

ESCROW DEPOSIT AND TRUST AGREEMENT

by and between

THE SUCCESSOR AGENCY TO THE SAN MARCOS REDEVELOPMENT AGENCY

and

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION

Dated as of July 1, 2025

Relating to

**SUCCESSOR AGENCY TO THE
SAN MARCOS REDEVELOPMENT AGENCY
TAX ALLOCATION REFUNDING BONDS, SERIES 2015A**

ESCROW DEPOSIT AND TRUST AGREEMENT

This ESCROW DEPOSIT AND TRUST AGREEMENT (this “Agreement”), dated as of July 1, 2025, by and between the SUCCESSOR AGENCY TO THE SAN MARCOS REDEVELOPMENT AGENCY, a public entity existing under the laws of the State of California (the “Successor Agency”), and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as successor in interest to MUFG UNION BANK, N.A., acting as trustee for the Prior Bonds (defined below) and as escrow bank hereunder (as applicable, the “Trustee” or the “Escrow Bank”);

WITNESSETH

WHEREAS, by implementation of California Assembly Bill X1 26, which amended provisions of the California Redevelopment Law, (found at Health and Safety Code Section 33000, et seq.) and the *California Supreme Court’s decision in California Redevelopment Association v. Matosantos*, the San Marcos Redevelopment Agency (the “Former Agency”) was dissolved on February 1, 2012 in accordance with California Assembly Bill X1 26 approved by the Governor of the State of California on June 28, 2011 (“AB 26”), and on February 1, 2012, the Successor Agency, in accordance with and pursuant to AB 26, assumed the duties and obligations set forth in AB 26 for the Former Agency, including, without limitation, the obligations of the Former Agency under the Indenture and related documents to which the Former Agency was a party; and

WHEREAS, the Successor Agency previously issued its \$84,710,000 Successor Agency to the San Marcos Redevelopment Agency Tax Allocation Refunding Bonds, Series 2015A (the “Prior Bonds”) for the purpose of refinancing the certain bonds of the Former Agency pursuant to that certain Indenture of Trust, dated as of July 1, 2015, between the Former Agency and the Trustee, as successor to MUFG Union Bank, N.A. (the “Original Indenture”); and

WHEREAS, the Successor Agency has determined that it is in the best financial interests of the Successor Agency to refund, at this time, the Prior Bonds; and

WHEREAS, in order to provide funds for such purpose, the Successor Agency is issuing the Successor Agency to the San Marcos Redevelopment Agency Tax Allocation Refunding Bonds, Series 2025A (the “Refunding Bonds”) and applying a portion of the proceeds thereof, together with certain other moneys, for the purpose of redeeming the outstanding Prior Bonds on October 1, 2025 (the “Redemption Date”) at a redemption price of 100% (the “Redemption Price”) of par plus accrued interest to the Redemption Date as required under the Indenture; and

WHEREAS, the Refunding Bonds are being issued pursuant to a Second Supplemental Indenture of Trust, dated as of July 1, 2025 (the “Second Supplemental Indenture”), by and between the Successor Agency and the Trustee, amending and supplementing the Original Indenture, which was previously amended and supplemented by the First Supplemental Indenture

of Trust, dated December 1, 2017 by and between the Successor Agency and the Trustee (the “First Supplemental Indenture,” collectively with the Original Indenture and the Second Supplemental Indenture, the “Indenture”), on a parity basis with the Successor Agency’s Tax Allocation Refunding Bonds, Series 2015B and the Successor Agency’s Taxable Tax Allocation Refunding Bonds, Series 2017 previously issued pursuant to the Indenture; and

WHEREAS, the Successor Agency and the Escrow Bank wish to enter into this Agreement for the purpose of providing the terms and conditions relating to the deposit and application of moneys to provide for the redemption of the outstanding Prior Bonds in full, pursuant to and in accordance with the provisions of the Indenture.

