

NEW ISSUE - BOOK ENTRY**NOT RATED**

In the opinion of Nossaman, Guthner, Knox & Elliott, LLP, Irvine, California, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that it is included in adjusted current earnings in calculating corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding other federal or state tax consequences caused by the ownership or disposition of, or accrual or receipt of interest on, the Bonds. See "TAX MATTERS" herein.

\$9,430,000**CITY OF REDWOOD CITY
Limited Obligation Refunding Bonds, Series 1999
Consolidated Reassessment District (Seaport)****Dated: Date of Delivery****Due: September 2, as shown below**

The City of Redwood City Limited Obligation Refunding Bonds, Series 1999, Consolidated Reassessment District (Seaport) (the "Bonds"), are being issued by the City of Redwood City (the "City") pursuant to the provisions of the Refunding Act of 1984 for 1915 Improvement Act Bonds (the "Refunding Act") and a Paying Agent Agreement, dated as of June 1, 1999, by and between the City and U.S. Bank Trust National Association, as paying agent, and will be secured as described herein. The Bonds are being issued to provide funds to refund, on a current basis, the City's Limited Obligation Refunding Improvement Bonds, Seaport Boulevard Assessment District (Reassessment and Refunding of 1990) (the "Seaport Boulevard Prior Bonds") and the City's Limited Obligation Improvement Bonds, Seaport Centre Assessment District - 1990 (the "Seaport Centre Prior Bonds" and, collectively with the Seaport Boulevard Prior Bonds, the "Prior Bonds").

The Seaport Boulevard Prior Bonds were issued pursuant to the provisions of the Refunding Act to finance the refunding of certain previously issued bonds which had financed the acquisition and construction of certain public improvements within the City's Seaport Boulevard Assessment District (the "Seaport Boulevard District"). The Seaport Centre Prior Bonds were issued pursuant to the provisions of the Improvement Bond Act of 1915 (the "Bond Law") to finance and refinance the acquisition, construction, and reconstruction of certain public improvements within the City's Seaport Centre Assessment District - 1990 (the "Seaport Centre District"). In connection with the issuance of the Bonds, the Seaport Boulevard District and the Seaport Centre District will be consolidated into a single district known as the Consolidated Reassessment District (Seaport) (the "Consolidated District").

The Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. Interest on the Bonds is payable at the rates set forth below on March 2 and September 2 of each year, commencing March 2, 2000. The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. Purchases of beneficial interests in the Bonds will be made in book-entry only form. Accordingly, payments of the principal, premium, if any, and interest on the Bonds will be made by U.S. Bank Trust National Association (the "Paying Agent") directly to DTC as the registered owner thereof. Upon receipt of such payments, DTC is to remit such payments to the DTC Participants (as defined herein) for subsequent disbursement to the beneficial owners of the Bonds. Purchasers will not receive certificates representing Bonds purchased by them. See "THE BONDS - Book-Entry System."

The Bonds are special obligations of the City. The Bonds are payable from reassessments levied against certain property in the Consolidated District, as described herein. The Bonds are issued upon and secured by the unpaid special reassessments levied in the total amount of \$9,545,000*, together with interest thereon (the "Reassessments"), on parcels within the Consolidated District. Under the provisions of the Bond Law, installments of principal and interest sufficient to meet annual debt service on the Bonds are included on the regular county tax bills sent to owners of property against which there are unpaid Reassessments. These annual Reassessment installments are to be paid into the Redemption Fund, to be held by the City and used to pay debt service on the Bonds as it becomes due. See "SECURITY FOR THE BONDS."

The Bonds are subject to mandatory redemption prior to maturity from prepayments of Reassessments and from any investment earnings transferred to the Redemption Fund, as described herein. See "THE BONDS - Redemption."

Unpaid Reassessments constitute fixed liens on the lots and parcels assessed within the Consolidated District and do not constitute a personal indebtedness of the respective owners of such lots and parcels. Accordingly, in the event of delinquency, proceedings may be conducted only against the real property securing the delinquent Reassessment. Thus, the value of the real property within the Consolidated District is a critical factor in determining the investment quality of the Bonds. For assessed values of the parcels within the Consolidated District, see "THE CONSOLIDATED DISTRICT - Assessed Values and Assessed Value to Reassessment Lien Ratios."

To provide funds for payment of the Bonds and the interest thereon as a result of any delinquent installments, the City will establish a Reserve Fund as described herein. See "SECURITY FOR THE BONDS - Establishment of Special Funds - Reserve Fund."

THE BONDS ARE LIMITED OBLIGATION BONDS UNDER SECTION 8769 OF THE BOND LAW AND ARE SECURED SOLELY BY THE REASSESSMENTS AND THE AMOUNTS IN THE REDEMPTION FUND AND THE RESERVE FUND. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY, THE COUNTY OF SAN MATEO, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS. THE INFORMATION SET FORTH IN THIS OFFICIAL STATEMENT, INCLUDING INFORMATION UNDER THE HEADING "BONDOWNERS' RISKS," SHOULD BE READ IN ITS ENTIRETY.

This cover page contains certain information for general reference only. It is not a summary of this issue. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision.

MATURITY SCHEDULE
(Base CUSIP Number: 757868)

<u>Due</u> <u>September 2</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price</u>	<u>CUSIP</u> <u>Number</u>	<u>Due</u> <u>September 2</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price</u>	<u>CUSIP</u> <u>Number</u>
2000	\$ <u>820,000</u>	<u>4.10%</u>	<u>100%</u>	<u>EA8</u>	2005	<u>\$1,080,000</u>	<u>4.90%</u>	<u>100%</u>	<u>EF7</u>
2001	<u>910,000</u>	<u>4.25</u>	<u>100</u>	<u>EB6</u>	2006	<u>845,000</u>	<u>5.00</u>	<u>100</u>	<u>EG5</u>
2002	<u>950,000</u>	<u>4.40</u>	<u>100</u>	<u>EC4</u>	2007	<u>885,000</u>	<u>5.10</u>	<u>100</u>	<u>EH3</u>
2003	<u>995,000</u>	<u>4.65</u>	<u>100</u>	<u>ED2</u>	2008	<u>930,000</u>	<u>5.20</u>	<u>100</u>	<u>EJ9</u>
2004	<u>1,040,000</u>	<u>4.75</u>	<u>100</u>	<u>EE0</u>	2009	<u>975,000</u>	<u>5.30</u>	<u>100</u>	<u>EK6</u>

The Bonds are offered when, as and if issued and delivered to the Underwriter subject to the approval of Nossaman, Guthner, Knox & Elliott, LLP, Irvine, California, Bond Counsel. Certain legal matters will be passed upon for the City by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Disclosure Counsel, and by the City Attorney. It is expected that the Bonds will be available for delivery through the facilities of DTC on or about July 15, 1999.

SALOMON SMITH BARNEY

E. WAGNER & ASSOCIATES, INC.

Dated: June 30, 1999.

**CITY OF REDWOOD CITY
MAYOR AND CITY COUNCIL**

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Ira Ruskin, Vice Mayor
Richard S. Claire, Member
Jim Hartnett, Member
Jeff Ira, Member
Colleen Jordan, Member
Matthias "Matt" Lepzig, Member

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U.S. Bank Trust National Association
San Francisco, California

VERIFICATION AGENT

Causey, Demgen & Moore
Denver, Colorado

The information contained in this Official Statement has been furnished by the City and other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Underwriter. Statements contained in this Official Statement which involve estimates, forecasts, or other matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof.

No dealer, broker, salesperson or other person has been authorized by the City, the Underwriter or the Paying Agent to give any information or to make any representations other than those contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

The summaries and references to the Refunding Act, the Bond Law, the Bonds, the Paying Agent Agreement, and other statutes and documents referred to herein do not purport to be comprehensive or definitive, and are qualified in their entirety by reference to each such statute and document. All capitalized terms used herein, unless noted otherwise, shall have the meanings prescribed in the Paying Agent Agreement.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

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OFFICIAL STATEMENT

\$9,430,000

CITY OF REDWOOD CITY LIMITED OBLIGATION REFUNDING BONDS, SERIES 1999 CONSOLIDATED REASSESSMENT DISTRICT (SEAPORT)

INTRODUCTION

The purpose of this Official Statement, which includes the cover page, the table of contents, and the attached appendices, is to provide certain information concerning the issuance of the \$9,430,000 aggregate principal amount of City of Redwood City Limited Obligation Refunding Bonds, Series 1999, Consolidated Reassessment District (Seaport) (the "Bonds"). The Bonds are being issued pursuant to the provisions of the Refunding Act of 1984 for 1915 Improvement Act Bonds (Division 11.5 of the California Streets and Highways Code) (the "Refunding Act") and a Paying Agent Agreement, dated as of June 1, 1999 (the "Paying Agent Agreement"), by and between the City of Redwood City (the "City") and U.S. Bank Trust National Association, as paying agent (the "Paying Agent").

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The sale and delivery of the Bonds to potential investors is made only by means of the entire Official Statement.

Purpose of the Bonds

The Bonds are being issued by the City to provide funds to refund, on a current basis, the City's Limited Obligation Refunding Improvement Bonds, Seaport Boulevard Assessment District (Reassessment and Refunding of 1990) (the "Seaport Boulevard Prior Bonds") and the City's Limited Obligation Improvement Bonds, Seaport Centre Assessment District - 1990 (the "Seaport Centre Prior Bonds" and, together with the Seaport Boulevard Prior Bonds, the "Prior Bonds").

The Seaport Boulevard Prior Bonds were issued pursuant to the provisions of the Refunding Act to finance the refunding of certain previously issued bonds which had financed the acquisition and construction of certain public improvements within the City's Seaport Boulevard Assessment District (the "Seaport Boulevard District"). The Seaport Centre Prior Bonds were issued pursuant to the provisions of the Improvement Bond Act of 1915 (the "Bond Law") to finance and refinance the acquisition, construction, and reconstruction of certain public improvements within the City's Seaport Centre Assessment District - 1990 (the "Seaport Centre District"). The Seaport Boulevard Prior Bonds were issued on May 1, 1990 in the aggregate principal amount of \$5,950,000, of which \$3,615,000 is now outstanding, and the Seaport Centre Prior Bonds were issued on June 28, 1990 in the aggregate principal amount of \$11,680,000, of which \$6,940,000 is now outstanding. See "THE REFUNDING PLAN" and "ESTIMATED SOURCES AND USES OF FUNDS."

The Consolidated Reassessment District

In connection with the issuance of the Bonds, the Seaport Boulevard District and the Seaport Centre District will be consolidated into a single district known as the Consolidated Reassessment District (Seaport) (the "Consolidated District"). The Consolidated District is comprised of approximately 113 acres divided into 49 parcels, 47 of which will be subject to Reassessments (as defined below). The Consolidated District is located in Redwood City approximately one-half mile east of Interstate 101, the main north-south arterial connecting San Francisco and San Jose, and is situated between Seaport Boulevard and the Redwood Creek channel leading to the San Francisco Bay. See "APPENDIX D - REASSESSMENT MAP." The Consolidated District is adjacent to the Port of Redwood City.

Of the 47 parcels in the Consolidated District that will be subject to Reassessments, 30 (representing approximately 91.2% of total Reassessments) are developed with buildings used for commercial office space, eight (representing approximately 6.6% of total Reassessments) are developed for use as open space and/or surface parking lots in connection with the commercial office space, seven (representing approximately 2.1% of total Reassessments) are used in the industrial operations of their owners, and two (representing approximately 0.1% of total Reassessments) are currently undeveloped. See "THE CONSOLIDATED DISTRICT - Location and General Description."

Thirty-six parcels in the Consolidated District, comprising an aggregate of approximately 67 acres of land, have been developed as a master planned industrial park known as Seaport Centre. Seaport Centre is comprised of 26 buildings totaling approximately one million square feet of leasable space. The 13 parcels in the Consolidated District that are not part of Seaport Centre include approximately 46 acres of land zoned for general industrial use. Of these 13 parcels, two are used in the salt processing operations of Cargill, Incorporated (successor by merger to the Leslie Salt Company), two are developed with office buildings, four are used in the operations of the Granite Rock Company and the Peninsula Building Materials Company, one is used in the operations of Lyngso Garden Materials, one was recently purchased for development of two office buildings to be known as Seaport Plaza, one was recently purchased as the site for a boat house for Stanford University's rowing and sailing programs, one is a private street, and one is an undeveloped lot owned by the Port of Redwood City. The parcel that is a private street and the parcel owned by the Port of Redwood City are in the Consolidated District but will not be subject to Reassessments.

The property in the Consolidated District has an aggregate assessed valuation for fiscal year 1998-99 of \$168,473,933 and is subject to total Reassessments of \$9,430,000, resulting in an aggregate assessed value to Reassessment lien ratio of approximately 17.87 to 1. With the exception of the parcel designated as Reassessment Parcel 26 on the Reassessment Map attached hereto as Appendix D, which has an assessed value to Reassessment lien ratio of 0.01 to 1, the assessed value to Reassessment lien ratios for individual parcels in the Consolidated District range from a high of approximately 183.91 to 1 to a low of approximately 4.28 to 1. These ratios are based on the County Assessor's assessed values of the property for fiscal year 1998-99, which do not necessarily reflect current market value. The actual market value of parcels in the Consolidated District, if sold at foreclosure, may be higher or lower than the County Assessor's assessed values. The City has not obtained, nor does it expect to obtain, an appraisal of any portion of the property in the Consolidated District.

For additional information regarding the Consolidated District, see "THE CONSOLIDATED DISTRICT." For additional information regarding the assessed values of property in the Consolidated District and the resulting assessed value to Reassessment lien ratios, as well as a discussion of the method used by the County Assessor to determine assessed values, see "THE CONSOLIDATED DISTRICT - Assessed Values and Assessed Value to Reassessment Lien Ratios." For additional information regarding Reassessment Parcel 26 and certain other parcels within Seaport Centre that are not developed with buildings, are used for open space and/or surface parking lots, and have limited potential for future development, see "BONDOWNERS' RISKS - Potentially Limited Value of Certain Parcels."

Security for the Bonds

The Bonds are issued upon and secured by the unpaid special reassessments levied in the total amount of \$9,430,000 (the "Reassessments"), together with interest thereon, levied on parcels within the Consolidated District pursuant to the Refunding Act. Under the provisions of the Bond Law, installments of principal and interest sufficient to meet annual debt service on the Bonds are to be included on the regular county tax bills sent to owners of property against which there are unpaid Reassessments and the principal of and interest on the Bonds are payable from the annual Reassessment installments.

As authorized by the Bond Law, the City has determined not to obligate itself to advance available funds from the City Treasury to cure any deficiency or delinquency which may occur in the Redemption Fund created and held by the City pursuant to Section 8671 of the California Streets and Highways Code (the "Redemption Fund") by reason of the failure of a property owner to pay a Reassessment installment.

THE BONDS ARE LIMITED OBLIGATION BONDS UNDER SECTION 8769 OF THE BOND LAW AND ARE SECURED SOLELY BY THE REASSESSMENTS AND THE AMOUNTS IN THE REDEMPTION FUND AND THE RESERVE FUND. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY, THE COUNTY OF SAN MATEO (THE "COUNTY"), THE STATE OF CALIFORNIA (THE "STATE") OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS.

THE BONDS

General Provisions

The Bonds will be issued as fully registered bonds, will be dated their date of delivery, and will mature in the years and amounts and bear interest at the rates set forth on the cover page of this Official Statement. The Bonds will be initially registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be available to ultimate purchasers in the denomination of \$5,000 or any integral multiple thereof under the book-entry system maintained by DTC. The Paying Agent will maintain at its office books for the registration, exchange, and transfer of the Bonds; however, so long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, ultimate purchasers of Bonds will not receive physical certificates representing their interest in the Bonds and transfers and exchanges of Bonds will be conducted in accordance with DTC procedures. See "THE BONDS - Book-Entry System."

