

Debt Service Savings Analysis Report
Successor Agency to the San Marcos Redevelopment Agency

Bond Refunding Financing Plan*

Tax Allocation Refunding Bonds, Series 2017 (Taxable)
(Tax Exempt)

Refunding Par Amount:	\$47,395,000
Par Refunded:	\$43,765,000
Final Maturity:	10/1/2030
Average Coupon of Refunding Bonds:	8.22%
True Interest Cost:	3.37%
Net Present Value Savings (\$):	\$6,391,190
Present Value Savings (%):	14.53%
Nominal Savings (\$):	\$14,069,533
Average Annual Savings (\$):	\$1,082,272
Average Annual Savings - City Share (\$):	\$167,536

* Reflects market conditions as of August 8, 2017 and assumes "AA-" rates with Annual principal amortization.

Closing Date - 12/14/2017

Assumes COI - \$575k (This number represents fixed costs of issuance, underwriter's discount and Reserve Fund Surety.)

Underwriter's Discount - \$3.86 per bond

Assumes a Debt Service Reserve Surety.

SOURCES AND USES OF FUNDS

Redevelopment Agency of the City of San Marcos
Taxable Advance Refunding of 2010 Housing Set-Aside Tax Allocation Bonds

Assumed Underlying Rating ---/AA-/---

Interest Rates as of August 8, 2017

Dated Date 12/14/2017

Delivery Date 12/14/2017

Sources:

Bond Proceeds:	
Par Amount	47,395,000.00
Other Sources of Funds:	
Prior Reserve Fund Release	5,108,518.00
	52,503,518.00
	52,503,518.00

Uses:

Refunding Escrow Deposits:	
Cash Deposit	0.68
SLGS Purchases	51,928,329.00
	51,928,329.68
Delivery Date Expenses:	
Cost of Issuance	300,000.00
Underwriter's Discount	183,033.75
Surety Cost @ 200 bps	90,211.86
	573,245.61
Other Uses of Funds:	
Additional Proceeds	1,942.71
	52,503,518.00
	52,503,518.00

Notes:

Notes:

The taxable financing was evaluated at interest rate spreads to the US Treasury Curve of + 20 basis points beginning in 2018 increasing to + 150 basis points in 2030. The interest rate and rating assumptions are consistent with all outstanding bonds. The actual results may differ, and Stifel makes no commitment to underwrite at these levels. The analysis was performed with no change to the term of the debt service of the currently outstanding issue. The analysis was structured to produce proportional savings. The prior bonds are currently rated 'AA-' by S&P. The Agency utilized a surety-funded reserve in its 2015 bonds.

- 1) Prior Reserve Fund per FY 2015-2016 Continuing Disclosure.
- 2) Escrow has been shown to be funded with SLGS as an estimate of possible earnings. Stifel does not recommend any particular investment strategy.
- 3) Cost of Issuance provided by Fieldman Rolapp.
- 4) Debt Service Reserve Fund is fully funded with a Surety policy calculated at 200 basis points of the standard three prong test.

SUMMARY OF REFUNDING RESULTS

Redevelopment Agency of the City of San Marcos Taxable Advance Refunding of 2010 Housing Set-Aside Tax Allocation Bonds

Assumed Underlying Rating ---/AA-/---

Interest Rates as of August 8, 2017

Dated Date	12/14/2017
Delivery Date	12/14/2017
Arbitrage yield	3.310642%
Escrow yield	1.427351%
Value of Negative Arbitrage	2,302,663.56
Bond Par Amount	47,395,000.00
True Interest Cost	3.373366%
Net Interest Cost	3.353500%
Average Coupon	3.299587%
Average Life	7.163
Par amount of refunded bonds	43,765,000.00
Average coupon of refunded bonds	8.224433%
Average life of refunded bonds	7.834
PV of prior debt to 12/14/2017 @ 3.310642%	58,772,553.52
Net PV Savings	6,361,190.09
Percentage savings of refunded bonds	14.534880%
Percentage savings of refunding bonds	13.421648%