NOW, THEREFORE, in consideration of the above premises and of the mutual promises and covenants herein contained and for other valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties hereto do hereby agree as follows:

Section 1. Definition of Defeasance Securities. As used herein, the term “Defeasance Securities” means any of the following, or a combination thereof; (a) cash, (b) State and Local Government Series securities issued by the United States Treasury, (c) United States Treasury bills, notes and bonds, as traded on the open market, which are not subject to optional call or redemption, and (d) zero coupon United States Treasury Bonds.

Section 2. Establishment of Escrow Fund. There is hereby created the Escrow Fund (the “Escrow Fund”) to be held by the Escrow Bank as an irrevocable escrow securing the payment of the outstanding Prior Bonds as hereinafter set forth until the Redemption Price of the Prior Bonds plus accrued interest has been paid in full. All cash in the Escrow Fund is hereby irrevocably pledged as a special fund for the payment of Redemption Price plus accrued interest on the outstanding Prior Bonds on the Redemption Date in accordance with the provisions of the Indenture and this Agreement. If at any time the Escrow Bank shall receive actual knowledge that the cash in the Escrow Fund will not be sufficient to make any payments required by Section 4 hereof, the Escrow Bank shall notify the Successor Agency of such fact and the Successor Agency shall immediately cure such deficiency from any source of legally available funds.

Section 3. Deposit into Escrow Fund. On July 3, 2025 (the “Closing Date”), the Trustee acting in its capacity as the Trustee for the Prior Bonds, is hereby instructed to withdraw from accounts established under the Indenture the following amounts: (i) \$_____ from the Debt Service Fund and (ii) \$_____ from the Interest Account and transfer such amounts to the Escrow Bank for deposit into the Escrow Fund.

On the Closing Date, the Trustee shall be directed by the Successor Agency to transfer \$_____ of the proceeds of the Refunding Bonds to the Escrow Bank for deposit into the Escrow Fund.

The Escrow Bank shall acquire \$_____ in Defeasance Securities in the form of open market Defeasance Securities set forth in Exhibit A attached hereto and by this reference incorporated herein (the “Escrowed Defeasance Securities”). The remainder in the Escrow Fund (\$_____) shall be held in cash uninvested (the “Cash”). The Cash shall be held by the Escrow Bank in the Escrow Fund therein solely for the uses and purposes set forth herein. The Escrowed

Defeasance Securities shall be deposited with and held by the Escrow Bank in the Escrow Fund solely for the uses and purposes set forth herein.

The Escrow Bank shall not be liable or responsible for any loss, fee, tax or other charge resulting from any investment, reinvestment or liquidation made pursuant to this Agreement and in full compliance with the provisions hereof.

Section 4. Instructions as to Application of Deposit. The Successor Agency hereby irrevocably directs and instructs the Escrow Bank to apply the interest on and maturing principal amount of the Escrowed Defeasance Obligations and cash to pay (i) on October 1, 2025, the principal and interest due on the Prior Bonds maturing on such date, and (ii) on October 1, 2025, the Redemption Price of the outstanding Prior Bonds maturing after October 1, 2025, all as more particularly set forth in Exhibit B attached hereto and hereby made a part hereof.

For such purpose of call and redemption prior to maturity of the Prior Bonds, the Successor Agency hereby instructs the Trustee, and the Trustee hereby agrees to cause to be given, on or before September 1, 2025, a notice of redemption of the outstanding Prior Bonds maturing after October 1, 2025, such notice of redemption to be given substantially in the form set forth in Exhibit C attached hereto and hereby made a part hereof and timely for redemption of such Prior Bonds on October 1, 2025, in accordance with the applicable provisions of the Indenture and to the Municipal Securities Rulemaking Board Electronic Municipal Market Access system.

For such purpose of call and redemption prior to maturity of the Prior Bonds, the Escrow Bank shall give notice of redemption of the Prior Bonds. The Escrow Bank shall send a Notice of Defeasance on the date of delivery of the Refunding Bonds in the form attached hereto as Exhibit D.

