services	\$22,998,229
Investment Income/Interest	331,479
Connection Fees	302,011
Total Gross Revenue	\$23,631,719
Operating Expenses [1]	
Transfers In/Out	(631,498)
Total Operating Expenses	\$17,304,434
Net Revenue	\$6,327,285
Debt Service on the Bond	\$4,374,920
Debt Service Coverage Ratio	1.45

[1] Net of depreciation and amortization.

CITY OF REDWOOD CITY

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Brian Ponty  
Director of Finance