Interest on the Bonds is payable on March 2, 2000, and thereafter semiannually on March 2 and September 2 of each year until and at the respective maturity dates of the Bonds. The Bonds will bear interest from the interest payment date next preceding the date of authentication and registration thereof, unless such date of authentication and registration is on a day during the period from the 16th day of the month next preceding an interest payment date to such interest payment date, both inclusive, in which event they shall bear interest from such interest payment date, or unless such date of authentication and registration is on a day on or before the 15th day of the month next preceding the first interest payment date, in which event they shall bear interest from their dated date.

The interest on and principal of and redemption premiums, if any, on the Bonds shall be payable in lawful money of the United States of America at the Corporate Trust Office of the Paying Agent. Payment of the interest on the Bonds due on or before the maturity or prior redemption thereof shall be made by check mailed by first class mail to the registered owners of the Bonds or by wire transfer to any registered owner of \$1,000,000 or more in aggregate principal amount of the Bonds at their addresses as they appear at the close of business as of the 15th day of the month prior to each such interest payment date on the registration books maintained by the Paying Agent, and payment of the principal of and redemption premiums, if any, on the Bonds shall be made only upon surrender thereof by the registered owners thereof on their maturity dates or on redemption prior to maturity to the Paying Agent at the Corporate Trust Office of the Paying Agent.

So long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, references herein to the Owners shall mean Cede & Co., and shall not mean the ultimate purchasers of the Bonds. Payments of the principal, premium, if any, and interest on the Bonds will be made directly to DTC, or its nominee, Cede & Co., by the Paying Agent, so long as DTC or Cede & Co. is the registered owner of the Bonds. Disbursements of such payments to DTC's Participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of DTC's Participants and Indirect Participants, as more fully described herein. See "THE BONDS - Book-Entry System."

Redemption

The Bonds are not subject to optional redemption.

The Bonds may be redeemed in whole or in part in integral multiples of \$5,000 on the 2nd day of March or September in any year, from and to the extent of any prepayment of Reassessments and any investment earnings transferred to the Redemption Fund as provided in the Paying Agent Agreement, upon payment of the principal amount thereof to be redeemed plus a redemption premium equal to 2% of the principal amount thereof called for redemption, plus accrued interest to the date of redemption.

Bonds shall be selected for redemption in such a way that the ratio of Outstanding Bonds to issued Bonds shall be approximately the same in each maturity insofar as possible. Within each maturity, Bonds shall be selected for redemption by lot. Notice of redemption of any Bond shall be given in writing to the registered Owner of the Bond by registered or certified mail or personal service. Service or mailing of the notice shall be made at least 30 days before the date fixed for redemption.

The City is not obligated to advance funds from the City treasury to cure any deficiency which may occur at any time in the Redemption Fund. See "SECURITY FOR THE BONDS."

Transfer and Exchange of Bonds

The Bonds will be initially delivered only in book-entry form. So long as the book-entry system is in effect with respect to the Bonds, transfer and exchange of Bonds will be made in accordance with book-entry procedures. See "Book-Entry System" below.

The Paying Agent shall maintain at its principal corporate trust office books for the registration, exchange and transfer of the Bonds. In the event of discontinuance of the Book-Entry System, any Bond may, in accordance with its terms, be transferred, upon said registration books, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer in a form approved by the Paying Agent, duly executed and meeting the other requirements of the Paying Agent Agreement.

Book-Entry System

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Bond will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants (the "Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Bonds with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such securities are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners, or in the alternative, Beneficial Owners may wish to provide their names and addresses to the Paying Agent and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC or its nominee. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to the Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to an issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, redemption premium, and interest payments on the Bonds will be made to DTC or its nominee. DTC's practice is to credit Direct Participants' accounts on payment dates in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the date payable. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption premium, and interest to DTC is the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the City or the Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bonds are required to be printed and delivered as described in the Paying Agent Agreement.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bonds will be printed and delivered as described in the Paying Agent Agreement.

The City cannot and does not give any assurances that DTC, DTC Participants or others will distribute payments of principal, interest, or redemption premium with respect to the Bonds paid to DTC or its nominee as the registered owner, or will distribute any redemption notices or other notices, to the Beneficial Owners, or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. The City is not responsible or liable for the failure of DTC or any DTC Participant to make any payment or give any notice to a Beneficial Owner with respect to the Bonds or an error or delay relating thereto.

The foregoing description of the procedures and record-keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest, and redemption premiums on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interests in such Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE BOND OWNERS OR OWNERS OF THE BONDS SHALL MEAN CEDE & CO., AS AFORESAID, AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS.

Discontinuance of Book-Entry System

DTC may discontinue providing its services with respect to the Bonds at any time by giving notice to the Paying Agent and discharging its responsibilities with respect thereto under applicable law or the City may terminate participation in the system of book-entry transfers through DTC or any other securities depository at any time. In the event that the book-entry system is discontinued, the City will execute, and the Paying Agent will authenticate and make available for delivery, replacement Bonds in the form of registered bonds. In addition, the following provisions would apply: the principal of and redemption premium, if any, on the Bonds will be payable at the corporate trust office of the Paying Agent in St. Paul, Minnesota, and interest on the Bonds will be payable by check mailed to the registered owner as of the close of business on the Record Date. See "General Provisions" above. Bonds will be transferable and exchangeable on the terms and conditions provided in the Paying Agent Agreement. See "Transfer and Exchange of Bonds" above.

THE REFUNDING PLAN

The Bonds are being issued to provide money to refund on a current basis the \$10,555,000 outstanding principal amount of the Prior Bonds. A portion of the proceeds from the sale of the Bonds will be deposited with U.S. Bank Trust National Association, as escrow agent (the "Escrow Agent"), pursuant to a Refunding Escrow Agreement, dated as of June 1, 1999 (the "Escrow Agreement"), by and between the City and the Escrow Agent. Such amount, together with certain other available moneys, including certain money currently held pursuant to and under the resolutions

under which the Prior Bonds were delivered, will be held in escrow and invested in direct obligations of the United States of America (the "Escrow Securities"), the principal of and interest on which will be sufficient to pay, on September 2, 1999, (i) the principal of and interest on the Prior Bonds maturing on September 2, 1999 and (ii) the redemption price (equal to 101.5% of the principal amount to be redeemed, plus accrued interest) of the Prior Bonds maturing after September 2, 1999.

The Escrow Securities and other moneys held under the Escrow Agreement will be pledged to the payment of the Prior Bonds. Neither the principal of the Escrow Securities nor the interest thereon will be available for payments with respect to the Bonds.

The following table describes the Prior Bonds to be refunded by the Bonds:

<u>Prior Bonds</u>	<u>Bonds Outstanding</u>	<u>Maturity or Redemption Date</u>
\$5,950,000 City of Redwood City Limited Obligation Refunding Improvement Bonds Seaport Boulevard Assessment District (Reassessment and Refunding of 1990) Dated Date: May 1, 1990	\$3,615,000	September 2, 1999
\$11,680,000 City of Redwood City Limited Obligation Improvement Bonds Seaport Centre Assessment District-1990 Dated Date: June 28, 1990	\$6,940,000	September 2, 1999

ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of the proceeds of the Bonds and certain other moneys:

SOURCES:

Par Amount of Bonds	<u>\$ 9,430,000.00</u>
Reserve Fund for Seaport Boulevard Prior Bonds	<u>543,349.60</u>
Reserve Fund for Seaport Centre Prior Bonds	<u>1,273,418.99</u>
Redemption Fund for Seaport Boulevard Prior Bonds	<u>543,525.00</u>
Redemption Fund for Seaport Centre Prior Bonds	<u>605,383.75</u>
TOTAL SOURCES	<u>\$12,395,677.34</u>

USES:

Escrow Fund	<u>\$11,034,158.68</u>
Costs of Issuance ⁽¹⁾	<u>297,017.66</u>
Reserve Fund	<u>943,000.00</u>
Underwriters' Discount	<u>121,500.00</u>
TOTAL USES	<u>\$12,395,677.34</u>

⁽¹⁾ Includes consulting fees, legal fees, and other incidental charges associated with the issuance of the Bonds.

DEBT SERVICE SCHEDULE

The annual debt service on the Bonds based on the interest rates and maturity schedule set forth on the cover of this Official Statement is set forth in the following table.

<u>Year Ending September 2</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2000	<u>\$ 820,000</u>	<u>\$508,865.88</u>	<u>\$1,328,865.88</u>
2001	<u>910,000</u>	<u>416,482.50</u>	<u>1,326,482.50</u>
2002	<u>950,000</u>	<u>377,807.50</u>	<u>1,327,807.50</u>
2003	<u>995,000</u>	<u>336,007.50</u>	<u>1,331,007.50</u>
2004	<u>1,040,000</u>	<u>289,740.00</u>	<u>1,329,740.00</u>
2005	<u>1,080,000</u>	<u>240,340.00</u>	<u>1,320,340.00</u>
2006	<u>845,000</u>	<u>187,420.00</u>	<u>1,032,420.00</u>
2007	<u>885,000</u>	<u>145,170.00</u>	<u>1,030,170.00</u>
2008	<u>930,000</u>	<u>100,035.00</u>	<u>1,030,035.00</u>
2009	<u>975,000</u>	<u>51,675.00</u>	<u>1,026,675.00</u>

SECURITY FOR THE BONDS

Reassessments

The Bonds are issued upon and secured by the unpaid Reassessments together with interest thereon and said unpaid Reassessments together with interest thereon constitute a trust fund for the redemption and payment of the principal of the Bonds and the interest thereon. Principal of and interest on the Bonds are payable exclusively out of the Redemption Fund established under the Paying Agent Agreement. The Bonds are secured by moneys in the Redemption Fund created pursuant to the special reassessment proceedings, by moneys deposited in the Reserve Fund, and by the unpaid Reassessments levied on the parcels within the Consolidated District.

The unpaid Reassessments will be collected in annual installments, together with interest on the declining balances, on the tax roll on which general taxes on real property are collected and are payable and become delinquent at the same time and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do said general taxes, and the properties upon which the Reassessments were levied are subject to the same provisions for sale and redemption as are properties for nonpayment of general taxes. See "Covenant to Commence Superior Court Foreclosure" below.

The County and its subsidiary political subdivisions operate under a property tax collection and distribution system commonly referred to as the "Teeter Plan," whereby agencies levying taxes through the County roll may receive from the County 100% of their taxes at the time they are levied, without regard to actual collections. However, in the County the Teeter Plan is not applicable to special taxes and special assessments securing the payment of bonds. Therefore, the City will receive from the County only the amount of Reassessments actually collected by the County. For information regarding the delinquency history of the Seaport Boulevard District and the Seaport Centre District, see "THE CONSOLIDATED DISTRICT - Delinquencies."

Although the unpaid Reassessments constitute fixed liens on the parcels assessed, they do not constitute a personal indebtedness of the respective owners of such parcels. There is no assurance that the owners will be financially able to pay the Reassessment installments or that they will pay such installments even though financially able to do so. See "BONDOWNERS' RISKS."

Neither the faith and credit nor the taxing power of the City, the County, the State of California or any political subdivision thereof is pledged to the payment of the Bonds.

Limited Obligation Upon Delinquency

THE BONDS ARE LIMITED OBLIGATION BONDS UNDER SECTION 8769 OF THE BOND LAW AND ARE SECURED SOLELY BY THE REASSESSMENTS AND THE AMOUNTS IN THE REDEMPTION FUND AND THE RESERVE FUND. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY, THE COUNTY, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS.

THE CITY'S OBLIGATION TO ADVANCE MONIES TO PAY BOND DEBT SERVICE IN THE EVENT OF DELINQUENT REASSESSMENT INSTALLMENTS IS LIMITED TO THE MONIES AVAILABLE IN THE RESERVE FUND. BONDHOLDERS SHOULD NOT RELY UPON THE CITY TO ADVANCE MONIES TO THE REDEMPTION FUND SHOULD THE RESERVE FUND EVER BE DEPLETED AND THE CITY HAS MADE THE EXPRESS ELECTION UNDER SECTION 8769(b) OF THE BOND LAW NOT TO DO SO.

Covenant to Commence Superior Court Foreclosure

Pursuant to Part 14 of Division 10 of the California Streets and Highways Code, as amended, in the event any Reassessment or installment thereof or any interest thereon is not paid when due, the City can order the institution of a court action to foreclose the lien on the delinquent unpaid Reassessment. In such an action, the property subject to the unpaid Reassessment may be sold at judicial foreclosure sale. This foreclosure sale procedure is not mandatory. However, under the Paying Agent Agreement, the City covenants with the owners of the Bonds that the City will determine or cause to be determined, no later than July 31 of each year, whether or not any owners of property within the Consolidated District are delinquent in the payment of Reassessment installments and, if such delinquencies exist, the City will diligently institute, prosecute and pursue an action in the superior court to foreclose the lien of any Reassessment or installment thereof not paid when due; provided, that the City shall not be required to order the commencement of foreclosure proceedings if (i) the total Reassessment delinquency in the Consolidated District for such Fiscal Year, together with any outstanding delinquencies in the Consolidated District for any prior Fiscal Year, is less than five percent (5%) of the total Reassessment installments due in such Fiscal Year, and (ii) there has been no unreimbursed draw on the Reserve Fund. Notwithstanding the foregoing, if the City determines that any single property owner in the Consolidated District is delinquent in excess of ten thousand dollars (\$10,000) in the payment of Reassessment installments, then it will diligently institute, prosecute and pursue foreclosure proceedings against such property owner.

Prior to July 1, 1983, the statutory right of redemption from such a judicial foreclosure sale was limited to a period of one year from the date of sale. Legislation amended this statutory right of redemption to provide that before notice of sale of the foreclosed parcel can be given following court judgment of foreclosure, a redemption period of 120 days must elapse. Furthermore, if the purchaser

at the sale is the judgment creditor, i.e. the City, an action may be commenced by the delinquent property owner within six months after the date of sale to set aside such sale. The constitutionality of the aforementioned legislation which amended the one-year redemption period has not been tested and there can be no assurance that, if tested, such legislation will be upheld.

In the event such Superior Court foreclosure or foreclosures are necessary, absent the advance of available funds to the Redemption Fund, there may be a delay in payments to bondowners pending prosecution of the foreclosure proceedings and receipt by the City of the proceeds of the foreclosure sale. It is also possible that no bid for the purchase of the applicable property would be received at the foreclosure sale or that the bid received would be less than the amount of the delinquency and accrued interest and penalties. See "BONDOWNERS' RISKS."

Establishment of Special Funds

Pursuant to the Bond Law and the Paying Agent Agreement, the City Treasurer will establish and maintain five funds to be known as the Redemption Fund, the Reserve Fund, the Investment Earnings Fund, the Expense Fund, and the Rebate Fund, for the Consolidated District with respect to administering the proceeds of the sale of the Bonds and payment of interest and principal on the Bonds. The City Treasurer shall deposit in the Escrow Fund that portion of such proceeds of sale of the Bonds which, when combined with other moneys available for the purpose, will provide an amount of money, to be determined by the City Treasurer with the assistance of the Underwriter and a verification agent, which is sufficient to fully fund the Escrow Fund for the refunding of the Prior Bonds to be established under the Escrow Agreement and held by the Escrow Agent. See "THE REFUNDING PLAN" above.

Redemption Fund

The Redemption Fund will be kept by the Finance Director and shall constitute a trust fund for the benefit of the registered owners of the Bonds. With the exception of the portion of the assessments levied in the Fiscal Year 1998/99 with respect to the Prior Bonds, which are to be deposited in the Reserve Fund, all sums received by the Finance Director which are received from the collection of Reassessments, and of the interest and penalties thereon, and including amounts paid to the City on account of any prior pay-off and discharge of a Reassessment lien (whether in whole or in part), shall upon receipt be deposited into Redemption Fund. On the date five Business Days prior to each Interest Payment Date, all sums to become due for the principal of and the interest on the Bonds on such Interest Payment Date shall be withdrawn by the Finance Director from said fund for transfer to the Paying Agent for use for the payment of the principal of and the interest on the Bonds, and the Bonds and the interest thereon shall not be paid out of any other funds. Any surplus remaining in said fund after payment of all Bonds and the interest thereon shall be applied as directed by the City.