Notes:

Notes:

The taxable financing was evaluated at interest rate spreads to the US Treasury Curve of + 20 basis points beginning in 2018 increasing to + 150 basis points in 2030. The interest rate and rating assumptions are consistent with all outstanding bonds. The actual results may differ, and Stifel makes no commitment to underwrite at these levels. The analysis was performed with no change to the term of the debt service of the currently outstanding issue. The analysis was structured to produce proportional savings. The prior bonds are currently rated 'AA-' by S&P. The Agency utilized a surety-funded reserve in its 2015 bonds.

BOND SUMMARY STATISTICS

Redevelopment Agency of the City of San Marcos
Taxable Advance Refunding of 2010 Housing Set-Aside Tax Allocation Bonds

Assumed Underlying Rating ---/AA-/---

Interest Rates as of August 8, 2017

Dated Date	12/14/2017
Delivery Date	12/14/2017
Last Maturity	10/01/2030
Arbitrage Yield	3.310642%
True Interest Cost (TIC)	3.373366%
Net Interest Cost (NIC)	3.353500%
All-In TIC	3.476933%
Average Coupon	3.299587%
Average Life (years)	7.163
Duration of Issue (years)	6.280
Par Amount	47,395,000.00
Bond Proceeds	47,395,000.00
Total Interest	11,201,910.46
Net Interest	11,384,944.21
Total Debt Service	58,596,910.46
Maximum Annual Debt Service	4,510,593.00
Average Annual Debt Service	4,578,877.31
Underwriter's Fees (per \$1000)	
Average Takedown	3.250000
Other Fee	0.611879
Total Underwriter's Discount	3.861879
Bid Price	99.613812

Bond Component	Par Value	Price	Average Coupon	Average Life
Taxable Serial Bonds	47,395,000.00	100.000	3.300%	7.163
	47,395,000.00			7.163

	TIC	All-In TIC	Arbitrage Yield
Par Value	47,395,000.00	47,395,000.00	47,395,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount	-183,033.75	-183,033.75	
- Cost of Issuance Expense		-300,000.00	
- Other Amounts	-90,211.86	-90,211.86	-90,211.86
Target Value	47,121,754.39	46,821,754.39	47,304,788.14
Target Date	12/14/2017	12/14/2017	12/14/2017
Yield	3.373366%	3.476933%	3.310642%

BOND SUMMARY STATISTICS

Redevelopment Agency of the City of San Marcos
Taxable Advance Refunding of 2010 Housing Set-Aside Tax Allocation Bonds

Assumed Underlying Rating ---/AA-/---

Interest Rates as of August 8, 2017

Notes:

Notes:

The taxable financing was evaluated at interest rate spreads to the US Treasury Curve of + 20 basis points beginning in 2018 increasing to + 150 basis points in 2030. The interest rate and rating assumptions are consistent with all outstanding bonds. The actual results may differ, and Stifel makes no commitment to underwrite at these levels. The analysis was performed with no change to the term of the debt service of the currently outstanding issue. The analysis was structured to produce proportional savings. The prior bonds are currently rated 'AA-' by S&P. The Agency utilized a surety-funded reserve in its 2015 bonds.

BOND PRICING

Redevelopment Agency of the City of San Marcos
Taxable Advance Refunding of 2010 Housing Set-Aside Tax Allocation Bonds

Assumed Underlying Rating ---/AA-/---

Interest Rates as of August 8, 2017

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Taxable Serial Bonds:					
	10/01/2018	3,380,000	1.560%	1.560%	100.000
	10/01/2019	3,145,000	1.970%	1.970%	100.000
	10/01/2020	3,210,000	2.360%	2.360%	100.000
	10/01/2021	3,285,000	2.560%	2.560%	100.000
	10/01/2022	3,370,000	2.820%	2.820%	100.000
	10/01/2023	3,465,000	2.920%	2.920%	100.000
	10/01/2024	3,565,000	3.060%	3.060%	100.000
	10/01/2025	3,675,000	3.210%	3.210%	100.000
	10/01/2026	3,795,000	3.260%	3.260%	100.000
	10/01/2027	3,920,000	3.360%	3.360%	100.000
	10/01/2028	4,050,000	3.510%	3.510%	100.000
	10/01/2029	4,190,000	3.660%	3.660%	100.000
	10/01/2030	4,345,000	3.760%	3.760%	100.000
		47,395,000			