Section 5. Application of Certain Terms of Prior Issuance Documents. Except as may be modified herein, all of the terms of the Indenture relating to the redemption of the Prior Bonds are incorporated in this Agreement as if set forth in full herein. The provisions of the Indenture relating to the limitations from liability, rights, powers, benefits, immunities, indemnities and protections afforded the Trustee and the resignation and removal of the Trustee are also incorporated in this Agreement as if set forth in full herein and shall be the procedure to be followed with respect to any resignation or removal of the Escrow Bank hereunder.

Section 6. Compensation to Escrow Bank. The Successor Agency shall pay the Escrow Bank full compensation agreed to in writing from time to time for its duties under this Agreement, including costs, fees and expenses, such as publication costs, redemption expenses, legal fees and expenses and other costs, fees and expenses relating hereto. Under no circumstances shall amounts deposited in or credited to the Escrow Fund be deemed to be available for said purposes.

Section 7. Liabilities and Obligations of Escrow Bank. The Escrow Bank shall have no obligation to make any payment or disbursement of any type or incur any financial liability in the performance of its duties under this Agreement unless the Successor Agency shall have deposited sufficient funds therefor with the Escrow Bank. The Escrow Bank may rely and shall

be protected in acting upon the written instructions of the Successor Agency or its agents relating to any matter or action as Escrow Bank under this Agreement.

The Escrow Bank may consult with counsel of its own choice (which may be counsel to the Successor Agency) and the opinion of such counsel shall be full and complete authorization to take, omit or suffer in good faith any action or forbearance in accordance with such opinion of counsel.

The Escrow Bank shall not be responsible for any of the recitals or representations contained herein.

The Escrow Bank shall not be liable for the accuracy of any calculations provided as to the sufficiency of the moneys deposited with it to pay the principal and interest on the Prior Bonds.

The Escrow Bank shall not be liable for any action or omission of the Successor Agency under this Agreement or the Prior Bonds.

Whenever in the administration of this Agreement the Escrow Bank shall deem it necessary or desirable that a matter be proved or established prior to taking, omitting or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or willful misconduct on the part of the Escrow Bank, be deemed to be conclusively proved and established by a certificate of an authorized representative of the Successor Agency, and such certificate shall, in the absence of negligence or willful misconduct on the part of the Escrow Bank, be full warrant to the Escrow Bank for any action taken, omitted or suffered by it under the provisions of this Agreement upon the faith thereof.

The Escrow Bank may conclusively rely, as to the truth and accuracy of the statements and correctness of the opinions and the calculations provided, and shall be protected and indemnified, in action, or refraining from acting, upon any written notice, instruction, request, certificate, document or opinion furnished to the Escrow Bank which the Escrow Bank in good faith believes was signed or presented by the proper party, and it need not investigate any fact or matter stated in such notice, instruction, request, certificate or opinion.

The Escrow Bank may at any time resign by giving written notice to the Successor Agency of such resignation. The Successor Agency shall promptly appoint a successor Escrow Bank by the resignation date. Resignation of the Escrow Bank will be effective upon acceptance of appointment by a successor Escrow Bank. If the Successor Agency does not appoint a successor, the Escrow Bank (at the expense of the Successor Agency) may petition any court of competent jurisdiction for the appointment of a successor Escrow Bank, which court may thereupon, after such notice, if any, as it may deem proper, prescribe and, as may be required by law, appoint a successor Escrow Bank. After receiving a notice of resignation of an Escrow Bank, the Successor Agency may appoint a temporary Escrow Bank to replace the resigning Escrow Bank until the Successor Agency appoints a successor Escrow Bank. Any such temporary Escrow Bank so appointed by the Successor Agency shall immediately and without further act be superseded by the successor Escrow Bank so appointed.

The Successor Agency covenants to indemnify and hold harmless the Escrow Bank against any loss, liability, damage, claim, tax or expense, including legal fees or expenses, incurred in connection with the performance of any of its duties hereunder, except the Escrow Bank shall not be indemnified against any loss, liability, damage, claim, tax or expense resulting from its negligence or willful misconduct.