Reserve Fund

To provide funds for payment of the Bonds and the interest thereon as a result of any delinquent installments, the City will establish and maintain a Reserve Fund in connection with the Bonds. There shall be deposited into the Reserve Fund from the proceeds of sale of the Bonds, **and from certain other available moneys**, the amount of **\$943,000** (the "Reserve Requirement"). During the term of the Bonds, the amount in the Reserve Fund will be available for transfer into the Redemption Fund. The amount so advanced will be reimbursed to the Reserve Fund from the

proceeds of the redemption or sale of the parcels for which payment of delinquent Reassessment installments was made from the Reserve Fund.

If any Reassessment is prepaid before final maturity of the Bonds, the amount of principal which the property owner/assessee is required to prepay shall be reduced by an amount which is in the same ratio to the Reserve Requirement as the original amount of the prepaid Reassessment bears to the total amount of unpaid Reassessments originally securing the Bonds. This reduction in the amount of the principal prepaid shall be balanced by a transfer from the Reserve Fund to the Redemption Fund in the same amount.

When the amount in the Reserve Fund equals or exceeds the amount required to retire the remaining unmatured Bonds (whether by advance retirement or otherwise), the amount of the Reserve Fund will be transferred to the Redemption Fund, and the remaining installments of principal and interest not yet due from assessed property owners will be cancelled without payment.

Investment Earnings Fund

The Investment Earnings Fund shall be kept by the Finance Director. Proceeds of the investment of amounts in the Reserve Fund will be deposited in the Investment Earnings Fund. As of June 30 of each year during the term of the Bonds, the Finance Director shall determine or cause to be determined whether any portion of investment earnings must be rebated to the United States pursuant to Section 148 of the United States Internal Revenue Code and regulations adopted thereunder. Any amounts required to be rebated will be transferred to the Rebate Fund, and the balance will be transferred as follows:

(a) To the extent that the balance in the Reserve Fund is less than the Reserve Requirement, a transfer will be made from the Investment Earnings Fund to the Reserve Fund.

(b) The remaining balance in the Investment Earnings Fund, if any, will be transferred to the Redemption Fund to be used for the advance retirement of Bonds.

Expense Fund

The Expense Fund shall be kept by the Finance Director. After making the deposits in the Reserve Fund and the Escrow Fund, all remaining proceeds of the sale of the Bonds, if any, shall be deposited in the Expense Fund and shall be kept separate and distinct from all other City funds. All moneys collected by the City as administrative costs pertaining to administration of the Reassessments and the Bonds shall also be deposited in the Expense Fund. All money in the Expense Fund shall be disbursed on such dates and in such amounts as are necessary to pay all Administrative Costs and all Costs of Issuance in connection with the Bonds.

Rebate Fund

The Rebate Fund shall be kept by the Finance Director. Amounts in the Rebate Fund shall be invested in the same manner as amounts in the other funds and shall be held in trust for rebate to the United States at the times required by Section 148 of the United States Internal Revenue Code and regulations adopted thereunder.

Priority of Lien

The total unpaid Reassessments and each installment thereof and any interest and penalties thereon constitute liens against the parcels of land on which they were imposed until the same is paid. Such liens are subordinate to all fixed special assessment liens previously imposed upon the same property (but excluding the lien of the assessment with respect to the Prior Bonds), but have priority over all private liens including the lien of any mortgage or deed of trust and over all fixed special assessment liens which may thereafter be created against the property. Such liens are co-equal to and independent of the lien for general taxes and any lien imposed under the Mello-Roos Community Facilities Act of 1982, as amended, regardless of when they are imposed on the property in the Consolidated District. The imposition of additional special taxes and general property taxes will increase the amount of independent and co-equal liens which must be satisfied in foreclosure.

Certain of the parcels in the Consolidated District are within the boundaries of the Seaport Centre Maintenance District and the Seaport Boulevard Landscape Maintenance District, pursuant to which annual assessments are levied to pay for certain maintenance expenses. See "THE CONSOLIDATED DISTRICT - Direct and Overlapping Debt." The Reassessment lien will have priority over future annual assessments levied with respect to such maintenance districts. The Property within the Consolidated District is not presently subject to any special assessments other than such annual maintenance assessments and the Reassessments and is not presently subject to any special taxes with respect to any Mello-Roos Community Facilities District.

Covenants with Respect to Arbitrage and Maintenance of Tax Exemption

During the term of the Bonds, the City will make no use of Bond proceeds which, if such use had been reasonably expected at the date the Bonds are issued, would have caused the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the United States Internal Revenue Code of 1986 (the "Code"), and regulations of the Internal Revenue Service authorized thereby. In furtherance of such covenant, the City has established with the Paying Agent an Investment Earnings Fund into which will be deposited earnings and profits on the Reserve Fund. The City has also established a Rebate Fund into which amounts from the Investment Earnings Fund that may be subject to rebate to the United States will be deposited. The City will rebate amounts in the Rebate Fund to the United States in accordance with provisions of the Code and regulations, all as more particularly set forth in the Paying Agent Agreement.

The City will take all reasonable actions required to maintain the status of the Bonds as bonds the interest on which is excludable from federal gross income.

THE CONSOLIDATED DISTRICT

Location and General Description

The Consolidated District was formed by the consolidation of the Seaport Boulevard District and the Seaport Centre District and includes approximately 113 acres divided into 49 parcels, 47 of which will be subject to Reassessments. The Consolidated District is located in Redwood City approximately one-half mile east of Interstate 101, the main north-south arterial connecting San Francisco and San Jose, and is situated between Seaport Boulevard and the Redwood Creek channel

leading to the San Francisco Bay. See "APPENDIX D - REASSESSMENT MAP." The Consolidated District is adjacent to the Port of Redwood City.

Of the 47 parcels in the Consolidated District that will be subject to Reassessments, 30 are developed with buildings used for commercial office space, eight are developed for use as open space and/or surface parking lots in connection with the commercial office space, seven are used in the industrial operations of their owners, and two are currently undeveloped. The following table sets forth the assessed value, Reassessment amount, and percent of total Reassessments represented by each such category of property in the Consolidated District.

<u>Status of Development</u>	<u>Combined Assessed Valuation</u>	<u>Combined Reassessment Amount</u>	<u>Percent of Total Reassessment</u>
Developed as Commercial Office Space ⁽¹⁾	\$159,273,065	<u>\$8,601,796.63</u>	91.2%
Developed as Open Space and/or Surface Parking ⁽²⁾	5,098,735	<u>619,120.83</u>	6.6
General Industrial Use ⁽³⁾	2,842,440	<u>188,099.62</u>	<u>2.0</u>
Undeveloped ⁽⁴⁾	1,256,059	<u>20,982.92</u>	<u>0.2</u>

Source: County Assessor's Office for assessed values; MBIA MuniFinancial for Reassessment amounts.

⁽¹⁾ Includes Reassessment Parcels 9 through 25, 28, 30, 32, 33, 34, 37, 39, and 41 through 46.

⁽²⁾ Includes Reassessment Parcels 26, 27, 29, 31, 35, 36, 38, and 40.

⁽³⁾ Includes Reassessment Parcels 1 through 5, 7, and 8.

⁽⁴⁾ Includes Reassessment Parcel 6, which has been subdivided into three parcels, two of which are planned for future development and one of which is intended for use as a private street. The parcel intended for use as a private street will not be subject to Reassessments.

Overview of Property Development

Thirty-six parcels in the Consolidated District, comprising an aggregate of approximately 67 acres of land, have been developed as a master planned industrial park known as Seaport Centre. Seaport Centre was built starting in 1984 on land mostly reclaimed from San Francisco Bay. Immediately prior to its purchase, the land was used as a washpond for the salt processing operations of the Leslie Salt Company ("Leslie Salt"). Seaport Centre was originally developed to meet the needs of rapidly growing high-technology firms in the San Mateo County area. Seaport Centre's original developers were Metropolitan Life Insurance Company and Lincoln Properties. The first tenant took occupancy in the business park in September 1985. Today Seaport Centre is comprised of 26 buildings totaling approximately one million square feet of leasable space.

The 13 parcels in the Consolidated District that are not part of Seaport Centre include approximately 46 acres of land zoned for general industrial use. Of these 13 parcels, two are used in the salt processing operations of Cargill, Incorporated ("Cargill") (successor by merger to Leslie Salt), two are developed with office buildings, four are used in the operations of the Granite Rock Company and the Peninsula Building Materials Company, one is used in the operations of Lyngso Garden Materials, one was recently purchased for development of two office buildings to be known as Seaport Plaza, one was recently purchased as the site for a boat house for Stanford University's rowing and sailing programs, one is a private street, and one is an undeveloped lot owned by the Port of Redwood City. The parcel that is a private street and the parcel owned by the Port of Redwood City are in the Consolidated District but will not be subject to Reassessments.

For additional information regarding the assessed values of property in the Consolidated District and the resulting assessed value to Reassessment lien ratios, see "THE CONSOLIDATED DISTRICT - Assessed Values and Assessed Value to Reassessment Lien Ratios." For additional information regarding the ownership and development of property in the Consolidated District, see "THE CONSOLIDATED DISTRICT - Property Ownership and Development."

All descriptions in this Official Statement regarding acreage of land in the Consolidated District have been obtained from City and County records. While the City believes the descriptions to be accurate, all references to acreage in this Official Statement should be read as approximate.

The Prior Improvement Projects

The Seaport Centre Prior Bonds were issued on June 28, 1990 to finance and refinance street, sewer, and utility improvements necessary for the development of the Seaport Centre. The Seaport Boulevard Prior Bonds were issued on May 1, 1990 to refinance the widening of Seaport Boulevard, the extension and undergrounding of various utilities in conjunction with such street widening, the installation of landscaping improvements for Seaport Boulevard, and other related improvements.

Assessed Values and Assessed Value to Reassessment Lien Ratios

The value of the land within the Consolidated District is a critical factor in determining the investment quality of the Bonds. If a property owner defaults in the payment of a Reassessment installment, the City's only remedy is to foreclose on the delinquent property in an attempt to obtain funds with which to pay the delinquent Reassessment installments. See "SECURITY FOR THE BONDS-Covenant to Commence Superior Court Foreclosure" and "BONDOWNERS' RISKS-Bankruptcy and Foreclosure." Reductions in property values in the Consolidated District due to a downturn in the economy, natural disasters such as earthquakes or floods, stricter land use regulations, or other events could have an adverse impact on the security for payment of the Reassessments. The table at the end of this subsection sets forth the assessed value, the Reassessment, and the resulting assessed value to Reassessment lien ratio for each parcel in the Consolidated District.

Assessed valuations do not necessarily reflect current market value. As provided by Article XIII A of the California Constitution, county assessors' assessed values are to reflect market value as of the date the property was last assessed (or 1975, if more recent), increased by a maximum of 2% per year. Properties may be reassessed only upon a change in at least 51% in the ownership of existing property or upon new construction.

The assessed values of parcels in the Consolidated District shown herein thus reflect, for undeveloped parcels, the estimate of the County Assessor of market value when acquired (or 1975, if more recent), increased by a maximum of 2% per year, and for parcels on which construction has occurred since their date of acquisition, the County Assessor's estimate of market value as of the time of construction, increased by a maximum of 2% per year. In some areas of the State, actual market value has declined since the date of the most recent assessment by the County Assessor. Therefore, the actual market value of parcels in the Consolidated District, if sold at foreclosure, may be higher or lower than the County Assessor's assessed values. The City has not obtained, nor does it expect to obtain, an appraisal of any portion of the property in the Consolidated District.

The ratios of assessed valuation to reassessment lien are derived by dividing the County Assessor's 1998-99 fiscal year assessed valuation of each parcel by the unpaid Reassessments for such parcel. For example, a 4:1 lien ratio means that the assessed valuation is four times the total Reassessment amount. According to the County Assessor, the total assessed valuation of the land and improvements in the Consolidated District is \$168,473,933 for fiscal year 1998-99. The aggregate assessed value to Reassessment lien ratio is approximately 17.87 to 1. With the exception of the parcel designated as Reassessment Parcel 26 on the Reassessment Map attached hereto as Appendix D, which has an assessed value to Reassessment lien ratio of 0.01 to 1, the assessed value to Reassessment lien ratios for individual parcels in the Consolidated District range from a high of approximately 183.91 to 1 to a low of approximately 4.28 to 1. These ratios are based on the amount of the Reassessment lien only and do not reflect other liens on the property in the Consolidated District.

There is no assurance that, in the event of a foreclosure sale for a delinquent Reassessment installment, any bid would be received for such property or that any bid received would be sufficient to pay such delinquent installment and accrued interest and penalties. The Refunding Act requires that a parcel be sold for only the delinquent installments (plus costs and penalties) and not the entire outstanding Reassessment. Furthermore, no assurance can be given that any of the assessed value to Reassessment lien ratios indicated in this Official Statement will be maintained during the period of time that the Bonds are outstanding.

With the exception of Reassessment Parcels 6, 7, and 47, the following table shows the 1998-99 assessed values of the parcels in the Consolidated District. At the time that the 1998-99 assessed values were determined, the property included in Reassessment Parcels 6, 7, and 47 was configured as two parcels designated as Assessor's Parcel Numbers 054-320-050 and 054-320-470. The parcel designated as Assessor's Parcel Number 054-320-050 consisted of approximately 5.65 acres with a total 1998-99 assessed value of \$1,228,333 (representing assessed land value of \$351,601 and assessed improvements value of \$876,732). The parcel designated as Assessor's Parcel Number 054-320-470 consisted of approximately 16.57 acres with a total 1998-99 assessed value of \$843,816 (representing assessed land value of \$172,067 and assessed improvements value of \$671,749). Due to certain property transactions since the 1998-99 assessed values were determined, these two parcels were reconfigured into the three parcels designated as Reassessment Parcels 6, 7, and 47. As of June 1, 1999, the County Assessor had not made available new assessed valuations for such parcels. For purposes of the following table, the 1998-99 assessed values of the previous parcels designated as Assessor's Parcel Numbers 054-320-050 and 054-320-470 have been allocated among Reassessment Parcels 6, 7, and 47 as follows: (1) Reassessment Parcel 6 has been allocated all of the 1998-99 assessed value of Assessor's Parcel Number 054-320-050 plus a pro rata share of the 1998-99 assessed land value of Assessor's Parcel Number 054-320-470; (2) Reassessment Parcel 7 has been allocated all of the 1998-99 assessed improvements value of Assessor's Parcel Number 054-320-470 plus a pro rata share of the 1998-99 assessed land value of Assessor's Parcel Number 054-320-470; and (3) Reassessment Parcel 47 has been allocated a pro rata share of the 1998-99 assessed land value of Assessor's Parcel Number 054-320-470. THE PRECEDING ALLOCATION OF 1998-99 ASSESSED VALUES AMONG REASSESSMENT PARCELS 6, 7, AND 47 WAS MADE ONLY FOR THE PURPOSE OF FACILITATING THE DESCRIPTION OF THE CONSOLIDATED DISTRICT. DUE TO CERTAIN PROPERTY TRANSACTIONS THAT HAVE OCCURRED SINCE THE 1998-99 ASSESSED VALUES WERE DETERMINED, REASSESSMENT PARCELS 6, 7, AND 47 WILL BE REASSESSED BY THE COUNTY ASSESSOR. THE NEW ASSESSED VALUES OF THESE PARCELS MAY BE GREATER

THAN OR LESS THAN THOSE RESULTING FROM THE ALLOCATION DESCRIBED ABOVE.