Dated Date	12/14/2017	
Delivery Date	12/14/2017	
First Coupon	04/01/2018	
Par Amount	47,395,000.00	
Original Issue Discount		
Production	47,395,000.00	100.000000%
Underwriter's Discount	-183,033.75	-0.386188%
Purchase Price	47,211,966.25	99.613812%
Accrued Interest		
Net Proceeds	47,211,966.25	

Notes:

Notes:

The taxable financing was evaluated at interest rate spreads to the US Treasury Curve of + 20 basis points beginning in 2018 increasing to + 150 basis points in 2030. The interest rate and rating assumptions are consistent with all outstanding bonds. The actual results may differ, and Stifel makes no commitment to underwrite at these levels. The analysis was performed with no change to the term of the debt service of the currently outstanding issue. The analysis was structured to produce proportional savings. The prior bonds are currently rated 'AA-' by S&P. The Agency utilized a surety-funded reserve in its 2015 bonds.

SAVINGS

Redevelopment Agency of the City of San Marcos
Taxable Advance Refunding of 2010 Housing Set-Aside Tax Allocation Bonds

Assumed Underlying Rating ---/AA-/---

Interest Rates as of August 8, 2017

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 12/14/2017 @ 3.3106424%
10/01/2018	5,588,368.76	4,505,769.46	1,082,599.30	1,075,783.92
10/01/2019	5,588,212.50	4,504,387.00	1,083,825.50	1,037,117.26
10/01/2020	5,591,637.50	4,507,430.50	1,084,207.00	1,003,325.25
10/01/2021	5,589,300.00	4,506,674.50	1,082,625.50	968,886.95
10/01/2022	5,589,750.00	4,507,578.50	1,082,171.50	936,527.07
10/01/2023	5,590,150.00	4,507,544.50	1,082,605.50	905,781.70
10/01/2024	5,587,950.00	4,506,366.50	1,081,583.50	874,804.82
10/01/2025	5,591,950.00	4,507,277.50	1,084,672.50	847,996.72
10/01/2026	5,590,150.00	4,509,310.00	1,080,840.00	816,748.81
10/01/2027	5,591,350.00	4,510,593.00	1,080,757.00	789,255.40
10/01/2028	5,588,375.00	4,508,881.00	1,079,494.00	761,648.14
10/01/2029	5,591,500.00	4,506,726.00	1,084,774.00	739,338.85
10/01/2030	5,587,750.00	4,508,372.00	1,079,378.00	710,550.48
	72,666,443.76	58,596,910.46	14,069,533.30	11,467,765.38

Savings Summary

Dated Date	12/14/2017
Delivery Date	12/14/2017
PV of savings from cash flow	11,467,765.38
Less: Prior funds on hand	-5,108,518.00
Plus: Refunding funds on hand	1,942.71
Net PV Savings	6,361,190.09

Notes:

Notes:

The taxable financing was evaluated at interest rate spreads to the US Treasury Curve of + 20 basis points beginning in 2018 increasing to + 150 basis points in 2030. The interest rate and rating assumptions are consistent with all outstanding bonds. The actual results may differ, and Stifel makes no commitment to underwrite at these levels. The analysis was performed with no change to the term of the debt service of the currently outstanding issue. The analysis was structured to produce proportional savings. The prior bonds are currently rated 'AA-' by S&P. The Agency utilized a surety-funded reserve in its 2015 bonds.