The Escrow Bank shall furnish the Successor Agency periodic cash transaction statements which include detail for all investment transactions effected by the Escrow Bank or brokers selected by the Successor Agency. Upon the Successor Agency's election, such statements will be delivered via the Escrow Bank's online service and upon electing such service, paper statements will be provided only upon request. The Successor Agency waives the right to receive brokerage confirmations of security transactions effected by the Escrow Bank as they occur, to the extent permitted by law. The Successor Agency further understands that trade confirmations for securities transactions effected by the Escrow Bank will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker.

Section 8. Amendment. This Agreement may be amended by the parties hereto, but only if there shall have been filed with the Successor Agency and the Escrow Bank a written opinion of nationally recognized bond counsel stating that such amendment will not materially adversely affect the interests of the owners of the Prior Bonds.

Section 9. Merger or Consolidation. Any entity into which the Escrow Bank may be merged or converted or with which it may be consolidated or any entity resulting from any merger, conversion or consolidation to which it shall be a party or any entity to which the Escrow Bank may sell or transfer all or substantially all of its corporate trust business and assets as a whole or substantially as a whole, shall be the successor to the Escrow Bank and vested with all of the title to the trust estate and all of the trusts, powers, discretion, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

Section 10. Execution in Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument. The exchange of copies of this Agreement and of signature pages by facsimile or PDF transmission shall constitute effective execution and delivery of this Agreement as to the parties hereto and may be used in lieu of the original Agreement and signature pages for all purposes.

Section 11. Headings. Any heading preceding the text of the several Sections hereof, any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Agreement, nor shall they affect its meaning, construction or effect.

Section 12. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

Section 13. Termination of Agreement. When the Escrow Bank shall have transferred, pursuant to Section 4 hereof, such moneys as are required to pay the outstanding Prior Bonds

pursuant to Section 4, the Escrow Bank, after payment of all fees and expenses of the Escrow Bank, shall, in accordance with Section 9.03 of the Indenture, immediately transfer the moneys, if any, remaining in the Escrow Fund to the Successor Agency and this Agreement shall terminate.

(Signature pages follow)

IN WITNESS WHEREOF, the Successor Agency and the Escrow Bank have each caused this Agreement to be executed by their duly authorized officers all as of the date first above written.

SUCCESSOR AGENCY TO THE SAN MARCOS
REDEVELOPMENT AGENCY

By: _____
Executive Director

*-Signature Page-
Escrow Agreement*

U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION, as Escrow Bank and Trustee

By: _____
Authorized Officer

*-Signature Page-
Escrow Agreement*

EXHIBIT A
DESCRIPTION OF THE ESCROWED DEFEASANCE SECURITIES

<u>Type of Security</u>	<u>Maturity Date</u>	<u>Par Amount</u>	<u>Rate</u>	<u>Cost</u>	<u>Accrual Interest</u>	<u>Total Cost</u>
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EXHIBIT B
ESCROW FUND DISBURSEMENT REQUIREMENTS FOR THE PRIOR BONDS

<u>Payment</u> <u>Date</u>	<u>Maturing</u> <u>Principal</u>	<u>Principal</u> <u>Redeemed</u>	<u>Interest</u>	<u>Total</u>
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**EXHIBIT C
NOTICE OF OPTIONAL REDEMPTION**

TO THE OWNERS OF

**SUCCESSOR AGENCY TO THE
SAN MARCOS REDEVELOPMENT AGENCY
TAX ALLOCATION REFUNDING BONDS, SERIES 2015A**

Date of Notice:
Date of Issuance: July 1, 2015
Date of Redemption: October 1, 2025

NOTICE IS HEREBY GIVEN that pursuant to Section 2.03 of that certain Indenture of Trust, dated as of July 1, 2015, by and between U.S. Bank Trust Company, National Association, as successor to MUFG Union Bank, N.A., as trustee (the “Trustee”), and the Successor Agency to the San Marcos Redevelopment Agency (the “Agency”), the principal amount of the above-captioned bonds listed below (the “Bonds”) will be redeemed on October 1, 2025 (the “Redemption Date”) at the referenced price noted below, together with accrued interest to the Redemption Date. The record date is September 15, 2025.