CITY OF REDWOOD CITY
Consolidated Reassessment District (Seaport)
Selected Information Regarding Reassessment Parcels

Reassessment Parcel Number	Assessor's Parcel Number	Owner	Acreage	Assessed Value ⁽¹⁾			Reassessment Lien Amount	Assessed Value to Reassessment Lien Amount
				Land	Improvements	Total		
1	052-392-540	Bushmont Co. ⁽²⁾	3.09	\$ 143,234	\$ 0	\$ 143,234	\$ <u>33,446.24</u>	<u>4.28</u>
2	052-392-530	Bushmont Co. ⁽²⁾	3.29	152,856	0	152,856	<u>35,691.90</u>	<u>4.28</u>
3	052-392-520	Bushmont Co. ⁽²⁾	2.87	133,335	0	133,335	<u>31,135.47</u>	<u>4.28</u>
4	052-392-510	Bushmont Co. ⁽²⁾	3.22	149,458	722,226	871,684	<u>34,899.95</u>	<u>24.98</u>
5	052-392-370	Lyngso, John H. & Mary Trust	3.42	191,621	513,349	704,970	<u>10,827.44</u>	<u>65.11</u>
6	054-320-520	Seaport Plaza Associates, LLC ⁽³⁾	8.33	379,327	876,732	1,256,059	<u>20,982.92</u>	<u>59.86</u>
7	054-320-530	Leslie Salt Co. ⁽⁴⁾	13.55	140,707	671,749	812,456	<u>37,000.97</u>	<u>21.96</u>
8	054-320-480	Leslie Salt Co. ⁽⁴⁾	2.30	23,905	0	23,905	<u>5,097.65</u>	<u>4.69</u>
9	054-320-250	Metropolitan Life Insurance Co.	2.25	1,458,998	2,315,155	3,774,153	<u>335,086.86</u>	<u>11.26</u>
10	054-320-260	Metropolitan Life Insurance Co.	5.78	3,744,458	5,894,496	9,638,954	<u>848,969.94</u>	<u>11.35</u>
11	054-320-300	Metropolitan Life Insurance Co.	2.40	1,517,799	2,275,955	3,793,754	<u>352,274.57</u>	<u>10.77</u>
12	054-320-400	Seaport Centre Associates, LLC	1.51	2,871,397	3,947,108	6,818,505	<u>213,741.08</u>	<u>31.90</u>
13	054-320-410	Seaport Centre Associates, LLC	1.24	2,351,860	3,947,108	6,298,968	<u>175,068.16</u>	<u>35.98</u>
14	054-320-420	Seaport Centre Associates, LLC	1.54	2,933,935	3,947,108	6,881,043	<u>218,396.53</u>	<u>31.51</u>
15	054-320-430	Seaport Centre Associates, LLC	1.55	2,951,786	3,947,108	6,898,894	<u>219,726.67</u>	<u>31.40</u>
16	054-320-440	Seaport Centre Associates, LLC	0.96	1,821,851	3,947,108	5,768,959	<u>135,616.96</u>	<u>42.54</u>
17	054-320-450	Seaport Centre Associates, LLC	3.42	6,492,756	5,701,484	12,194,240	<u>483,305.32</u>	<u>25.23</u>
18	054-320-460	Seaport Centre Associates, LLC	2.06	3,905,798	1,754,270	5,660,068	<u>291,483.12</u>	<u>19.42</u>
19	054-320-160	Metropolitan Life Insurance Co.	1.30	842,305	992,208	1,834,513	<u>171,321.85</u>	<u>10.71</u>
20	054-321-010	Metropolitan Life Insurance Co.	4.88	3,128,029	4,054,115	7,182,144	<u>665,574.28</u>	<u>10.79</u>
21	054-321-020	Metropolitan Life Insurance Co.	2.42	1,550,861	2,881,743	4,432,604	<u>329,990.61</u>	<u>13.43</u>
22	054-321-030	Metropolitan Life Insurance Co.	2.88	1,844,503	2,588,103	4,432,606	<u>392,469.20</u>	<u>11.29</u>
23	054-321-040	Metropolitan Life Insurance Co.	2.09	1,341,231	1,963,553	3,304,784	<u>285,382.53</u>	<u>11.58</u>
24	054-321-050	Metropolitan Life Insurance Co.	2.88	1,886,633	4,082,210	5,968,843	<u>393,560.36</u>	<u>15.17</u>
25	054-321-060	Metropolitan Life Insurance Co.	2.50	1,604,728	1,969,832	3,574,560	<u>341,449.56</u>	<u>10.47</u>
26	054-321-070	Metropolitan Life Insurance Co.	0.59	493	0	493	<u>80,212.66</u>	0.01 ⁽⁵⁾
27	054-320-080	Metropolitan Life Insurance Co.	0.60	384,667	92,100	476,767	<u>81,576.72</u>	<u>5.84</u>
28	054-320-090	Metropolitan Life Insurance Co.	1.37	876,415	1,442,949	2,319,364	<u>186,753.65</u>	<u>12.42</u>
29	054-320-100	Metropolitan Life Insurance Co.	0.75	480,837	120,363	601,200	<u>104,631.14</u>	<u>5.75</u>
30	054-320-110	Metropolitan Life Insurance Co.	1.81	1,162,346	1,885,715	3,048,061	<u>245,003.35</u>	<u>12.44</u>
31	054-320-210	Metropolitan Life Insurance Co.	0.45	295,075	0	295,075	<u>66,978.60</u>	<u>4.41</u>
32	054-320-230	Metropolitan Life Insurance Co.	1.75	1,136,137	1,574,990	2,711,127	<u>225,656.90</u>	<u>12.01</u>
33	054-320-220	Metropolitan Life Insurance Co.	1.57	1,017,243	1,716,056	2,733,299	<u>204,817.91</u>	<u>13.35</u>
34	054-320-240	Metropolitan Life Insurance Co.	1.37	888,951	1,924,987	2,813,938	<u>217,218.86</u>	<u>12.95</u>

CITY OF REDWOOD CITY
Consolidated Reassessment District (Seaport)
Selected Information Regarding Reassessment Parcels

Reassessment Parcel Number	Assessor's Parcel Number	Owner	Acreage	Assessed Value ⁽¹⁾			Reassessment Lien Amount	Assessed Value to Reassessment Lien Amount
				Land	Improvements	Total		
35	054-320-140	Metropolitan Life Insurance Co.	0.48	317,210	0	317,210	<u>43,133.71</u>	<u>7.35</u>
36	054-320-320	Seaport Centre Associates, LLC	0.44	837,827	0	837,827	<u>63,636.31</u>	<u>13.17</u>
37	054-320-310	Seaport Centre Associates, LLC	2.72	5,134,335	3,947,108	9,081,443	<u>351,714.61</u>	<u>25.82</u>
38	054-320-340	Seaport Centre Associates, LLC	0.77	1,455,084	0	1,455,084	<u>101,426.55</u>	<u>14.35</u>
39	054-320-330	Seaport Centre Associates, LLC	2.06	3,901,311	3,947,108	7,848,419	<u>270,996.44</u>	<u>28.96</u>
40	054-320-360	Seaport Centre Associates, LLC	0.59	1,115,079	0	1,115,079	<u>77,525.14</u>	<u>14.38</u>
41	054-320-350	Seaport Centre Associates, LLC	1.80	3,405,324	2,192,838	5,598,162	<u>236,832.81</u>	<u>23.64</u>
42	054-320-390	Seaport Centre Associates, LLC	2.12	4,001,356	2,192,838	6,194,194	<u>278,289.05</u>	<u>22.26</u>
43	054-320-370	Seaport Centre Associates, LLC	1.41	2,679,232	1,754,270	4,433,502	<u>186,060.40</u>	<u>23.83</u>
44	054-320-380	Seaport Centre Associates, LLC	2.22	4,202,991	2,631,405	6,834,396	<u>292,310.94</u>	<u>23.38</u>
45	054-300-500	Portside Investors ⁽⁶⁾	4.47	1,872,720	2,705,040	4,577,760	<u>38,697.25</u>	<u>118.30</u>
46	054-300-510	Michael R. Clark ⁽⁶⁾	1.28	572,220	2,049,588	2,621,808	<u>14,026.86</u>	<u>186.91</u>
47	054-320-510	Port of Redwood City	<u>0.35</u>	<u>3,634</u>	<u>0</u>	<u>3,634</u>	<u>0.00</u>	<u>N/A</u>
			112.70	\$79,303,858	\$89,170,075	\$168,473,933	<u>\$9,430,000.00</u>	<u>17.87</u>

Source: Except as noted, County Assessor's Office for ownership and assessed values; MBIA MuniFinancial for acreage and Reassessment amounts.

- ⁽¹⁾ With the exception of Reassessment Parcels 6, 7, and 47, the table shows 1998-99 assessed values. As further explained in the text immediately preceding this table, for Reassessment Parcels 6, 7, and 47 the table shows the 1998-99 assessed values of two previously existing parcels allocated among these three Reassessment Parcels to reflect certain property transactions that occurred after the 1998-99 assessed values were determined.
- ⁽²⁾ The Assessor's records indicate that the Bushmont Company owns parcels 1 through 4. However, discussions with representatives of the Granite Rock Company and the Peninsula Building Materials Company indicate that the Bushmont Company was merged into the Granite Rock Company and that the Granite Rock Company and the Peninsula Building Materials Company own parcels 1 through 4 as tenants in common.
- ⁽³⁾ Seaport Plaza Associates has sold approximately 1.06 acres of Reassessment Parcel 6 to Stanford University and has declared that approximately 1.28 acres of Reassessment Parcel 6 will be available for use as a private street. The property to be used as a private street will not be subject to Reassessments.
- ⁽⁴⁾ The Assessor's records indicate that Leslie Salt owns parcels 7 and 8. However, discussions with representatives of Cargill indicate that Leslie Salt was merged into Cargill and that Cargill owns parcels 6 and 7.
- ⁽⁵⁾ Reassessment Parcel 26 and certain other parcels in the Seaport Centre development are developed as open space and/or surface parking lots without buildings. For additional information regarding these parcels, see "BONDOWNERS' RISKS - Potentially Limited Value of Certain Parcels."
- ⁽⁶⁾ Reassessment Parcels 45 and 46 are owned by the Port of Redwood City and are leased to Portside Investors and Michael R. Clark, respectively, pursuant to long-term leases that expire in 2033. The Reassessment liens on these two parcels are on the leasehold estates rather than on the fee estates. The Assessor's Parcel Numbers, assessed values, and Reassessment lien amounts provided in the table are for the leasehold interests.

Largest Reassessees

The following table lists the property owners in the Consolidated District that have the largest aggregate amount of Reassessments levied against their property.

**City of Redwood City
Consolidated Reassessment District (Seaport)
Largest Reassessees⁽¹⁾**

<u>Name</u>	<u>Total Acres</u>	<u>Assessed Value</u>	<u>Reassessment</u>	<u>Assessed Value to Reassessment Lien</u>	<u>% of Total Reassessment</u>
Metropolitan Life Insurance Co.	40	\$63,253,449	<u>\$5,572,063</u>	<u>11.35:1</u>	<u>59.1%</u>
Seaport Centre Associates, LLC ⁽²⁾	<u>26</u>	<u>93,918,783</u>	<u>3,596,130</u>	<u>26.12:1</u>	<u>38.1</u>
TOTAL	66	\$157,172,232	<u>\$9,168,193</u>	<u>17.14:1</u>	<u>97.2%</u>

⁽¹⁾ For purposes of this table, parcels owned by the same owner are aggregated. See “SECURITY FOR THE BONDS-Land Values and Lien Ratios.”

⁽²⁾ Does not include property owned by Seaport Plaza Associates, LLC.

Property Ownership and Development

The information in this section regarding property ownership and development in the Consolidated District is included because it may be considered relevant to an informed evaluation and analysis of the financing. However, the Reassessments do not constitute a personal indebtedness of any owner of property in the Consolidated District. The financing described in this Official Statement does not restrict the right of owners of property in the Consolidated District to transfer their property. The information in this section should be considered in light of these facts.

The information in this section regarding the tenants and business activities of the owners of the property in the Consolidated District was provided by such owners. Although the City believes that such information is accurate, the City has not independently verified the accuracy of such information and makes no representation or warranty regarding its accuracy.

Metropolitan Life Insurance Company. Metropolitan Life Insurance Company (“MetLife”) owns 20 parcels in the Consolidated District with an aggregate assessed value, Reassessment, and assessed value to Reassessment lien ratio as follows:

<u>Assessed Value</u>			<u>Reassessment</u>	<u>Assessed Value to Reassessment Lien</u>	<u>% of Total Reassessment</u>
<u>Land</u>	<u>Improvements</u>	<u>Total</u>		<u>Lien</u>	
\$25,478,919	\$37,774,530	\$63,253,449	<u>\$5,572,063</u>	<u>11.35:1</u>	<u>59.09%</u>

The 20 parcels owned by MetLife constitute a portion of Seaport Centre. Fifteen of the parcels owned by MetLife are developed with buildings containing approximately 537,444 square feet of leasable space. The remaining five parcels owned by MetLife contain surface parking lots and open space with no buildings. See "BONDOWNERS' RISKS - Potentially Limited Value of Certain Parcels." The following are the top ten tenants located in the Seaport Centre buildings owned by MetLife:

<u>Tenant Name</u>	<u>Square Feet</u>
The 3DO Company	77,056
Cygnus Therapeutic, Inc.	58,736
Genelabs, Inc.	48,787
Maxygen, Inc.	47,880
Resound Corporation	47,553
Charles Evans & Associates	30,528
Advance Polymer Systems	26,067
NetObjects, Inc.	25,814
Corixa Corporation	24,835
Rotary Rocket Company	<u>18,512</u>
Total	405,768

Source: Metropolitan Life Insurance Company.

MetLife and its affiliates provide life **insurance and other financial products** and related services to individual and group clients. MetLife is also involved in a wide range of office buildings, hotels, and industrial properties, the direct acquisition of real estate, and the financing of existing properties on an intermediate term basis.

Seaport Centre Associates, LLC and Seaport Plaza Associates, LLC. Seaport Centre Associates, LLC ("Seaport Centre Associates") owns 16 parcels in the Consolidated District with an aggregate assessed value, Reassessment, and assessed value to Reassessment lien ratio as follows:

<u>Assessed Value</u>			<u>Assessed Value to</u>		
<u>Land</u>	<u>Improvements</u>	<u>Total</u>	<u>Reassessment</u>	<u>Lien</u>	<u>% of Total Reassessment</u>
\$50,061,922	\$43,856,861	\$93,918,783	<u>\$3,596,130</u>	<u>26.12:1</u>	38.13%

The 16 parcels owned by Seaport Centre Associates constitute a portion of Seaport Centre. Thirteen of the parcels owned by Seaport Centre Associates are developed with buildings containing approximately 463,000 square feet of leasable space. The remaining three parcels owned by Seaport Centre Associates contain open space with no buildings or parking lots. See "BONDOWNERS' RISKS - Potentially Limited Value of Certain Parcels." As of January 1, 1999, the following were the top ten tenants located in the Seaport Centre buildings owned by Seaport Centre Associates:

<u>Tenant Name</u>	<u>Square Feet</u>
Diva Systems Corporation	83,000
Perclose, Inc.	80,000
Oceania, Inc.	41,415
Scribe Technologies Corporation	41,415
CBT Systems USA, LTD	40,897
Unwired Planet, Inc.	40,795
Clarnet Corporation	24,877
Sequoia Analytical Laboratory	24,600
LuMend, Inc.	19,600
Radiant Medical, Inc.	<u>17,400</u>
Total	413,999

Source: Seaport Centre Associates, LLC.