BOND DEBT SERVICE

Redevelopment Agency of the City of San Marcos
Taxable Advance Refunding of 2010 Housing Set-Aside Tax Allocation Bonds

Assumed Underlying Rating ---/AA-/---

Interest Rates as of August 8, 2017

Dated Date 12/14/2017
Delivery Date 12/14/2017

Period Ending	Principal	Coupon	Interest	Debt Service
10/01/2018	3,380,000	1.560%	1,125,769.46	4,505,769.46
10/01/2019	3,145,000	1.970%	1,359,387.00	4,504,387.00
10/01/2020	3,210,000	2.360%	1,297,430.50	4,507,430.50
10/01/2021	3,285,000	2.560%	1,221,674.50	4,506,674.50
10/01/2022	3,370,000	2.820%	1,137,578.50	4,507,578.50
10/01/2023	3,465,000	2.920%	1,042,544.50	4,507,544.50
10/01/2024	3,565,000	3.060%	941,366.50	4,506,366.50
10/01/2025	3,675,000	3.210%	832,277.50	4,507,277.50
10/01/2026	3,795,000	3.260%	714,310.00	4,509,310.00
10/01/2027	3,920,000	3.360%	590,593.00	4,510,593.00
10/01/2028	4,050,000	3.510%	458,881.00	4,508,881.00
10/01/2029	4,190,000	3.660%	316,726.00	4,506,726.00
10/01/2030	4,345,000	3.760%	163,372.00	4,508,372.00
	47,395,000		11,201,910.46	58,596,910.46

Notes:

Notes:

The taxable financing was evaluated at interest rate spreads to the US Treasury Curve of + 20 basis points beginning in 2018 increasing to + 150 basis points in 2030. The interest rate and rating assumptions are consistent with all outstanding bonds. The actual results may differ, and Stifel makes no commitment to underwrite at these levels. The analysis was performed with no change to the term of the debt service of the currently outstanding issue. The analysis was structured to produce proportional savings. The prior bonds are currently rated 'AA-' by S&P. The Agency utilized a surety-funded reserve in its 2015 bonds.

SUMMARY OF BONDS REFUNDED

Redevelopment Agency of the City of San Marcos
Taxable Advance Refunding of 2010 Housing Set-Aside Tax Allocation Bonds

Assumed Underlying Rating ---/AA-/---

Interest Rates as of August 8, 2017

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
2010 Tax Allocation Housing Bonds (Taxable), 2010:					
SERIAL	10/01/2019	6.500%	2,255,000.00		
	10/01/2020	6.750%	2,405,000.00		
	10/01/2021	7.000%	2,565,000.00	10/01/2020	100.000
TERM18	10/01/2018	6.125%	2,125,000.00		
TERM26	10/01/2026	8.000%	16,105,000.00	10/01/2020	100.000
TERM30	10/01/2030	8.500%	18,310,000.00	10/01/2020	100.000
			43,765,000.00		

Notes:

Notes:

The taxable financing was evaluated at interest rate spreads to the US Treasury Curve of + 20 basis points beginning in 2018 increasing to + 150 basis points in 2030. The interest rate and rating assumptions are consistent with all outstanding bonds. The actual results may differ, and Stifel makes no commitment to underwrite at these levels. The analysis was performed with no change to the term of the debt service of the currently outstanding issue. The analysis was structured to produce proportional savings. The prior bonds are currently rated 'AA-' by S&P. The Agency utilized a surety-funded reserve in its 2015 bonds.