The maturity dates, CUSIP numbers, principal of and interest rate on the Bonds are listed below:

<u>Maturity (October 1)</u>	<u>Principal</u>	<u>Interest</u>	<u>Redemption Price</u>	<u>CUSIP® (Base: 79876C)</u>
2026	\$4,920,000	5.000%	100%	AL2
2027	5,170,000	5.000	100	AM0
2028	5,440,000	5.000	100	AN8
2029	5,705,000	5.000	100	AP3
2030	6,645,000	5.000	100	AQ1
2031	6,985,000	5.000	100	AR9
2032	4,615,000	5.000	100	AS7
2033	4,860,000	5.000	100	AT5
2034	2,705,000	5.000	100	AU2

On the Redemption Date, the Redemption Price shall become due and payable on each of the Bonds, and from and after the Redemption Date, interest on the Bonds will cease to accrue. The Bonds are being called for redemption on the Redemption Date pursuant to the provisions of the Indenture.

Owners of the Bonds are requested to present their Bonds, at the following addresses:

<u>First Class/Registered/Certified</u>	<u>Express Delivery Only</u>	<u>By Hand Only</u>
U.S. Bank Trust Company, National Association Global Corporate Trust 111 Fillmore Avenue East St. Paul, MN 55107	U.S. Bank Trust Company, National Association Global Corporate Trust 111 Fillmore Avenue East St. Paul, MN 55107	U.S. Bank Trust Company, National Association Global Corporate Trust 111 Fillmore Avenue East St. Paul, MN 55107

By: U.S. Bank Trust Company, National Association

Dated: _____, 2025

IMPORTANT TAX NOTICE

Withholding of 24% of gross redemption proceeds of any payment made within the United States may be required by the Tax Cuts and Jobs Act of 2017 (the “Act”), unless the Trustee has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the payee. **Please furnish a properly completed**

Form W-9 or exemption certificate or equivalent when presenting your securities.

**Note: The Successor Agency and Trustee shall not be responsible for the selection or use of the CUSIP numbers selected, nor is any representation made as to their correctness indicated in the notice or as printed on any Bonds. They are included solely for the convenience of the Owners of the Bonds.*

EXHIBIT D

NOTICE OF DEFEASANCE

**SUCCESSOR AGENCY TO THE
SAN MARCOS REDEVELOPMENT AGENCY
TAX ALLOCATION REFUNDING BONDS, SERIES 2015A**

Date of Notice:

Date of Issuance: July 14, 2015

Date of Redemption: October 1, 2025

NOTICE IS HEREBY GIVEN that all of the below indicated Bonds (the “Defeased Bonds”) have been defeased pursuant to that certain Indenture of Trust, dated as of July 1, 2015, by and between U.S. Bank Trust Company, National Association., as successor to MUFG Union Bank, N.A., as trustee (the “Trustee”), and the Successor Agency to the San Marcos Redevelopment Agency (the “Agency”), and the Defeased Bonds will be redeemed in full on the date of redemption listed above (the “Redemption Date”) at a price equal to 100% of the principal amount represented thereby together with interest accrued to the Redemption Date.

The Defeased Bond CUSIP numbers, maturity dates, and principal amounts are listed below:

<u>Maturity</u> <u>(October 1)</u>	<u>Principal</u>	<u>Interest</u>	<u>Redemption</u> <u>Price</u>	<u>CUSIP®</u> <u>(Base: 79876C)</u>
2026	\$4,920,000	5.000%	100%	AL2
2027	5,170,000	5.000	100	AM0
2028	5,440,000	5.000	100	AN8
2029	5,705,000	5.000	100	AP3
2030	6,645,000	5.000	100	AQ1
2031	6,985,000	5.000	100	AR9
2032	4,615,000	5.000	100	AS7
2033	4,860,000	5.000	100	AT5
2034	2,705,000	5.000	100	AU2

The Defeased Bonds are deemed to have been paid, and the owners thereof shall be limited to the application of such cash moneys or moneys held for the redemption thereof.

(Signature page follows)

By: U.S. Bank Trust Company, National Association

Dated: _____, 2025

*-Signature Page-
Notice of Defeasance*