In August 1998, Seaport Plaza Associates, LLC ("Seaport Plaza Associates") purchased Reassessment Parcel 6, which includes approximately 8.33 acres, plus an adjacent parcel outside of the Consolidated District, which includes approximately .35 acres, from the Green Valley Corporation for a purchase price of \$10,625,000. The Green Valley Corporation had purchased such property from Cargill in March 1998. Reassessment Parcel 6 was subsequently divided into three parcels, including an approximately 5.99 acre parcel that is still owned by Seaport Plaza Associates, an approximately 1.06 acre parcel that was sold to Stanford University in April 1999, and an approximately 1.28 acre parcel that is intended to be used as a private street to provide access to the other two parcels. Seaport Plaza Associates expects to develop the 5.99 acre portion of Reassessment Parcel 6 that it still owns with two three-story office buildings containing a total of approximately 155,740 square feet of space, although a building permit has not been issued for this project. The Reassessment for Reassessment Parcel 6 will be allocated between the portion retained by Seaport Plaza Associates (exclusive of the private street) and the portion sold to Stanford University based on the relative sizes of the two parcels. The portion of Reassessment Parcel 6 retained by Seaport Plaza Associates will be subject to a Reassessment lien of \$17,967.51.

Seaport Centre Associates and Seaport Plaza Associates are each a California limited liability company. Cornerstone Holdings, LLC, a Delaware limited liability company, is the managing member, and Cornerstone Properties Limited Partnership ("CPLP") holds the remaining limited liability company interests, of both Seaport Centre Associates and Seaport Plaza Associates.

Cornerstone Holdings, LLC and CPLP are affiliated with Cornerstone Properties, Inc. ("Cornerstone Properties"). Cornerstone Properties is a self-administered equity real estate investment trust (REIT) investing in Class A office properties in prime locations in major suburban markets and prime central business districts. Cornerstone Properties, through its subsidiaries,

currently owns 96 Class A office properties throughout the United States totaling approximately 21 million square feet. Headquartered in New York City, Cornerstone Properties' stock is traded on the New York Stock Exchange under the ticket symbol CPP.

Granite Rock Company and Peninsula Building Materials Company. Granite Rock Company ("Granite Rock") and Peninsula Building Materials Company ("Peninsula Building Materials"), as tenants in common, own four parcels in the Consolidated District, which are used in their respective operations. Granite Rock is a manufacturer and producer of rock, sand, gravel, asphalt, and ready-mix concrete. Peninsula Building Materials is a supplier of building materials to contractors. The parcels in the Consolidated District owned by Granite Rock and Peninsula Building Materials have an aggregate assessed value, Reassessment, and assessed value to Reassessment lien ratio as follows:

Assessed Value			Reassessment	Assessed Value to Reassessment Lien	% of Total Reassessment
Land	Improvements	Total			
\$578,883	\$722,226	\$1,301,109	<u>\$135,174</u>	<u>9.63</u> :1	<u>1.43%</u>

John H. and Mary Lyngso Trust. The John H. and Mary Lyngso Trust (the "Lyngso Trust") owns one parcel in the Consolidated District, which is used in the operations of Lyngso Garden Materials. Lyngso Garden Materials is an ornamental rock and landscaping business also engaged in the sale of ready-mixed concrete. The parcel in the Consolidated District owned by the Lyngso Trust has an assessed value, Reassessment, and assessed value to Reassessment lien ratio as follows:

Assessed Value			Reassessment	Assessed Value to Reassessment Lien	% of Total Reassessment
Land	Improvements	Total			
\$191,621	\$513,349	\$704,970	<u>\$10,827</u>	<u>65.11</u> :1	<u>0.11%</u>

Cargill, Incorporated. Cargill, Incorporated ("Cargill") owns two parcels in the Consolidated District, which are used in the salt processing operations of Cargill. Cargill is headquartered in Minneapolis, Minnesota and is the successor by merger to the Leslie Salt Company. The parcels in the Consolidated District owned by Cargill have an aggregate assessed value, Reassessment, and assessed value to Reassessment lien ratio as follows:

Assessed Value			Reassessment	Assessed Value to Reassessment Lien	% of Total Reassessment
Land	Improvements	Total			
\$164,612	\$671,749	\$836,361	<u>\$42,099</u>	<u>19.87</u> :1	0.45%

Portside Investors (as lessee). Portside Investors is a limited partnership consisting of two general partners, both of whom are individuals, and several limited partners. Portside Investors leases one parcel in the Consolidated District from the Port of Redwood City, which is developed

with a guest boat dock and a two-story building with approximately 68,000 square feet of space used for offices and a restaurant. The lease for this space expires June 30, 2033. Portside Investors' leasehold interest in the parcel in the Consolidated District has an assessed value, Reassessment, and assessed value to Reassessment lien ratio as follows:

Assessed Value			Reassessment	Assessed Value to	
<u>Land</u>	<u>Improvements</u>	<u>Total</u>		Reassessment	<u>% of Total</u>
			<u>Lien</u>	<u>Reassessment</u>	
\$1,872,720	\$2,705,040	\$4,577,760	<u>\$38,697</u>	<u>118.30</u>	0.41%

Michael Clark (as lessee). Michael Clark leases one parcel in the Consolidated District from the Port of Redwood City, which is developed with a two-story building with approximately 22,000 square feet of space used for offices. The lease for this space expires June 30, 2033. Michael Clark's leasehold interest in the parcel in the Consolidated District has an assessed value, Reassessment, and assessed value to Reassessment lien ratio as follows:

Assessed Value			Reassessment	Assessed Value to	
<u>Land</u>	<u>Improvements</u>	<u>Total</u>		Reassessment	<u>% of Total</u>
			<u>Lien</u>	<u>Reassessment</u>	
\$572,220	\$2,049,588	\$2,621,808	<u>\$14,027</u>	<u>186.91</u>	0.15%

Stanford University. In April 1999, the Board of Trustees of the Leland Stanford Junior University ("Stanford University") purchased approximately 1.06 acres in the Consolidated District, representing a portion of Reassessment Parcel 6, from Seaport Plaza Associates for a purchase price of \$925,000. Stanford University expects to develop such property with a boat house containing approximately 18,000 to 20,000 square feet of space, although a building permit has not been issued for this project. Stanford University expects that the boat house will be completed by the fall of 2000 and will be used for Stanford University's sailing and rowing programs, as well as for community rowing programs. Although the property purchased by Stanford University will be reassessed by the County Assessor due to its purchase, as of June 1, 1999 the County Assessor had not released information regarding the new assessed value. The portion of Reassessment Parcel 6 owned by Stanford University will be subject to a Reassessment lien of **\$3,015.40.**

Delinquencies

The County and its subsidiary political subdivisions operate under a property tax collection and distribution system commonly referred to as the "Teeter Plan," whereby agencies levying taxes through the County roll may receive from the County 100% of their taxes at the time they are levied, without regard to actual collections. However, in the County the Teeter Plan is not applicable to special taxes and special assessments securing the payment of bonds. Therefore, the City will receive from the County only the amount of Reassessments actually collected by the County.

There are currently no delinquencies with respect to the assessments levied in connection with the Prior Bonds and the County Tax Collector reports that there have been no significant

delinquencies in either the Seaport Centre District or the Seaport Boulevard District over the past five years.

Direct and Overlapping Debt

Set forth below is a direct and overlapping debt report (the "Debt Report") prepared by California Municipal Statistics, Inc. and dated June 1, 1999. The Debt Report is included for general information purposes only. The City believes such information to be reliable but makes no representations as to its completeness or accuracy. The Debt Report generally includes long term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the Consolidated District in whole or in part. Additional indebtedness could be authorized by the City or other public agencies at any time.

**CITY OF REDWOOD CITY
CONSOLIDATED REASSESSMENT DISTRICT (Seaport)
STATEMENT OF DIRECT AND OVERLAPPING DEBT**

1998-99 Assessed Valuation: \$168,473,933

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 6/1/99</u>
Sequoia Union High School District	0.656%	\$ 216,480
Redwood City School District	2.238	978,458
Midpeninsula Regional Open Space Park District	0.011	2,642
City of Redwood City Consolidated Reassessment District	100.000	<u>9,430,000</u> ⁽¹⁾
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		<u>\$10,627,580</u>

<u>OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>	<u>% Applicable</u> ⁽²⁾	<u>Debt 6/1/99</u>
San Mateo County General Fund Obligations	0.012%	\$31,207
San Mateo County Board of Education Certificates of Participation	0.012	677
San Mateo Community College District Certificates of Participation	0.012	148
Redwood City School District Certificates of Participation	0.110	1,991
City of Redwood City General Fund Obligations	0.118	39,624
Midpeninsula Regional Open Space Park District General Fund Obligations	0.011	<u>8,289</u>
TOTAL OVERLAPPING GENERAL FUND OBLIGATION DEBT		\$81,936

COMBINED TOTAL DEBT \$10,709,516⁽³⁾

- (1) Refunding 1915 Act bonds to be sold. Excludes issues to be refunded.
- (2) Based on redevelopment adjusted all property assessed valuation of \$7,638,262.
- (3) Excludes tax and revenue anticipation notes, revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 1998-99 Assessed Valuation:

Direct Debt (\$9,430,000)	5.60%
Total Direct and Overlapping Tax and Assessment Debt	6.31%
Combined Total Debt	6.36%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/98: \$0

Source: California Municipal Statistics, Inc.

The City has created two maintenance districts that consist of certain parcels located in the Consolidated District. The Seaport Centre Maintenance District, which includes Reassessment Parcels 9 through 44, was formed in 1985 to provide for the levy of annual assessments sufficient to pay estimated annual maintenance expenses associated with public improvements related to levees, storm drains, water facilities, and sanitary sewer facilities. The Seaport Boulevard Landscape Maintenance District, which includes Reassessment Parcels 1 through 4 and Reassessment Parcels 6 through 44, was formed in 1987 to provide for the levy of annual assessments sufficient to pay estimated annual maintenance expenses associated with landscaping improvements. The amounts of the annual levies with respect to these maintenance districts has varied from year to year, with the most recent annual levies being \$62,500 with respect to the Seaport Centre Maintenance District and \$83,000 with respect to the Seaport Boulevard Landscape Maintenance District. The City has proposed, subject to property owner approval, to increase the authorized annual levy for such maintenance districts to an aggregate of \$96,500 and \$148,000, respectively, for fiscal year 1999-

2000, increasing in future years at a compound rate of increase not to exceed three percent per year. If approved by the landowners, the annual levy for the Seaport Centre Maintenance District for 1999-2000 will range from a low of \$193.00 for Reassessment Parcel 35 to a high of \$9,871.95 for Reassessment Parcel 10, while the annual levy for the Seaport Boulevard Landscape Maintenance District for 1999-2000 will range from a low of \$473.60 for Reassessment Parcels 27 and 31 to a high of \$5,742.40 for Reassessment Parcel 34. The Reassessment lien will have priority over future annual assessments levied with respect to such maintenance districts.

BONDOWNERS' RISKS

The following is a discussion of certain risk factors which should be considered, in addition to other matters set forth herein, in evaluating the investment quality of the Bonds. This discussion does not purport to be comprehensive or definitive and does not purport to be a complete statement of all factors that may be considered as risks in evaluating the credit quality of the Bonds. The occurrence of one or more of the events discussed herein could adversely affect the ability or willingness of property owners in the Consolidated District to pay their Reassessments when due. Such failures to pay the Reassessments could result in a rapid depletion of the Reserve Fund or a default in payments of the principal of and interest on the Bonds. In addition, the occurrence of one or more of the events discussed herein could adversely affect the value of the property in the Consolidated District and the value of the Bonds in the secondary market.

General

Under the provisions of the Bond Law, Reassessment installments, from which funds for the payment of annual installments of principal of and interest on the Bonds are derived, will be billed to properties against which there are unpaid Reassessments on the regular property tax bills sent to owners of such properties. Such Reassessment installments are due and payable at the same times, and bear the same penalties and interest for non-payment, as do regular property tax installments. Reassessment installments cannot be paid separately from property taxes. Failure to pay less than the total of all property taxes and Reassessment installments due will be considered a delinquency in the payment of both property taxes and Reassessment installments.

Unpaid Reassessments do not constitute a personal indebtedness of the owners of the parcels within the Consolidated District. There is no assurance such owners will be financially able to pay their Reassessment installments or that they will pay such installments even if financially able to do so.

The Bonds are payable from amounts collected from assessed property owners and deposited in the Redemption Fund and amounts in the Reserve Fund. Therefore, timely payment of debt service on the Bonds depends upon the timely payment of unpaid Reassessment installments on land within the Consolidated District. Should the installments not be paid on time, the City will, to the extent available, transfer monies from the Reserve Fund to the Redemption Fund to cover delinquencies. Additionally, the Reassessment installments are secured by a lien on the affected parcels of land and the City has covenanted to institute foreclosure proceedings under certain circumstances to sell land with delinquent installments in order to obtain funds to pay debt service on the Bonds. See "SECURITY FOR THE BONDS - Covenant to Commence Superior Court Foreclosure." Because these are the only sources of funds available to pay debt service, failure by owners of the parcels to pay Reassessment installments when due, depletion of the Reserve Fund, or

the inability of the City to sell parcels which have been subject to foreclosure proceedings for amounts sufficient to cover the delinquent Reassessment installments may result in the inability of the City to make full or punctual payments of debt service on the Bonds and Bondowners would therefore be adversely affected.

Absence of Secondary Market for the Bonds

No application has been made for a credit rating for the Bonds and, due to the concentration of property ownership in the Consolidated District, it is unlikely that a credit rating could be secured either now or in the future for the Bonds. There can be no assurance that there will ever be a secondary market for purchase or sale of the Bonds or, if a secondary market exists, that the Bonds can be sold for any particular price. From time to time there may be no market for the Bonds, depending upon prevailing market conditions, the financial condition or market position of firms who may make the secondary market, the financial condition and results of operations of the property owners and tenants, and the value of the parcels in the Consolidated District. The Bonds should therefore be considered long-term investments in which funds are committed to maturity, subject to redemption prior to maturity as described herein.

Risks of Real Estate Secured Investments Generally

The Bondowners will be subject to the risks generally incident to an investment secured by real estate, including, without limitation, (1) adverse changes in local market conditions, such as changes in the market value of real property in the vicinity of the Consolidated District, the supply of or demand for competitive properties in such area, and the market value of commercial and industrial buildings or sites in the event of sale or foreclosure; (2) changes in real estate tax rate and other operating expenses, government rules (including, without limitation, zoning laws) and fiscal policies; and (3) natural disasters (including, without limitation, earthquakes and floods), which may result in uninsured losses.

Limited City Obligation Upon Delinquency

Pursuant to Section 8769(b) of the Bond Law, the City has elected not to be obligated to advance funds from the treasury of the City for the payment of delinquent Reassessment installments. The only obligation of the City with respect to such delinquencies is to transfer amounts available in the Reserve Fund to the Redemption Fund. Thus, the City's obligation to advance monies to pay Bond debt service in the event of delinquent Reassessment installments is limited to the balance in the Reserve Fund. The City has no obligation to replenish the Reserve Fund except to the extent that delinquent Reassessments are paid or proceeds from foreclosure sales are realized. There is no assurance that the balance in the Reserve Fund will always be adequate to pay all delinquency installments and, if during the period of delinquency there are insufficient funds in the Reserve Fund, a delay may occur in payments to the owners of the Bonds. Notwithstanding the above, the City may, at its sole option and in its sole discretion, elect to advance available surplus funds of the City to pay for any delinquent property. However, Bondowners should not rely upon the City to advance monies to the Redemption Fund if the Reserve Fund is ever depleted.

Bankruptcy and Foreclosure

The payment of property owners' Reassessments, and the ability of the City to foreclose the lien of a delinquent unpaid Reassessment pursuant to the foreclosure covenant, may be limited by

bankruptcy, insolvency, or other laws generally affecting creditors' rights or by the laws of the State relating to judicial foreclosure. See "SECURITY FOR THE BONDS - Covenant to Commence Superior Court Foreclosure". In addition, the prosecution of a foreclosure could be delayed due to crowded local court calendars or legal delaying tactics.