ESCROW REQUIREMENTS

Redevelopment Agency of the City of San Marcos Taxable Advance Refunding of 2010 Housing Set-Aside Tax Allocation Bonds

Assumed Underlying Rating ---/AA-/---

Interest Rates as of August 8, 2017

Period Ending	Principal	Interest	Principal Redeemed	Total
10/01/2018	2,125,000.00	3,463,368.76		5,588,368.76
10/01/2019	2,255,000.00	3,333,212.50		5,588,212.50
10/01/2020	2,405,000.00	3,186,637.50	36,980,000.00	42,571,637.50
	6,785,000.00	9,983,218.76	36,980,000.00	53,748,218.76

Notes:

Notes:

The taxable financing was evaluated at interest rate spreads to the US Treasury Curve of + 20 basis points beginning in 2018 increasing to + 150 basis points in 2030. The interest rate and rating assumptions are consistent with all outstanding bonds. The actual results may differ, and Stifel makes no commitment to underwrite at these levels. The analysis was performed with no change to the term of the debt service of the currently outstanding issue. The analysis was structured to produce proportional savings. The prior bonds are currently rated 'AA-' by S&P. The Agency utilized a surety-funded reserve in its 2015 bonds.

ESCROW COST

Redevelopment Agency of the City of San Marcos
Taxable Advance Refunding of 2010 Housing Set-Aside Tax Allocation Bonds

Assumed Underlying Rating ---/AA-/---

Interest Rates as of August 8, 2017

Type of Security	Maturity Date	Par Amount	Rate	Total Cost
SLGS	04/01/2018	1,529,479	1.010%	1,529,479.00
SLGS	10/01/2018	3,491,620	1.150%	3,491,620.00
SLGS	04/01/2019	1,333,555	1.220%	1,333,555.00
SLGS	10/01/2019	3,596,690	1.290%	3,596,690.00
SLGS	04/01/2020	1,291,602	1.360%	1,291,602.00
SLGS	10/01/2020	40,685,383	1.440%	40,685,383.00
		51,928,329		51,928,329.00

Purchase Date	Cost of Securities	Cash Deposit	Total Escrow Cost
12/14/2017	51,928,329	0.68	51,928,329.68
	51,928,329	0.68	51,928,329.68

Notes:

Notes:

The taxable financing was evaluated at interest rate spreads to the US Treasury Curve of + 20 basis points beginning in 2018 increasing to + 150 basis points in 2030. The interest rate and rating assumptions are consistent with all outstanding bonds. The actual results may differ, and Stifel makes no commitment to underwrite at these levels. The analysis was performed with no change to the term of the debt service of the currently outstanding issue. The analysis was structured to produce proportional savings. The prior bonds are currently rated 'AA-' by S&P. The Agency utilized a surety-funded reserve in its 2015 bonds.

ESCROW CASH FLOW

Redevelopment Agency of the City of San Marcos
Taxable Advance Refunding of 2010 Housing Set-Aside Tax Allocation Bonds

Assumed Underlying Rating ---/AA-/---

Interest Rates as of August 8, 2017

Date	Principal	Interest	Net Escrow Receipts
04/01/2018	1,529,479.00	202,205.50	1,731,684.50
10/01/2018	3,491,620.00	365,063.88	3,856,683.88
04/01/2019	1,333,555.00	333,050.99	1,666,605.99
10/01/2019	3,596,690.00	324,916.30	3,921,606.30
04/01/2020	1,291,602.00	301,717.65	1,593,319.65
10/01/2020	40,685,383.00	292,934.76	40,978,317.76
	51,928,329.00	1,819,889.08	53,748,218.08

Escrow Cost Summary

Purchase date	12/14/2017
Purchase cost of securities	51,928,329.00

Notes:

Notes:

The taxable financing was evaluated at interest rate spreads to the US Treasury Curve of + 20 basis points beginning in 2018 increasing to + 150 basis points in 2030. The interest rate and rating assumptions are consistent with all outstanding bonds. The actual results may differ, and Stifel makes no commitment to underwrite at these levels. The analysis was performed with no change to the term of the debt service of the currently outstanding issue. The analysis was structured to produce proportional savings. The prior bonds are currently rated 'AA-' by S&P. The Agency utilized a surety-funded reserve in its 2015 bonds.