The various legal opinions to be delivered concurrently with the delivery of the Bonds (including Bond Counsel's approving legal opinion) will be qualified, as to the enforceability of the various legal instruments, by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

Although bankruptcy proceedings would not cause the Reassessments to become extinguished, bankruptcy of a property owner or of a partner or other equity owner of a property owner could result in a court imposed delay in the establishment of the lien for the Reassessments, a delay in prosecuting Superior Court foreclosure proceedings, or an adverse effect upon the property owner's ability or willingness to pay the Reassessments, and could result in the possibility of delinquent Reassessments not being paid in full. Such delay or non-payment would increase the likelihood of a delay or default in payment of the principal of and interest on the Bonds.

Concentration of Property Ownership

The concentration of ownership of the property within the Consolidated District (MetLife owns land responsible for approximately 59% of the Reassessments and Seaport Centre Associates owns land responsible for approximately 38% of the Reassessments) presents a special risk factor to the Owners of the Bonds. In general, financial difficulties experienced by a property owner who owns a large portion of the land in the Consolidated District could result in a failure to pay Reassessment installments when due, and therefore result in the possible total depletion of the Reserve Fund prior to reimbursement from the resale of property or delinquency redemptions. In that event, there could be a default in the payments of the principal of and interest on the Bonds. See "THE CONSOLIDATED DISTRICT - Property Ownership and Development." In addition, because a majority of the properties in the Consolidated District provide industrial and commercial space, Owners of the Bonds should also consider the general risks associated with commercial and industrial real estate investments, and the effect these risks may have on the ability and willingness of property owners in the Consolidated District to pay Reassessments when due.

Property Values

The value of land and improvements within the Consolidated District is an important factor in determining the investment quality of the Bonds. If a property owner defaults in the payment of Reassessment installments, the City's only remedy is to commence foreclosure proceedings in an attempt to obtain funds to pay the delinquent Reassessment installments. See "SECURITY FOR THE BONDS - Covenant to Commence Superior Court Foreclosure."

The economic performance and value of the properties in the Consolidated District will be affected by a number of factors, including: the national economic climate; the regional economic climate (which may be adversely impacted by plant closings, industry slowdowns and other factors); local real estate conditions such as an oversupply of commercial space or a reduction in demand for real estate in the area; the attractiveness of the development to owners and tenants; competition from other available space; the quality of maintenance, insurance and management services; and increased operating costs.

The facts and circumstances concerning the values of the parcels in the Consolidated District are not confined to those relating to individual parcel values because the Bonds are not individually secured by particular parcels. The Bonds are secured by all of the unpaid Reassessments on all of the parcels. Therefore the value of the property in the Consolidated District must also be evaluated in the aggregate. The following are some of the factors which may affect the market for and value of property individually and in the aggregate.

Geologic, Topographic and Climatic Conditions. Property values can be adversely affected by a variety of natural events and conditions. These include, without limitation:

- geologic conditions such as earthquakes;
- topographic conditions such as earth movements and floods; and
- climatic conditions such as droughts.

The possibility of the occurrence of some of these conditions and events has been taken into account to a limited extent in the design of the Consolidated District improvements. Building codes require that some of these conditions be taken into account to a limited extent in the design of private improvements. Design criteria in any of these circumstances are established upon the basis of a variety of considerations and may change from time to time leaving previously designed improvements unaffected by more stringent subsequently established criteria. In general, design criteria, at the time of their establishment, reflect a balance between the present costs of protection and the future costs of lack of protection, based in part upon a present perception of the probability that the condition will occur and the seriousness of the condition should it occur. Also reflecting that balance are decisions not to impose design criteria at all.

The City expects that one or more of these conditions may occur from time to time, and, even if design criteria do exist, such conditions may result in damage to property improvements. That damage may entail significant repair or replacement costs, and repair or replacement may never occur. Under any of these circumstances, the value of the property in the Consolidated District could depreciate substantially notwithstanding the establishment of design criteria.

The land in the Consolidated District is subject to earthquake as a result of known active faults in the region. The San Andreas Fault, the Hayward Fault, and other related faults within the region are potentially active within a 10 to 15 mile radius of the Consolidated District. Developments located on landfill, such as that comprising the Consolidated District, are subject to ground shaking and earthquake-induced ground failures, although structures in the Consolidated District withstood the October 17, 1989 Loma Prieta earthquake of a 7.1 Richter magnitude with minimal damage. Owners of property in the Consolidated District are not required to maintain insurance covering damage to property or the loss of income due to an earthquake. In the event of a significant earthquake, buildings and infrastructure in the Consolidated District could be seriously damaged, thereby impairing the value of the property and the ability of the property owners to pay Reassessments.

Legal Requirements. Other events which may affect the value property in the Consolidated District include changes in the law or application of the law. Such changes may include, without limitation, the following:

- local growth control initiatives;
- local utility connection moratoriums;
- local application of statewide tax and governmental spending limitation measures;
- environmental regulations.

Potentially Limited Value of Certain Parcels

The area within the Consolidated District known as Seaport Centre includes 36 parcels, 20 of which are owned by MetLife and 16 of which are owned by Seaport Centre Associates. Of the 20 parcels owned by MetLife, 15 parcels are developed with buildings and five parcels contain surface parking lots and open space with no buildings. Of the 16 parcels owned by Seaport Centre Associates, 13 parcels are developed with buildings and three parcels contain open space with no buildings. The five MetLife parcels without buildings are referred to as Reassessment Parcels 26, 27, 29, 31, and 35 and the three Seaport Centre Associates parcels without buildings are referred to as Reassessment Parcels 36, 38, and 40. See "APPENDIX D - REASSESSMENT MAP." The Reassessments on Reassessment Parcels 26, 27, 29, 31, 35, 36, 38, and 40 are equal to \$619,120.83, which represents 6.57% of the total Reassessment obligation. Selected information regarding these Reassessment Parcels is set forth in the following table.

CITY OF REDWOOD CITY
Consolidated Reassessment District (Seaport)
Selected Information Regarding Certain Reassessment Parcels

Reassessment Parcel Number	Owner	Acreage	Assessed Value (1)			Reassessment Lien Amount	Assessed Value to Reassessment Lien Amount
			Land	Improvements	Total		
26	MetLife	0.588	\$ 493	\$ 0	\$ 493	<u>\$ 80,212.66</u>	0.01
27	MetLife	0.600	384,667	92,100	476,767	<u>81,576.72</u>	<u>5.84</u>
29	MetLife	0.750	480,837	120,363	601,200	<u>104,631.14</u>	<u>5.75</u>
31	MetLife	0.446	295,075	0	295,075	<u>66,978.60</u>	<u>4.41</u>
35	MetLife	0.480	317,210	0	317,210	<u>43,133.71</u>	<u>7.35</u>
36	Seaport Centre Associates	0.440	837,827	0	837,827	<u>63,636.31</u>	<u>13.17</u>
38	Seaport Centre Associates	0.770	1,455,084	0	1,455,084	<u>101,426.55</u>	<u>14.35</u>
40	Seaport Centre Associates	0.590	1,115,079	0	1,115,079	<u>77,525.14</u>	<u>14.38</u>

Source: County Assessor's Office for assessed values; MBIA MuniFinancial for Reassessment amounts.

(1) Based on the 1998-99 tax year assessed value determined by the County Assessor's office.

Reassessment Parcel 26 is primarily open space with lawn and trees and also provides limited surface parking for an adjacent building. Reassessment Parcels 27, 29, and 31 primarily provide surface parking for adjacent buildings and are partially landscaped with grass and trees. Reassessment Parcel 35 is primarily covered with non-landscaped trees and shrubs and also provides limited parking for an adjacent building, an electric transformer, and a trash enclosure. Reassessment Parcels 36, 38, and 40 are a green belt area with lawn, trees, and a wooden boardwalk adjacent to a

waterway. The wooden boardwalk covers a concrete utility corridor. Reassessment Parcels 36, 38, and 40 do not provide any parking.

Reassessment Parcels 26, 27, 29, 31, 35, 36, 38, and 40 are part of Seaport Centre and were developed under planned development permits covering Seaport Centre. These parcels do not contain any buildings, do not directly generate revenues, and may not be essential to the operation of other parcels within Seaport Centre owned by the same owner. These parcels have little potential for additional development due to their location, their size, and the need for parking and open space in connection with Seaport Centre.

If a property owner defaults in the payment of a Reassessment installment, the City's only remedy is to foreclose on the delinquent property in an attempt to obtain funds with which to pay the delinquent Reassessment installments. See "SECURITY FOR THE BONDS-Covenant to Commence Superior Court Foreclosure." Failure of a property owner to pay a Reassessment installment with respect to one property does not provide the City the right to foreclose on other property owned by the same owner. In light of the factors described above, Reassessment Parcels 26, 27, 29, 31, 35, 36, 38, and 40 may have limited value to the property owners or to a potential purchaser at a foreclosure sale or otherwise. As with all of the property in the Consolidated District, there can be no assurance that, in the event of a foreclosure sale for a delinquent Reassessment installment, any bid would be received for such property or that any bid received would be sufficient to pay such delinquent installment.

Parity Taxes and Special Assessments

The Reassessments and any penalties thereon will constitute liens against the lots and parcels of land on which they will be imposed annually until they are paid. Such lien is on a parity with all special taxes and special assessments levied by other agencies and is co-equal to and independent of the lien for general property taxes regardless of when they are imposed upon the same property. The Reassessment has priority over all existing and future private liens imposed on the property. The City, however, has no control over the ability of other entities and districts to issue indebtedness secured by special taxes or assessments payable from all or a portion of the property within the Consolidated District. In addition, the landowners within the Consolidated District may, without the consent or knowledge of the City, petition other public agencies to issue public indebtedness secured by special taxes or assessments. Any such special taxes or assessments may have a lien on such property on a parity with the Reassessments.

Set forth under the caption "THE CONSOLIDATED DISTRICT--Direct and Overlapping Debt" is a table showing the existing authorized indebtedness payable from taxes, assessments and other exactions that have been imposed on the property within the Consolidated District. Also set forth under such caption is a description of annual assessments levied by two maintenance districts that consist of certain property within the Consolidated District. The Reassessment lien will have priority over future annual assessments levied with respect to such maintenance districts.

The City has no control over the amount of indebtedness that could be issued by other public agencies in the future, and the liens on the property within the Consolidated District could greatly increase, without any corresponding increase in the value of the property within the Consolidated District and thereby severely reduce the ratio that exists at the time the Bonds are issued between the value of the property and the debt secured by all taxes and assessments thereon. The imposition of such additional indebtedness could also reduce the willingness and ability of the property owners

within the Consolidated District to pay the Reassessments when due. Moreover, in the event of a delinquency in the payment of the Reassessment levy, no assurance can be given that the proceeds of any foreclosure sale would be sufficient to pay the delinquent Reassessments and any other delinquent assessments, special taxes or taxes.

Property Held by FDIC

The ability of the City to collect interest and penalties specified by State law and to foreclose the lien of a delinquent Reassessment may be limited in certain respects with regard to properties in which the Federal Deposit Insurance Corporation (the "FDIC") has or obtains an interest. On June 4, 1991, the Resolution Trust Company ("RTC", which has since been succeeded by the FDIC as to its property holdings affected by the policy statements summarized herein) issued a Statement of Policy Regarding the Payment of State and Local Real Property Taxes (the "Policy Statement"). (The FDIC had previously joined with the RTC in a July 12, 1990 joint statement of policy addressing the same subject.) All references hereafter to RTC (except to indicate that RTC issued a policy statement or was referred to in any such statement) shall be deemed references to FDIC.

The Policy Statement provides that the RTC intends to pay its property tax obligations when they come due and to pay claims for delinquencies as promptly as is consistent with sound business practice and the orderly administration of the institution's affairs. It may decline to pay property tax claims in situations where abandonment of its interest in the property is appropriate. The Policy Statement also provides that real property owned by the RTC is subject to state and local real property taxes if those taxes are assessed according to the property's value, but that the RTC is immune from real property taxes assessed on other bases. The Policy Statement further provides that:

If any property taxes (including interest) on [RTC] owned property are secured by a valid lien (in effect before the property became owned by the [RTC]), the [RTC] will pay those claims. With respect to property not owned by the [RTC], but in which the [RTC] has a lien interest, and [with respect to] property taxes (including interest) secured by a valid lien [on such non-owned property] with priority over the [RTCs] lien, interest will be paid. However, if abandonment of its interest in the property is appropriate, the [RTC] may elect not to pay such claims.

The Reassessment is not based upon a property's value, and the Policy Statement is unclear as to whether reassessments such as those which secure payment of principal of and interest on the Bonds are considered to be "real property taxes" which are intended to be paid. Moreover, the Policy Statement provides that, with respect to parcels on which the FDIC holds a mortgage lien, it will not permit its lien to be foreclosed out by a taxing authority without its specific consent and that it will not pay or recognize liens for any penalties, fines, or similar claims imposed for the nonpayment of taxes, whether arising before or after acquisition of the parcel in question, nor will it pay attorneys' costs incurred by a taxing authority or other person in pursuing a tax claim.

The City is unable to predict what effect the application of the Policy Statement or any later statement of policy would have in the event of a delinquency on a parcel within the Consolidated District in which the FDIC has or obtains an interest, although prohibiting the lien of the FDIC from being foreclosed out at a judicial foreclosure sale would likely reduce or eliminate the persons willing to purchase a parcel at a foreclosure sale. Such an outcome could cause a draw on the

Reserve Fund and perhaps, ultimately, a default in payment on the Bonds. The City is not aware of the FDIC presently having an interest in any property in the Consolidated District.

No Acceleration Provision

The Bonds and the Paying Agent Agreement do not contain a provision allowing for the acceleration of the Bonds in the event of a payment default or other default under the terms of the Bonds or the Paying Agent Agreement or in the event interest on the Bonds becomes included in gross income for federal tax purposes.

Ballot Initiatives

From time to time, initiative measures qualify for the State ballot pursuant to the State's constitutional initiative process and those measures could be adopted by California voters. The adoption of any such initiative might place limitations on the ability of the State, the City, the County or other local districts to increase revenues or to increase appropriations or could affect the economic viability of planned or existing commercial or industrial operations within the Consolidated District. See "Proposition 218" below.

Proposition 218

On November 5, 1996, the voters of the State approved Proposition 218, the so-called "Right to Vote on Taxes Act." Proposition 218 added Articles XIIC and XIID to the State Constitution, which contain a number of provisions affecting the ability of the City to levy and collect both existing and future taxes, Reassessments, and property related fees and charges.

Article XIID requires that, beginning July 1, 1998, the proceedings for the levy of any reassessment by the City (including, if applicable, any increase in such reassessment or any supplemental reassessment) must be conducted in conformity with the provisions of Section 4 of Article XIID. The City has conducted its proceedings with respect to the levy of the Reassessment within the Consolidated District in a manner which it reasonably believes complies with the new requirements.

Article XIIC removes limitations on the initiative power in matters of local taxes, assessments, fees and charges. Article XIIC does not define the term "assessment", and it is unclear whether this term is intended to include reassessments levied under the Refunding Act. Furthermore, this provision of Article XIIC is not, by its terms, restricted in its application to assessments which were established or imposed on or after July 1, 1998. In the case of the unpaid Reassessments which are pledged as security for payment of the Bonds, the laws of the State provide a mandatory, statutory duty of the City and the County Auditor to post installments on account of the unpaid Reassessments to the property tax roll of the County each year while any of the Bonds are outstanding, in amounts equal to the principal of and interest on the Bonds coming due in the succeeding calendar year. The City believes that the initiative power cannot be used to reduce or repeal the unpaid Reassessments which are pledged as security for payment of the Bonds or to otherwise interfere with performance of the mandatory, statutory duty of the City and the County Auditor with respect to the unpaid Reassessments which are pledged as security for payment of the Bonds.

The interpretation and application of Proposition 218 will ultimately be determined by the courts with respect to a number of the matters discussed above, and it is not possible at this time to predict with certainty the outcome of such determination.

Potential Delays Due to Year 2000 Computer Problems

General. The following discussion is provided to inform investors of the possibility of delays in payment to Owners and beneficial owners of principal of and interest on the Bonds which may result from difficulties in the collection and distribution of the Reassessment installments which secure the Bonds related to the so-called "Year 2000" issue.

The "Year 2000" issue arises because some computer hardware (i.e., the embedded logic of computer chips) and certain computer software programs allocate two digits to the date field for "year" on the assumption that the first two digits will be "19." Such programs, unless remedied, will thus interpret the year 2000 as the year 1900, the year 2001 as the year 1901, etc. The Year 2000 issue could impact both the ability to enter data into computer programs and the ability of such programs to correctly process data.

With respect to the information below pertaining to the County, the Paying Agent, and DTC, the information has been provided to the City by the respective parties and has not been independently verified. The City has no plans and no intention to test or verify such parties' Year 2000 compliance and no contingency plan to deal with possible failures by such parties or others in becoming Year 2000 compliant.

The process of distributing the proceeds of Reassessment installments may involve other parties in addition to the City, the County, the Paying Agent, and DTC (e.g., parties identified as "Participants" in the discussion set forth above under the caption "BOOK-ENTRY ONLY SYSTEM"). The City can provide no assurance that the possibility of delays in payment to the Owners or beneficial owners of the Bonds will not result from Year 2000 deficiencies experienced by parties other than the City, the County, the Paying Agent, and DTC or that timely remediation of any Year 2000 deficiencies by the City, the County, the Paying Agent, and DTC will assure timely payments to Owners or beneficial owners of the Bonds.

The City. The City's Information Technology department started its evaluation of the Year 2000 problem in January 1998. The City is currently inventorying and assessing all systems that support its necessary business functions, and resolving non-compliant systems and products. The City expects that all inventory and assessment will be finished by the end of the second quarter of 1999. The City has started to remedy some systems and will continue to remedy non-compliant systems as they show up in the inventory process. Remedying and validating Year 2000 compliance through testing is expected to be completed by the end of the third quarter of 1999. The City will continue to plan for contingencies through January 1, 2000.

The City believes that the City's financial software is of primary concern in receiving Reassessments from the County and then passing the Reassessments on to the Paying Agent. The City's financial software consists of three parts: applications software, database software, and an operating system. The City plans to install updated Year 2000 compliant versions of its database software and operating systems software in July 1999. Moreover, the City's Information Technology department intends to make minor adjustments to the City's financial applications software by the end of the third quarter of 1999 to ensure year 2000 compliance. The City believes that any

remaining or unidentified problems with the City's computer systems will have no material adverse effect on the City's ability to manage its responsibilities with respect to the Consolidated District.

The County. The City has been informed by the County that the County's property tax systems, which will be responsible for the billing, collection, and distribution of the Reassessment installments, have been successfully tested for Year 2000 compliance.

The Paying Agent. U.S. Bank Trust National Association is part of U.S. Bancorp, which has taken proactive steps to achieve Year 2000 compliance on a timely basis, including assessing its current systems inventory, making the necessary changes for multi-processing, and certifying that each of its systems will be compliant through a testing process. For purchased software packages, U.S. Bancorp has obtained commitment dates for delivery of Year 2000 compliant releases. For internally developed systems, U.S. Bancorp has created a test environment specifically dedicated to Year 2000 testing in order to certify its operating systems and other system level software.

The expectations regarding timely compliance are based on best estimates, which were derived utilizing numerous assumptions of future events, including the continued availability of resources and other factors. However, there can be no guarantee that these expectations will be achieved, and actual results could differ materially from those anticipated. Specific factors that might cause such material differences include, but are not limited to, the availability and cost of personnel trained in this area, the ability to locate and correct all relevant computer codes, and similar uncertainties. Failure of any of the parties named above, as well as their vendors or contractors, to fully implement computer and software changes to make their computer systems Year 2000 compliant by January 1, 2000, could adversely affect the Owners and beneficial owners of Bonds by delaying accurate payments of the principal of and interest on the Bonds.

DTC. DTC management is aware that some computer applications, systems and the like for processing data ("Systems") that are dependent upon calendar dates, including dates before, on, and after January 1, 2000, may encounter "Year 2000 problems." DTC has informed its Participants and other members of the financial community (the "Industry") that it has developed and is implementing a program so that its Systems, as the same relate to the timely payment of distributions (including principal and income payments) to security holders, book-entry deliveries, and settlement of trades within DTC ("DTC Services"), continue to function appropriately. This program includes a technical assessment and a remediation plan, each of which is complete. Additionally, DTC's plan includes a testing phase, which is expected to be completed within appropriate time frames.

However, DTC's ability to perform properly DTC Services is also dependent upon other parties, including but not limited to issuers and their agents, as well as third party vendors from whom DTC licenses software and hardware, and third party vendors on whom DTC relies for information or the provision of services, including telecommunication and electrical utility service providers, among others. DTC has informed the Industry that it is contacting (and will continue to contact) third party vendors from whom DTC acquires services to: (i) impress upon them the importance of such services being Year 2000 compliant; and (ii) determine the extent of their efforts for Year 2000 remediation (and, as appropriate, testing) of their services. In addition, DTC is in the process of developing such contingency plans as it deems appropriate.

According to DTC, the foregoing information with respect to DTC has been provided to the Industry for informational purposes only and is not intended to serve as a representation, warranty, or contract modification of any kind.

CERTAIN LEGAL MATTERS

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Nossaman, Guthner, Knox & Elliott, LLP, of Irvine, California, Bond Counsel for the City. A complete copy of the proposed form of the opinion of Bond Counsel is included as Appendix B hereto. Certain legal matters will be passed upon for the City and the Underwriters by Stradling, Yocca, Carlson & Rauth, A Professional Corporation, San Francisco, California, as Disclosure Counsel, and for the City by the City Attorney. The fees to be paid to Bond Counsel and to Disclosure Counsel in connection with the issuance of the Bonds are contingent on the successful sale and delivery of the Bonds.

VERIFICATION REPORT

Causey, Demgen & Moore, independent accountants, upon delivery of the Bonds, will deliver a report on the mathematical accuracy of certain computations, contained in schedules provided to them which were prepared by the Underwriter on behalf of the City, relating to (a) the sufficiency of the anticipated receipts from the Federal Securities to pay, when due, the principal, and interest requirements of the Prior Bonds, and (b) certain mathematical computations supporting the conclusion that the Bonds are not "arbitrage bonds" under the Code. The report will include the statement that the scope of their engagement is limited to verifying the mathematical accuracy of the computations contained in such schedules provided to them, and that they have no obligation to update their report because of events occurring, or data or information coming to their attention, subsequent to the date of their report.

CONTINUING DISCLOSURE

The City has covenanted for the benefit of owners of the Bonds to provide certain financial information and operating data relating to the City by not later than 270 days after the end of the City's fiscal year (which fiscal year presently ends June 30) in each year commencing with its report for the 1998-99 fiscal year (the "Annual Report") and to provide notices of the occurrence of certain enumerated events. The Annual Report will be filed by the Paying Agent on behalf of the City with each Nationally Recognized Municipal Securities Information Repository. The notices of material events will be filed by the Paying Agent on behalf of the City with the Municipal Securities Rulemaking Board. These covenants have been made in order to assist the Underwriter in complying with Securities Exchange Commission Rule 15c2-12(b)(5). The specific nature of the information to be contained in the Annual Report or the notices of material events by the City is summarized in "APPENDIX E - FORM OF CONTINUING DISCLOSURE AGREEMENT." The City has never failed to comply in any material respect with any prior undertaking pursuant to Rule 15c2-12.

TAX MATTERS

In the opinion of Nossaman, Guthner, Knox & Elliott, LLP, Bond Counsel, based on an analysis of existing statutes, regulations, rulings and court decisions and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from State of California personal income taxes. Bond Counsel is further of the

opinion that interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes. However, Bond Counsel observes that interest on the Bonds is included in adjusted current earnings when calculating corporate alternative taxable income. A copy of the proposed opinion of Bond Counsel is set forth in Appendix B hereto.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal tax purposes of interest on obligations such as the Bonds. The City has covenanted to comply with certain guidelines designed to assure that interest on the Bonds will not become includable in federal gross income. Failure to comply with these covenants may result in interest on the Bonds being included in federal gross income, possibly from the date of issuance of the Bonds. The opinion of Bond Counsel assumes compliance with these covenants. Bond Counsel has not undertaken to determine, or to inform any person, whether actions taken, or omitted, or whether events occurring, or not occurring, after the date of issuance of the Bonds may affect the tax status of interest on the Bonds.

Certain agreements, requirements and procedures contained or referred to in the Trust Agreement and other relevant documents may be changed and certain actions may be taken or not taken, under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of nationally recognized bond counsel. Bond Counsel expresses no opinion as to any Bond or the interest thereon if any such change occurs or action is taken or not taken upon the advice or approval of bond counsel other than Nossaman, Guthner, Knox & Elliott, LLP.

Although Bond Counsel has rendered an opinion that interest on the Bonds is excluded from federal gross income, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect an Owner's tax liability. The nature and extent of these other tax consequences will depend upon the Owner's particular tax status and the Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences caused by the ownership or disposition or the accrual or receipt of interest on, the Bonds.

NO LITIGATION

There is no action, suit, or proceeding known by the City to be pending at the present time restraining or enjoining the delivery of the Bonds or in any way contesting or affecting the validity of the Bonds or any proceedings of the City taken with respect to the execution or delivery thereof. A no-litigation certificate executed by a City official will be required to be delivered to the Underwriter simultaneously with the delivery of the Bonds.

NO RATING

The City has not made, and does not contemplate making, application to any rating agency for the assignment of a rating to the Bonds.

APPENDIX A

SUMMARY OF PAYING AGENT AGREEMENT

APPENDIX B

FORM OF OPINION OF BOND COUNSEL

APPENDIX C

GENERAL INFORMATION REGARDING THE CITY OF REDWOOD CITY

Set forth below is certain information with respect to the City. Such information was prepared by the City, except as otherwise indicated, and is provided solely for general informational purposes to provide prospective investors limited information about the City and its economic base. **Prospective investors should not conclude from the inclusion of this general and economic data respecting the City that the Bonds are obligations payable from general fund resources of the City.** To the contrary, the obligation of the City with respect to payment of the principal of and the interest on the Bonds is strictly limited to the proceeds of the Reassessment installments when paid by the owners of the parcels which are subject to unpaid Reassessments, together with certain funds held by the Paying Agent under the Paying Agent Agreement, including the moneys on deposit in the Reserve Fund for the Bonds.

Furthermore, the City has expressly elected, pursuant to Section 8769(b) of the Bond Law, not to be obligated to advance City funds which may be legally available for the purpose to the Redemption Fund to make up for insufficiencies of the Redemption Fund as necessary to make timely payment of the principal and interest payment obligations to the Bondowners. Neither the faith and credit nor the taxing power of the City, the County of San Mateo (the "County"), the State of California, or any political subdivision thereof is pledged to the payment of the Bonds.

General Description

The City is located on the bay side of the San Francisco Peninsula about midway between San Francisco and San Jose. City limits cover approximately 34 square miles of generally level terrain.

The City is the county seat of the County and contains offices for many of the County's 4,000 employees. The City's economy is well diversified, with a strong industrial and commercial base, including many "high tech" companies. The City is also the world headquarters for Oracle Corporation, the world's second largest software company and leading supplier of software for enterprise information management. The City is traversed by U.S. 101 and a major railroad which is used by Southern Pacific and also used by Caltrain for passenger service between San Jose and San Francisco. The San Mateo and Dunbarton bridges connect Highway 101 to the East Bay. The Port of Redwood City handles bulk cargo.

The County is one of nine counties comprising the economic geographic unit known as the San Francisco Bay Area. Long regarded as a "bedroom" area for employed persons commuting to San Francisco, the County now houses many large employers who provide increasing job opportunities for County residents. San Francisco International Airport is located in the County, generating the construction of many hotels and motels in the area east of U.S. 101 in recent years.

The climate of the City area is moderate. The mean annual temperature is 71 degrees, with an average minimum of 49 degrees and an average maximum of 81 degrees.

Municipal Government

The City was incorporated in 1867 and became a chartered city in 1929. The City Charter provides for a Council-Manager form of government. The City Council, consisting of seven members elected at large for four-year terms, selects the mayor from among its members.

The City Manager is appointed by the City Council. The resumes of the City Manager, the Director of Finance and the Financial Services Manager are shown below:

Edward Everett, City Manager. Mr. Everett has served as City Manager since 1992. From 1984 to 1992 he was City Manager of the City of Belmont, from 1978 to 1984 he was the Assistant County Manager of Washoe County, Nevada, and from 1973 to 1978 he was Program and Operations Analyst and Fire Chief of the City of Palo Alto. Mr. Everett holds a B.A. degree in economics from the University of California, Davis and a Masters of Urban Affairs from Princeton University.

Brian J. Ponty, Director of Finance. Mr. Ponty has served as the Director of Finance and Financial Planning for the City since 1993. From 1985 to 1993, Mr. Ponty was the City's Assistant Finance Director. As Finance Director, Mr. Ponty leads a 30-member finance department consisting of three divisions, utility billing and collection, information technology, and financial support operations for the City, with over \$100 million in annual revenues. Prior to joining the City, Mr. Ponty served as a management analyst for the County of San Mateo and a cost planning analyst for Del Monte Foods, Inc. Mr. Ponty holds a Bachelor of Science degree in Accounting from the University of San Francisco and a Master of Business Administration degree from California State University, Hayward. He is an adjunct instructor in the School of Business of Golden Gate University.

Judith L. Somers, Financial Services Manager. Ms. Somers has served as Financial Services Manager for the City since 1994. From 1988 to 1993 she was the Manager of Finance and Accounting for Mazda (North America), Inc., in Irvine, California. Prior to that, Ms. Somers served in various financial management positions in the real estate and clinical diagnostic testing industries. Ms. Somers holds a Bachelor of Arts degree in Zoology from the University of California, Berkeley, and a Master of Business Administration degree from California State University, Fullerton.

Population

The City is a mature community with a steadily growing population which is currently approximately 76,600; population forecasts suggest that the City will reach nearly 78,000 residents by 2000 (source: Association of Bay Area Governments), the highest projected population increase in San Mateo County. As of 1997, the City's median age was 33.2 (source: Sales and Marketing Management Survey of Buying Power).

City of Redwood City and County of San Mateo Population

<u>Year</u> ⁽¹⁾	<u>Redwood City</u>	<u>San Mateo County</u>
1988	62,200	629,800
1989	63,700	638,300
1990	66,072	649,623
1991	67,200	656,290
1992	68,100	664,275
1993	69,000	672,060
1994	69,800	679,205
1995	70,700	685,215
1996	72,000	693,955
1997	73,600	704,910
1998	75,400	716,465
1999	76,600	722,825

⁽¹⁾ As of January 1.

Source: California Department of Finance.

Income And Social Characteristics

Residents of the City generally realize above-average incomes and have above-average educational backgrounds. Young professionals are attracted to the City because it is within convenient commuting distance of major Bay Area work centers.

Median household effective buying income in the City in 1997 was \$47,271 and nearly 47% of Redwood City households have effective buying incomes of \$50,000 or more, as reported in Sales and Marketing Management magazine's 1998 Survey of Buying Power. The comparable Countywide figure was \$50,511. Approximately 50.6% of all County households have annual effective buying incomes of \$50,000 or more, according to this source.

Employment

According to the State Employment Development Department, the County labor market provided 333,100 wage and salary jobs in 1997, an increase of 14.3% over 1993. Of this total, over 32% were in the services industry. Other leading sources of wage and salary employment are retail trade (17%), manufacturing (10%) and transportation and utilities (11%). The following table shows wage and salary employment by industry for the five-year period from 1993-1997.