ESCROW STATISTICS

Redevelopment Agency of the City of San Marcos
Taxable Advance Refunding of 2010 Housing Set-Aside Tax Allocation Bonds

Assumed Underlying Rating ---/AA-/---

Interest Rates as of August 8, 2017

Escrow	Total Escrow Cost	Modified Duration (years)	Yield to Receipt Date	Yield to Disbursement Date	Perfect Escrow Cost	Value of Negative Arbitrage	Cost of Dead Time
DSRF	5,108,518.00	0.652	1.131304%	1.131304%	5,036,859.86	71,658.13	0.01
BP	46,819,811.68	2.606	1.427351%	1.427351%	44,588,806.22	2,231,005.43	0.03
	51,928,329.68				49,625,666.08	2,302,663.56	0.04

Delivery date 12/14/2017
Arbitrage yield 3.310642%

Notes:

Notes:

The taxable financing was evaluated at interest rate spreads to the US Treasury Curve of + 20 basis points beginning in 2018 increasing to + 150 basis points in 2030. The interest rate and rating assumptions are consistent with all outstanding bonds. The actual results may differ, and Stifel makes no commitment to underwrite at these levels. The analysis was performed with no change to the term of the debt service of the currently outstanding issue. The analysis was structured to produce proportional savings. The prior bonds are currently rated 'AA-' by S&P. The Agency utilized a surety-funded reserve in its 2015 bonds.

DISCLAIMER

Redevelopment Agency of the City of San Marcos
Taxable Advance Refunding of 2010 Housing Set-Aside Tax Allocation Bonds

Assumed Underlying Rating ---/AA-/---
Interest Rates as of August 8, 2017

Stifel, Nicolaus & Company, Incorporated ('Stifel') has been engaged or appointed to serve as an underwriter or placement agent with respect to a particular issuance of municipal securities to which the attached material relates and Stifel is providing all information and advice contained in the attached material in its capacity as underwriter or placement agent for that particular issuance. As outlined in the SEC's Municipal Advisor Rule, Stifel has not acted, and will not act, as your municipal advisor with respect to the issuance of the municipal securities that is the subject to the engagement.

Stifel is providing information and is declaring to the proposed municipal issuer and any obligated person that it has done so within the regulatory framework of MSRB Rule G-23 as an underwriter (by definition also including the role of placement agent) and not as a financial advisor, as defined therein, with respect to the referenced proposed issuance of municipal securities. The primary role of Stifel, as an underwriter, is to purchase securities for resale to investors in an arm's-length commercial transaction. Serving in the role of underwriter, Stifel has financial and other interests that differ from those of the issuer. The issuer should consult with its own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent it deems appropriate.

These materials have been prepared by Stifel for the client or potential client to whom such materials are directly addressed and delivered for discussion purposes only. All terms and conditions are subject to further discussion and negotiation. Stifel does not express any view as to whether financing options presented in these materials are achievable or will be available at the time of any contemplated transaction. These materials do not constitute an offer or solicitation to sell or purchase any securities and are not a commitment by Stifel to provide or arrange any financing for any transaction or to purchase any security in connection therewith and may not be relied upon as an indication that such an offer will be provided in the future. Where indicated, this presentation may contain information derived from sources other than Stifel. While we believe such information to be accurate and complete, Stifel does not guarantee the accuracy of this information. This material is based on information currently available to Stifel or its sources and is subject to change without notice. Stifel does not provide accounting, tax or legal advice; however, you should be aware that any proposed indicative transaction could have accounting, tax, legal or other implications that should be discussed with your advisors and /or counsel as you deem appropriate.

Notes:

Notes:

The taxable financing was evaluated at interest rate spreads to the US Treasury Curve of + 20 basis points beginning in 2018 increasing to + 150 basis points in 2030. The interest rate and rating assumptions are consistent with all outstanding bonds. The actual results may differ, and Stifel makes no commitment to underwrite at these levels. The analysis was performed with no change to the term of the debt service of the currently outstanding issue. The analysis was structured to produce proportional savings. The prior bonds are currently rated 'AA-' by S&P. The Agency utilized a surety-funded reserve in its 2015 bonds.