San Mateo County Civilian Labor Force, Employment and Unemployment (Annual Averages)

	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>
Civilian labor force	371,100	371,700	369,800	376,000	388,700
Employment	352,500	354,300	354,200	363,400	378,300
Unemployment rate	5.0%	4.7%	4.2%	3.4%	2.7%
Wage and Salary Employment					
Mining, construction	10,800	11,200	11,600	13,400	15,300
Manufacturing, durable	18,700	18,200	18,800	21,100	22,200
Manufacturing, nondurables	14,100	14,100	13,900	14,200	14,100
Transportation, utilities	37,700	37,500	37,700	37,600	38,600
Wholesale trade	20,600	20,400	20,700	20,800	21,500
Retail trade	51,100	51,800	53,000	54,200	56,500
Finance, insurance, real estate	22,200	22,000	21,200	21,600	22,600
Services	84,400	86,300	94,400	102,500	108,700
Federal government	5,000	5,300	5,000	4,400	4,300
State, local government	26,800	26,800	27,000	26,700	26,300
Agriculture	<u>N/A</u>	<u>2,800</u>	<u>2,600</u>	<u>2,700</u>	<u>3,000</u>
Total	<u>291,400</u>	<u>296,300</u>	<u>305,800</u>	<u>319,200</u>	<u>333,100</u>

Source: Employment Development Department of the State of California.

Manufacturing accounts for over one-third of all jobs in the City area, according to the San Mateo County Development Association. Government is the next leading source of employment. The following table sets forth a list of the 15 largest employers located in the City and the type of product/service provided, along with the number of persons employed by such employers in 1998.

**City of Redwood City
15 Largest Employers
(as of May 1998)**

<u>Firm</u>	<u>Product/Service</u>	<u>Number of Employees</u>
Oracle Corporation	Software	6,500
Raychem	Cable, Tubing, Heating elements	3,000
County of San Mateo	Governmental	2,000
Kaiser Hospital	Medical Care	1,500
Sequoia Hospital	Medical Care	1,350
Electronic Arts	Entertainment Software	800
Redwood City School District	Government	750
Ropers, Majeski	Legal Services	420
DHL Worldwide Express	Delivery	400
Harris Corp./Farinon Div.	Telecommunications Equipment	400
3DO Company	Entertainment Software	400
Ampex Corp.	Electronic Equipment	350
At Home Network	Communications	350
Canada College	Education	350
Provident Credit Union	Banking	250

Source: Redwood City Chamber of Commerce

Assessed Valuation

The County assesses property values and collects and distributes secured and unsecured property taxes to the County, cities, school districts and other special districts within the County area.

Set forth in the table below is a listing of the assessed valuations on taxable property in Redwood City for fiscal years ending 1989 through 1999.

City of Redwood City State and Locally Assessed Values of Taxable Property Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Real Property</u>		<u>Locally Assessed</u>	<u>Deduct Property Exemptions</u>	<u>Total Value of Property Subject to Tax Rate</u>	<u>Percent of Increase or Decrease Over Prior Year</u>
	<u>State Assessed</u>	<u>Locally Assessed</u>				
1989	\$ 5,335,467	\$3,276,217,235	\$251,542,168	\$174,199,360	\$3,358,895,510	1.08 (1)
1990	6,593,728	3,747,702,579	270,483,811	194,772,600	3,830,007,518	14.03
1991	6,140,006	4,423,379,195	278,777,712	192,755,944	4,515,540,969	17.90
1992	13,445,157(2)	4,707,581,502	319,888,979	199,741,172	4,841,174,466	7.21
1993	8,542,775	4,898,448,178	370,983,418	200,626,872	5,077,347,499	4.88
1994	8,976,039	5,068,816,773	367,983,153	206,374,838	5,239,401,127	3.19
1995	21,339,117	5,144,911,382	398,701,676	218,794,076	5,346,158,099	2.03
1996	11,051,599	5,300,749,292	456,829,524	225,039,204	5,543,591,211	3.60
1997	10,952,053	5,575,320,400	454,208,222	228,453,097	5,812,027,578	4.85
1998	11,113,821	5,886,934,229	458,777,977	264,246,019	6,092,580,008(3)	4.83
1999	8,047,528	6,629,941,695	543,064,990	298,473,496	6,882,580,717	12.97

Source: San Mateo County Assessor's records

- (1) Changes in State law effective fiscal year 1988-89 have changed the basis of Assessed Valuation and property tax distribution for certain State assessed property to a County-wide Unitary Tax basis. State roll for such properties by City are no longer segregated.
- (2) The substantial increase (118.9%) over the prior year is the result of the Southern Pacific railroad right-of-way being reassessed by the State of California due to its pending sale.
- (3) Does not include \$90,214,879, representing the amount of assessed valuation attributable to the homeowners' property tax exemption.

Tax Levies and Delinquencies

The basic tax rate for all taxing entities within a particular tax code area is \$1 per \$100 of assessed valuation in accordance with Article XIII A of the State Constitution. To this may be added whatever tax rates are necessary to meet debt service on indebtedness approved by the voters.

The City uses the services of the County for the assessment and collection of taxes. City taxes are collected at the same time and on the same tax rolls as are County, school district and special district taxes.

Taxes are levied for each fiscal year on taxable real and personal property which is situated in the City as of the preceding January 1. For assessment and collection purposes, property is classified either as "secured" or "unsecured," and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State assessed property and property secured by a lien on real property which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll." Taxes on

the secured roll are payable in two installments on November 1 and February 1 of each fiscal year and become delinquent after December 10 and April 10 respectively. Taxes on unsecured property are assessed and payable March 1 and become delinquent on August 31 in the next fiscal year. A 10% penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of 1-1/2% of the delinquent taxes per month begins to accrue beginning November 1 of the fiscal year.

Commencing in June 1982, a 10% penalty was added to delinquent taxes which have been levied on property on the secured roll (a 6% penalty is charged on property taxes that became delinquent prior to June 1982). In addition, property on the secured roll with respect to which taxes are delinquent is declared to be tax-defaulted on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a redemption penalty of 1-1/2% per month to the time of redemption. If taxes are unpaid for a period of five years or more the tax-defaulted property is declared to be subject to the County Tax Collector's power of sale and may be subsequently sold within two years by the County Tax Collector.

The table below shows a five-year summary of secured tax levies and delinquencies in the City as of June 30 of each year.

**City of Redwood City
Property Tax Levies and Collections**

<u>Year</u>	<u>Secured Tax Levy</u>	<u>Amount Collected**</u>	<u>Delinquency as of June 30</u>	
			<u>Amount</u>	<u>Percent</u>
1993-94	9,536,415	10,416,803	*	0.00
1994-95	9,679,715	9,745,340	*	0.00
1995-96	10,014,023	10,120,836	*	0.00
1996-97	10,445,133	10,686,370	*	0.00
1997-98	10,957,968	11,169,435	*	0.00

Source: The City.

* Reflects the effects of the City's participation in the County's Teeter Plan commencing in fiscal year 1993-1994. Under the Teeter Plan, the County remits 100% of secured property taxes levied to the City. See "Teeter Plan" below. In the County, the Teeter Plan is not applicable to special taxes and special assessments (including the Reassessments) securing the payment of bonds (including the Bonds).

** Includes supplemental assessments and receipt of delinquent taxes for fiscal years prior to the implementation of the Teeter Plan.

Major Property Taxpayers

The following table sets forth a list of the top ten principal taxpayers within the City as of June 30, 1998, the net valuation of their property and the percentage which such taxpayer's property represents of the total assessed valuation of the taxable property in the City.

**City of Redwood City
Top Ten Principal Taxpayers
As of June 30, 1998**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Net Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Oracle Real Estate Group	Land Developers	\$110,964,910	1.82%
Metropolitan Life Insurance	Life Insurance	98,819,032	1.62
Seaport Centre Associates	Land Developer	93,080,956	1.53
Oracle Corporation	Software Publisher	78,265,847	1.28
Electronic Arts	Software Publisher	70,723,494	1.16
Perry Public Investment Company	Land Developer	60,183,753	0.99
Security Capital Pacific Trust	Land Developers	59,552,700	0.98
Shorebreeze Associates	Apartments	45,927,000	0.75
UBS Lease Finance LLC	Commercial	44,748,140	0.73
Centrum V Associates	Land Developers	44,606,166	0.73
		<u>\$706,871,998</u>	<u>11.60</u>

Source: San Mateo County Assessor

Teeter Plan

THE FOLLOWING DISCUSSION REGARDING THE TEETER PLAN IS FOR GENERAL INFORMATIONAL PURPOSES ONLY. THE TEETER PLAN IS NOT APPLICABLE TO SPECIAL TAXES AND SPECIAL ASSESSMENTS SECURING THE PAYMENTS OF BONDS. THE CITY WILL RECEIVE FROM THE COUNTY ONLY THE AMOUNT OF REASSESSMENTS ACTUALLY COLLECTED BY THE COUNTY.

The San Mateo County Board of Supervisors utilizes the alternative method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"), as provided for in section 4701 *et seq.* of the California Revenue and Taxation Code. Generally, the Teeter Plan provides for a tax distribution procedure in which secured roll taxes and assessments are distributed to taxing agencies within the County on the basis of the tax and assessment levy, rather than on the basis of actual tax and assessment collections. The County then receives all future delinquent tax and assessment payments and penalties. Pursuant to the Teeter Plan, the County establishes a tax and assessment losses reserve fund and a tax resources account, and each entity levying or entitled to receipt of property taxes in the County may draw on the amount of uncollected taxes and assessments credited to its fund, in the same manner as if the amount credited had been collected.

The County is responsible for determining the amount of tax and assessment levy on each parcel which is entered onto the secured real property tax roll. Upon completion of the secured real property tax roll, the County's Auditor-Controller determines the total amount of taxes and

assessments actually extended on the roll for each fund for which a tax levy has been included, and apportions 100 percent of the tax and assessment levies to that funds credit. Such moneys may thereafter be drawn against by the taxing agency in the same manner as if the amount credited had been collected. The County determines which moneys in the county treasury (including those credited to the tax and assessment losses reserve fund) shall be available to be drawn on to the extent of the amount of uncollected taxes and assessments credited to each fund for which a levy had been included. When amounts are received on the secured tax roll for the current year, or for redemption of tax-defaulted property, Teeter Plan moneys are distributed to the apportioned tax resources funds.

California State law has authorized the Teeter Plan for over 40 years; however, until 1993, it had been implemented by only five counties. Legislation signed by the Governor on July 19, 1993 provided a financial inducement to utilize this simplified accounting method. So long as the Teeter Plan is in place, the City is expected to be credited with 100 percent of its property taxes, regardless of any delinquencies in payment of the taxes. However, the County Board of Supervisors may discontinue the Teeter Plan at any time.

Construction

During the five years ending in 1998, the City issued building permits valued at \$744 million. Approximately 60% of this aggregate volume was nonresidential construction, with new industrial/commercial valuation exceeding \$297 million.

Over the five-year period, residential permits included 1,667 new housing units. The following table provides a summary of building permit activity and property values from 1994 to 1998.

**City of Redwood City
Construction Values
Last Five Fiscal Years**

Fiscal Year	Residential Construction		All Other Construction		Residences/Additions and Alterations		Other Buildings, Additions and Alterations	
	Number of Units	Property Value	Number of Permits Issued	Property Value	Number of Permits Issued	Property Value	Number of Permits Issued	Property Value
1994	127	22,715,400	11	16,006,000	1,102	10,859,587	279	19,505,400
1995	479	66,495,300	13	41,062,000	1,048	12,470,795	299	31,652,400
1996	178	25,448,700	10	26,038,990	1,285	14,223,300	284	28,255,050
1997	439	63,402,400	57	109,057,100	1,225	13,062,550	274	37,890,000
1998	444	67,445,200	42	105,341,000	1,282	15,091,582	305	48,092,650

Source: City of Redwood City Community Development Department.

Taxable Transactions

Set forth below in the table below is the dollar value of the taxable transactions within the City for the years 1990 through 1997. As of the first quarter in 1998, the number of retail outlets totaled 663 and taxable transactions totaled \$196,924 compared to 647 and \$191,173 in 1997. For the same period, the total number of permits for all outlets was 1,591 and total taxable transactions for all outlets were \$105,855 compared to 2,319 and \$280,972 in 1997.

City of Redwood City Value of Taxable Transactions (000s omitted)

Year	Retail Outlets		All Other Outlets	
	No. of Outlets	Taxable Transactions	No. of Outlets	Taxable Transactions
1990	623	\$669,886	1,523	\$251,204
1991	616	658,500	1,548	260,248
1992	625	660,940	1,591	312,042
1993	649	695,065	1,659	323,327
1994	668	722,441	1,753	329,740
1995	656	739,352	1,675	332,024
1996	653	791,187	1,660	369,541
1997	654	829,614	1,618	414,073
1998	663	196,924 ⁽¹⁾	1,591	105,855 ⁽¹⁾

Source: State Board of Equalization.

Transportation

Highways. The City is served by U.S. 101 and Highway 82 for north/south traffic. Highway 84 is an east/west route running through the City and across the Bay via the Dumbarton Bridge just southeast of the City. Highway 92 is just north of and readily accessible to the City in San Mateo, also crossing the Bay via the San Mateo Bridge.

Rail. Commuter train service is provided by CAL TRAIN to San Francisco and San Jose from the Redwood City Depot located on El Camino Real at James Avenue.

Trucks. Approximately 50 common carriers serve the area. Overnight deliveries are made to all points within 500 miles and all California cities.

Bus. Regional and local bus service is provided by SamTrans (San Mateo County Transit) between San Francisco and Palo Alto. SamTrans also coordinates its service with other regional agencies (BART, Santa Clara County Transit, etc.).

Water. The City is 25 miles south of San Francisco port facilities, has its own Redwood City port facilities and is 30 miles across the bay from the Port of Oakland.

Air. San Francisco International Airport is located 15 miles to the north. San Jose International Airport is 27 miles to the south and the neighboring San Carlos Airport is a local general aviation facility with a control tower and a 2,600 foot-long runway.

Public Utilities

The City maintains its own water purveying enterprise. Water is purchased by the City from the City and County of San Francisco and is distributed to residents and businesses within the City. Industrial waste and sewer services are furnished by the City. Electricity and natural gas is provided by Pacific Gas & Electric Company and local telephone service is supplied by Pacific Bell.

Education

Public education instruction in the elementary grades is provided by the Redwood City Elementary School District, which operates 12 elementary schools and two intermediate schools in the City. Sequoia Union High School District, in addition to administrative offices, operates a high school, a continuation school, and an adult school within the city limits.

Post-secondary public education is available at three community college campuses operated by the San Mateo County Community College District. As of the fall of 1997, the College of San Mateo in the City of San Mateo, Canada College in the City and Skyline College in the City of San Bruno had enrollments totaling approximately 25,779 students.

Within less than an hour's drive of the City are San Francisco State University, University of San Francisco, Stanford University, the University of Santa Clara, California State University-Hayward, University of California at Berkeley and San Jose State University.

Community Facilities

Within the City are two general hospitals with a 699 total bed capacity, 100 physicians/surgeons, 62 dentists, five optometrists, eight chiropractors and five podiatrists.

Regional news coverage is provided by three newspapers in the City. The City is within the broadcast range of the San Francisco-Oakland-San Jose media market with seven TV channels received direct and one cable TV system.

Financial services available include 13 banks and 10 savings and loans.

Public Safety

Law enforcement services are provided by the Redwood City Police Department. The Redwood City Police Department has 94 sworn officer employees and 44 civilian employees. There are three captains, one chief, three detective sergeants, eleven sergeants, 62 uniformed officers, and 14 detectives.

Fire protection service is provided by the Redwood City Fire Department. The Redwood City Fire Department has one chief, 42 firefighters, 18 captains, 5 chief officers, and 3 prevention personnel.

APPENDIX D

REASSESSMENT MAP

APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT