

**PRELIMINARY OFFICIAL STATEMENT DATED \_\_\_\_\_, 2025**

**NEW ISSUE – FULL BOOK ENTRY ONLY**

**S&P RATING: “ ”**  
**See the caption “RATING.”**

*In the opinion of Best Best & Krieger LLP, Riverside, California (“Bond Counsel”), subject, however, to certain qualifications described in this Official Statement, under existing statutes, regulations, rulings and judicial decisions, and assuming certain representations and compliance with certain covenants and requirements described herein, the interest on the 2025A Bonds is excluded from gross income for federal income tax purposes, and interest on the 2025A Bonds is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations; however, interest on the 2025A Bonds is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on certain corporations. In the further opinion of Bond Counsel, interest on the 2025A Bonds is exempt from California personal income tax. See “TAX MATTERS” herein.*

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**SUCCESSOR AGENCY TO THE SAN MARCOS REDEVELOPMENT AGENCY  
TAX ALLOCATION REFUNDING BONDS, SERIES 2025A**

**Dated: Date of Delivery**

**Due: October 1, as shown on inside cover**

The 2025A Bonds are being issued pursuant to an Indenture of Trust, dated as of July 1, 2015, as amended and supplemented by a First Supplemental Indenture of Trust, dated as of December 1, 2017, and a Second Supplemental Indenture of Trust, dated as of July 1, 2025, each by and between the Successor Agency to the San Marcos Redevelopment Agency and U.S. Bank Trust Company, National Association, as trustee. The 2025A Bonds will be issued as fully-registered bonds in book-entry form only, initially registered in the name of Cede & Co., New York, New York, as nominee of The Depository Trust Company, New York, New York. Interest payable on the 2025A Bonds will be payable on April 1 and October 1 of each year, commencing October 1, 2025. The principal of the 2025A Bonds will be paid by the Trustee to The Depository Trust Company for subsequent disbursement to Participants who will remit such payments to the Beneficial Owners of the 2025A Bonds.

The 2025A Bonds are being issued by the Agency: (i) to refund the Successor Agency to San Marcos Redevelopment Agency Tax Allocation Refunding Bonds, Series 2015A, which are currently outstanding in the aggregate principal amount of \$51,345,000; (ii) to purchase a municipal bond debt service reserve insurance policy issued by \_\_\_\_\_ for deposit in the Series 2025A Reserve Sub-Account in satisfaction of the Reserve Requirement; and (iii) to pay costs of issuance with respect to the 2025A Bonds.

The 2025A Bonds are limited obligations of the Agency payable solely from and secured by Pledged Tax Revenues deposited in the Redevelopment Property Tax Trust Fund, which are derived of certain revenues to be received by the Agency from San Marcos Redevelopment Project Area No. 1, San Marcos Redevelopment Project Area No. 2 and San Marcos Redevelopment Project Area No. 3, and from the amounts on deposit in certain funds held under the Indenture. The 2025A Bonds are payable from Pledged Tax Revenues on a parity with the Successor Agency to the San Marcos Redevelopment Agency Taxable Tax Allocation Refunding Bonds, Series 2015B, which are currently outstanding in the aggregate principal amount of \$89,385,000, and the San Marcos Redevelopment Agency Taxable Tax Allocation Refunding Bonds, Series 2017, which are currently outstanding in the aggregate principal amount of \$23,300,000. The Agency has pledged not to issue additional obligations payable from Pledged Tax Revenues on a senior basis to the 2025A Bonds. See the caption “SECURITY FOR THE 2025A BONDS—Additional Indebtedness” for a description of the conditions under which the Agency may issue additional obligations payable from the Pledged Tax Revenues on a parity with the 2025A Bonds.

**The 2025A Bonds are not subject to redemption prior to maturity. See the caption “THE 2025A BONDS—No Redemption.”**

This cover page contains information for general reference only. It is not a summary of the security or terms of this issue. Investors must read the entire Official Statement, including the matters set forth under the caption “RISK FACTORS AND LIMITATIONS ON PLEDGED TAX REVENUES,” for a discussion of special factors which should be considered, in addition to the other matters set forth in this Official Statement, in considering the investment quality of the 2025A Bonds. Capitalized terms used on this cover page and not otherwise defined have the meanings set forth in this Official Statement.

THE 2025A BONDS ARE NOT A DEBT, OBLIGATION OR LIABILITY OF THE CITY OF SAN MARCOS, THE COUNTY OF SAN DIEGO, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS (OTHER THAN THE AGENCY), NOR DO THE 2025A BONDS CONSTITUTE A PLEDGE OF THE FAITH AND CREDIT OR THE TAXING POWER OF ANY OF THE FOREGOING (INCLUDING THE AGENCY). THE AGENCY HAS NO TAXING POWER. THE 2025A BONDS DO NOT CONSTITUTE AN INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL DEBT LIMITATION OR RESTRICTION.

*The 2025A Bonds are offered when, as and if delivered and received by the Underwriter, subject to the approval as to the valid and binding nature of the Second Supplemental Indenture by Best Best & Krieger LLP, Riverside, California, as Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the Agency by Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, as Disclosure Counsel, and by the City Attorney of the City of San Marcos, acting as Agency Counsel. Certain legal matters will be passed upon for the Underwriter by Anzel Galvan LLP, San Francisco, California, as Underwriter’s Counsel, and for the Trustee by its counsel. It is anticipated that the 2025A Bonds will be available for delivery through the facilities of The Depository Trust Company on or about \_\_\_\_\_, 2025.*

**STIFEL**

Dated: \_\_\_\_\_, 2025

**MATURITY SCHEDULE**  
**BASE CUSIP<sup>®†</sup> 79876C**

\$ \_\_\_\_\_ \*

**SUCCESSOR AGENCY TO THE SAN MARCOS REDEVELOPMENT AGENCY**  
**TAX ALLOCATION REFUNDING BONDS, SERIES 2025A**

<i><b>Maturity Date</b></i> <i><b>(October 1)</b></i>	<i><b>Principal</b></i> <i><b>Amount</b></i>	<i><b>Interest Rate</b></i>	<i><b>Yield</b></i>	<i><b>Price</b></i>	<i><b>CUSIP<sup>®†</sup></b></i>
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\* Preliminary, subject to change.

**SUCCESSOR AGENCY TO THE SAN MARCOS REDEVELOPMENT AGENCY  
SAN MARCOS, CALIFORNIA**

**AGENCY MEMBERS AND CITY COUNCIL**

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Maria Nunez, Agency Member and Council Member, District 1  
Mike Sannella, Agency Member and Council Member, District 2  
Danielle LeBlang, Agency Member and Council Member, District 3  
Ed Musgrove, Agency Member and Council Member, District 4

**AGENCY STAFF AND CITY STAFF**

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Los Angeles, California

**VERIFICATION AGENT**

Robert Thomas CPA, LLC  
Minneapolis, Minnesota

No dealer, broker, salesperson or other person has been authorized by the Agency or the Underwriter 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 the Agency or the Underwriter. 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 2025A Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the 2025A Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, are intended solely as such and are not to be construed as representations of fact.

The Underwriter has provided the following sentence for inclusion in this Official Statement:

The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

The information set forth herein has been obtained from the Agency, the City of San Marcos and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness. 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 have been no changes in the affairs of the Agency since the date hereof. All summaries of the Indenture or other documents are made subject to the provisions of such documents, and do not purport to be complete statements of any or all of such provisions.

All information considered material to the making of an informed investment decision with respect to the 2025A Bonds is contained in this Official Statement. While the City of San Marcos maintains an Internet website for various purposes, none of the information on its website is incorporated by reference into this Official Statement. Any such information that is inconsistent with the information set forth in this Official Statement should be disregarded.

This Official Statement is submitted in connection with the sale of the 2025A Bonds and may not be reproduced or used, in whole or in part, for any other purpose.

**IN CONNECTION WITH THE OFFERING OF THE 2025A BONDS, THE UNDERWRITER MAY EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2025A 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 2025A BONDS TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AT PRICES LOWER THAN THE PUBLIC OFFERING PRICE STATED ON THE COVER PAGE HEREOF. THE PUBLIC OFFERING PRICE MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.**

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “project,” “budget” or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information under the captions “THE REDEVELOPMENT PLANS,” “PROJECT AREA NO. 1,” “PROJECT AREA NO. 2,” “PROJECT AREA NO. 3” and “PLEDGED TAX REVENUE PROJECTIONS AND DEBT SERVICE COVERAGE.”

**THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE AGENCY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.**

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**[INSERT REGIONAL MAP]**

**[INSERT PROJECT AREA MAP]**

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**SUCCESSOR AGENCY TO THE SAN MARCOS REDEVELOPMENT AGENCY  
TAX ALLOCATION REFUNDING BONDS, SERIES 2025A**

**INTRODUCTION**

This Official Statement is provided to furnish information in connection with the sale by the Successor Agency to the San Marcos Redevelopment Agency (the “**Agency**”) of its Tax Allocation Refunding Bonds, Series 2025A (the “**2025A Bonds**”).

**General**

The 2025A Bonds are being issued pursuant to the Constitution and laws of the State of California (the “**State**”), including the Community Redevelopment Law, being Part 1 (commencing with Section 33000) of Division 24 of the Health and Safety Code of the State (the “**Law**”) and Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State (the “**Refunding Law**”). The 2025A Bonds are being issued pursuant to an Indenture of Trust, dated as of July 1, 2015 (the “**Original Indenture**”), as amended and supplemented by a First Supplemental Indenture of Trust, dated as of December 1, 2017 (the “**First Supplemental Indenture**”), and a Second Supplemental Indenture of Trust, dated as of July 1, 2025 (the “**Second Supplemental Indenture**” and, together with the Original Indenture and the First Supplemental Indenture, the “**Indenture**”), each by and between the Agency and U.S. Bank Trust Company, National Association, as trustee (the “**Trustee**”).

Proceeds of the 2025A Bonds will be used: (i) to refund the Successor Agency to the San Marcos Redevelopment Agency Tax Allocation Refunding Bonds, Series 2015A (the “**2015A Bonds**”), which are currently outstanding in the aggregate principal amount of \$51,345,000, as described under the caption “REFUNDING PLAN;” (ii) to purchase a municipal bond debt service reserve insurance policy (the “**Reserve Policy**”) issued by \_\_\_\_\_ (“\_\_\_\_\_”) for deposit in the Series 2025A Reserve Sub-Account in satisfaction of the Reserve Requirement, as described under the caption “SECURITY FOR THE 2025A BONDS—Deposit of Amounts by Trustee;” and (iii) to pay costs of issuance with respect to the 2025A Bonds. See the caption “ESTIMATED SOURCES AND USES OF FUNDS.”

The 2025A Bonds are payable from the Pledged Tax Revenues (as such term is defined herein) on a parity with the Successor Agency to the San Marcos Redevelopment Agency Taxable Tax Allocation Refunding Bonds, Series 2015B (the “**2015B Bonds**”), which are currently outstanding in the aggregate principal amount of \$89,385,000, and the Successor Agency to the San Marcos Redevelopment Agency Taxable Tax Allocation Refunding Bonds, Series 2017 (the “**2017 Bonds**”), which are currently outstanding in the aggregate principal amount of \$23,300,000. See the caption “SECURITY FOR THE 2025A BONDS—Additional Indebtedness” for a description of the conditions under which the Agency may issue additional obligations payable from the Pledged Tax Revenues on a parity with the 2025A Bonds (“**Parity Debt**” and together with the 2025A Bonds, the 2015B Bonds and the 2017 Bonds, the “**Bonds**”).

Capitalized terms that are used in this Official Statement and not otherwise defined have the meanings given to such terms in Appendix A.

**The Agency and the Project Areas**

***The City and the Agency.*** The City of San Marcos (the “**City**”) is located in the north central part of the County of San Diego (the “**County**”), approximately 24 miles north of the city of San Diego and 90 miles

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\* Preliminary, subject to chance.

south of the city of Los Angeles. The City, which was incorporated in 1963 and established as a charter city in 1994, has a population of approximately 95,998 as of January 1, 2024.

The San Marcos Redevelopment Agency (the “**Former Agency**”), the predecessor to the Agency, was established pursuant to the Law and was activated by Ordinance No. 73-266 adopted by the City Council on August 28, 1973. The Former Agency was charged with the authority and responsibility of redeveloping and upgrading blighted areas of the City in three designated project areas described below.

On June 29, 2011, Assembly Bill No. 26 (“**AB X1 26**”) was enacted as Chapter 5, Statutes of 2011, together with a companion bill, Assembly Bill No. 27 (“**AB X1 27**”). A lawsuit entitled *California Redevelopment Association, et al. v. Matosantos, et al.*, was brought in the State Supreme Court challenging the constitutionality of AB X1 26 and AB X1 27. In a published decision (53 Cal. 4th 231 (December 29, 2011)), the State Supreme Court largely upheld AB X1 26, invalidated AB X1 27 and held that AB X1 26 may be severed from AB X1 27 and enforced independently. As a result of AB X1 26 and the decision of the State Supreme Court, as of February 1, 2012, all redevelopment agencies in the State, including the Former Agency, were dissolved, and successor agencies were designated as successor entities to the former redevelopment agencies to expeditiously wind down the affairs of the former redevelopment agencies.

The primary provisions of AB X1 26 relating to the dissolution and winding down of former redevelopment agency affairs are Parts 1.8 (commencing with Section 34161) and 1.85 (commencing with Section 34170) of Division 24 of the Health & Safety Code of the State, as amended on June 27, 2012 by Assembly Bill No. 1484 (“**AB 1484**”), enacted as Chapter 26, Statutes of 2012, and as further amended on September 22, 2015 by Senate Bill 107 (“**SB 107**”), enacted as Chapter 325, Statutes of 2015 (collectively, as amended from time to time, the “**Dissolution Act**”).

On January 10, 2012, pursuant to Resolution No. 2012-7607 and Section 34173 of the Dissolution Act, the City Council of the City elected to serve as the successor agency to the Former Agency. Section 34173(g) of the Dissolution Act, which was added by AB 1484, expressly affirms that the Agency is a separate public entity from the City, that the two entities shall not merge and that the liabilities of the Former Agency will not be transferred to the City, nor will the assets of the Former Agency become assets of the City. Members of the City Council serve as both Council members and Agency members.

**The Project Areas.** The Redevelopment Plan for the San Marcos Redevelopment Project Area No. 1 (“**Project Area No. 1**”) was adopted on July 12, 1983 by Ordinance No. 83-604. Project Area No. 1 encompasses approximately 2,356 acres and is located in the central business core of the City. Project Area No. 1 contains a mixture of industrial, commercial and residential parcels and vacant land. Assessed valuation of taxable property in Project Area No. 1 for Fiscal Year 2024-25 is \$3,434,422,474, for an incremental value of \$3,210,452,054 over Project Area No. 1’s base year assessed valuation of \$223,970,420.

The Redevelopment Plan for the San Marcos Redevelopment Project Area No. 2 (“**Project Area No. 2**”) was adopted on July 19, 1985 by Ordinance No. 85-662. Project Area No. 2 encompasses five non-contiguous sub-areas that total approximately 1,777 acres in the western, central and southern portions of the City. Project Area No. 2 consists primarily of residential parcels and also contains a mixture of commercial, industrial, office and public uses. Assessed valuation of taxable property in Project Area No. 2 for Fiscal Year 2024-25 is \$2,137,996,489, for an incremental value of \$2,004,629,246 over Project Area No. 2’s base year assessed valuation of \$133,367,243.

The Redevelopment Plan for the San Marcos Redevelopment Project Area No. 3 (“**Project Area No. 3**,” and together with Project Area No. 1 and Project Area No. 2, the “**Project Areas**”) was adopted on July 11, 1989 by Ordinance No. 89-820 (together with the Redevelopment Plan for Project Area No. 1 and the Redevelopment Plan for Project Area No. 2, the “**Redevelopment Plans**”). Project Area No. 3 encompasses approximately 6,301 acres and is located in the southern and western portions of the City. Project Area No. 3 consists primarily of residential parcels and also contains a mixture of commercial, industrial, office and public

uses. Assessed valuation of taxable property in Project Area No. 3 for Fiscal Year 2024-25 is \$7,452,258,324, for an incremental value of \$7,090,841,153 over Project Area No. 3's base year assessed valuation of \$361,417,171.

The Redevelopment Plans for the Project Areas have been amended from time to time to adopt or modify certain plan limitations. See the captions "THE REDEVELOPMENT PLANS," "PROJECT AREA NO. 1," "PROJECT AREA NO. 2" and "PROJECT AREA NO. 3" for a more detailed description of all amendments to the Redevelopment Plans and the Project Areas. See the caption "RISK FACTORS AND LIMITATIONS ON PLEDGED TAX REVENUES—Plan Limits" for a discussion of SB 107, which amended the Dissolution Act to provide that the time limits for receiving property tax revenues and the limitation on the amount of property tax revenues that may be received by the Former Agency and the Agency, as set forth in the Redevelopment Plans, are not effective for purposes of paying the Agency's enforceable obligations, including debt service payments on the 2025A Bonds.

### **Security for the 2025A Bonds**

Prior to the enactment of AB X1 26, the Law authorized the financing of redevelopment projects through the issuance of bonds secured by tax increment revenues. Under this tax allocation financing method, the last equalized assessed valuation of the property within a project area prior to adoption of a redevelopment plan became the base year valuation. Assuming that the taxable valuation never drops below the base year level, the taxing agencies thereafter received that portion of the taxes produced by applying then current tax rates to the base year valuation, and the redevelopment agency was allocated the remaining portion produced by applying then current tax rates to the increase in valuation over the base year. Such incremental tax revenues allocated to a redevelopment agency were authorized to be pledged to the payment of agency obligations.

The Dissolution Act requires the Auditor-Controller of the County of San Diego (the "**County Auditor-Controller**") to determine the amount of property taxes that would have been allocated to the Former Agency had the Former Agency not been dissolved pursuant to the operation of AB X1 26, using current assessed values on the last equalized roll, and to deposit such amount in a Redevelopment Property Tax Trust Fund pursuant to the Dissolution Act. Section 34177.5(g) of the Dissolution Act provides that any bonds that are authorized to be issued by the Agency will be considered indebtedness incurred by the dissolved Former Agency, with the same legal effect as if such bonds had been issued prior to the effective date of AB X1 26, in full conformity with the applicable provisions of the Law that existed prior to that date, will be included in the Agency's Recognized Obligation Payment Schedule and will be secured by a pledge of, and lien on, and will be repaid from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund.

The Dissolution Act further provides that property tax revenues that are pledged to any bonds authorized under the Dissolution Act, such as the 2025A Bonds, are taxes allocated to the Agency pursuant to the provisions of the Law and the State Constitution.

Pursuant to the Dissolution Act, the 2025A Bonds are payable solely from, and are secured by, the Pledged Tax Revenues (as such term is defined below), and from amounts on deposit in the Series 2025A Reserve Sub-Account and other funds and accounts pledged under the Indenture. See the caption "SECURITY FOR THE 2025A BONDS—Reserve Account."

Under the Indenture, "**Pledged Tax Revenues**" consist of all moneys deposited from time to time in the Redevelopment Property Tax Trust Fund as provided in paragraph (2) of subdivision (a) of Section 34183 of the California Health and Safety Code, including all amounts which prior to the adoption of the Dissolution Act were required to be deposited into the Former Agency's Low and Moderate Income Housing Fund pursuant to Sections 33334.2, 33334.3 and 33334.6 of the Law, but excluding (i) amounts of such taxes required to be paid by the Agency to pay Pass-Through Agreements, including any amounts pledged to repay the 2018 Bonds (as discussed under the captions "SECURITY FOR THE 2025A Bonds—Pass-Through

Agreements with Taxing Agencies” and “PROJECT AREA NO. 3—Pass-Through Agreements”), or pursuant to Section 33607.7 of the Law, except and to the extent that any amounts so payable are payable on a basis subordinate to the payment of the Bonds, as applicable, and (ii) amounts deducted pursuant to Section 34183(a) of the Dissolution Act for permitted administrative costs of the County auditor-controller. If, and to the extent, that the provisions of Section 34172 or paragraph (2) of subdivision (a) of Section 34183 are invalidated by a final judicial decision, then the term “Pledged Tax Revenues” will include all tax revenues allocated to the payment of indebtedness pursuant to Health & Safety Code Section 33670 or such other section as may be in effect at the time providing for the allocation of tax increment revenues in accordance with Article XVI, Section 16 of the State Constitution, subject to the exclusions set forth above.

See the caption “SECURITY FOR THE 2025A BONDS—Additional Indebtedness” for a description of the conditions pursuant to which the Agency may issue additional obligations payable from the Pledged Tax Revenues on a parity with the Bonds. See also the captions “SECURITY FOR THE 2025A BONDS—Statutory Pass-Through Requirements,” “—Pass-Through Agreements with Taxing Agencies” and “—Developer Agreements” for a discussion of additional Agency obligations payable from tax increment revenues, and the priority of such payments, with respect to the 2025A Bonds.

The Agency has no power to levy and collect taxes, and any legislative enactment or State Constitutional amendment having the effect of reducing the property tax rate would necessarily reduce the amount of Pledged Tax Revenues that are available to pay the principal of and interest on the 2025A Bonds. Likewise, broadened property tax exemptions could have a similar effect. Additional factors affecting the availability of Pledged Tax Revenues are set forth under the captions “THE REDEVELOPMENT PLANS—Financial Limitations.” See also the caption “RISK FACTORS AND LIMITATIONS ON PLEDGED TAX REVENUES” for other matters which may affect the collection of Pledged Tax Revenues.

### **Forward-Looking Statements**

When used in this Official Statement and in any continuing disclosure by the Agency, in any press release and in any oral statement made with the approval of an authorized officer of the Agency or any other entity that is described or referenced in this Official Statement, the words or phrases “will likely result,” “are expected to,” “will continue,” “is anticipated,” “estimate,” “project,” “forecast,” “expect,” “intend” and similar expressions identify “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those that are contemplated in such forward-looking statements. Any forecast is subject to such uncertainties; inevitably, some assumptions that have been used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. Such forward-looking statements include, but are not limited to, certain statements that are contained in the information under the captions “THE REDEVELOPMENT PLANS,” “PROJECT AREA NO. 1,” “PROJECT AREA NO. 2,” “PROJECT AREA NO. 3” and “PLEDGED TAX REVENUE PROJECTIONS AND DEBT SERVICE COVERAGE” and in Appendix B.

### **Continuing Disclosure**

The Agency has covenanted to provide certain financial information and operating data by April 1 of each year, commencing with its report for Fiscal Year 2024-25 (the “**Annual Report**”), and to provide notices of the occurrence of certain enumerated events. The Annual Report and notices of enumerated events will be filed by the Agency with the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System for municipal securities disclosures, maintained on the Internet at <http://emma.msrb.org/> (“**EMMA**”). These covenants have been made in order to assist the Underwriter in complying with Securities Exchange Commission Rule 15c2-12(b)(5) (the “**Rule**”). The specific nature of the information to be contained in the

Annual Report or the notices of enumerated events by the Agency is summarized in Appendix E. See the caption “CONTINUING DISCLOSURE.”

### **Risk Factors and Limitations on Pledged Tax Revenues**

Certain events could affect the timely repayment of the principal and interest on the 2025A Bonds when due or the receipt of Pledged Tax Revenues by the Agency. See the caption “RISK FACTORS AND LIMITATIONS ON PLEDGED TAX REVENUES” for a discussion of certain factors which should be considered when investing in the 2025A Bonds.

Should legislation be introduced that adversely impacts the Agency’s receipt of tax increment revenues or the Agency’s ability to issue the 2025A Bonds or that imposes additional limitations or burdens on the Agency or the City by reason of the issuance of the 2025A Bonds, the Agency has the right under the bond purchase agreement with the Underwriter to not proceed in issuing the 2025A Bonds.

### **Summary of Terms**

Brief descriptions of the 2025A Bonds, the Indenture, the Agency, the Project Areas and the Redevelopment Plans are included in this Official Statement. Such descriptions do not purport to be comprehensive or definitive. All references in this Official Statement to the Indenture, the Law, the Refunding Law and the Constitution and laws of the State are qualified in their entirety by reference to such documents, statutes or laws, and all references to the 2025A Bonds are qualified in their entirety by reference to the form thereof included in the Indenture. Copies of the proceedings of the Agency that are referred to above, the Indenture and other documents that are described in this Official Statement are available for inspection at the offices of the Agency, One Civic Center, Second Floor, San Marcos, California 92069.

## **REFUNDING PLAN**

### **General**

The Agency expects to apply a portion of the proceeds of the 2025A Bonds, together with other funds on hand, to cause the defeasance of the 2015A Bonds on the date of issuance of the 2025A Bonds, and to refund the 2015A Bonds on October 1, 2025 (the “**Redemption Date**”) at a redemption price that is equal to the principal amount of the 2015A Bonds then outstanding, plus accrued interest thereon, without premium.

Under an Escrow Deposit and Trust Agreement, dated as of July 1, 2025 (the “**Escrow Agreement**”), by and between the Agency and U.S. Bank Trust Company, National Association (the “**Escrow Bank**”), the Agency will cause a portion of the proceeds of the 2025A Bonds, together with other moneys that are currently held in the funds and accounts that have been established in connection with the 2015A Bonds, to be delivered to the Escrow Bank on the date of issuance of the 2025A Bonds for deposit in the escrow fund that is established under the Escrow Agreement (the “**Escrow Fund**”).

Proceeds of the 2025A Bonds and the other moneys in the Escrow Fund will be invested in Federal Securities (as such term is defined in the Indenture). The Federal Securities will be scheduled to mature in such amounts and at such times and bear interest at such rates as to provide funds (together with any cash deposit) that are sufficient to pay the regularly scheduled principal of and accrued interest on the 2015A Bonds through the Redemption Date and to pay the redemption price of the remaining outstanding amount of the 2015A Bonds on the Redemption Date.

Sufficiency of the deposits in the Escrow Fund for such purposes will be verified by Robert Thomas CPA, LLC, Minneapolis, Minnesota (the “**Verification Agent**”). Assuming the accuracy of such computations, as a result of the deposit and application of funds as provided in the Escrow Agreement, the

2015A Bonds will be defeased pursuant to the provisions of the indenture under which they were issued as of the date of issuance of the 2025A Bonds.

The amounts held by the Escrow Bank in the Escrow Fund are pledged solely to the redemption of the 2015A Bonds. Neither the moneys deposited in the Escrow Fund nor the interest on the invested moneys will be available for the payments of principal of and interest on the 2025A Bonds.

### **Verification of Mathematical Computations**

Upon issuance of the 2025A Bonds, the Verification Agent will deliver a report on the mathematical accuracy of certain computations based upon certain information and assertions provided to it by the Underwriter relating to the adequacy of the cash and/or the maturing principal of and interest on the Federal Securities to be deposited in the Escrow Fund to pay the redemption price of the 2015A Bonds.

### **ESTIMATED SOURCES AND USES OF FUNDS**

The estimated sources and uses of funds are summarized as follows:

**Sources<sup>(1)</sup>:**

Principal Amount of 2025A Bonds  
[Plus/Less] [Net] Original Issue  
[Premium/Discount]  
Other Moneys<sup>(2)</sup>

**Total Sources:**

**Uses<sup>(1)</sup>:**

Escrow Fund Deposit  
Costs of Issuance<sup>(3)</sup>

**Total Uses:**

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<sup>(1)</sup> Amounts rounded to nearest dollar. Totals may not add due to rounding.

<sup>(2)</sup> Includes moneys held in funds and accounts established in connection with the 2015A Bonds.

<sup>(3)</sup> Includes fees and expenses of Bond Counsel, Disclosure Counsel, Municipal Advisor, Fiscal Consultant, Trustee, Escrow Agent, Underwriter's counsel and Verification Agent, the premium for the Reserve Policy, printing expenses, rating agency fees, Underwriter's discount and other miscellaneous costs.

### **THE 2025A BONDS**

#### **Authority for Issuance**

Pursuant to resolutions of the Agency that were adopted on March 11, 2025 and May 13, 2025, and a resolution of the Oversight Board for the Agency that was adopted on April 17, 2025, the Agency and the Oversight Board authorized the issuance of the 2025A Bonds pursuant to the Second Supplemental Indenture and the Law. Additionally, the State Department of Finance released its letter approving the issuance of the 2025A Bonds on \_\_\_\_\_, 2025.

#### **Description of the 2025A Bonds**

The 2025A Bonds will be issued only as registered bonds without coupons in denominations of \$5,000 or any integral multiple thereof. The 2025A Bonds will be dated the date of their delivery, will mature on October 1 in the years and in the respective principal amounts, and will bear interest at the respective rates per annum, set forth on the inside front cover page hereof. Interest on the 2025A Bonds will be paid on April 1 and October 1 of each year, commencing October 1, 2025 (each, an **"Interest Payment Date"**). Interest on the 2025A Bonds will be payable on each Interest Payment Date to the person whose name appears



on the Registration Books as the Owner thereof as of the Record Date immediately preceding each such Interest Payment Date, such interest to be paid by check of the Trustee mailed by first class mail, postage prepaid, on each Interest Payment Date to the Owner at the address of such Owner as it appears on the Registration Books as of the preceding Record Date; provided however, that payment of interest may be by wire transfer to an account in the United States of America to any Owner of 2025A Bonds of the same series in the aggregate amount of \$1,000,000 or more who furnishes written instructions to the Trustee before the applicable Record Date. Any such written instructions will remain in effect until rescinded in writing by the Owner. Principal of and premium (if any) on any 2025A Bond will be paid upon presentation and surrender thereof, at maturity or the prior redemption thereof, at the Office of the Trustee and will be payable in lawful money of the United States of America.

Each 2025A Bond bears interest (calculated on the basis of a 360-day year consisting of twelve 30-day months) from the Interest Payment Date next preceding the date of authentication thereof, unless: (a) it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it will bear interest from such Interest Payment Date; or (b) unless it is authenticated on or before October 1, 2025, in which event it will bear interest from the date of issuance of the 2025A Bonds; *provided, however*, that if, as of the date of authentication of any 2025A Bond, interest thereon is in default, such 2025A Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

### **No Redemption**

The 2025A Bonds are not subject to redemption prior to maturity.

### **Book-Entry System**

The Depository Trust Company (“DTC”) will act as securities depository for the 2025A Bonds. The 2025A 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 2025A Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. See Appendix F for further information with respect to DTC and its book entry system.

The Agency and the Trustee cannot and do not give any assurances that DTC, DTC Participants or others will distribute payments of principal, interest or premium with respect to the 2025A 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 Agency and the Trustee are not responsible or liable for the failure of DTC or any DTC Participant to make any payment or give any notice to an Owner with respect to the 2025A Bonds or an error or delay relating thereto.

## Debt Service Schedule

The following table sets forth the debt service with respect to the 2025A Bonds, the 2015B Bonds and 2017 Bonds for each Bond Year ending on October 1:

<i>Amount Payable as of October 1</i>	<i>2025A Bonds</i>				<i>Total Debt Service</i>
	<i>Principal</i>	<i>Interest</i>	<i>Debt Service</i>	<i>Parity Debt Service<sup>(1)</sup></i>	
2025				\$ 12,450,768	
2026				14,806,109	
2027				14,796,609	
2028				14,268,609	
2029				13,846,711	
2030				13,116,643	
2031				8,798,783	
2032				8,552,621	
2033				8,538,549	
2034	---	---	---	7,190,163	
Total				\$ 116,365,565	

<sup>(1)</sup> Reflects debt service on the 2015B Bonds and the 2017 Bonds. Amount shown for the Bond Year ending October 1, 2025 represents only the October 1, 2025 principal and interest payment.

Source: Stifel, Nicolaus & Company, Incorporated.

## SECURITY FOR THE 2025A BONDS

### General

Pursuant to Section 34177.5(g) of the Dissolution Act, except as provided in the Indenture, the 2025A Bonds and all other Parity Debt (including the 2015B Bonds and the 2017 Bonds) will be equally secured by a first and exclusive pledge of, security interest in and lien on all of the Pledged Tax Revenues (as such term is defined under the caption “INTRODUCTION—Security for the 2025A Bonds”). In addition, Bonds, will, subject to the Indenture, be secured by a pledge of, security interest in and lien upon all of the moneys in the Debt Service Fund, the Interest Account, the Principal Account, the Sinking Account and the Redemption Account. Additionally, the 2025A Bonds will be secured by a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Series 2025A Reserve Sub-Account. Such pledge, security interest and lien will be for the equal security of the Outstanding Bonds without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery. Except for the Pledged Tax Revenues and such moneys, no funds of the Agency are pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium (if any) on the Bonds. See the caption “—Additional Indebtedness.”

The Dissolution Act requires the County Auditor-Controller to determine the amount of property taxes that would have been allocated to the Former Agency (pursuant to Section 16(b) of Article XVI of the State Constitution) had the Former Agency not been dissolved pursuant to the operation of AB X1 26, using current assessed values on the last equalized roll, and to deposit such amount in the Redevelopment Property Tax Trust Fund for the Agency established and held by the County Auditor-Controller pursuant to the Dissolution Act. Section 34177.5(g) of the Dissolution Act provides that any bonds authorized thereunder to be issued by the Agency will be considered indebtedness incurred by the dissolved Former Agency, with the same legal effect as if the bonds had been issued prior to the effective date of AB X1 26, in full conformity with the applicable provision of the Law that existed prior to that date, will be included in the Agency’s Recognized Obligation Payment Schedule and will be secured by a pledge of, and lien on, and will be repaid from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund that has been established pursuant to the Dissolution Act. Property tax revenues that are pledged to any bonds which are authorized to be issued by the Agency under the Dissolution Act, including the 2025A Bonds, are taxes allocated to the Agency pursuant to Section 33670(b) of the Law and Section 16 of Article XVI of the State Constitution. See Appendix A and the caption “—Recognized Obligation Payment Schedule.”

Pursuant to Section 33670(b) of the Law and Section 16 of Article XVI of the State Constitution, and as provided in the Redevelopment Plans for the Project Areas, taxes levied upon taxable property in the Project Areas each year by or for the benefit of the State, any city, county, district, or other public corporation (herein sometimes collectively called “**taxing agencies**”) after the effective date of the ordinance approving the applicable Redevelopment Plan, or the respective effective dates of ordinances approving amendments to the Redevelopment Plan that added territory to the applicable Project Area, as applicable, are to be divided as follows:

(a) To Taxing Agencies: That portion of the taxes which would be produced by the rate upon which the tax is levied each year by or for each of the taxing agencies upon the total sum of the assessed value of the taxable property in the applicable Project Area, as shown upon the assessment roll used in connection with the taxation of such property by such taxing agency last equalized prior to the effective date of the ordinance adopting the applicable redevelopment plan, or the respective effective dates of ordinances approving amendments thereto that added territory to the applicable Project Area, as applicable (each, a “**base year valuation**”), will be allocated to, and when collected will be paid into, the funds of the respective taxing agencies as taxes by or for the taxing agencies on all other property are paid; and

(b) To the Former Agency/Agency: Except for that portion of the taxes in excess of the amount that is identified in paragraph (a) above which is attributable to a tax rate levied by a taxing agency for the purpose of producing revenues in an amount that is sufficient to make annual repayments of the principal of,

and the interest on, any bonded indebtedness approved by the voters of the taxing agency on or after January 1, 1989, for the acquisition or improvement of real property, which portion shall be allocated to, and when collected shall be paid into, the fund of that taxing agency (as discussed under the caption “RISK FACTORS AND LIMITATIONS ON PLEDGED TAX REVENUES—Property Tax Limitations – Article XIII A”), that portion of the levied taxes each year in excess of such amount, annually allocated within the redevelopment plan limit, when collected will be paid into a special fund of the Former Agency. Section 34172(a) of the Dissolution Act provides that, for purposes of Section 16 of Article XVI of the State Constitution, the Redevelopment Property Tax Trust Fund will be deemed to be a special fund of the Agency to pay the debt service on indebtedness incurred by the Former Agency or the Agency to finance or refinance the redevelopment projects of the Former Agency.

That portion of the levied taxes described in paragraph (b) above, less amounts deducted pursuant to Section 34183(a) of the Dissolution Act for permitted administrative costs of the County Auditor-Controller, constitutes the amount required under the Dissolution Act to be deposited by the County Auditor-Controller into the Redevelopment Property Tax Trust Fund. In addition, Section 34183 of the Dissolution Act effectively eliminates the January 1, 1989, date referred to in paragraph (b) above.

On a parity with the 2015B Bonds, the 2017 Bonds and any other Parity Debt, the 2025A Bonds are payable from and secured by deposits into the Redevelopment Property Tax Trust Fund to be derived from the Project Areas.

The Agency has no power to levy and collect taxes, and various factors beyond its control could affect the amount of Pledged Tax Revenues that are available in any Fiscal Year to pay the principal of and interest on the 2025A Bonds. See the captions “—Tax Increment Financing,” “—Recognized Obligation Payment Schedule” and “RISK FACTORS AND LIMITATIONS ON PLEDGED TAX REVENUES.”

In consideration of the acceptance of the 2025A Bonds by those who hold the same from time to time, the Indenture will be deemed to be and will constitute a contract between the Agency and the Owners from time to time of the 2025A Bonds, and the covenants and agreements therein set forth to be performed on behalf of the Agency will be for the equal and proportionate benefit, security and protection of all Owners of the 2025A Bonds without preference, priority or distinction as to security or otherwise of any of the 2025A Bonds over any of the others by reason of the number or date thereof or the time of sale, execution and delivery thereof, or otherwise for any cause whatsoever, except as expressly provided therein.

### **Limited Obligations**

The 2025A Bonds are not a debt of the City, the County, the State, or any of its political subdivisions, other than the Agency, and neither said City, said County, said State, nor any of its political subdivisions, is liable thereon, nor in any event will the 2025A Bonds be payable out of any funds or properties other than the Pledged Tax Revenues. The principal of, premium, if any, and interest on the 2025A Bonds are payable solely from the Pledged Tax Revenues and all funds and accounts pledged under the Indenture. The Agency’s obligations under the Indenture are a limited obligation payable solely from Pledged Tax Revenues allocated to the Agency and from other amounts pledged under the Indenture. The 2025A Bonds do not constitute an indebtedness within the meaning of any constitutional debt limit or restriction.

### **Pledged Tax Revenues**

Taxes levied on the property within the Project Areas on that portion of the taxable valuation over and above the taxable valuation of the applicable base year property tax roll with respect to the various territories within the Project Areas, to the extent that they constitute Pledged Tax Revenues, will be deposited in the Redevelopment Property Tax Trust Fund for transfer by the County Auditor-Controller to the Agency’s Redevelopment Obligation Retirement Fund (defined below) on January 2 and June 1 of each year to the extent required for payments listed in the Agency’s approved Recognized Obligation Payment Schedule in

accordance with the requirements of the Dissolution Act. See the caption “—Recognized Obligation Payment Schedule.” Moneys deposited by the County Auditor-Controller into the Agency’s Redevelopment Obligation Retirement Fund will be transferred by the Agency to the Trustee for deposit in the Debt Service Fund established under the Indenture and administered by the Trustee in accordance with the Indenture.

### **Redevelopment Obligation Retirement Fund; Deposit of Tax Revenues**

There has been established a special trust fund known as the “**Redevelopment Obligation Retirement Fund**,” which will be held by the Agency pursuant to Section 34170.5(b) of the Dissolution Act. There has also been established a special trust fund known as the “**Debt Service Fund**” and the accounts therein referred to below which will be held by the Trustee in accordance with the Indenture.

The Agency will (i) deposit all of the Pledged Tax Revenues received from each distribution of Pledged Tax Revenues in any Bond Year commencing on the first day of such Bond Year in accordance with the Dissolution Act for the purpose of paying debt service on the Bonds in the Redevelopment Obligation Retirement Fund immediately upon receipt thereof by the Agency, and (ii) promptly thereafter will transfer amounts therein to the Trustee for deposit in the applicable subaccount of the Debt Service Fund established and held under the Indenture until such time that the aggregate amounts on deposit in each such subaccount of the Debt Service Fund equal the aggregate amounts required to be deposited into the applicable subaccount of the Interest Account, the Principal Account and the Reserve Account in such Bond Year pursuant to the Indenture and for deposit in the funds and accounts established with respect to other Parity Bonds, as provided in any Supplemental Indenture.

Any monies remaining in the Debt Service Fund on October 2 of each Bond Year not required for the payment of debt service on the Bonds or any payments required under the Indenture or required under any Parity Bonds instrument may be transferred back to the Successor Agency and used for any legally permissible purposes.

### **Deposit of Amounts by Trustee**

Moneys in the Debt Service Fund will be transferred in the following amounts at the following times, in the following respective special accounts within the Debt Service Fund, which accounts have been established with the Trustee to pay debt service on the 2025A Bonds and any Parity Debt not otherwise provided for in a Parity Debt Instrument, in the following order of priority:

(a) Interest Account. On or before the fourth Business Day preceding each date on which interest on the 2025A Bonds and any such Parity Debt becomes due and payable, the Trustee will withdraw from the Debt Service Fund and transfer to the Interest Account an amount which, when added to the amount then on deposit in the Interest Account, will be equal to the aggregate amount of the interest becoming due and payable on the Outstanding 2025A Bonds and any such Parity Debt on such date. No such transfer and deposit need be made to the Interest Account if the amount contained therein is at least equal to the interest to become due on the Interest Payment Date upon all of the Outstanding 2025A Bonds and any such Parity Debt. All moneys in the Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it becomes due and payable (including accrued interest on any 2025A Bonds and any such Parity Debt purchased or redeemed prior to maturity pursuant to this Indenture).

(b) Principal Account. On or before the fourth Business Day preceding each date on which principal of the 2025A Bonds and any such Parity Debt becomes due and payable at maturity, the Trustee will withdraw from the Debt Service Fund and transfer to the Principal Account an amount which, when added to the amount then on deposit in the Principal Account, will be equal to the amount of principal coming due and payable on such date on the Outstanding 2025A Bonds and any such Parity Debt. All moneys in the Principal Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal of the 2025A Bonds and any such Parity Debt upon the maturity thereof.

(c) Sinking Account. On or before the fourth Business Day preceding each date on which any Outstanding 2015 Term Bonds (as such term is defined in the Original Indenture) become subject to mandatory Sinking Account redemption, the Agency will withdraw from the Debt Service Fund and transfer to the Trustee for deposit in the Sinking Account an amount which, when added to the amount then contained in the Sinking Account, will be equal to the aggregate principal amount of the 2015 Term Bonds required subject to mandatory Sinking Account redemption on such date. All moneys on deposit in the Sinking Account will be used and withdrawn by the Trustee for the sole purpose of paying the principal of the 2015 Term Bonds as it becomes due and payable upon the mandatory Sinking Account redemption thereof.

(d) Reserve Account. There has been established in the Debt Service Fund a separate account known as the “**Reserve Account**” solely as security for payments payable by the Agency pursuant to the Indenture and pursuant to any other Parity Debt Instrument, which will be held by the Trustee in trust for the benefit of the Owners of the Bonds and any Parity Debt, and within such Reserve Account, the Series 2025A Reserve Sub-Account. The Reserve Requirement for the 2025A Bonds will be satisfied by the delivery of the Reserve Policy by \_\_\_\_\_ on the Closing Date with respect to the 2025A Bonds. The Agency will have no obligation to replace the Reserve Policy or to fund the Series 2025A Reserve Sub-Account with cash if, at any time that the 2025A Bonds are Outstanding, amounts are not available under the Reserve Policy other than in connection with a draw on the Reserve Policy.

The term “**Reserve Requirement**” means, with respect to the 2025A Bonds, as of any calculation date, the least of: (i) 10% of the original principal amount of the 2025A Bonds; (ii) Maximum Annual Debt Service with respect to the 2025A Bonds; or (iii) 125% of average Annual Debt Service on the 2025A Bonds; provided that the Agency may meet all or a portion of the Reserve Requirement by depositing a Credit Facility meeting the requirements of the Indenture.

The Reserve Account may be maintained in the form of one or more separate sub-accounts (such as the Series 2025A Reserve Sub-Account) which are established for the purpose of securing separate series of Bonds or Parity Debt or for holding the proceeds of separate issues of the 2025A Bonds and any Parity Debt in conformity with applicable provisions of the Code to the extent directed by the Agency in writing to the Trustee. Additionally, the Agency may, in its discretion, combine amounts on deposit in the Reserve Account and on deposit in any reserve account relating to any (but not necessarily all) Parity Debt in order to maintain a combined reserve account for the Bonds and any (but not necessarily all) Parity Debt.

The Agency has not elected to maintain a combined reserve account. Amounts and instruments (such as the Reserve Policy) that are deposited in the Series 2025A Reserve Sub-Account are available solely for payment of the 2025A Bonds, and amounts and instruments that are deposited in other subaccounts of the Reserve Account are not available for payment of the 2025A Bonds.

(e) Redemption Account. On or before the Business Day preceding any date on which Bonds are subject to redemption, other than mandatory Sinking Account redemption of 2015 Term Bonds, the Trustee will withdraw from the Debt Service Fund for deposit in the Redemption Account an amount required to pay the principal of and premium, if any, on the 2025A Bonds or other Parity Debt to be so redeemed on such date. The Trustee will also deposit in the Redemption Account any other amounts received by it from the Agency designated by the Agency in writing to be deposited in the Redemption Account. All moneys in the Redemption Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal of and premium, if any, on the 2025A Bonds or other Parity Debt upon the redemption thereof, on the date set for such redemption, other than mandatory Sinking Account redemption of Term Bonds.

(f) Equal Rights. It is the intention of the Agency that the 2025A Bonds and all other Parity Debt be secured by and payable from all moneys deposited in the Redevelopment Obligation Retirement Fund on an equal basis. To the extent that moneys deposited in the Redevelopment Obligation Retirement Fund are insufficient to pay debt service on the 2025A Bonds and all other Parity Debt as it becomes due, the 2025A

Bonds and all other Parity Debt will be payable on a pro-rata basis from all available moneys deposited in the Redevelopment Obligation Retirement Fund.

In the event that the Agency fails to make the deposits required pursuant to the Indenture above, the Trustee will immediately notify the Agency.

### **Tax Increment Financing**

**General.** Prior to the enactment of AB X1 26, the Law authorized the financing of redevelopment projects through the use of tax increment revenues. This method provided that the taxable valuation of the property within a redevelopment project area on the property tax roll last equalized prior to the effective date of the ordinance which adopts the redevelopment plan became the base year valuation. Assuming that the taxable valuation never dropped below the base year level, the taxing agencies thereafter received that portion of the taxes produced by applying then current tax rates to the base year valuation, and the redevelopment agency was allocated the remaining portion produced by applying then current tax rates to the increase in valuation over the base year. Such incremental tax revenues allocated to a redevelopment agency were authorized to be pledged to the payment of agency obligations.

The Dissolution Act authorizes refunding bonds, including the 2025A Bonds, to be secured by a pledge of moneys deposited from time to time in the Redevelopment Property Tax Trust Fund, which are equivalent to the tax increment revenues that were formerly allocated under the Law to the redevelopment agency and formerly authorized under the Law to be used for the financing of redevelopment projects, less amounts deducted pursuant to Section 34183(a) of the Dissolution Act for permitted administrative costs of the county auditor-controller. Under the Indenture, Pledged Tax Revenues consist of the amounts deposited from time to time in the Redevelopment Property Tax Trust Fund established pursuant to and as provided in the Dissolution Act less amounts payable on the Pass-Through Agreements and Statutory Pass-Through Amounts (as such terms are defined under the caption “—Tax Sharing”) and less amounts deducted for permitted administrative costs of the County Auditor-Controller. See the caption “INTRODUCTION—Security for the 2025A Bonds” for a detailed definition of Pledged Tax Revenues.

Successor agencies have no power to levy property taxes and must look specifically to the allocation of taxes as described above. See the caption “RISK FACTORS AND LIMITATIONS ON PLEDGED TAX REVENUES.”

Prior to the dissolution of redevelopment agencies, tax increment revenues from one project area could not be used to repay indebtedness incurred for another project area. However, the Dissolution Act requires only that county auditor-controllers establish a single Redevelopment Property Tax Trust Fund with respect to each former redevelopment agency within the respective county. Additionally, the Dissolution Act now requires that all revenues equivalent to the amount that would have been allocated as tax increment to the former redevelopment agency will be allocated to the Redevelopment Property Tax Trust Fund of the applicable successor agency, and this requirement does not require funds derived from separate project areas of a former redevelopment agency to be separated. In effect, in situations where a former redevelopment agency had established more than one redevelopment project area (as did the Former Agency), the Dissolution Act combines the property tax revenues derived from all project areas into a *single trust fund*, the Redevelopment Property Tax Trust Fund, to repay indebtedness of the former redevelopment agency or the successor agency. To the extent that the documents governing outstanding bonds of a redevelopment agency have pledged revenues derived from a specific project area, the Dissolution Act states that “It is the intent ... that pledges of revenues associated with enforceable obligations of the former redevelopment agencies are to be honored. It is intended that the cessation of any redevelopment agency shall not affect either the pledge, the legal existence of that pledge, or the stream of revenues available to meet the requirements of the pledge.” Accordingly, subject to certain senior obligations as described in the definition of “Pledged Tax Revenues,” the Agency believes that all of the tax increment revenues from all Project Areas will secure all of the Bonds.

**Tax Sharing.** The Law authorized redevelopment agencies to make payments to school districts and other taxing agencies to alleviate any financial burden or detriments to such taxing agencies caused by a redevelopment project. The Former Agency entered into several agreements for this purpose (the “**Pass-Through Agreements**”). Additionally, Sections 33607.5 and 33607.7 of the Law required mandatory tax sharing applicable to redevelopment projects adopted after January 1, 1994, or amended thereafter in certain manners specified in such statutes (the “**Statutory Pass-Through Amounts**”). The Dissolution Act requires county auditor-controllers to distribute from the Redevelopment Property Tax Trust Fund amounts required to be distributed under the Pass-Through Agreements and for Statutory Pass-Through Amounts to the taxing entities for each six-month period before amounts are distributed by the County Auditor-Controller from the Redevelopment Property Tax Trust Fund to the Agency’s Redevelopment Obligation Retirement Fund each January 2 and June 1, unless: (i) pass-through payment obligations have previously been made subordinate to debt service payments for the bonded indebtedness of the Former Agency, as succeeded to by the Agency; (ii) the Agency has reported, no later than the December 1 and May 1 preceding the January 2 or June 1 distribution date, that the total amount available to the Agency from the Redevelopment Property Tax Trust Fund allocation to the Agency’s Redevelopment Obligation Retirement Fund, from other funds transferred from the Former Agency and from funds that have or will become available through asset sales and all redevelopment operations is insufficient to fund the Agency’s enforceable obligations, pass-through payments and the Agency’s administrative cost allowance for the applicable six-month period; and (iii) the State Controller has concurred with the Agency that there are insufficient funds for such purposes for the applicable six-month period.

If the requirements set forth in clauses (i) through (iii) of the foregoing paragraph have been met, the Dissolution Act provides for certain modifications in the distributions otherwise calculated to be distributed for such six-month period. To provide for calculated shortages to be paid to the Agency for enforceable obligations, the amount of the deficiency will first be deducted from the residual amount otherwise calculated to be distributed to the taxing entities under the Dissolution Act after payment of the Agency’s enforceable obligations, pass-through payments and the Agency’s administrative cost allowance. If such residual amount is exhausted, the amount of the remaining deficiency will be deducted from amounts available for distribution to the Agency for administrative costs for the applicable six-month period in order to fund the enforceable obligations. Finally, funds required for servicing bond debt may be deducted from the amounts to be distributed under Pass-Through Agreements and for Statutory Pass-Through Amounts, in order to be paid to the Agency for enforceable obligations, but only after the amounts described in the previous two sentences have been exhausted.

The Dissolution Act provides for a procedure by which the Agency may make Statutory Pass-Through Amounts subordinate to the 2025A Bonds. The Agency has not undertaken the requisite procedures to obtain such subordination of the Statutory Pass-Through Amounts and, therefore, Statutory Pass-Through Amounts are not subordinate to the Bonds. See the caption “THE REDEVELOPMENT PLANS.” Certain of the Pass-Through Agreements have not been subordinated and constitute senior obligations. See the captions “PROJECT AREA NO. 1—Pass-Through Agreements,” “PROJECT AREA NO. 2—Pass-Through Agreements” and “PROJECT AREA NO. 3—Pass-Through Agreements.” The Agency cannot guarantee that the process prescribed by the Dissolution Act for administering the tax increment revenues will effectively result in adequate Pledged Tax Revenues for the payment of principal and interest on the 2025A Bonds when due. See the caption “—Recognized Obligation Payment Schedule.” See also the caption “THE REDEVELOPMENT PLANS” for additional information regarding the Pass-Through Agreements and the Statutory Pass-Through Amounts applicable to the Agency and the revenues derived from the Project Areas.

The Agency has no power to levy and collect taxes, and any provision of law limiting property taxes or allocating additional sources of income to taxing agencies and having the effect of reducing the property tax rate must necessarily reduce the amount of Pledged Tax Revenues that would otherwise be available to pay debt service on the 2025A Bonds. Likewise, broadened property tax exemptions could have a similar effect. Additionally, Pledged Tax Revenues will be reduced each year by a collection fee charged by the County. See



the caption “RISK FACTORS AND LIMITATIONS ON PLEDGED TAX REVENUES—Tax Collection Fees.”

***Elimination of Housing Set-Aside.*** Before the dissolution of the Former Agency, the Law required the Former Agency to set aside not less than 20% of the gross tax increment with respect to the Project Areas, i.e., the Housing Set-Aside, in the Low and Moderate Income Housing Fund to be expended for low and moderate income housing purposes. Generally, the Former Agency was authorized to use the Housing Set-Aside to pay debt service on bonds solely to the extent that the proceeds of such bonds were used to finance or refinance low and moderate income housing projects. The Former Agency could not pledge, and did not use, the Housing Set-Aside to pay debt service on other obligations. In contrast, under the Law, the Former Agency was authorized to use the portion of tax increment that was not part of the Housing Set-Aside (the “**80 Percent Portion**”) to pay debt service on all bonds and other indebtedness of the Former Agency incurred to finance or refinance redevelopment projects for the Project Areas, subject to limitations set forth in the indentures or other governing documents.

The Dissolution Act has eliminated the Low and Moderate Income Housing Fund and the requirement to deposit the Housing Set-Aside into such fund. None of the property tax revenues deposited in the Redevelopment Property Tax Trust Fund are designated as the Housing Set-Aside. The Redevelopment Property Tax Trust Fund flow of funds under the Dissolution Act makes no distinction between bonds that were, in whole or in part, secured by and payable from the Housing Set-Aside and bonds that were solely secured by and payable from the 80 Percent Portion. In effect, after the Former Agency’s dissolution, all of the Agency’s outstanding bonds are paid from Redevelopment Property Tax Trust Fund disbursements without distinction between obligations related to housing and non-housing projects.

***Other Taxing Agencies.*** Pledged Tax Revenues do not include any special taxes or *ad valorem* assessments levied by or on behalf of any taxing agency that has jurisdiction over all or a portion of the Project Areas. See the captions “THE REDEVELOPMENT PLANS—Financial Limitations” and “RISK FACTORS AND LIMITATIONS ON PLEDGED TAX REVENUES—Reduction in Taxable Value; Shortfall in Tax Revenue Projections.”

The Agency has retained 30 Three Sixty Public Finance, Inc. (the “**Fiscal Consultant**”) to prepare certain information with respect to the Project Areas which is included in this Official Statement.

***Pass-Through Obligations.*** The Former Agency made numerous payments to other taxing agencies pursuant to agreements and statutory requirements, some of which have a claim on tax increment revenues. Such amounts are now paid by the County Auditor-Controller prior to the Agency’s receipt of tax increment revenues. See the captions “—Statutory Pass-Through Requirements,” “—Pass-Through Agreements with Taxing Agencies,” “PROJECT AREA NO. 1—Pass-Through Agreements,” “PROJECT AREA NO. 2—Pass-Through Agreements” and “PROJECT AREA NO. 3—Pass-Through Agreements” for further discussion of such obligations.

***Section 33676 Payments.*** The Agency is not required to make any payments pursuant to Section 33676 of the Law. See the captions “—Section 33676 Payments” and “RISK FACTORS AND LIMITATIONS ON PLEDGED TAX REVENUES—Santa Ana Unified School District Case.”

## **Recognized Obligation Payment Schedule**

The Dissolution Act requires successor agencies, on or before February 1 of each year, to prepare and approve, and to submit to the successor agency’s oversight board and the California Department of Finance (“**DOF**”) for approval, a Recognized Obligation Payment Schedule pursuant to which enforceable obligations (as such term is defined in the Dissolution Act) of the successor agency are listed, together with the source of funds to be used to pay for each enforceable obligation. As defined in the Dissolution Act, “**enforceable obligation**” includes bonds, including the required debt service, reserve set-asides and any other payments

required under the indenture or similar documents governing the issuance of the outstanding bonds of the former redevelopment agency, as well as other obligations such as loans, judgments or settlements against the former redevelopment agency, any legally binding and enforceable agreement that is not otherwise void as violating the debt limit or public policy, contracts necessary for the administration or operation of the successor agency, and amounts borrowed from the Low and Moderate Income Housing Fund. A reserve may be included on the Recognized Obligation Payment Schedule and held by the successor agency when required by the indenture or when the next property tax allocation will be insufficient to pay all obligations due under the provisions of the bonds for the next payment due in the following half of the calendar year.

Under the Dissolution Act, the categories of sources of payments for enforceable obligations listed on a Recognized Obligation Payment Schedule are the following: (i) the Low and Moderate Income Housing Fund; (ii) bond proceeds; (iii) reserve balances; (iv) administrative cost allowance; (v) the Redevelopment Property Tax Trust Fund (but only to the extent that no other funding source is available or when payment from property tax revenues is required by an enforceable obligation or otherwise required under the Dissolution Act); or (vi) other revenue sources (including rents, concessions, asset sale proceeds, interest earnings and any other revenues derived from the former redevelopment agency, as approved by its oversight board).

The Dissolution Act provides that, commencing on the date that the first Recognized Obligation Payment Schedule is valid, only those payments listed in the Recognized Obligation Payment Schedule may be made by the Agency from the funds specified in the Recognized Obligation Payment Schedule. Each annual Recognized Obligation Payment Schedule may be amended once, provided that: (i) the Agency submits the amendment to the DOF no later than October 1; (ii) the Agency's Oversight Board makes a finding that the amendment is necessary for the payment of approved enforceable obligations during the second half of the Recognized Obligation Payment Schedule period (from January 1 to June 30, inclusive); and (iii) the Agency may only amend the amount requested for payment of approved enforceable obligations. The DOF shall notify the Agency and the County Auditor-Controller as to whether the Agency's requested amendment is approved at least 15 days before the January 2 property tax distribution.

The Recognized Obligation Payment Schedule must be submitted by the Agency, after approval by the Oversight Board, to the County Administrative Officer, the County Auditor-Controller, the DOF and the State Controller by February 1 in each year with respect to the Agency's payment obligations during the next Fiscal Year. If the Agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule by such deadline, the City will be subject to a civil penalty equal to \$10,000 per day for every day that the schedule is not submitted. Additionally, the Agency's administrative cost allowance is reduced by 25% if the Agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule within 10 days of the February 1 deadline. For additional information regarding procedures under the Dissolution Act relating to late Recognized Obligation Payment Schedules and implications thereof on the Bonds, see the caption "RISK FACTORS AND LIMITATIONS ON PLEDGED TAX REVENUES—Recognized Obligation Payment Schedule."

The Dissolution Act requires the DOF to make a determination of the enforceable obligations and the amounts and funding sources of the enforceable obligations by no later than April 15 of each year. Within five business days of the determination by the DOF, the Agency may request additional review by the DOF and an opportunity to meet and confer on disputed items, if any. The DOF will notify the Agency and the County Auditor-Controller as to the outcome of its review at least 15 days before the June 1 property tax distribution date. Additionally, the County Auditor-Controller may review a submitted Recognized Obligation Payment Schedule and object to the inclusion of any items that are not demonstrated to be enforceable obligations and may object to the funding source proposed for any items, provided that the County Auditor-Controller must provide notice of any such objections to the Agency, the Oversight Board and the DOF at least 60 days prior to the January 2 or June 1 date of property tax distribution, as applicable.

See the caption “—Last and Final Recognized Obligation Payment Schedule” for a description of the Last and Final Recognized Obligation Payment Schedule authorized by the Dissolution Act pursuant to SB 107.

In connection with the allocation and distribution by the County Auditor-Controller of property tax revenues deposited in the Redevelopment Property Tax Trust Fund, under the Dissolution Act the County Auditor-Controller must prepare estimates of the amounts of: (i) property tax to be allocated and distributed; and (ii) the amounts of pass-through payments to be made in the upcoming Fiscal Year, and provide those estimates to the entities receiving the distributions and the DOF by no later than October 1 and April 1 of each year, as applicable. If, after receiving such estimate from the County Auditor-Controller, the Agency determines and reports, no later than December 1 or May 1, as applicable, that the total amount available to the Agency from the Redevelopment Property Tax Trust Fund allocation to the Agency’s Redevelopment Obligation Retirement Fund, from other funds transferred from the Former Agency and from funds that have or will become available through asset sales and all redevelopment operations, is insufficient to fund the payment of pass-through obligations, Agency enforceable obligations listed on the Recognized Obligation Payment Schedule and the Agency’s administrative cost allowance, the County Auditor-Controller must notify the State Controller and the DOF by no later than 10 days from the date of the Agency’s notification. If the State Controller concurs that there are insufficient funds to pay required debt service, the Dissolution Act provides for certain adjustments to be made to the estimated distributions, as described in more detail under the caption “—Tax Increment Financing.”

The Dissolution Act provides that any bonds that are authorized to be issued by the Agency will be considered indebtedness incurred by the dissolved Former Agency, with the same legal effect as if such bonds had been issued prior to the effective date of AB X1 26, in full conformity with the applicable provision of the Law that existed prior to such date, will be included in the Agency’s Recognized Obligation Payment Schedule and will be secured by a pledge of, and lien on, and will be repaid from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund established pursuant to the Dissolution Act. Additionally, if an enforceable obligation provides for an irrevocable commitment of property tax revenue and where allocation of revenues is expected to occur over time, the Dissolution Act provides that a successor agency may petition the DOF to provide written confirmation that its determination of such enforceable obligation as approved in a Recognized Obligation Payment Schedule is final and conclusive, and reflects the DOF’s approval of subsequent payments made pursuant to the enforceable obligation. If the confirmation is granted by the DOF, then the DOF’s review of such payments in each future Recognized Obligation Payment Schedule will be limited to confirming that they are required by the prior enforceable obligation.

Pursuant to the Indenture, the Agency has covenanted to comply with all requirements of the Law to ensure the allocation and payment to it of the Pledged Tax Revenues, including without limitation the timely filing of any necessary statements of indebtedness with appropriate officials of the County and (in the case of supplemental revenues and other amounts payable by the State) appropriate officials of the State. The Agency has covenanted in the Indenture not to enter into any agreement with the County or any other governmental unit which would have the effect of reducing the amount of Pledged Tax Revenues available to the Agency for payment of the Bonds. The Agency has covenanted in the Indenture not to undertake proceedings for amendment of the Redevelopment Plans or any one or more of the Redevelopment Plans if such amendment will result in reduced payments to one or more taxing entities pursuant to Sections 33607.5 and 33607.7 of the Law unless the Agency first obtains a written opinion of an Independent Redevelopment Consultant that such payments will not adversely impair the Agency’s ability to pay the 2025A Bonds and all other Parity Debt. Nothing in the Indenture is intended or will be construed in any way to prohibit or impose any limitations on the entering into by the Agency of any such agreement, amendment or supplement which by its term is subordinate to the payment of the 2025A Bonds and all other Parity Debt.

The Agency has also covenanted in the Indenture to comply with all of the requirements of the Law and the Dissolution Act. Without limiting the generality of the foregoing, the Agency has covenanted and agreed to file all required statements and hold all public hearings required under the Dissolution Act to assure

compliance by the Agency with its covenants under the Indenture. Further, it will take all actions required under the Dissolution Act to include scheduled debt service on the Bonds, as well as any amount required under the Indenture to replenish the Reserve Accounts and the subaccounts therein of the Debt Service Fund, in Recognized Obligation Payment Schedules so as to enable the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund to the Agency's Redevelopment Obligation Retirement Fund on each January 2 and June 1 amounts required for the Agency to pay principal of, and interest on, the Bonds coming due in the Redevelopment Property Tax Trust Fund disbursement period. Such actions will include, without limitation, placing on the periodic Recognized Obligation Payment Schedule for approval by the Oversight Board, the County Auditor-Controller and the DOF, to the extent necessary, the amounts to be held by the Agency as a reserve until the next six-month period, as contemplated by paragraph (1)(A) of subdivision (d) of Section 34171 of the Dissolution Act, that are necessary to comply with the Indenture and to provide for the payment of principal and interest under the Indenture when the next property tax allocation is projected to be insufficient to pay all obligations due under the Indenture for the next payment due thereunder in the following six-month period.

In order to accomplish the foregoing, not later than February 1 of each year, so long as any 2025A Bonds or Parity Bonds are outstanding, the Successor Agency will submit an Oversight Board-approved Recognized Obligation Payment Schedule to the DOF and to the County Auditor-Controller that provides for the distribution of the following amounts:

- (a) for distribution on June 1, half of the amount of annual debt service coming due and payable in the following fiscal year on all Outstanding 2025A Bonds and all other Parity Bonds;
- (b) for distribution on January 2, the remaining amount of annual debt service coming due and payable in the following fiscal year on all Outstanding 2025A Bonds and all other Parity Bonds;
- (c) any amounts required to replenish the Reserve Account (and the subaccounts therein) and any reserve accounts established pursuant to any Parity Bonds instrument; and
- [(d) any amounts due and owing to any provider of a municipal bond insurance policy, financial guaranty insurance policy or debt service reserve policy with respect to the 2025A Bonds or any other Parity Debt, including AGM and the Insurer.]

[With respect to Recognized Obligation Payment Schedules, if any amounts payable to AGM or the Insurer are not included on the then-current Recognized Obligation Payment Schedule, the Successor Agency shall amend such Recognized Obligation Payment Schedule to the extent permitted by law. The Successor Agency will not submit the final amendment to a "last and final" Recognized Obligation Payment Schedule without the consent of AGM and the Insurer unless all amounts that could become due to AGM and the Insurer are included as a line item on the Last and Final Recognized Obligation Payment Schedule, as amended.]"

See the caption "—Tax Increment Financing" for a discussion of certain litigation that could affect the obligations set forth on the Agency's Recognized Obligation Payment Schedules.

### **Last and Final Recognized Obligation Payment Schedule**

SB 107 amended the Dissolution Act to permit a successor agency to submit a Last and Final Recognized Obligation Payment Schedule (a "**Last and Final ROPS**") for approval by the oversight board and the DOF if: (i) the successor agency's only remaining debt is administrative costs and payments pursuant to enforceable obligations with defined payment schedules; (ii) all remaining obligations have been previously listed on a Recognized Obligation Payment Schedule and approved by the DOF; and (iii) the successor agency is not a party to outstanding or unresolved litigation. The Last and Final ROPS must list the remaining enforceable obligations of the successor agency in the following order: (A) enforceable obligations to be funded from the Redevelopment Property Tax Trust Fund; (B) enforceable obligations to be funded from bond

proceeds or other legally or contractually dedicated or restricted funding sources; and (C) loans or deferrals that are authorized for repayment to the city that created the redevelopment agency or the successor to the former redevelopment agency's housing functions and assets. The Last and Final ROPS must also include the total outstanding obligations and a schedule of remaining payments for each enforceable obligation described in clauses (A) and (B) above, and the total outstanding obligation and an interest rate of 4%, for any loans or deferrals listed pursuant to clause (C) above. The Last and Final ROPS must also establish the maximum amount of Redevelopment Property Tax Trust Fund moneys to be distributed to the successor agency for each remaining fiscal year until all obligations have been fully paid. The DOF's approval is required for any Last and Final ROPS to become effective. The county auditor-controller will also review the Last and Final ROPS and provide any objection to the inclusion of any items or amounts to the DOF.

Successor agencies may only amend an approved Last and Final ROPS twice. Approval by the oversight board and the DOF is required for any amendment to a Last and Final ROPS to become effective. The DOF has 100 days to approve or deny a request for approval of an amendment to a Last and Final ROPS. Each amended Last and Final ROPS approved by the DOF will become effective in the subsequent Redevelopment Property Tax Trust Fund distribution period. If an amended Last and Final ROPS is approved less than 15 days before the date of the property tax distribution, the Last and Final ROPS will not be effective until the subsequent Redevelopment Property Tax Trust Fund distribution period. The Agency does not currently expect to seek approval of a Last and Final ROPS in the future.

Any revenues, interest and earnings of the successor agency, including proceeds from the disposition of real property, that are not authorized for use pursuant to the approved Last and Final ROPS must be remitted to the county auditor-controller for distribution to the affected taxing entities. A successor agency may not expend more than the amount approved for each enforceable obligation listed on the approved Last and Final ROPS. The county auditor-controller will no longer distribute property tax to the successor agency's Redevelopment Property Tax Trust Fund once the aggregate amount of property tax allocated to the successor agency equals the total outstanding obligations approved in the Last and Final ROPS. Commencing on the effective date of the approved Last and Final ROPS, the successor agency will not prepare or transmit annual Recognized Obligation Payment Schedules.

After the Last and Final ROPS is approved by the DOF, the county auditor-controller will continue to allocate moneys in the successor agency's Redevelopment Property Tax Trust Fund pursuant to Section 34183 of the Dissolution Act; however, the county auditor-controller will allocate such moneys in each fiscal period after deducting the county auditor-controller's administrative costs, in the following order of priority: (A) pass-through payments pursuant to Section 34183(a)(1) of the Dissolution Act; (B) scheduled debt service payments on tax allocation bonds that are listed and approved in the Last and Final ROPS; (C) scheduled payments on revenue bonds that are listed and approved in the Last and Final ROPS, but only to the extent that the revenues pledged for them are insufficient to make the payments and only if the successor agency's tax increment revenues were also pledged for the repayment of bonds; (D) scheduled payments for debts and obligations listed and approved in the Last and Final ROPS to be paid from the Redevelopment Property Tax Trust Fund; (E) payments listed and approved on the Last and Final ROPS that were authorized but unfunded in prior periods; (F) repayment of loans and deferrals to the city that created the redevelopment agency or the successor to the former redevelopment agency's housing functions and assets that are listed and approved on the Last and Final ROPS; and (G) any moneys remaining in the Redevelopment Property Tax Trust Fund after the payments and transfers described in clauses (A) to (F), above, will be distributed to taxing entities in accordance with Section 34183(a)(4) of the Dissolution Act.

If the successor agency reports to the county auditor-controller that the total available amounts in the Redevelopment Property Tax Trust Fund will be insufficient to fund the successor agency's current or future Fiscal Year obligations, and if the county auditor-controller concurs that there are insufficient funds to pay the required obligations, the county auditor-controller may distribute funds pursuant to Section 34183(b) of the Dissolution Act. See the caption "—Tax Increment Financing."

## Senior Debt

The Agency does not have any debt obligations that are payable from Pledged Tax Revenues on a senior basis to the 2025A Bonds. The Agency has covenanted not to issue additional obligations payable from Pledged Tax Revenues on a senior basis to the 2025A Bonds while the 2025A Bonds are outstanding. See the caption “—Additional Indebtedness—No Senior Debt.”

As described under the captions “—Statutory Pass-Through Requirements” and “—Pass-Through Agreements with Taxing Agencies,” certain Statutory Pass-Through Amounts and Pass-Through Agreements (including amounts pledged to the payment of debt service on the Agency’s 2018 Bonds, as described under the caption “PROJECT AREA NO. 3—Pass-Through Agreements”) are payable from tax increment revenues on a senior basis to the 2025A Bonds.

## Statutory Pass-Through Requirements

In 1993, the State Legislature enacted Assembly Bill 1290 (“**AB 1290**”), which contained several significant changes in the Law. Among the changes made by AB 1290 was a provision which limits the period of time for incurring and repaying loans, advances and indebtedness which are payable from tax increment revenues. In general, a redevelopment plan may terminate not more than 40 years following the date of original adoption, and loans, advances and indebtedness may be repaid during a period extending not more than 10 years following the date of termination of the redevelopment plan. See the caption “THE REDEVELOPMENT PLANS—Financial Limitations.”

Under AB 1290, tax increment revenues that are received by the Agency are reduced pursuant to certain statutory pass-throughs, including payments to other taxing agencies of a portion of tax increment revenues as a result of plan adoptions or amendments to redevelopment plans occurring after 1993 (“**AB 1290 Payments**”), including redevelopment plans for new project areas.

As discussed in detail under the caption “—Tax Increment Financing—Tax Sharing,” the Dissolution Act requires the County Auditor-Controller to distribute AB 1290 Payments to other taxing agencies before amounts that constitute Pledged Tax Revenues are deposited in the Agency’s Redevelopment Obligation Retirement Fund unless AB 1290 Payments have been subordinated or the Agency has insufficient funds to meet its enforceable obligations.

The Agency has not undertaken the requisite procedures to obtain such subordination of the Statutory Pass-Through Amounts and, therefore, Statutory Pass-Through Amounts are not subordinate to the Bonds. See the caption “THE REDEVELOPMENT PLANS.”

## Pass-Through Agreements with Taxing Agencies

Pursuant to Section 33401(b) of the Law, redevelopment agencies were authorized to enter into agreements to pay tax increment revenues to any taxing agency that has territory located within a redevelopment project area in an amount which, in the agency’s determination, is appropriate to alleviate any financial burden or detriment caused by a redevelopment project. These agreements normally provided for a pass-through of tax increment revenues directly to the affected taxing agency and, therefore, are commonly referred to as “pass-through” agreements.

As discussed in detail under the caption “—Tax Increment Financing—Tax Sharing,” the Dissolution Act requires the County Auditor-Controller to distribute payments under the Pass-Through Agreements to other taxing agencies before amounts that constitute Pledged Tax Revenues are deposited in the Agency’s Redevelopment Obligation Retirement Fund unless such payments have been subordinated and the Agency has insufficient funds to meet its enforceable obligations.

The Agency has a number of pass-through agreements with other taxing agencies. Certain of the Pass-Through Agreements have not been subordinated and constitute senior obligations. See the captions “PROJECT AREA NO. 1—Pass-Through Agreements,” “PROJECT AREA NO. 2—Pass-Through Agreements” and “PROJECT AREA NO. 3—Pass-Through Agreements.”

### **Section 33676 Payments**

Former Section 33676 of the Law used to allow taxing entities to elect to claim for themselves (and thus exclude from tax increment revenues available to a redevelopment agency) the portion of tax increment revenues that were attributable to inflationary growth as determined under Section 110.1(f) of the Revenue and Taxation Code. School districts and community college districts were directed by Section 33676 to make such election pursuant to a specific procedure prior to adoption of any redevelopment plan or amendment, unless a tax sharing agreement existed between the redevelopment agency and the taxing entity. Section 33676 has been the subject of amendments both before and after 1986 but was in substantially the same form between 1984 and 1993. By Resolution 8059, adopted on April 9, 1985, The Metropolitan Water District of Southern California (“MWD”) elected, pursuant to Section 33676, to be allocated all of the tax increment revenues allocated to Project Area No. 2 pursuant to Section 33670(b) of the Law attributable to any increases in MWD’s tax rates which occur after Fiscal Year 1985-86. Notwithstanding the foregoing, the County Auditor-Controller has determined that MWD is no longer entitled to receive Section 33676 payments.

Section 33676 payments may be required even in the absence of an affirmative election by the taxing agency. See the caption “RISK FACTORS AND LIMITATIONS ON PLEDGED TAX REVENUES—Santa Ana Unified School District Case” for a further discussion of Section 33676.

### **Developer Agreements**

The Agency has entered into two owner participation agreements and disposition and development agreements (each, an “OPA-DDA”) with third parties other than the City which call for significant payments by the Agency. The Agency has not pledged tax increment revenues to the payment of the OPA-DDAs and, to the extent that payments are made from tax increment revenues, such payments are subordinate to debt service on the 2025A Bonds.

### **Additional Indebtedness**

**No Additional Senior Debt.** The Agency does not have any debt obligations that are payable from Pledged Tax Revenues on a senior basis to the 2025A Bonds. The Agency has covenanted in the Indenture that so long as any of the 2025A Bonds remain Outstanding, the Agency will not issue any bonds, notes or other obligations which are otherwise secured on a basis which is senior to the pledge and lien which secures the 2025A Bonds. The Agency has also covenanted that it will not issue any bonds, notes or other obligations, enter into any agreement or otherwise incur any indebtedness, which are in any case payable from all or any part of the Pledged Tax Revenues, excepting only the Bonds, any Subordinate Debt and any obligations entered into pursuant to the Indenture to maintain Pledged Tax Revenues.

**Existing Parity Debt.** The 2015B Bonds, which are currently outstanding in the aggregate principal amount of \$89,385,000, and the 2017 Bonds, which are currently outstanding in the aggregate principal amount of \$23,300,000, are payable from Pledged Tax Revenues on a parity with the 2025A Bonds.

**Additional Parity Debt.** In addition to the 2025A Bonds, the 2015B Bonds and the 2017 Bonds, the Agency may issue or incur additional Parity Debt in such principal amount as determined by the Agency for purposes of refunding any existing debt of the Agency so long as Section 34177.5(a) of the Law has been satisfied, and subject to the following specific conditions that have been made conditions precedent to the issuance and delivery of such Parity Debt issued under the Indenture:

(a) No Event of Default will have occurred and be continuing, and the Agency will otherwise be in compliance with all covenants set forth in the Indenture.

(b) The Agency funds a reserve account relating to such Parity Debt in an amount equal to the Reserve Requirement; and

(c) The Agency delivers to the Trustee a Written Certificate of the Agency certifying that the conditions precedent to the issuance of such Parity Debt set forth above have been satisfied.

**Issuance of Subordinate Debt.** The Agency may issue or incur Subordinate Debt (as such term is defined below) in such principal amount as determined by the Agency. Such Subordinate Debt may be payable from any assets or property of the Agency, including Pledged Tax Revenues on a subordinate basis to the payment of debt service on the 2025A Bonds and any Parity Debt.

The term “**Subordinate Debt**” means any bonds, notes, loans, advances or other indebtedness issued or incurred by the Agency in accordance with the requirements of the Indenture, which are either: (a) payable from, but not secured by a pledge of or lien upon, the Pledged Tax Revenues; or (b) secured by a pledge of or lien upon the Pledged Tax Revenues which is subordinate to the pledge of and lien upon the Pledged Tax Revenues under the Indenture for the security of the Bonds.

## THE AGENCY

### General

The Former Agency was established pursuant to the Law and was activated by Ordinance No. 73-266, adopted by the City Council on August 28, 1973. On June 29, 2011, AB X1 26 was enacted as Chapter 5, Statutes of 2011, together with a companion bill, AB X1 27. A lawsuit entitled *California Redevelopment Association, et al. v. Matosantos, et al.*, was brought in the State Supreme Court challenging the constitutionality of AB X1 26 and AB X1 27. In a published decision (53 Cal. 4th 231 (December 29, 2011)), the State Supreme Court largely upheld AB X1 26, invalidated AB X1 27, and held that AB X1 26 may be severed from AB X1 27 and enforced independently. As a result of AB X1 26 and the decision of the State Supreme Court, as of February 1, 2012, all redevelopment agencies in the State, including the Former Agency, were dissolved, and successor agencies were designated as successor entities to the former redevelopment agencies to expeditiously wind down the affairs of the former redevelopment agencies.

On January 10, 2012, pursuant to Resolution No. 2012-7607 and Section 34173 of the Dissolution Act, the City Council of the City elected to serve as the successor agency to the Former Agency. Section 34173(g) of the Dissolution Act, which was added by AB 1484, expressly affirms that the Agency is a separate public entity from the City, that the two entities shall not merge and that the liabilities of the Former Agency will not be transferred to the City nor will the assets of the Former Agency become assets of the City.

The Agency is governed by a five-member Board of Directors (the “**Board**”), which consists of the Mayor and members of the City Council of the City. The Mayor acts as the Chair of the Board, the City Manager as its executive director, the City Clerk as its secretary and the Finance Director of the City as its chief financial officer.



## Agency Members

The members of the Agency Board serve by virtue of their election to the City Council. The Mayor of the City is elected at large to a four year term and the four other members of the City Council are elected by district to four-year overlapping terms. The current members of the City Council are as follows:

<i>Name</i>	<i>Position</i>	<i>District</i>	<i>Term Expires</i>
Rebecca Jones	Mayor	At-Large	2026
Maria Nunez	Council Member	1	2026
Mike Sannella	Council Member	2	2026
Danielle LeBlang	Council Member	3	2028
Ed Musgrove	Council Member	4	2028

By agreement, the City provides all staff and the administrative services to the Agency. Michelle Bender is the City Manager of the City and Executive Director of the Agency. Donna Apar serves as the Agency's Finance Director.

Helen Holmes Peak is the City Attorney and Agency Counsel. The Agency Secretary, Phil Scollick, is the City Clerk of the City. All other staff and resources of the City are available to serve the Agency as required.

The Agency retains the firm of Fieldman, Rolapp & Associates, Inc., Irvine, California, as its independent municipal advisor. The Agency also retains its own architectural, engineering, real estate, and relocation consultants from time to time.

## Agency Powers

All powers of the Agency are vested in its five Board members, who are elected members of the City Council. Pursuant to the Dissolution Act, the Agency is a separate public body from the City and successor to the organizational status of the Former Agency, but the Agency does not have the legal authority to participate in redevelopment activities except to complete any work that is related to approved enforceable obligations. The Agency is tasked with expeditiously winding down the affairs of the Former Agency pursuant to the procedures and provisions of the Dissolution Act. Under the Dissolution Act, many Agency actions are subject to approval by the Oversight Board, as well as review by the DOF. The State has strict laws regarding public meetings (known as the Ralph M. Brown Act) which generally make all Agency and Oversight Board meetings open to the public in a similar manner as City Council meetings.

Previously, Section 33675 of the Law required the Former Agency to file not later than the first day of October of each year with the County Auditor-Controller of a statement of indebtedness certified by the chief fiscal officer of the Former Agency for each Redevelopment Plan which provided for the allocation of taxes. The statement of indebtedness was required to contain the date on which bonds were delivered, the principal amount, term, purposes and interest rate of the bonds and the outstanding balance and amount due on the bonds. Similar information was required to be given for each loan, advance or indebtedness that the Former Agency had incurred or entered into which is payable from tax increment. Section 33675 also provided that payments of tax increment revenues from the County Auditor-Controller to the Former Agency could not exceed the amounts shown on the Former Agency's statement of indebtedness.

The Dissolution Act eliminates the requirement for a statement of indebtedness and provides that, commencing on the date that the first Recognized Obligation Payment Schedule is valid thereunder, the Recognized Obligation Payment Schedule supersedes the statement of indebtedness that was previously required under the Law, and that, commencing on such date, the statement of indebtedness will no longer be prepared nor have any effect under the Law. See the caption "SECURITY FOR THE 2025A BONDS—Recognized Obligation Payment Schedule."

## THE REDEVELOPMENT PLANS

### General

In 1973, the City Council established the Former Agency and initiated efforts for major urban revitalization. By Ordinance No. 83-604 on July 12, 1983, the City Council established the Agency's first redevelopment plan, for Project Area No. 1, which consisted of approximately 2,356 acres. The Redevelopment Plan for Project Area No. 1 was subsequently amended by: (i) Ordinance No. 93-951 on July 13, 1993, which, among other things increased the tax increment limit and the indebtedness limit for Project Area No. 1; (ii) Ordinance No. 94-972 on December 20, 1994; (iii) Ordinance No. 2003-1208, on November 18, 2003, which extended the effectiveness of the Redevelopment Plan for Project Area No. 1 to July 12, 2024 and extended the time limit for collection of tax increment revenues to July 12, 2034; and (iv) Ordinance No. 2003-1211 on November 18, 2003, which eliminated the time limit to incur debt.

By Ordinance No. 85-662 on July 19, 1985, the City Council established the Agency's second redevelopment plan, for Project Area No. 2, which consisted of approximately 1,777 acres. The Redevelopment Plan for Project Area No. 2 was subsequently amended by: (i) Ordinance No. 86-684 on June 24, 1986; (ii) Ordinance No. 94-973 on December 20, 1994; (iii) Ordinance No. 2003-1209 on November 18, 2003, which extended the effectiveness of the Redevelopment Plan for Project Area No. 2 to July 19, 2026 and extended the time limit for collection of tax increment revenues to July 19, 2036; and (iv) Ordinance No. 2005-1250 on June 14, 2005, which eliminated the time limit to incur debt.

By Ordinance No. 89-820 on July 11, 1989, the City Council established the Agency's third redevelopment plan, for Project Area No. 3, which consisted of approximately 6,301 acres. The Redevelopment Plan for Project Area No. 3 was subsequently amended by: (i) Ordinance No. 94-974 on December 20, 1994; (ii) Ordinance No. 2003-1210 on November 18, 2003, which extended the effectiveness of the Redevelopment Plan for Project Area No. 3 to July 11, 2030 and extended the time limit for collection of tax increment revenues to July 11, 2040; and (iii) Ordinance No. 2009-1317 on April 14, 2009, which eliminated the time limit to incur debt.

The Redevelopment Plans describe the boundaries of each of the Project Areas, contain a general statement of the objectives of each of the Project Areas, land use, layout of principal streets, building intensities and standards, and other criteria proposed as the basis for redevelopment of each of the Project Areas. The Redevelopment Plans also describe how the Redevelopment Plans effectuate the purposes of the Law and how the proposed redevelopment conforms to the General Plan of the City, and describe the impact of the Redevelopment Plans upon residents thereof and upon the surrounding neighborhood.

### Financial Limitations

Under the Law in place prior to the adoption of the Dissolution Act, each Project Area was subject to certain financial limitations, including limitations on the aggregate amount of tax increment revenues which could be divided and allocated to the Former Agency, and the time period in which such amounts could be received, under the applicable Redevelopment Plan. Such limitations are shown in Table 1 below. Amounts paid by the County Auditor-Controller to other taxing agencies, as described below under the captions "PROJECT AREA NO. 1—Pass-Through Agreements," "PROJECT AREA NO. 2—Pass-Through Agreements" and "PROJECT AREA NO. 3—Pass-Through Agreements," were not included for purposes of the limitation. In addition, the Redevelopment Plans provided that the total outstanding principal of bonds payable from such tax increment revenues could not at any time exceed the amounts that are listed for each Project Area in Table 1 below, which amounts are increased or decreased annually according to the Consumer Price Index.

SB 107, which became effective September 22, 2015, amended the Dissolution Act to provide that the time limits for receiving property tax revenues and the limitation on the amount of property tax revenues that

may be received by the Former Agency and the Agency, as set forth in the applicable Redevelopment Plan, are not effective for purposes of paying the Agency’s enforceable obligations. Accordingly, the projections that are set forth in this Official Statement were prepared without regard to the time and financial limitations in the Redevelopment Plans for the Project Areas. Also, the County Auditor-Controller will only deposit revenues into the Redevelopment Property Tax Trust Fund after a Project Area reaches a plan limit that is set forth in a given Redevelopment Plan if and to the extent that the Agency provides evidence that the revenues are needed to pay enforceable obligations.

**TABLE 1**  
**SUCCESSOR AGENCY TO THE SAN MARCOS REDEVELOPMENT AGENCY**  
**PROJECT AREA FORMER FINANCIAL LIMITATIONS**

<i><b>Time Limits</b></i>	<i><b>Project Area No. 1</b></i>	<i><b>Project Area No. 2</b></i>	<i><b>Project Area No. 3</b></i>
Incur Debt	None	None	None
Plan Effectiveness	July 12, 2024	July 19, 2026	July 11, 2030
Increment Collection	July 12, 2034	July 19, 2036	July 11, 2040
<i><b>Financial Limits</b></i>			
Outstanding Bonded Debt <sup>(1)</sup>	\$331,000,000	\$302,000,000	\$251,000,000
Tax Increment <sup>(1)(2)</sup>	\$1,984,000,000	\$603,000,000	\$126,000,000 <sup>(3)</sup>

<sup>(1)</sup> As of calendar year 2024, rounded to nearest million dollars. Amounts increased or decreased annually according to the Consumer Price Index in or about December of each year.

<sup>(2)</sup> Excludes Pass-Through Agreements and Statutory Pass-Through Amounts.

<sup>(3)</sup> Project Area No. 3’s limit is annual (not cumulative).

Source: Agency; 30 Three Sixty Public Finance, Inc.

See the caption “RISK FACTORS AND LIMITATIONS ON PLEDGED TAX REVENUES—Reduction in Taxable Value; Shortfall in Tax Revenue Projections” for a discussion of certain other matters which limit Pledged Tax Revenues or impact the use thereof.

### **Historical Assessed Valuations**

The following table shows historical assessed valuations of the Agency for the Project Areas for the current and four prior Fiscal Years. See Tables B-1, B-2 and B-3, respectively, in Appendix B for historic assessed valuation information for each of Project Area Nos. 1, 2 and 3.

**TABLE 2**  
**SUCCESSOR AGENCY TO THE SAN MARCOS REDEVELOPMENT AGENCY**  
**PROJECT AREA NOS. 1, 2 AND 3**  
**SCHEDULE OF HISTORICAL ASSESSED VALUATIONS**

	<i>Fiscal Year 2020-21</i>	<i>% Change</i>	<i>Fiscal Year 2021-22</i>	<i>% Change</i>	<i>Fiscal Year 2022-23</i>	<i>% Change</i>	<i>Fiscal Year 2023-24</i>	<i>% Change</i>	<i>Fiscal Year 2024-25</i>	<i>% Change</i>
Secured	\$ 10,117,045,772	4.95%	\$ 10,500,148,584	3.79%	\$ 11,215,190,844	6.81%	\$ 11,896,301,633	6.07%	\$ 12,575,704,550	5.71%
State Utility	0	--	0	--	0	--	0	--	0	--
Unsecured	348,569,701	5.93	274,633,067	(21.21)	340,425,660	23.96	406,068,976	19.28	448,972,737	10.57
Total Assessed Value <sup>(1)</sup>	10,465,615,473	4.98	10,774,781,651	2.95	11,555,616,504	7.25	12,302,370,609	6.46	13,024,677,287	5.87
Less: Base Year	<u>(718,754,834)</u>	--	<u>(718,754,834)</u>	--	<u>(718,754,834)</u>	--	<u>(718,754,834)</u>	--	<u>(718,754,834)</u>	--
Incremental Assessed Value	\$ 9,746,860,639	5.37%	\$10,056,026,817	3.17%	\$ 10,836,861,670	7.76%	\$ 11,583,615,775	6.89%	\$ 12,305,922,453	6.24%

<sup>(1)</sup> Assessed valuations for secured property are net of non-homeowner's exemptions and include public utility values.  
Source: 30 Three Sixty Public Finance, Inc.

## Largest Taxpayers

Set forth below are the ten largest secured and unsecured taxpayers within the Project Areas for Fiscal Year 2024-25. See Tables B-4, B-5 and B-6, respectively, in Appendix B for information with respect to the ten largest taxpayers in each of Project Area Nos. 1, 2 and 3. As shown in such tables, the concentration of the tax base varies among the three Project Areas, with the top ten largest taxpayers accounting for a high of 20.43% of the total Assessed Value in Project Area No. 2 to a low of 4.94% in Project Area No. 3.

**TABLE 3**  
**SUCCESSOR AGENCY TO THE SAN MARCOS REDEVELOPMENT AGENCY**  
**PROJECT AREA NOS. 1, 2 AND 3**  
**FISCAL YEAR 2024-25 TOP TEN SECURED AND UNSECURED TAXPAYERS**

#	Taxpayer	# of Parcels	Land Use(s)	Assessed Value <sup>(1)</sup>	% of Total AV
1	M G Marc Apartments <sup>(2)</sup>	2	Residential	\$ 155,576,372	1.20%
2	Hunter Industries LLC <sup>(3)</sup>	9	Industrial, Recreational	114,051,197	0.88
3	Ralphs Grocery Company <sup>(2)</sup>	1	Commercial	89,231,598	0.69
4	World Premier Investments LLC, UAP-Grand Plaza LLC	9	Commercial, Recreational	88,107,848	0.68
5	Block C LLC <sup>(4)</sup>	3	Commercial	75,009,661	0.58
6	G S A A San Marcos Owner LLC	2	Residential	74,412,542	0.57
7	Palomar Station DJT Phase 1 LLC, Palomar Station PLT LLC, Et Al <sup>(2)</sup>	5	Commercial, Residential, Vacant	67,658,989	0.52
8	Prominence Willmark Communities Inc	1	Residential	67,261,868	0.52
9	North City Community Partners LLC	41	Commercial	65,550,128	0.50
			Industrial, Commercial,		
10	Urban Villages San Marcos LLC <sup>(5)</sup>	62	Recreational, Residential	60,914,618	0.47
Total		135		\$ 857,774,821	6.60%
Total Assessed Value for Projected Areas				\$13,024,677,287	

<sup>(1)</sup> The assessed values represented above are net of all exemptions except the homeowner's exemption.

<sup>(2)</sup> Taxpayers identified above have pending assessment appeals as of March 2025.

<sup>(3)</sup> Includes "Hunter Industries Inc.", "Hunter Industries LP", and "Hunter Industries" as listed on the Assessment Roll due to factors suggesting these property owners are the same entity or affiliated for Property Tax Purposes.

<sup>(4)</sup> Includes "Block C LLC", "Block C Wrap LLC", and "Block C One LLC" as listed on the Assessment Roll due to factors suggesting these property owners are the same entity or affiliated for Property Tax Purposes.

<sup>(5)</sup> Includes "Urban Villages San Marcos LLC", "Urban Villages San Marcos LLC", and "Urban Villages San Marcos" as listed on the Assessment Roll due to factors suggesting these property owners are the same entity or affiliated for Property Tax Purposes.

Source: 30 Three Sixty Public Finance, Inc.

## Secured Assessed Value by Land Use Category

The following table summarizes the Fiscal Year 2024-25 secured assessed value by land use category for the Project Areas. See Tables B-7, B-8 and B-9, respectively, in Appendix B for information with respect to the secured assessed value by land use categories for each of Project Area Nos. 1, 2 and 3.

**TABLE 4**  
**SUCCESSOR AGENCY TO THE SAN MARCOS REDEVELOPMENT AGENCY**  
**PROJECT AREA NOS. 1, 2 AND 3**  
**SECURED ASSESSED VALUE BY LAND USE CATEGORY**  
**FISCAL YEAR 2024-25**

<i>Land Use</i>	<i># of Parcels</i>	<i>Secured Assessed Value<sup>(1)</sup></i>	<i>% of Secured Assessed Value</i>
Residential	13,058	\$ 9,030,271,634	72.13%
Commercial	1,608	1,779,997,286	14.22
Industrial	689	1,371,738,358	10.96
Miscellaneous <sup>(2)</sup>	1,858	272,901,659	2.18
Institutional	32	44,536,290	0.36
Recreational	417	8,552,603	0.07
Vacant	347	7,683,181	0.06
Agricultural	9	3,917,139	0.03
Total	18,018	\$ 12,519,598,150	100.00%

<sup>(1)</sup> The assessed values represented above are net of all exemptions except the homeowner's exemption.

<sup>(2)</sup> Includes open space, easement parcels and undevelopable slopes, primarily in Project Area No. 3.

Source: 30 Three Sixty Public Finance, Inc.

## Assessment Appeals

The following table summarizes assessment appeals for the Project Areas for the current and four prior Fiscal Years. See the caption "RISK FACTORS AND LIMITATIONS ON PLEDGED TAX REVENUES—Assessment Appeals."

See Tables B-10, B-11 and B-12, respectively, in Appendix B for an individual assessment appeal summary for each of Project Area Nos. 1, 2 and 3.

**TABLE 5**  
**SUCCESSOR AGENCY TO THE SAN MARCOS REDEVELOPMENT AGENCY**  
**PROJECT AREA NOS. 1, 2 AND 3**  
**ASSESSMENT APPEAL HISTORY<sup>(1)</sup>**

<i>Fiscal Year</i>	<i>Stipulated/ Reduced</i>	<i>Withdrawn/ Denied/No Change</i>	<i>Pending</i>	<i>Total</i>	<i>Assessed Value of All Appeals</i>		<i>Requested Reductions<sup>(1)</sup></i>		<i>Granted Reductions<sup>(2)</sup></i>		<i>Average Reduction</i>	<i>Pending Reductions<sup>(3)</sup></i>		<i>Total Project Area Value</i>
					<i>Amount</i>	<i>% of Project Areas</i>	<i>Amount</i>	<i>% of Project Areas</i>	<i>Amount</i>	<i>% of Project Areas</i>		<i>Amount</i>	<i>% of Project Areas</i>	
2020-21	12	75	0	87	\$374,109,915	3.57%	\$ 152,895,319	1.46%	\$ 14,377,836	0.14%	\$165,262	\$ 0	0.00%	\$10,465,615,473
2021-22	16	69	3	88	372,254,365	3.45	152,800,211	1.42	15,358,558	0.14	174,529	14,304,067	0.13	10,774,781,651
2022-23	20	58	2	80	388,621,584	3.36	177,400,365	1.54	16,783,586	0.15	209,795	14,916,810	0.13	11,555,616,504
2023-24	17	70	67	154	825,110,947	6.71	402,415,449	3.27	30,163,675	0.25	195,868	341,673,362	2.78	12,302,370,609
2024-25	0	0	91	91	802,477,452	6.16	384,672,022	2.95	0	0.00	0	802,477,452	6.16	13,024,677,287
Total	65	272	163	500			\$1,270,183,366		\$ 76,683,655		\$745,454	\$ 1,173,371,691		
Historical Rate of Stipulated/Reduced Appeals for Project Areas No. 1, 2, and 3						13.00%								
Granted Reduction as a Percentage of Requested Reduction for Project Areas No. 1, 2, and 3 <sup>(4)</sup>						6.04%								

<sup>(1)</sup> Reflects total requested reductions for all stipulated/reduced appeals.

<sup>(2)</sup> Assumed no reduction in assessed value for those appeals for which the board value was \$0.

<sup>(3)</sup> Pending appeals are those appeals that did not display a Final Action Code and where the Board value was zero.

<sup>(4)</sup> Reflects the total granted reduction as a percentage of total requested reduction for all stipulated/reduced appeals.

Source: 30 Three Sixty Public Finance, Inc.

## **Delinquencies**

The Agency does not participate in the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (known as the Teeter Plan), as provided for in Section 4701 *et seq.* of the Revenue and Taxation Code as to any of the Project Areas, and is therefore exposed to the risk of delinquencies in tax revenue collections. See the captions “RISK FACTORS AND LIMITATIONS ON PLEDGED TAX REVENUES—Property Tax Collection Procedures” and “RISK FACTORS AND LIMITATIONS ON PLEDGED TAX REVENUES—Bankruptcy and Foreclosure.”

According to the Fiscal Consultant, penalty and interest payments collected on delinquent property tax assessments have exceeded amounts that are not collected because of property tax payment delinquencies. For this reason, the projections of tax increment revenues herein do reflect any reductions as a result of delinquencies.

## **PROJECT AREA NO. 1**

### **General**

The City Council adopted an ordinance approving the Redevelopment Plan for Project Area No. 1 on July 12, 1983. Project Area No. 1 encompasses 2,356 acres of the central business core of the City. Project Area No. 1 is generally bounded by Mission Road, Richmar Avenue, Rock Springs Road and Knob Hill Road to the north, Discovery Street and Barham Drive to the south, Pacific Street to the west and the San Marcos-Escondido corporate limits to the east.

Approximately 38% of the secured assessed valuation originating from Project Area No. 1 is derived from commercial uses, approximately 32% of the secured assessed valuation originating from Project Area No. 1 is derived from residential uses, approximately 27% of the secured assessed valuation originating from Project Area No. 1 is derived from industrial uses and approximately 3% of the secured assessed valuation originating from Project Area No. 1 is derived from other uses. See Table B-7 in Appendix B for further information with respect to secured assessed value by land use area in Project Area No. 1.

See Exhibits B-1, B-4, B-10, B-13 in Appendix B for historic assessed valuation, largest taxpayer, assessment appeals information and projected Pledged Tax Revenue information that is specific to Project Area No. 1.

### **Pass-Through Agreements**

Definitions of terms that are used in the summary descriptions of the Pass-Through Agreements for each of the Project Areas are as follows:

Inflationary 2% Revenue: Tax increment revenue attributable to annual increases not to exceed 2% in the valuation of real property pursuant to the Section 110.1(f) of the Revenue and Taxation Code of the State. The base year used to calculate the Inflationary 2% Revenue includes the local secured value only. It does not include state-assessed secured or unsecured value.

Special District Tax Revenues: Tax increment revenue attributable to application of “override rates” or “voter approved or bonded indebtedness tax rates” pursuant to Section 1(b) and Section 4 of Article XIII A of the State Constitution. Because the revenue projections herein do not assume a voter-approved indebtedness override rate, they do not include payments of Special District Tax Revenues to any taxing entities.

Trigger Year: Fiscal Year 2005-06, which was the Fiscal Year in which the cumulative amount of Project Area No. 1 tax increment revenue exceeded \$100,000,000.



**Description of Pass-Through Agreements.** As discussed under the caption “SECURITY FOR THE 2025A BONDS—Statutory Pass-Through Amounts,” certain Statutory Pass-Through Amounts are payable on a senior basis to the Bonds pursuant to AB 1290. In addition, the following negotiated Pass-Through Agreement is payable on a senior basis to the Bonds:

*Palomar Community College District.* Pursuant to an Agreement regarding the Sub-Leasing of Facilities between the City, San Marcos Redevelopment Agency and Palomar Community College at the San Marcos Public Safety Center and an Amended and Restated Agreement regarding Redevelopment Project Areas 1, 2 and 3, dated as of December 12, 2000 (the “**PCCD Agreement**”), by and among Palomar Community College District (“**PCCD**”), the City and the Former Agency, PCCD is entitled to receive its Special District Tax Revenues after deduction of a Low and Moderate Income Housing Fund allocation of 22%. Since the Trigger Year, PCCD has also been entitled to receive 50% of its share of tax increment revenues after deduction of: (i) a Low and Moderate Income Housing Fund allocation of 22%; and (ii) 50% of the share of tax increment revenues generated by increases in property values which are incident to or arising from redevelopment activities prior to July 1, 2000, as evidenced by documents on file with the City or the Agency.

**No Subordination to Bonded Debt.** The above-described Project Area No. 1 Pass-Through Agreement does not include unrestricted subordination provisions. Therefore, the projections of tax increment revenues that are set forth herein do not include any future subordination of pass-through payments under the above-described Pass-Through Agreement.

## **PROJECT AREA NO. 2**

### **General**

The City Council adopted an ordinance approving the Redevelopment Plan for Project Area No. 2 on July 19, 1985. Project Area No. 2 encompasses five non-contiguous subareas totaling 1,777 acres in west, central and south San Marcos.

Approximately 67% of the secured assessed valuation originating from Project Area No. 2 is derived from residential uses, approximately 23% of the secured assessed valuation originating from Project Area No. 2 is derived from commercial uses, approximately 10% of the secured assessed valuation originating from Project Area No. 2 is derived from industrial uses and less than 1% of the secured assessed valuation originating from Project Area No. 2 is derived from other uses. Project Area No. 2 also includes a portion of a large regional landfill (closed), public streets and other public facilities, including California State University at San Marcos. See Table B-8 in Appendix B for further information with respect to secured assessed value by land use area in Project Area No. 2.

See Exhibits B-2, B-5, B-11, B-14 in Appendix B for historic assessed valuation, largest taxpayer, assessment appeals information and projected Pledged Tax Revenue information that is specific to Project Area No. 2.

### **Pass-Through Agreements**

**Description of Pass-Through Agreements.** As discussed under the caption “SECURITY FOR THE 2025A BONDS—Statutory Pass-Through Amounts,” certain Statutory Pass-Through Amounts are payable on a senior basis to the Bonds pursuant to AB 1290. In addition, the following negotiated Pass-Through Agreements are payable on a senior basis to the Bonds which are applicable to Project Area No. 2. Capitalized terms that are used in this caption and not defined have the meanings set forth under the caption “—Project Area No. 1—Pass-Through Agreements.”

*County Office of Education.* Pursuant to an Agreement for Cooperation, dated as of July 25, 1989 (the “**SDCOE Agreement**”), by and among the San Diego County Office of Education (“**SDCOE**”), the City and the Former Agency, SDCOE is entitled to receive its 3.0% share of the Inflationary 2% Revenue after deduction of a Low and Moderate Income Housing Fund allocation of 20%.

*County of San Diego.* Pursuant to an Amended Agreement for Cooperation, dated as of April 10, 1990, by and among the County, the City and the Former Agency, the County is entitled to receive its Special District Tax Revenues and its 28.8% share of the Inflationary 2% Revenue. The Amended Agreement for Cooperation also provides for the County to receive its total share of tax increment revenues (after deduction of the Low and Moderate Income Housing Fund allocation of 20%) once the Agency and the Former Agency received a total of \$28,507,697. By negotiation between the Agency and the County, the County has been receiving its total share of tax increment revenues (after deduction of the Low and Moderate Income Housing Fund allocation of 20%) since 2014.

*Olivenhain Municipal Water District.* Pursuant to an Agreement for Cooperation, dated as of August 13, 1985, by and among Olivenhain Municipal Water District (“**OMWD**”), the City and the Former Agency, OMWD is entitled to receive its 0.01% share of tax increment revenues after deduction of: (i) a Low and Moderate Income Housing Fund allocation of 22%; and (ii) tax increment revenues generated by increases in property value which are incident to or arising from projects for which the Former Agency entered into OPA-DDAs.

*Palomar Community College District.* Pursuant to the PCCD Agreement (as described under the caption “PROJECT AREA NO. 1—Pass-Through Agreements—Description of Pass-Through Agreements”) and an Agreement for Cooperation, dated May 28, 1985, by and among PCCD, the City and the Former Agency, PCCD is entitled to receive its Special District Tax Revenues and its 6.64% portion of the Inflationary 2% Revenue after deduction of: (i) a Low and Moderate Income Housing Fund allocation of 22%; and (ii) revenues generated by projects for which the Former Agency entered into OPA-DDAs.

*San Marcos Fire Protection District.* Pursuant to an Agreement for Cooperation, dated as of May 14, 1985, by and among the San Marcos Fire Protection District (“**SMFPD**”), the City and the Former Agency, SMFPD is entitled to receive its 6.70% share of tax increment revenues after deduction of: (i) a Low and Moderate Income Housing Fund allocation of 22%; and (ii) revenues generated by projects for which the Former Agency entered into OPA-DDAs.

*Vallecitos Water District.* Pursuant to an Agreement for Cooperation, dated as of May 14, 1985, by and among San Marcos County Water District (now Vallecitos Water District (“**VWD**”)), the City and the Former Agency, VWD is entitled to receive its 3.29% share of tax increment revenues after deduction of: (i) a Low and Moderate Income Housing Fund allocation of 22%; and (ii) tax increment revenues generated by increases in property value which are incident to or arising from redevelopment activities, as evidenced by documents on file with the City or the Agency.

**No Subordination to Bonded Debt.** The above-described Project Area No. 2 Pass-Through Agreements do not include unrestricted subordination provisions. Therefore, the projections of tax increment revenues that are set forth herein do not include any future subordination of pass-through payments under the above-described Pass-Through Agreements.

### **PROJECT AREA NO. 3**

#### **General**

The City Council adopted an ordinance approving the Redevelopment Plan for Project Area No. 3 on July 11, 1989. Project Area No. 3 encompasses approximately 6,301 acres. Project Area No. 3 is generally

bounded by South Santa Fe Avenue, Discovery Street and Barham Drive to the north, the City's incorporated limits to the south and the City's incorporated limits to the east and west.

Approximately 91% of the secured assessed valuation originating from Project Area No. 3 is derived from residential uses, approximately 4% of the secured assessed valuation originating from Project Area No. 3 is derived from industrial uses, approximately 2% of the secured assessed valuation originating from Project Area No. 3 is derived from commercial uses and approximately 3% of the secured assessed valuation originating from Project Area No. 3 is derived from other uses. See Table B-9 in Appendix B for further information with respect to secured assessed value by land use area in Project Area No. 3.

See Exhibits B-3, B-6, B-12, B-15 in Appendix B for historic assessed valuation, largest taxpayer, assessment appeals information and projected Pledged Tax Revenue information that is specific to Project Area No. 3.

### **Pass-Through Agreements**

***Description of Pass-Through Agreements.*** As discussed under the caption "SECURITY FOR THE 2025A BONDS—Statutory Pass-Through Amounts," certain Statutory Pass-Through Amounts are payable on a senior basis to the Bonds pursuant to AB 1290. In addition, the following negotiated Pass-Through Agreements are payable on a senior basis to the Bonds which are applicable to Project Area No. 3. Capitalized terms that are used in this caption and not defined have the meanings set forth under the caption "—Project Area No. 1—Pass-Through Agreements."

*County Office of Education.* Pursuant to the SDCOE Agreement (as described under the caption "PROJECT AREA NO. 2—Pass-Through Agreements—Description of Pass-Through Agreements—County Office of Education"), SDCOE is entitled to receive its 2.93% share of the Inflationary 2% Revenue after deduction of a Low and Moderate Income Housing Fund allocation of 20%.

*[County of San Diego.* Pursuant to an Amended Agreement for Cooperation, dated as of April 13, 1990, by and among the County, the City and the Former Agency, and a Settlement Agreement and Mutual Release of Claims, dated as of July 8, 1998, by and among the County, the City and the Former Agency, the County is entitled to receive the following separate streams of pass-through payments that accrue to the County of San Diego (General Fund and County Library Fund) from Project Area No. 3:

1. The County's 29.95% share of the Inflationary 2% Revenue.
2. Any County Special District Tax Revenues.
3. 15% of the County's 29.95% share of an agreed upon tax increment schedule ("Forecast Revenue") less the Inflationary 2% Revenue through the earlier of: (a) the 30th year of the Redevelopment Plan for Project Area No. 3; or (b) until the Agency and Former Agency have received a total of \$88,000,000 of the County's share of tax increment revenue (including its share of a Low and Moderate Income Housing Fund allocation of 20% and revenue to be used for mutually beneficial projects as outlined in the agreement). After the earlier of (a) or (b) occur, the County will receive 100% of its portion of revenue.

Until the earlier of (a) or (b) occur, the Agency must also pay the County's share of tax increment revenue above the Forecast Revenue. According to the Fiscal Consultant's records, the Agency and the Former Agency retained approximately \$57,000,000,000 of the County's share through Fiscal Year 2016-17. Based on the growth rates assumed in the Pledged Tax Revenue projections herein, the Fiscal Consultant does not expect the \$88,000,000 threshold to be reached by the 30th year of the Redevelopment Plan for Project Area No. 3 (Fiscal Year 2018-19). Therefore, pass-through payments based on "Forecast Revenue" are applied through Fiscal Year 2018-19. All payments to the County are to be calculated after deduction of a Low and Moderate Income Housing Fund allocation of 24.7%.]

*North County Cemetery District.* Pursuant to an Agreement for Cooperation, dated as of March 13, 1990, by and among North County Cemetery District (“NCCD”), the City and the Former Agency, NCCD is entitled to receive its 0.19% share of tax increment revenues in excess of that attributable to the first 3% annual increase in valuation of real property.

*Palomar Community College District.* Pursuant to the PCCD Agreement (as described under the caption “PROJECT AREA NO. 1—Pass-Through Agreements—Description of Pass-Through Agreements”), an Agreement for Cooperation, dated as of February 13, 1991, by and among PCCD, the City and the Former Agency, and an Agreement for Cooperation, dated as of June 13, 1989, by and among PCCD, the City and the Former Agency, PCCD is entitled to receive: (i) its Special District Tax Revenues; (ii) its 6.64% share of the Inflationary 2% Revenue (after deduction of a Low and Moderate Income Housing Fund allocation of 24.7%); and (iii) 50% of PCCD’s share of tax increment revenues after deduction of: (1) 50% of tax increment revenues generated by increases in property value which are incident to or arising from projects for which the Former Agency entered into OPA-DDAs; and (2) a Low and Moderate Income Housing Fund allocation of 24.7%.

*San Marcos Fire Protection District.* Pursuant to an Agreement for Cooperation, dated as of June 13, 1989, by and among SMFPD, the City and the Former Agency, SMFPD is entitled to receive its 6.43% share of tax increment revenues, except for tax increment revenues generated by increases in property value which are incident to or arising from redevelopment activities, as evidenced by executed OPA-DDAs.

*Vallecitos Water District.* Pursuant to an Agreement for Cooperation, dated as of June 13, 1989, by and among VWD, the City and the Former Agency, VWD is entitled to receive its 2.77% share of tax increment revenues, except for tax increment revenues generated by increases in property value which are incident to or arising from redevelopment activities, as evidenced by executed OPA-DDAs.

*San Marcos Unified School District.* Pursuant to certain cooperation agreements, as modified, among the City, the Former Agency and the San Marcos Unified School District (“SMUSD”), SMUSD is entitled to receive SMUSD’s share (39.16%) of the Inflationary 2% Revenue (after deduction of 24.7% for allocation to the Low and Moderate Income Housing Fund) and 50% of SMUSD’s share of remaining tax increment revenue (after deduction of 24.7% for allocation to the Low and Moderate Income Housing Fund). Such moneys are pledged on a first lien basis to the payment of the Successor Agency to the San Marcos Redevelopment Agency 2018 Pass-Through Tax Revenue Refunding Bonds (Project Area No. 3 – San Marcos Unified School District) (the “**2018 Bonds**”). The 2018 Bonds mature in 2039 and are currently outstanding in the aggregate principal amount of \$32,240,000.

**No Subordination to Bonded Debt.** The above-described Project Area No. 3 Pass-Through Agreements do not include unrestricted subordination provisions. Therefore, the projections of tax increment revenues that are set forth herein do not include any future subordination of pass-through payments under the above-described Pass-Through Agreements.

## **PLEDGED TAX REVENUE PROJECTIONS AND DEBT SERVICE COVERAGE**

The Agency has retained the Fiscal Consultant to provide projections of taxable valuation and Pledged Tax Revenues from the Project Areas. The following projections assume 2.00% annual growth in tax increment revenues. The Agency believes that the assumptions (set forth in the footnotes below) upon which the projections are based are reasonable; however, some assumptions may not materialize and unanticipated events and circumstances may occur. See the caption “RISK FACTORS AND LIMITATIONS ON PLEDGED TAX REVENUES.” Therefore, the actual Pledged Tax Revenues received during the forecast period may vary from the projections, and such variations may be material.

The following tables show projected total Pledged Tax Revenues for all of the Project Areas and debt service coverage for the 2025A Bonds, assuming approximately 2.00% annual growth in tax increment

revenues through the maturity of the 2025A Bonds. The projections assume no reductions in tax increment revenues as a result of pending assessment appeals. See the caption “THE REDEVELOPMENT PLANS—Assessment Appeals.”

**TABLE 6**  
**SUCCESSOR AGENCY TO THE SAN MARCOS REDEVELOPMENT AGENCY**  
**PROJECT AREA NOS. 1, 2 AND 3**  
**PLEDGED TAX REVENUE PROJECTIONS**

<i>Fiscal Year</i>	<i>Assessed Valuation<sup>(1)</sup></i>	<i>Incremental Assessed Valuation</i>	<i>Estimated Tax Increment Revenues</i>	<i>Unitary Utility Revenue</i>	<i>Total Gross Revenue</i>	<i>County Administrative Fees</i>	<i>Senior Pass-Through Payments</i>			<i>Pledged Tax Revenues<sup>(2)</sup></i>
							<i>Senior Statutory Pass-Through Amounts</i>	<i>Senior Negotiated Pass-Through Agreements</i>	<i>Total Senior Statutory and Negotiated Pass-Through Payments</i>	
2024-25	\$13,024,677,287	\$12,305,922,453	\$123,059,225	\$1,315,799	\$124,375,023	\$1,131,256	\$4,235,399	\$28,926,993	\$33,162,392	\$ 90,081,376
2025-26	13,285,170,833	12,566,415,999	125,664,160	1,342,114	127,006,274	1,153,881	4,417,510	29,518,881	33,936,391	91,916,003
2026-27	13,550,874,249	12,832,119,415	128,321,194	1,368,957	129,690,151	1,176,959	4,602,300	30,127,310	34,729,610	93,783,582
2027-28	13,821,891,734	13,103,136,900	131,031,369	1,396,336	132,427,705	1,200,498	4,792,714	30,747,908	35,540,622	95,686,585
2028-29	14,098,329,569	13,379,574,735	133,795,747	1,424,263	135,220,010	1,224,508	4,985,828	31,380,918	36,366,746	97,628,756
2029-30	14,380,296,160	13,661,541,326	136,615,413	1,452,748	138,068,161	1,248,998	5,182,709	32,026,588	37,209,297	99,609,866
2030-31	14,667,902,084	13,949,147,250	139,491,472	1,481,803	140,973,275	1,273,978	5,382,004	32,685,171	38,067,175	101,632,122
2031-32	14,961,260,125	14,242,505,291	142,425,053	1,511,439	143,936,492	1,299,457	5,585,285	33,356,926	38,942,211	103,694,823
2032-33	15,260,485,328	14,541,730,494	145,417,305	1,541,668	146,958,973	1,325,447	5,792,631	34,042,117	39,834,748	105,798,778
2033-34	15,565,695,034	14,846,940,200	148,469,402	1,572,501	150,041,903	1,351,955	6,004,125	34,741,011	40,745,135	107,944,812

<sup>(1)</sup> Reflects growth of 2.00% per annum.

<sup>(2)</sup> Certain net revenue amounts may not equal gross tax increment revenues less County administrative fees and senior pass-through amounts due to rounding.

Source: 30 Three Sixty Public Finance, Inc.

**TABLE 7**  
**SUCCESSOR AGENCY TO THE SAN MARCOS REDEVELOPMENT AGENCY**  
**PROJECT AREA NOS. 1, 2 AND 3**  
**ESTIMATED DEBT SERVICE COVERAGE**

<i>Fiscal Year</i>	<i>Pledged Tax Revenues<sup>(1)</sup></i>	<i>Parity Debt Service<sup>(2)</sup></i>	<i>2025A Bond Debt Service*</i>	<i>Total Debt Service*</i>	<i>Debt Service Coverage*</i>
2025-26	\$ 91,916,003	\$ 14,806,109	\$ 6,938,750	\$ 21,744,859	4.23x
2026-27	93,783,582	14,796,609	6,939,000	21,735,609	4.31x
2027-28	95,686,585	14,268,609	6,952,500	21,221,109	4.51x
2028-29	97,628,756	13,846,711	6,943,000	20,789,711	4.70x
2029-30	99,609,866	13,116,643	7,571,000	20,687,643	4.81x
2030-31	101,632,122	8,798,783	7,579,000	16,377,783	6.21x
2031-32	103,694,823	8,552,621	4,980,750	13,533,371	7.66x
2032-33	105,798,778	8,538,549	4,995,750	13,534,299	7.82x
2033-34	107,944,812	7,190,163	2,709,000	9,899,163	10.90x

\* Preliminary, subject to change.

(1) See Table 6 for detailed information with respect to the calculation of Pledged Tax Revenues.

(2) Reflects debt service on the 2015B Bonds and the 2017 Bonds.

Source: Stifel, Nicolaus & Company, Incorporated.

## RISK FACTORS AND LIMITATIONS ON PLEDGED TAX REVENUES

*Investment in the 2025A Bonds involves elements of risk. Certain specific risk factors that may affect the payment and security of the 2025A Bonds are described below. The following discussion of risks is not meant to be an exhaustive list of the risks associated with the purchase of the 2025A Bonds and the order of discussion of such risks does not necessarily reflect the relative importance of the various risks. If any risk factor materializes to a sufficient degree, it alone could delay or preclude payment of principal of and/or interest on the 2025A Bonds. Potential investors are advised to consider the following factors, along with all other information in this Official Statement, in evaluating the 2025A Bonds. There can be no assurance that other risk factors which are not discussed under this caption will not become material in the future.*

### Property Tax Limitations – Article XIII A

On June 6, 1978, State voters approved an amendment (commonly known as Proposition 13 or the Jarvis-Gann Initiative) which added Article XIII A to the State Constitution. Article XIII A limits the amount of *ad valorem* taxes on real property to 1% of the “full cash value” of such property, as determined by the county assessor. Article XIII A defines “full cash value” to mean “the county assessor’s valuation of real property as shown on the State fiscal year 1975-76 tax bill under ‘full cash value,’ or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment.” Furthermore, the “full cash value” of all real property may be increased to reflect the rate of inflation, as shown by the Consumer Price Index, not to exceed 2% per year, or may be reduced.

Article XIII A has subsequently been amended to permit reduction of the “full cash value” base in the event of declining property values caused by substantial damage, destruction or other factors, and to provide that there would be no increase in the “full cash value” base in the event of reconstruction of property damaged or destroyed in a disaster and in other special circumstances.

Article XIII A: (i) exempts from the 1% tax limitation taxes to pay debt service on: (a) indebtedness approved by the voters prior to July 1, 1978; or (b) bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast by the voters voting on the proposition; (ii) requires a vote of two-thirds of the qualified electorate to impose special taxes, or certain

additional *ad valorem* taxes; and (iii) requires the approval of two-thirds of all members of the State Legislature to change any State tax laws resulting in increased tax revenues.

The validity of Article XIII A has been upheld by both the State Supreme Court and the United States Supreme Court.

In the general election held on November 4, 1986, voters of the State approved two measures, Propositions 58 and 60, which further amended Article XIII A. Proposition 58 amended Article XIII A to provide that the terms “purchase” and “change of ownership,” for the purposes of determining full cash value of property under Article XIII A, do not include the purchase or transfer of: (1) real property between spouses; and (2) the principal residence and the first \$1,000,000 of other property between parents and children. This amendment to Article XIII A may reduce the rate of growth of local property tax revenues.

Proposition 60 amended Article XIII A to permit the State Legislature to allow persons over the age of 55 who sell their residence and buy or build another of equal or lesser value within two years in the same county to transfer the old residence assessed value to the new residence. As a result of the State Legislature’s action, the growth of property tax revenues may decline.

Legislation enacted by the State Legislature to implement Article XIII A provides that all taxable property is shown at full assessed value as described above. In conformity with this procedure, all taxable property value included in this Official Statement is shown at 100% of assessed value and all general tax rates reflect the \$1 per \$100 of taxable value (except as noted). Tax rates for voter-approved bonded indebtedness and pension liabilities are also applied to 100% of assessed value.

### **Reduction in Taxable Value; Shortfall in Tax Revenue Projections**

Pledged Tax Revenues allocated to the Redevelopment Property Tax Trust Fund are determined by the amount of incremental taxable value in the Project Areas and the current rate or rates at which property in the Project Areas is taxed. The reduction of taxable values of property in the Project Areas caused by economic factors beyond the Agency’s control, such as relocation out of the Project Areas by one or more major property owners, sale of property to a non-profit corporation that is exempt from property taxation or the complete or partial destruction of such property caused by, among other eventualities, earthquake, flood, drought, windstorm, wildfire or other natural disaster, could cause a reduction in the Pledged Tax Revenues that provide for the repayment of and secure the 2025A Bonds. Such reduction in Pledged Tax Revenues could have an adverse effect on the Agency’s ability to make timely payments of principal of and interest on the 2025A Bonds. These risks may be greater where project areas have a high concentration of major taxpayers. Based on the Fiscal Year 2024-25 tax roll, the ten largest taxpayers in the Project Areas accounted for approximately 6.6% of the total assessed value of all of the Project Areas. The Fiscal Consultant has projected that, if the Successor Agency lost the 2024-25 assessed value of the ten largest taxpayers in the Project Areas, Pledged Tax Revenues for Fiscal Year 2025-26 would still be approximately 3.82\* times greater than debt service on the Bonds. See the caption “THE REDEVELOPMENT PLANS—Largest Taxpayers.”

Pledged Tax Revenues derived from assessments on the unsecured roll which involve fixtures and equipment that could be moved from the Project Areas may be more susceptible to fluctuation from year to year than valuation reflected on the secured roll. For Fiscal Year 2024-25, approximately 3.45% of the total assessed value of all of the Project Areas is on the unsecured roll. Of the top ten taxpayers within the Project Areas, nine have been assessed amounts on the unsecured roll. See the caption “THE REDEVELOPMENT PLANS—Largest Taxpayers” for a description of such taxpayers and the amounts on the unsecured roll. The Agency does not expect that the loss of Pledged Tax Revenues resulting from such taxpayers moving fixtures or equipment from the Project Areas will have a material adverse impact on the Agency’s ability to pay debt service on the 2025A Bonds.

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\* Preliminary, subject to change.



As described in greater detail under the caption “—Property Tax Limitations – Article XIII A,” Article XIII A of the State Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflation rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the Consumer Price Index, comparable local data or any reduction in the event of declining property value caused by damage, destruction or other factors (as described above). Such measure is computed on a calendar year basis. Any resulting reduction in the full cash value base over the term of the 2025A Bonds could reduce Pledged Tax Revenues securing the 2025A Bonds. There can be no assurance that the projections of Pledged Tax Revenues that are set forth herein will not be affected by decreases in the Consumer Price Index, changes in assessed valuations or other factors. Since Article XIII A was approved, the annual adjustment for inflation has fallen below the 2% limitation several times, and in Fiscal Year 2010-11 the inflationary value adjustment was negative for the first time at -0.237%.

In addition to the other limitations on and required application under the Dissolution Act of Pledged Tax Revenues on deposit in the Redevelopment Property Tax Trust Fund, as described in this Official Statement, the State electorate or State Legislature could adopt a constitutional or legislative property tax reduction with the effect of reducing the Pledged Tax Revenues that are allocated to the Redevelopment Property Tax Trust Fund and available to the Agency. Although the federal and State Constitutions include clauses generally prohibiting the State Legislature’s impairment of contracts, there are also recognized exceptions to these prohibitions. There is no assurance that the State electorate or State Legislature will not at some future time approve additional limitations that could reduce the Pledged Tax Revenues and adversely affect the source of repayment and security of the 2025A Bonds.

As a result of a downturn in the housing market, several counties in California (including the County) reduced the assessed values of homes acquired at the peak of the real estate market in 2004 and 2005. See the caption “THE REDEVELOPMENT PLANS—Assessment Appeals.” The Agency is aware that the County Assessor made reductions in Fiscal Year 2008-09 and 2009-10 assessed values in the Project Areas and in the City generally. The Agency cannot predict whether the County will again reduce assessed values in the Project Areas in future years. The Agency does not believe that any such reductions will have a material adverse impact on Pledged Tax Revenues or the Agency’s ability to pay debt service on the 2025A Bonds, and the Agency notes that many of such single-year reductions in assessed values had been reversed by Fiscal Year 2014-15. However, reductions in assessed value due to current or future economic conditions in the Project Areas could impact the receipt of Pledged Tax Revenues as projected by the Fiscal Consultant. See the caption “PLEDGED TAX REVENUE PROJECTIONS AND DEBT SERVICE COVERAGE.” If all pending appeals in the Project Areas are granted and assessed valuations reduced by the historical average percentage from Fiscal Years 2020-21 through 2024-25 (6.04%) reduction of the full amount that the appellants seek (\$1,173,371,691), gross tax revenues for the Project Areas would be reduced by approximately \$603,613. See the captions “—Assessment Appeals” and “PLEDGED TAX REVENUE PROJECTIONS AND DEBT SERVICE COVERAGE.”

The vast majority of currently pending and closed appeals of assessed valuations are Proposition 8 appeals, which apply only to a single year. See the captions “THE REDEVELOPMENT PLANS—Assessment Appeals” and “—Assessment Appeals” for further information with respect to Proposition 8 appeals.

See the captions “SECURITY FOR THE 2025A BONDS—Tax Increment Financing” and “—Property Tax Collection Procedures” for a description of the property tax collection procedures of the County.

### **Risks to Real Estate Market**

The Agency’s ability to make payments on the 2025A Bonds is dependent upon the economic strength of the Project Areas. The general economy of the Project Areas is subject to all of the risks that are generally associated with urban real estate markets. Real estate prices and development may be adversely affected by

changes in general economic conditions, fluctuations in the real estate market and interest rates, unexpected increases in development costs, the supply of or demand for competitive properties in such area, the market value of property in the event of sale or foreclosure and other similar factors. Furthermore, real estate development within the Project Areas could be adversely affected by limitations of infrastructure or future governmental policies, including governmental policies to restrict or control development, changes in real estate tax rates and other operating expenses, zoning laws and laws relating to threatened and endangered species and hazardous materials and fiscal policies, as well as natural disasters (including, without limitation, earthquakes, wildfires, droughts and floods), which may result in uninsured losses. In addition, if there is a decline in the general economy of the Project Areas, the owners of property within the Project Areas may be less able or less willing to make timely payments of property taxes or may petition for reduced assessed valuations, which could cause a delay or interruption in the receipt of Pledged Tax Revenues by the Agency from the Project Areas.

Because assessed values do not necessarily indicate fair market values, the declines in fair market values in recent years may have been even greater than the declines in assessed valuations, although it is also possible that market values could be greater than assessed valuations at any given time. No assurance can be given that the individual parcel owners will pay property taxes in the future or that they will be able to pay such taxes on a timely basis. See the caption “—Bankruptcy and Foreclosure” for a discussion of certain limitations on the City’s ability to pursue judicial proceedings with respect to delinquent parcels.

### **State Budget Issues**

AB X1 26 and AB 1484 were enacted by the State Legislature and Governor as trailer bills necessary to implement provisions of the State’s budget acts for its fiscal years 2011-12 and 2012-13, respectively, and constituted efforts to address structural deficits in the State general fund budget. In general terms, these bills implemented a framework to transfer cash assets which were previously held by redevelopment agencies to cities, counties and special districts to fund core public services, with assets transferred to schools offsetting State general fund costs (then projected savings of \$1.5 billion). There can be no assurance that additional legislation will not be enacted in the future to additionally implement provisions relating to the State budget or otherwise that may affect successor agencies or tax increment revenues, including Pledged Tax Revenues.

SB 107, which made extensive amendments to the Dissolution Act, was enacted following the adoption of the State fiscal year 2015-16 budget, after having initially been presented as AB 113, a trailer bill to the State fiscal year 2015-16 budget. SB 107 changed the process for submitting Recognized Obligation Payment Schedules from a six-month to an annual process, authorized successor agencies to submit and obtain DOF approval of a Last and Final ROPS to govern all remaining payment obligations of successor agencies, altered the provisions governing the distribution of Redevelopment Property Tax Trust Fund moneys attributable to pension and State Water Project tax rate overrides and eliminated the impact of financial and time limitations in redevelopment plans for purposes of paying enforceable obligations, among other changes to the Dissolution Act. These statutory amendments impact the manner in which successor agencies claim Redevelopment Property Tax Trust Fund moneys for enforceable obligations and, for some successor agencies, impact the amount of Redevelopment Property Tax Trust Fund moneys that will be available for payment of a successor agency’s enforceable obligations.

Information about the State budget is regularly available at various State-maintained websites. Text of proposed and adopted budgets may be found at the website of the DOF, <http://www.dof.ca.gov>, under the heading “California Budget.” An impartial analysis of the budget is posted by the Legislative Analyst’s Office (the “LAO”) at <http://www.lao.ca.gov>. In addition, various State official statements, many of which contain a summary of the current and past State budgets and the impact of those budgets on cities in the State, may be found at the website of the State Treasurer, <http://www.treasurer.ca.gov>. The information referred to is prepared by the respective State agency maintaining each website and not by the City, the Agency or the Underwriter, and the City, the Agency and the Underwriter take no responsibility for the continued accuracy of

these Internet addresses or for the accuracy, completeness or timeliness of information posted thereon, and such information is not incorporated herein by these references.

For additional information regarding the State's Fiscal Year 2024-25 Budget and the Governor's proposed Fiscal Year 2025-26 Budget, see the DOF's website at [www.dof.ca.gov](http://www.dof.ca.gov) and the LAO's website at [www.lao.ca.gov](http://www.lao.ca.gov).

Certain litigation which challenges some of the terms of the Dissolution Act is currently ongoing (as described under the caption "—Challenges to Dissolution Act"), and it is anticipated that there will be additional future legislation in this area. The Agency cannot predict what measures may be proposed or implemented for the current fiscal year or in the future.

*None of the websites or webpages referenced above is in any way incorporated into this Official Statement. They are cited for informational purposes only. The Agency makes no representation whatsoever as to the accuracy or completeness of any of the information on such websites.*

There can be no assurance that additional legislation will not be enacted in the future to additionally implement provisions relating to the State budget or otherwise that may affect successor agencies or tax increment revenues.

### **Recognized Obligation Payment Schedule**

The Dissolution Act provides that, commencing on the date that the first Recognized Obligation Payment Schedule is valid thereunder, only those obligations which are listed in the Recognized Obligation Payment Schedule may be paid by the Agency from the funds specified in the Recognized Obligation Payment Schedule. Before each February 1, with respect to the following fiscal year, the Dissolution Act requires successor agencies to prepare, approve and submit to the successor agencies' oversight boards and the DOF for approval a Recognized Obligation Payment Schedule pursuant to which enforceable obligations (as described under the caption "SECURITY FOR THE 2025A BONDS—Recognized Obligation Payment Schedule") of the successor agency are listed, together with the source of funds to be used to pay for each enforceable obligation. Tax increment revenues will not be distributed from the Redevelopment Property Tax Trust Fund by the County Auditor-Controller to the Agency's Redevelopment Obligation Retirement Fund without a duly approved and effective Recognized Obligation Payment Schedule obtained in sufficient time prior to the June 1 property tax distribution date. See the caption "SECURITY FOR THE 2025A BONDS—Recognized Obligation Payment Schedule."

In the event that the Agency were to fail to file a Recognized Obligation Payment Schedule with respect to a fiscal year, the availability of Pledged Tax Revenues to the Agency could be adversely affected for such period. If a successor agency fails to submit to the DOF an oversight board-approved Recognized Obligation Payment Schedule complying with the provisions of the Dissolution Act within five business days of the date upon which the Recognized Obligation Payment Schedule is to be used to determine the amount of property tax allocations, the DOF may determine if any amount should be withheld by the applicable county auditor-controller for payments for enforceable obligations from distribution to taxing entities pursuant to clause (iv) below, pending approval of a Recognized Obligation Payment Schedule. Upon notice provided by the DOF to the county auditor-controller of an amount to be withheld from allocations to taxing entities, the county auditor-controller must distribute to taxing entities any moneys in the Redevelopment Property Tax Trust Fund in excess of the withholding amount set forth in the notice, and the county auditor-controller must distribute withheld funds to the successor agency only in accordance with a Recognized Obligation Payment Schedule when and as approved by the DOF.

Typically, under the Redevelopment Property Tax Trust Fund distribution provisions of the Dissolution Act, county auditor-controllers distribute funds for each six-month period (after retention of

amounts due to county auditor-controllers for administrative fees) in the following order specified in Section 34183 of the Dissolution Act:

(i) first, subject to certain adjustments for subordination to the extent permitted under the Dissolution Act (as described under the caption “SECURITY FOR THE 2025A BONDS—Tax Increment Financing”), to each local agency and school entity, to the extent applicable, amounts required for pass-through payments that such entity would have received under provisions of the Law, as those provisions read on January 1, 2011, including pursuant to the Pass-Through Agreements and Statutory Pass-Through Amounts. Pension or State Water Project override revenues that are not pledged to or not needed for debt service on Agency debt will be allocated and paid to the entity that levies the override;

(ii) second, to the Agency for payments listed in its Recognized Obligation Payment Schedule, with debt service payments scheduled to be made for tax allocation bonds having the highest priority over payments scheduled for other debts and obligations listed on the Recognized Obligation Payment Schedule;

(iii) third, to the Agency for the administrative cost allowance, as defined in the Dissolution Act; and

(iv) fourth, to taxing entities any moneys remaining in the Redevelopment Property Tax Trust Fund after the payments and transfers authorized by clauses (i) through (iii), in an amount proportionate to such taxing entity’s share of property tax revenues in the tax rate area in such fiscal year (without giving effect to any pass-through obligations that were established under the Law).

If the Agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule within five business days of the date upon which the Recognized Obligation Payment Schedule is to be used to determine the amount of property tax allocations and the DOF does not provide a notice to the County Auditor-Controller to withhold funds from distribution to taxing entities, amounts in the Redevelopment Property Tax Trust Fund for such six-month period would be distributed to taxing entities pursuant to clause (iv) above.

However, the Agency has covenanted to take all actions required under the Dissolution Act to include scheduled debt service on the Bonds, as well as any amount required under the Indenture to replenish the Reserve Account and the subaccounts therein of the Debt Service Fund, in Recognized Obligation Payment Schedules so as to enable the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund to the Agency’s Redevelopment Obligation Retirement Fund on each January 2 and June 1 amounts required for the Agency to pay principal of, and interest on, the Bonds coming due in the respective six-month period, including placing on the periodic Recognized Obligation Payment Schedule for approval by the Oversight Board, the County Auditor-Controller and the DOF, to the extent necessary, the amounts to be held by the Agency as a reserve until the next six-month period, as contemplated by Section 34171(d)(1)(A) of the Dissolution Act, which are necessary to comply with the Indenture and to provide for the payment of principal and interest under the Indenture when the next property tax allocation is projected to be insufficient to pay all obligations due under the Indenture for the next payment due thereunder in the following six-month period.

The Dissolution Act also imposes certain penalties in the event that the Agency does not timely submit a Recognized Obligation Payment Schedule for each fiscal year. Specifically, a Recognized Obligation Payment Schedule must be submitted by the Agency, after approval by the Oversight Board, to the County Administrative Officer, the County Auditor-Controller, the DOF and the State Controller by February 1 in each year with respect to the following Fiscal Year. If the Agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule by such deadline, the City will be subject to a civil penalty equal to \$10,000 per day for every day that the schedule is not submitted. Additionally, the Agency’s administrative cost allowance will be reduced by 25% for any fiscal year for which the Agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule within 10 days of the February 1 deadline. If the Agency fails to submit a Recognized Obligation Payment Schedule by the

February 1 deadline, any creditor of the Agency, the DOF or any affected taxing entity will have standing to, and may request a writ of mandate to, require the Agency to immediately perform this duty. For additional information regarding procedures under the Dissolution Act relating to late Recognized Obligation Payment Schedules and implications thereof on the 2025A Bonds, see the caption “SECURITY FOR THE 2025A BONDS—Recognized Obligation Payment Schedule.”

### **Last and Final Recognized Obligation Payment Schedule**

SB 107 amended the Dissolution Act to permit certain successor agencies with limited remaining obligations to submit a Last and Final ROPS for approval by their oversight board and the DOF. The Last and Final ROPS must list the remaining enforceable obligations of the successor agency, including the total outstanding obligation amount and a schedule of remaining payments for each enforceable obligation. The Last and Final ROPS must also establish the maximum amount of Redevelopment Property Tax Trust Fund moneys to be distributed to the successor agency for each remaining fiscal year until all obligations have been fully paid.

Any revenues, interest and earnings of the successor agency, including proceeds from the disposition of real property, that are not authorized for use pursuant to the approved Last and Final ROPS will be remitted to the county auditor-controller for distribution to the affected taxing entities. A successor agency may not expend more than the amount approved for each enforceable obligation listed on the approved Last and Final ROPS and once the successor agency has received Redevelopment Property Tax Trust Fund moneys equal to the amount of the total outstanding obligations approved in the Last and Final ROPS, the county auditor-controller will not allocate further Redevelopment Property Tax Trust Fund moneys to the successor agency.

Successor agencies may only amend an approved Last and Final ROPS twice. If the Agency prepares and obtains DOF approval of a Last and Final ROPS and subsequently amends the Last and Final ROPS two times, the Agency may be unable to make unexpected or unscheduled reserve deposits or payments due to AGM or with respect to other Parity Debt.

See the caption “SECURITY FOR THE 2025A BONDS—Last and Final Recognized Obligation Payment Schedule” for a discussion of the requirements for a Last and Final Recognized Obligation Payment Schedule and the mechanics for allocation of Redevelopment Property Tax Trust Fund moneys pursuant to an approved Last and Final Recognized Obligation Payment Schedule. The Agency has no current plans to seek approval of a Last and Final ROPS.

### **Estimated Revenues**

In estimating that Pledged Tax Revenues will be sufficient to pay debt service on the Bonds, the Agency and the Fiscal Consultant have made certain assumptions with regard to present and future assessed valuation in the Project Areas, future tax rates and percentage of taxes collected. The Agency believes these assumptions to be reasonable, but there is no assurance that these assumptions will be realized. To the extent that the assessed valuation and the tax rates are less than expected, the Pledged Tax Revenues which are available to pay debt service on the Bonds will be less than those projected and such reduced Pledged Tax Revenues may be insufficient to provide for the payment of principal of, premium (if any) and interest on the Bonds.

### **Implementing Legislation**

Legislation enacted by the State Legislature to implement Article XIII A (Statutes of 1978, Chapter 292, as amended) of the State Constitution (as described under the caption “—Property Tax Limitations – Article XIII A”) provides that, notwithstanding any other law, local agencies may not levy any property tax, except to pay debt service on indebtedness approved by the voters prior to July 1, 1978, and that each county will levy the maximum tax permitted by Article XIII A of \$4.00 per \$100 assessed valuation (based on the

traditional practice in the State of using 25% of full cash value as the assessed value for tax purposes). Legislation enacted in connection with the implementation of Article XIII A changed the levy to \$1.00 per \$100.00 assessed valuation based on 100% of full cash value.

The apportionment of property taxes in fiscal years after 1978-79 has been revised pursuant to Statutes of 1979, Chapter 282, which provides relief funds from State moneys beginning in fiscal year 1978-79 and is designed to provide a permanent system for sharing State taxes and budget surplus funds with local agencies. Under Chapter 282, cities and counties receive about one-third more of the remaining property tax revenues collected under Article XIII A instead of direct State aid. School districts receive a correspondingly reduced amount of property taxes, but receive compensation directly from the State and are given additional relief. Chapter 282 does not affect the derivation of the base levy (\$1.00 per \$100 taxable valuation) and the bonded debt tax rate.

Future assessed valuation growth allowed under Article XIII A (new construction, change of ownership, 2% annual value growth) will be allocated on the basis of “situs” among the jurisdictions that serve the tax rate area within which the growth occurs except for certain utility property assessed by the State Board of Equalization which is allocated by a different method, as discussed under the caption “—Unitary Taxation of Utility Property.”

### **Challenges to Dissolution Act**

Several successor agencies, cities and other entities have filed judicial actions challenging the legality of various provisions of the Dissolution Act. One such challenge is an action filed on August 1, 2012, by Syncora Guarantee Inc. and Syncora Capital Assurance Inc. (collectively, “**Syncora**”) against the State, the State Controller, the State Director of Finance, and the Auditor-Controller of Riverside County on his own behalf and as the representative of all other County Auditors in the State (Superior Court of the State of California, County of Sacramento, Case No. 34-2012-80001215). Syncora is a monoline financial guaranty insurer that is domiciled in the State of New York and has provided bond insurance and other related insurance policies for bonds issued by former California redevelopment agencies.

The complaint in the Syncora case alleged that the Dissolution Act, and specifically the “Redistribution Provisions” thereof (i.e., Sections 34172(d), 34174, 34177(d), 34183(a)(4), and 34188 of the Health and Safety Code of the State) violate the “contract clauses” of the United States and California Constitutions (U.S. Const. art. 1, §10, cl.1; Cal. Const. art. 1, §9) because they unconstitutionally impair contracts among the former redevelopment agencies, bondholders and Syncora. The complaint also alleged that the Redistribution Provisions violate the “Takings Clauses” of the United States and California Constitutions (U.S. Const. amend. V; Cal Const. art. 1 §19) because they unconstitutionally take and appropriate bondholders’ and Syncora’s contractual right to critical security mechanisms without just compensation.

After a hearing in the Sacramento County Superior Court on May 3, 2013, the Superior Court ruled that Syncora’s constitutional claims based on contractual impairment were premature. The Superior Court also held that Syncora’s takings claims, to the extent based on the same arguments, were also premature. Pursuant to a judgment that was stipulated to by the parties, the Superior Court on October 3, 2013, entered an order dismissing the action. The stipulated judgment, however, provides that Syncora preserves its rights to reassert its challenges to the Dissolution Act in the future. The Agency does not guarantee that any reassertion of challenges by Syncora or that the final results of any of the judicial actions brought by others challenging the Dissolution Act will not result in an outcome that may have a material adverse effect on the Agency’s ability to timely pay debt service on the 2025A Bonds.

## Proposition 87

Under State law prior to 1988, if a taxing entity increased its tax rate to obtain revenues to repay voter-approved general obligation bonds, any redevelopment project area which included property affected by the tax rate increase would realize a proportionate increase in tax increment revenues.

Proposition 87, approved by the voters of the State on November 8, 1988, requires that all revenues produced by a tax rate increase (approved by the voters on or after January 1, 1989) go directly to the taxing entity which increases the tax rate to repay the general obligation bonded indebtedness. As a result, redevelopment agencies no longer receive an increase in tax increment revenues when taxes on property in a project area are increased to repay voter-approved general obligation debt.

SB 107, which became effective on September 22, 2015, amended Section 34183(a)(1) of the Dissolution Act to provide that such debt service override revenues approved by the voters for the purpose of supporting pension programs or capital projects or programs related to the State Water Project which are not pledged to or not needed for debt service on Agency debt will be allocated and paid to the entity that levies the override. See the caption “SECURITY FOR THE 2025A BONDS—General.”

## Santa Ana Unified School District Case

The Fourth District of the California Court of Appeal has rendered a decision in *Santa Ana Unified School District vs. Orange County Development Agency* (the “**Santa Ana USD Case**”) which involves the allocation of tax increment revenues pursuant to Section 33676(a) of the Law as it existed before the passage of AB 1290 (as discussed under the caption “SECURITY FOR THE 2025A BONDS—Statutory Pass-Through Requirements”). Generally, before AB 1290, Section 33676(a) provided that, prior to the adoption of a redevelopment plan (or an amendment adding territory to a project area), under certain conditions, “any affected taxing agency may elect, and every school and community college district shall elect, to be allocated all or any portion of the tax revenues” derived based on an annual adjustment of the base year assessed value of real properties in the project area (or the added territory). The words “*every school and community college district shall elect*” were added pursuant to a 1984 amendment. The amount of property taxes that a taxing entity may receive under the former Section 33676(a) is derived by increasing the base year value of taxable real property in the project area (or the added territory) by an inflationary factor of not greater than two percent per year (the “**2 Percent Allocation**”). In effect, the 2 Percent Allocation reduces the tax increment revenues that a redevelopment agency receives from the project area (or, if applicable, an added area to the project area).

In the Santa Ana USD Case, the redevelopment plan at issue was adopted in 1986. In 1996, the Santa Ana Unified School District (“**Santa Ana USD**”) adopted a resolution electing to be paid its share of the 2 Percent Allocation. The Orange County Development Agency took the position that Santa Ana USD was not entitled to the 2 Percent Allocation because the election to receive such allocation should have been made before the adoption of the redevelopment plan for the project area. In turn, Santa Ana USD argued that the mandatory nature of the words “shall elect” in the statute made the allocation mandatory with respect to a school district. The lower court ruled in favor of Santa Ana USD. In an opinion published on June 29, 2001, the Court of Appeal affirmed. As a result, Santa Ana USD received the award it had requested, *i.e.*, its share of the 2 Percent Allocation from 1996, the year Santa Ana USD made the Section 33676 election. The California Supreme Court denied review of the Santa Ana USD Case on September 19, 2001. This case affects redevelopment agencies which have amended or added territory between the years 1983 to 1994.

Pursuant to City Ordinance No. 86-684, the Agency did amend the original boundaries of Project Area No. 2 during this time period to delete certain areas from Project Area No. 2. However, the County Auditor-Controller has determined that MWD, the only taxing entity that made a statutory election, is no longer entitled to payments pursuant to Section 33676.

## Property Tax Collection Procedures

**Classifications.** In California, property which is subject to *ad valorem* taxes is classified as “secured” or “unsecured.” Secured and unsecured property is entered on separate parts of the assessment roll maintained by the county assessor. The secured classification includes property on which any property tax levied by the county becomes a lien on that property which is sufficient, in the opinion of the county assessor, to secure payment of the taxes. Every tax which becomes a lien on secured property has priority over all other liens on the secured property, regardless of the time of the creation of other liens. A tax levied on unsecured property does not become a lien against the unsecured property, but may become a lien on certain other property owned by the taxpayer.

The valuation of property is determined as of January 1 each year and two equal installments of taxes levied upon secured property become delinquent on the following December 10 and April 10. Taxes on unsecured property are due January 1 and become delinquent on the following August 31.

**Collections.** The method of collecting delinquent taxes is substantially different for the two classifications of property. The taxing authority has four ways of collecting unsecured property taxes in the absence of timely payment by the taxpayer: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the county recorder’s office, in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of the personal property, improvements or possessory interests belonging or assessed to the assessee.

The exclusive means of enforcing the payment of delinquent taxes with respect to property on the secured roll is the sale of property securing the taxes to the State for the amount of taxes which are delinquent.

Current tax payment practices by the County provide for payment to the Agency of tax revenues monthly from November to July of each Fiscal Year; provided, however, that tax revenues from supplemental assessments are received throughout the year. The Agency does not participate in the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (known as the Teeter Plan), as provided for in Section 4701 *et seq.* of the Revenue and Taxation Code as to any of the Project Areas, and is therefore exposed to the risk of delinquencies in tax revenue collections.

**Supplemental Assessments.** A bill enacted in 1983, SB 813 (Statutes of 1983, Chapter 498), provides for the supplemental assessment and taxation of property as of the occurrence of a change in ownership or completion of new construction. Previously, statutes enabled the assessment of such changes only as of the next tax lien date (March 1 was used as the lien date as of the enactment of Chapter 498; however, as discussed below, the lien date was changed to January 1 by legislation enacted in 1995) following the change and thus delayed the realization of increased property taxes from the new assessments for up to 14 months. As enacted, Chapter 498 provides increased revenue to redevelopment agencies to the extent that supplemental assessments as a result of new construction or changes of ownership occur within the boundaries of redevelopment projects subsequent to the lien date. To the extent that such supplemental assessments occur within the Project Areas, Pledged Tax Revenues may increase. As a result of legislation enacted in 1995 (SB 327 and SB 722, chaptered as Chapter 499 and 497, respectively), commencing as of January 1, 1997, the lien date for locally assessed property tax has been changed from March 1 to January 1. The first day of January for each succeeding year is now the lien date. Actual tax increment receipts will be reduced to reflect tax collection fees charged by the County. Receipts may increase or decrease by the amount of supplemental roll revenue and prior supplemental roll refunds. Because these costs/refunds cannot be accurately projected, and because historically the revenues have exceeded the costs resulting in slightly higher revenues than anticipated, no provision has been made by the Fiscal Consultant to reflect this impact on future revenues.



## **Appropriations Limitation – Article XIII B**

On November 6, 1979, State voters approved Proposition 4 (also known as the Gann Initiative), which added Article XIII B to the State Constitution. Article XIII B limits the annual appropriations of the State and its political subdivisions to the level of appropriations for the prior fiscal year, as adjusted for changes in the cost of living, population and services rendered by the government entity. The “base year” for establishing such appropriations limit is State fiscal year 1978-79, and the limit is to be adjusted annually to reflect changes in population, consumer prices and certain increases in the cost of services provided by these public agencies.

Section 33678 of the Law provides that the allocation of taxes to a redevelopment agency for the purpose of paying principal of, or interest on, loans, advances, or indebtedness is not deemed to be the receipt by an agency of proceeds of taxes levied by or on behalf of an agency within the meaning of Article XIII B, nor will such portion of taxes be deemed receipt of proceeds of taxes by, or an appropriation subject to the limitation of, any other public body within the meaning or for the purpose of the Constitution and laws of the State, including Section 33678 of the Law. The constitutionality of Section 33678 has been upheld in two State appellate court decisions. On the basis of these decisions, the Agency does not believe that it is subject to Article XIII B and has not adopted an appropriations limit.

## **Tax Collection Fees**

Legislation enacted by the State Legislature authorizes county auditors to determine property tax administration costs proportionately attributable to local jurisdictions and to submit invoices to the jurisdictions for such costs. Subsequent legislation specifically includes redevelopment agencies among the entities which are subject to a property tax administration charge. Actual tax increment disbursements are reduced to reflect the tax collection fee charged by the County Auditor-Controller pursuant to Senate Bill 2577. The tax collection fee varies slightly from year to year. Pledged Tax Revenues do not include and are reduced by County tax collection charges. In Fiscal Year 2023-24, the County charged the Agency aggregate administrative fees off approximately \$960,924 for Project Areas No. 1, 2 and 3, collectively, representing approximately 0.8% of the total tax increment revenues received by the Agency in Fiscal Year 2023-24 from the Project Areas in Fiscal Year 2023-24. The tax collection fee charged by the County will decrease the amount of Pledged Tax Revenues pledged in connection with the 2025A Bonds.

## **Unitary Taxation of Utility Property**

AB 2890 (Statutes of 1986, Chapter 1457) provides that, commencing with State fiscal year 1988-89, assessed value derived from State-assessed unitary property (consisting mostly of operational property owned by certain railroad and utility companies) is to be allocated county-wide as follows: (i) each tax rate area will receive the same amount from each assessed utility received in the previous fiscal year unless the applicable county-wide values are insufficient to do so, in which case values will be allocated to each tax rate area on a pro rata basis; and (ii) if values to be allocated are greater than in the previous fiscal year, each tax rate area will receive a pro rata share of the increase from each assessed utility according to a specified formula. Additionally, the lien date on State assessed property was changed from March 1 to January 1.

AB 454 (Statutes of 1987, Chapter 921) further modifies Chapter 1457 regarding the distribution of tax revenues derived from property assessed by the State Board of Equalization. Chapter 921 provides for the consolidation of all State-assessed property, except for regulated railroad property, into a single tax rate area in each county. Chapter 921 further provides for a new method of establishing tax rates on State-assessed property and distribution of property tax revenues derived from State-assessed property to taxing jurisdictions within each county as follows: for revenues generated from the 1% tax rate, each jurisdiction, including redevelopment project areas, will receive a percentage of up to its prior year State-assessed unitary revenue; and if county-wide revenues generated for unitary property are greater than 102% of the previous year's unitary revenues, each jurisdiction will receive a percentage share of the excess unitary revenue generated from growth above 102%; further, each jurisdiction will receive a percentage share of revenue based on the

jurisdiction's annual debt service requirements and the percentage of property taxes received by each jurisdiction from unitary property taxes. Railroads will continue to be assessed and revenues allocated to all tax rate areas where railroad property is sited. The intent of Chapters 1457 and 921 is to provide redevelopment agencies with their appropriate share of revenue generated from the property assessed by the State Board of Equalization.

Based on AB 454 (pursuant to which property tax revenues from unitary utility property is disbursed in a different manner than revenue from non-unitary property), and because these revenues tend to fluctuate from year to year, increased revenues generated from this source are not included in the tax increment projections.

### **Reduction in Inflationary Rate and Changes in Legislation; Further Initiatives**

As described in greater detail under the caption “—Property Tax Limitations – Article XIII A,” Article XIII A of the State Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the Consumer Price Index or comparable local data. Such measure is computed on a calendar year basis.

Article XIII A of the State Constitution, which significantly affected the rate of property taxation, was adopted pursuant to the State's constitutional initiative process. From time to time, other initiative measures could be adopted by State voters. The adoption of any such initiative might alter the calculation of tax increment revenues, reduce the property tax rate, or broaden property tax exemptions. Future legislative reallocation of the 1% basic levy among the affected taxing entities could increase the taxes retained by certain taxing entities with a corresponding reduction in Pledged Tax Revenues. See the caption “—Property Tax Limitations – Article XIII A.”

Reductions in Pledged Tax Revenues due to the factors described above could have an adverse effect on the Agency's ability to make timely payments of principal of and interest on the 2025A Bonds.

### **Assessment Appeals**

There are two types of assessment appeals provided for under State law. The first type of appeal, commonly referred to as a base year assessment appeal, involves a dispute as to the valuation assigned by the county assessor immediately subsequent to a change in ownership or completion of new construction. If the base year value assigned by the county assessor is reduced, the valuation of the property cannot increase in subsequent years by more than 2% annually unless and until another change in ownership and/or additional new construction activity occurs. The second type of appeal, commonly referred to as a Proposition 8 appeal, can result if factors occur causing a decline in the market value of the property to a level below the property's then current taxable value. Proposition 8 appeals apply only to a single tax year.

Pursuant to State law, a property owner may apply for a Proposition 8 reduction of the property tax assessment for such owner's property by filing a written application, in the form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board. Any reduction in the assessment ultimately granted applies only to the year for which application is made and during which the written application is filed. The assessed value increases to its pre-reduction level (escalated to the inflation rate of no more than 2%) following the year for which the reduction application is filed. However, the county assessor has the power to grant a reduction not only for the year for which application was originally made, but also for the then current year and any intervening years as well. In practice, such a reduced assessment may and often does remain in effect beyond the year in which it is granted.

An appeal may result in a reduction in the assessor's original taxable value and a tax refund to the applicant property owner. A reduction in present or future taxable values within the Project Areas, which may

arise out of successful appeals by property owners, will affect the amount of present or future tax increment revenues received by the Agency.

Assessors have the ability pursuant to Proposition 8 to temporarily reduce property tax assessments during times of negative economic conditions that result in decreased real estate values. The County Assessor's Office did so for many residential and commercial properties and those reduced values were reflected on the Fiscal Year 2008-09 and Fiscal Year 2009-10 tax roll. The Agency notes that many of such reductions had been either partially or fully reversed by Fiscal Year 2014-15.

Certain of the top ten largest property taxpayers in the Project Areas have pending property tax appeals. See the caption "THE REDEVELOPMENT PLANS—Assessment Appeals" and Tables B-10, B-11 and B-12 in Appendix B for a description of pending appeals and the potential impact on Pledged Tax Revenues if the appeals are granted.

The County experienced a high level of assessment appeals in the 2008-2010 period, and significant appeals to assessed values in the Project Areas may be filed from time to time in the future. The Agency cannot predict the extent of these appeals or their likelihood of success. The vast majority of currently pending and closed appeals are Proposition 8 appeals.

For Fiscal Years 2020-21 through 2024-25, 163 assessment appeals are pending in the Project Areas. If all of such appeals were granted in full, the cumulative reduction would equal approximately 9.0% of the Fiscal Year 2024-25 assessed value of the Project Areas. The Fiscal Consultant has not made any adjustment to its projections as a result of these pending appeals. However, if all pending appeals in the Project Areas are granted and assessed valuations reduced by the historical average percentage from Fiscal Years 2020-21 through 2024-25 (6.04%) reduction of the full amount that the appellants seek (\$1,173,371,691), gross tax revenues for the Project Areas would be reduced by approximately \$603,613. The Agency does not believe that such a reduction would have a material adverse impact on the Agency's ability to pay debt service on the 2025A Bonds. See the caption "PLEDGED TAX REVENUE PROJECTIONS AND DEBT SERVICE COVERAGE."

A table summarizing the Project Areas' secured roll assessment appeals information is set forth under the caption "THE REDEVELOPMENT PLANS—Assessment Appeals."

## **Natural Disasters**

**General.** The Project Areas, like all California communities, may be subject to unpredictable seismic activity, wildfires, droughts, high winds, tsunamis, landslides, floods or other natural disasters. Southern California is a seismically active area. Seismic activity represents potential risk for damage to buildings, roads, bridges and property within the Project Areas in the event of an earthquake. There is significant potential for destructive ground shaking during the occurrence of a major seismic event. In addition, land susceptible to seismic activity may be subject to liquefaction during the occurrence of such an event.

In the event of a severe earthquake, wildfire, drought, windstorm, tsunami, landslide, flood or other natural disaster, there may be significant damage to both property and infrastructure in the Project Areas. As a result, property owners may be unable or unwilling to pay their property taxes when due. In addition, the value of land in the Project Areas could be reduced in the aftermath of such a natural disaster. Such a reduction of assessed valuations could result in a reduction of the Pledged Tax Revenues that secure the 2025A Bonds and in the proceeds of foreclosure sales in the event of delinquencies in the payment of Pledged Tax Revenues.

**Earthquakes.** There are several identified faults within close proximity to or within the boundaries of the Project Areas that could potentially result in damage to buildings, roads, bridges, and property within the Project Areas in the event of an earthquake. Past experiences have resulted in minimal damage to the

infrastructure and property within the Project Areas. A majority of the property within the Project Areas has been developed in conformity with the 1988 Uniform Building Code standards. Nonetheless, the occurrence of severe seismic activity in the City could result in substantial damage to property located in the Project Areas, and could lead to successful appeals for reduction in assessed values of such property. Such reductions could result in a decrease in Pledged Tax Revenues.

**Flooding.** Although portions of Project Area No. 1 and very small portions of Project Area No. 2 and Project Area No. 3 are located within a 100-year flood plain, there have been no recent reductions in assessed values as the result of flooding.

**Wildfires.** In recent years, wildfires have caused extensive damage throughout the State, including within the County. In some cases, these fires have burned thousands of acres and destroyed hundreds and in some cases thousands of homes. Several fires which occurred in recent years damaged or destroyed property in areas that were not previously considered to be at risk from such events. Some commentators believe that climate change will lead to even more frequent and damaging wildfires in the future.

The City is periodically subject to large-scale wildfires and is expected to be subject to wildfires in the future. Wildfires have burned hundreds of acres at a time and destroyed dozens of homes and structures in and around the City generally, affecting parts of the City near the Project Areas. In 1996, the Harmony Grove Fire destroyed five structures in the City and damaged 22 others. Nearly one hundred and ten structures were destroyed within the jurisdictional boundaries of the San Marcos Fire Protection District (which are not coterminous with City limits), and burned approximately 8,660 acres. In 2014, the Cocos Fire destroyed five structures in the City and damaged four others, and burned approximately 1,995 acres. Over thirty other homes were destroyed elsewhere in the regional area affected by the Cocos Fire. The City also experiences high winds known as Santa Ana winds which frequently accompany and magnify the intensity of wildfires.

Pursuant to California Public Resources Code §§ 4201 – 4204, the State Fire Marshal is required to classify lands within state responsibility areas into fire hazard severity zones. The Office of the State Fire Marshal supports the California Department of Forestry and Fire Protection (“**Cal Fire**”), with a focus on fire prevention. The 2007 – 2011 Fire Hazard Severity Zones in Local Responsibility Area Map as recommended by the State Fire Marshal has been updated with a 2025 version. The updated Map, released in late March, 2025, reflects that the Fire Hazard Severity Zones as delineated within the City include additional land within the area designated as Very High Fire Hazard Severity Zones, as well as new areas designated as Moderate Fire Hazard Severity Zones and High Fire Hazard Severity Zones. A comparison of the 2007 – 2011 and the 2025 maps of Fire Hazard Severity Zones as recommended by the State Fire Marshal may be found on Cal Fire’s website. As required by California Government Code § 51179, the updated local responsibility area maps must be considered by local jurisdictions within 120 days of release by the Office of the State Fire Marshal. The updated Local Responsibility Area Fire Hazard Severity Zone Maps are currently scheduled to be considered by the City’s Council by way of introduction of an ordinance on May 13, 2025, and for adoption of said ordinance at its May 27, 2025 meeting.

As the updated 2025 Fire Hazard Severity Zone map reflects, there is an increased risk of property within the Project Areas being destroyed by wildfires and no assurance can be given as to the severity or frequency of wildfires within the vicinity of the Project Areas. Property damage due to wildfire could result in a significant decrease in the assessed value of property in the Project Areas.

In January 2025, communities in Los Angeles County, including Pacific Palisades, Malibu and Altadena, experienced widespread devastation from wildfires causing losses of life, thousands of burned homes, and billions of dollars in property damage. On January 16, 2025, Governor Gavin Newsom issued Executive Order N-10-25 (the “Governor’s Order”) which canceled penalties, costs and interest on overdue property taxes within certain zip codes affected by the Palisades and Eaton Fires during calendar year 2025. This will likely cause a delay in the payment of property taxes by property owners in areas affected by Governor’s Order. Unless property owners within the affected areas pay their property taxes voluntarily or

have mortgage impound accounts, it is possible bonds payable from property taxes in such areas will experience a need to draw on reserve accounts or a payment default. In the event of a major fire or other natural disaster affecting the Project Areas, a similar order affecting the Project Areas could impact the Pledged Tax Revenues and, therefore, the ability of the Agent to make timely debt service payments on the 2025A Bonds.

### **Hazardous Substances**

While governmental taxes, assessments, and charges are a common claim against the value of a taxable parcel, other less common claims may be relevant. One example is a claim with regard to a hazardous substance.

The presence of hazardous substances on a parcel may result in a reduction in the value of a parcel. In general, the owners and operators of a taxable parcel may be required by law to remedy conditions of the parcel relating to releases or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as “CERCLA” or the “Superfund Act,” is the most well-known and widely applicable of these laws, but State and local laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner (or operator) is obligated to remedy a hazardous substance condition of property whether or not the owner (or operator) had anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the taxable parcels be affected by a hazardous substance, is to reduce the marketability and value of the parcel by the costs of remedying the condition, because the purchaser, upon becoming owner, will become obligated to remedy the condition just as is the seller. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly affect the value of the property that is realizable upon a delinquency and foreclosure.

Further, it is possible that liabilities may arise in the future with respect to taxable parcels resulting from the existence, currently, on the parcel of a substance that is presently classified as hazardous but which has not been released or the release of which is not presently threatened, or may arise in the future resulting from the existence, currently, on the parcel of a substance that is not presently classified as hazardous but which may in the future be so classified. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly affect the value of a taxable parcel that is realizable upon a delinquency.

The Agency understands that hazardous substances may be located in, on or under real property within the Project Areas, and has reviewed or participated in at least two work plan processes for the removal and remediation of such substances. There can be no assurance that the presence of hazardous substances, or the discovery thereof after the issuance of the 2025A Bonds, will not have an effect on property values in the Project Areas.

### **Limitations on Remedies**

The enforceability of the rights and remedies of the owners of the 2025A Bonds and the obligations of the Agency may become subject to the following: the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting the enforcement of creditors’ rights generally, now or later in effect; equitable principles which may limit the specific enforcement under state law of certain remedies; the exercise by the United States of America of the powers delegated to it by the federal Constitution; and the reasonable and necessary exercise in certain exceptional situations of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of servicing a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the 2025A Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise and consequently may entail risks of delay, limitation or modification of their rights.

Bond Counsel has limited its opinion as to the enforceability of the 2025A Bonds and of the Second Supplemental Indenture to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium or other similar laws affecting generally the enforcement of creditors' rights, by equitable principles and by the exercise of judicial discretion. The lack of availability of certain remedies or the limitation of remedies may entail risks of delay, limitation or modification of the rights of the 2025A Bond Owners.

### **Bankruptcy and Foreclosure**

The payment of the property taxes from which Pledged Tax Revenues are derived and the ability of the County to foreclose the lien of a delinquent unpaid tax may be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights (such as the Soldiers' and Sailors' Relief Act of 1940 discussed below) or by the laws of the State relating to judicial foreclosure. In addition, the prosecution of a foreclosure action could be delayed due to crowded local court calendars or delays in the legal process. The various legal opinions to be delivered concurrently with the delivery of the 2025A Bonds (including Bond Counsel's approving legal opinion) will be qualified as to the enforceability of the various legal instruments by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights, by the application of equitable principles and by the exercise of judicial discretion in appropriate cases.

Although bankruptcy proceedings would not cause the liens to become extinguished, bankruptcy of a property owner could result in a delay in prosecuting superior court foreclosure proceedings because federal bankruptcy laws may provide for an automatic stay of foreclosure and sale of tax sale proceedings. Such delay would increase the possibility of delinquent tax installments not being paid in full and thereby increase the likelihood of a delay or default in payment of the principal of and interest on the 2025A Bonds. Moreover, if the value of the subject property is less than the lien of property taxes, such excess could be treated as an unsecured claim by the bankruptcy court. Further, should remedies be exercised under the federal bankruptcy laws, payment of property taxes may be subordinated to bankruptcy law priorities. Thus, certain claims may have priority over property taxes in a bankruptcy proceeding even though they would not have priority outside of a bankruptcy proceeding.

In addition, the United States Bankruptcy Code might prevent moneys on deposit in the Redevelopment Obligation Retirement Fund from being applied to pay interest on the 2025A Bonds and/or to redeem 2025A Bonds if bankruptcy proceedings were brought by or against a landowner and if the court found that such landowner had an interest in such moneys within the meaning of Section 541(a)(1) of the United States Bankruptcy Code.

Other laws generally affecting creditors' rights or relating to judicial foreclosure may affect the ability to enforce payment of property taxes or the timing of enforcement thereof. For example, the Soldiers and Sailors Civil Relief Act of 1940 affords protections such as a stay in enforcement of the foreclosure covenant, a six-month period after termination of military service to redeem property sold to enforce the collection of a tax or assessment and a limitation on the interest rate on the delinquent tax or assessment to persons in military service if a court concludes that the ability to pay such taxes or assessments is materially affected by reason of such service.

### **Investment of Tax Increment Revenues and Other Funds**

Tax increment revenues (which include Pledged Tax Revenues) are invested by the Agency prior to their transfer to the Trustee for deposit by the Trustee in the funds and accounts established under the Indenture. Moneys that are held in the funds and accounts established under the Indenture must be invested by the Trustee in Permitted Investments (as such term is defined in the Indenture), and moneys in the Redevelopment Obligation Retirement Fund may be invested by the Agency in any lawful investment of Agency funds. See Appendix A under the caption "Definitions." All investments, including the Permitted Investments and those authorized by law from time to time for investments by municipalities, contain a certain

degree of risk. Such risks include, but are not limited to, a lower rate of return than expected and loss or delayed receipt of principal. The Agency cannot predict the impact on the investment of any tax increment revenues by the Agency if it experiences significant losses in its investments.

### **Future Land Use Regulations and Growth Control Initiatives**

In the past, citizens of a number of local communities in Southern California have placed measures on the ballot designed to limit the issuance of building permits or impose other restrictions to control the rate of future growth in those areas. It is possible that future initiatives could be enacted that could be applicable to the City and have a negative impact on the ability of developers in the Project Areas to complete any existing or proposed development. 2025A Bond Owners should assume that any event that significantly affects the ability to develop land in the City could cause the land values within the Project Areas to decrease substantially and could affect the willingness and ability of the owners of land within the Project Areas to pay property taxes when due.

There can be no assurance that land development within the City will not be adversely affected by future governmental policies, including, but not limited to, government policies to restrict or control development. Under current State law, it is generally accepted that proposed development is not exempt from future land use regulations until building permits have been issued and substantial work has been performed and substantial liabilities have been incurred in good faith reliance on the permits prior to the adoption of such regulations.

### **Plan Limits**

The Project Areas are subject to time period limits on the receipt of tax increment revenues. See the caption “THE REDEVELOPMENT PLANS—Financial Limitations.” Additionally, the Project Areas have cumulative limits on the amount of tax increment revenues that can be allocated to the Agency under the respective Redevelopment Plans. However, pursuant to SB 107, the time limits for receiving property tax revenues and the limitations on the amount of property tax revenues that may be received by the Former Agency and the Agency which are set forth in the Redevelopment Plans are not effective for purposes of paying the Agency’s enforceable obligations. Accordingly, the projections set forth in this Official Statement do not take into account the time limitations or the limitations on the amount of property tax revenues that may be received that are set forth in the Redevelopment Plans for the Project Areas.

### **Acceleration on Default**

Under the Indenture, the principal due on the 2025A Bonds is subject to acceleration upon the occurrence of an Event of Default. If an Event of Default occurs under the Indenture, as a practical matter, 2025A Bond Owners will be limited to enforcing the obligation of the Agency to repay the 2025A Bonds on an annual basis to the extent of the availability of Pledged Tax Revenues. No real or personal property in the Project Areas is pledged to secure the 2025A Bonds, and it is not anticipated that the Agency will have available moneys sufficient to redeem all of the 2025A Bonds upon the occurrence of an Event of Default.

### **Secondary Market**

There can be no guarantee that there will be a secondary market for the 2025A Bonds, or, if a secondary market exists, that such 2025A Bonds can be sold for any particular price. Although the Agency has committed to provide certain financial and operating information on an annual basis, there can be no assurance that such information will be available to 2025A Bond Owners on a timely basis. See the caption “CONTINUING DISCLOSURE” and Appendix E. Any failure to provide annual financial information, if required, does not give rise to monetary damages but merely an action for specific performance. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or

terminated. Additionally, prices of issues for which a market is being made will depend upon the then-prevailing circumstances. Such prices could be substantially different from the original purchase price.

### **IRS Audit of Tax-Exempt Bond Issues**

The Internal Revenue Service has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the 2025A Bonds will be selected for audit by the Internal Revenue Service. It is also possible that the market value of the 2025A Bonds might be affected as a result of such an audit of the 2025ABonds (or by an audit of similar municipal obligations).

### **Loss of Tax Exemption**

As discussed under the caption “TAX MATTERS,” in order to maintain the exclusion from gross income for federal income tax purposes of the interest on the 2025A Bonds, the Agency has covenanted in the the Indenture and the Tax Certificate relating to the 2025A Bonds not to take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of interest on the 2025A Bonds under Section 103 of the Internal Revenue Code of 1986, as amended. Interest on the 2025A Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of issuance, as a result of acts or omissions of the Agency subsequent to the issuance of the 2025A Bonds in violation of such covenants with respect to the 2025A Bonds. Should such an event of taxability occur, the 2025A Bonds are not subject to redemption by reason thereof and will remain outstanding until maturity or unless earlier redeemed pursuant to the redemption provisions of the Indenture.

### **Bonds Are Limited Obligations**

Neither the faith and credit nor the taxing power of the Agency (except to the limited extent set forth in the Indenture), the City, the State or any political subdivision thereof is pledged to the payment of the 2025A Bonds. The 2025A Bonds are special obligations of the Agency; and, except as provided in the Indenture, they are payable solely from Pledged Tax Revenues. Pledged Tax Revenues could be insufficient to pay debt service on the 2025A Bonds as a result of delinquencies in the payment of property taxes or the insufficiency of proceeds derived from the sale of land within the Agency following a delinquency in the payment of the applicable property taxes. The Agency has no obligation to pay debt service on the 2025A Bonds in the event of insufficient Pledged Tax Revenues, except to the extent that money is available for such purpose in the Redevelopment Obligation Retirement Fund, the Debt Service Fund and the Reserve Account.

### **Cyber Security**

The City, like other public and private entities, relies on a large and complex technology environment to conduct its operations, and consequently faces the threat of cybersecurity incidents. Such incidents can result from unintentional events, or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the City’s information technology systems to misappropriate assets or information or to cause operational disruption and damage. The City and its departments face cyber threats from time to time, including but not limited to hacking, viruses, malware, phishing, distributed denial-of-service, and other attacks on computers, networks, and systems. The City has not experienced a major cyber attack that resulted in a material compromise of the system, data loss, or financial loss.

In fall 2019, the City suffered a cyber attack in which its network was penetrated, although no data was accessed. The City contracts with a third party vendor to monitor its network and has implemented best practices and recommendations to prevent cyber attacks in the future. Although the City carries cyber liability insurance, the cost of any such disruption or remedying damage caused by future attacks could be substantial. The City will continue to assess cyber threats and protect its data and systems.



The City is also reliant on other entities and service providers in connection with the administration of the 2025A Bonds, including without limitation, the County and the Trustee. No assurance can be given that the City and these other entities will not be affected by cyber threats and attacks in a manner that may affect the Owners of the 2025A Bonds.

## TAX MATTERS

In the opinion of Best Best & Krieger LLP, Riverside, California, subject, however, to certain qualifications described in this Official Statement, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants, the interest on the 2025A Bonds is excluded from gross income for federal income tax purposes, and interest on the 2025A Bonds is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations; however, interest on the 2025A Bonds is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on certain corporations. In the further opinion of Bond Counsel, interest on the 2025A Bonds is exempt from California personal income tax.

The opinions set forth in the preceding paragraph are subject to the condition that the Successor Agency comply with all requirements of the Internal Revenue Code of 1986, as amended (“Tax Code”) that must be satisfied subsequent to the issuance of the 2025A Bonds. The Successor Agency has made certain representations and covenanted to comply with each such requirement. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the 2025A Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the 2025A Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel’s attention after the date of issuance of the 2025A Bonds may adversely affect the value of, or the tax status of interest on, the 2025A Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events, or matters.

If the initial offering price to the public (excluding bond houses and brokers) at which a 2025A Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes “original issue discount” for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public (excluding bond houses and brokers) at which a 2025A Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes “original issue premium” for purposes of federal income taxes and State of California personal income taxes. *De minimis* original issue discount and original issue premium is disregarded.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the 2025A Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such 2025A Bonds to determine taxable gain upon disposition (including sale, prepayment, or payment on maturity) of such 2025A Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the 2025A Bonds who purchase the 2025A Bonds after the initial offering of a substantial amount of such maturity. Owners of such 2025A Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2025A Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering, the allowance of a deduction for any loss on a sale or other disposition, and the treatment of accrued original issue discount on such 2025A Bonds under federal individual alternative minimum taxes.

Under the Tax Code, original issue premium is amortized on an annual basis over the term of the 2025A Bond (said term being the shorter of the bond's maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the 2025A Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a 2025A Bond is amortized each year over the term to maturity of the 2025A Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized 2025A Bond premium is not deductible for federal income tax purposes. Owners of premium 2025A Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such 2025A Bonds.

Current and future legislative proposals, if enacted into law, clarification of the Tax Code, or court decisions may cause interest with respect to the 2025A Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Tax Code, or court decisions may also affect the market price for, or marketability of, the 2025A Bonds. Prospective purchasers of the 2025A Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the 2025A Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Successor Agency or about the effect of future changes in the Tax Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Successor Agency has covenanted, however, to comply with the requirements of the Tax Code.

A copy of the proposed form of opinion of Bond Counsel is attached hereto as APPENDIX D.

Owners of the 2025A Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the 2025A Bonds may have federal or state tax consequences other than as described above. Bond Counsel expresses no opinion regarding any federal or state tax consequences arising with respect to the 2025A Bonds other than as expressly described above.

The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of such opinion, and Bond Counsel has expressed no opinion with respect to any proposed legislation or as to the tax treatment of interest on the 2025A Bonds, or as to the consequences of owning or receiving interest on the 2025A Bonds, as of any future date. Prospective purchasers of the 2025A Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

#### **FISCAL CONSULTANT**

The Agency has retained the firm of 30 Three Sixty Public Finance, Inc. to act as the Fiscal Consultant for the Agency with respect to the Project Areas. As part of its duties, the Fiscal Consultant has prepared certain information concerning the Agency and the Project Areas which is contained in this Official Statement.

## FINANCIAL STATEMENTS

The audited financial statements of the City for the Fiscal Year ended June 30, 2024, attached hereto as Appendix C, including the footnotes thereto, should be reviewed in their entirety. Rogers, Anderson, Malody & Scott, LLP, San Bernardino, California, the City's auditor (the "**Auditor**"), has not consented to the inclusion of its report on such financial statements in Appendix C, and has not undertaken to update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement. No opinion is expressed by the Auditor with respect to any event subsequent to its report dated December 20, 2024.

## MUNICIPAL ADVISOR

Fieldman, Rolapp & Associates, Inc. has acted as Municipal Advisor (the "**Municipal Advisor**") to the Agency in conjunction with the issuance of the 2025A Bonds. The Municipal Advisor has assisted in matters related to the planning, structuring, execution, and delivery of the 2025A Bonds. The Municipal Advisor will receive compensation contingent upon the sale and delivery of the 2025A Bonds. The Municipal Advisor has not audited, authenticated, or otherwise independently verified the information set forth in this Official Statement, or any other related information available, with respect to accuracy and completeness of disclosure of such information. Because of this limited participation, the Municipal Advisor makes no guaranty, warranty, or other representation with respect to the accuracy or completeness of this Official Statement, or any other matter related to this Official Statement.

## PROFESSIONAL FEES

In connection with the execution of the 2025A Bonds, fees payable to Fieldman, Rolapp & Associates, Inc., as Municipal Advisor, and Stradling Yocca Carlson & Rauth LLP, as Disclosure Counsel, are contingent upon the issuance of the 2025A Bonds.

## UNDERWRITING

The 2025A Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (the "**Underwriter**"), pursuant to a Bond Purchase Agreement, dated the date hereof (the "**Purchase Agreement**"), by and between the Underwriter and the Agency. The Underwriter has agreed to purchase the 2025A Bonds at a price of \$\_\_\_\_\_ (being the aggregate principal amount thereof less an Underwriter's discount of \$\_\_\_\_\_ and [plus/less] a [net] original issue [premium/discount] of \$\_\_\_\_\_). The Purchase Agreement provides that the Underwriter will purchase all of the 2025A Bonds if any are purchased. The obligation to make such purchase is subject to certain terms and conditions set forth in the Purchase Agreement, the approval of certain legal matters by counsel and certain other conditions.

The initial public offering prices stated on the inside front cover of this Official Statement may be changed from time to time by the Underwriter. The Underwriter may offer and sell the 2025A Bonds to certain dealers (including dealers depositing 2025A Bonds into investment trusts), dealer banks, banks acting as agents and others at prices lower than said public offering prices.

## RATING

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("**S&P**"), has assigned a rating of "\_\_\_\_\_" to the 2025A Bonds. Such rating reflects only the views of S&P, and any desired explanation of the significance of such rating may be obtained from S&P. Generally, a rating agency bases its rating on the information and materials that are furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such rating will be maintained for any given period of time or that the rating will not be revised downward or withdrawn entirely by S&P, if in its judgment, circumstances so

warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the 2025A Bonds.

### CONTINUING DISCLOSURE

The Agency has covenanted for the benefit of holders and Beneficial Owners of the 2025A Bonds: (1) to provide certain financial information and operating data (the “**Annual Report**”) relating to the Agency and the property in the Project Areas by not later than April 1 after the end of the Agency’s Fiscal Year, commencing with the report for Fiscal Year 2024-25; and (2) to provide notices of the occurrence of certain enumerated events. The Annual Report will be filed by the Agency with the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System for municipal securities disclosures, maintained on the Internet at <http://emma.msrb.org/> (“**EMMA**”). The notices of enumerated events will be timely filed by the Agency with EMMA. The specific nature of the information to be contained in the Annual Report and the notices of enumerated events is set forth in the Continuing Disclosure Certificate. See Appendix E. These covenants have been made in order to assist the Underwriter in complying with the Rule.

It should be noted that the Agency is required to file certain financial statements with the Annual Report. This requirement has been included in the Continuing Disclosure Certificate solely to satisfy the provisions of the Rule. The inclusion of this information does not mean that the 2025A Bonds are secured by any resources or property of the Agency or the City other than as described in this Official Statement. See the captions “**RISK FACTORS AND LIMITATIONS ON PLEDGED TAX REVENUES—Bonds are Limited Obligations.**”

[The City is not an obligated party under the Continuing Disclosure Certificate; however, City staff will be responsible for filing the Annual Reports on behalf of the Agency. The City and the Agency believe that they have not failed to comply in the last five years in all material respects with any previous undertakings with regard to the Rule to provide annual reports or notices of enumerated events.]

The full text of the Continuing Disclosure Certificate is set forth in Appendix E.

### NO LITIGATION

There is no litigation pending or, to the Agency’s knowledge, threatened to restrain or enjoin the issuance, execution or delivery of the 2025A Bonds, to contest the validity of the 2025A Bonds, the pledge of Pledged Tax Revenues, the Indenture, or any proceedings of the Agency with respect thereto. In the opinion of the Agency and Agency Counsel, there are no lawsuits or claims pending against the Agency which will materially affect the Agency’s finances so as to impair the Agency’s ability to pay principal of and interest on the 2025A Bonds when due.

See the caption “**SECURITY FOR THE 2025A BONDS—Tax Increment Financing**” for a discussion of certain litigation that could affect the deposits into the Redevelopment Property Tax Trust Fund.

### CERTAIN LEGAL MATTERS

The legality of the issuance of the 2025A Bonds is subject to the approval of Best Best & Krieger LLP, Riverside, California, Bond Counsel. Bond Counsel’s closing opinion with respect to the 2025A Bonds will be substantially in the form set forth in Appendix D. Certain legal matters will be passed upon for the Agency by Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, Disclosure Counsel, and by the City Attorney, acting as Agency Counsel. Certain legal matters will be passed upon for the Underwriter by Anzel Galvan, LLP, San Francisco, California, as Underwriter’s Counsel, and for the Trustee by its counsel.

## MISCELLANEOUS

All of the preceding summaries of the Indenture, the Law, other applicable legislation, the Redevelopment Plans for the Project Areas, agreements and other documents are made subject to the respective provisions of such documents and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the Agency for further information in connection therewith.

Any statements in this Official Statement that involve matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

This Official Statement does not constitute a contract with the purchasers of the 2025A Bonds.

The execution and delivery of this Official Statement have been duly authorized by the Agency.

SUCCESSOR AGENCY TO THE SAN  
MARCOS REDEVELOPMENT AGENCY

By: \_\_\_\_\_  
Executive Director

## **APPENDIX A**

### **SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE**

*The following is a summary of certain provisions of the Indenture not otherwise described in the text of this Official Statement. This summary is not intended to be definitive, and reference is made to the text of the Indenture for the complete provisions thereof.*

## **APPENDIX B**

### **CERTAIN INFORMATION REGARDING THE PROJECT AREAS**

This Appendix B contains certain information regarding each of Project Area No. 1, Project Area No. 2 and Project Area No. 3 which has been provided by the Fiscal Consultant. For further information regarding each of the Project Areas, see the captions “PROJECT AREA NO. 1,” “PROJECT AREA NO. 2” and “PROJECT AREA NO. 3” in this Official Statement. For further information regarding the Project Areas in the aggregate, see the captions “THE REDEVELOPMENT PLANS” and “PLEDGED TAX REVENUE PROJECTIONS AND DEBT SERVICE COVERAGE” in this Official Statement.

#### **Historical Assessed Valuations**

The following tables show historical assessed valuations of the Agency for each of Project Area Nos. 1, 2 and 3 for the current and four prior Fiscal Years. See the caption “THE REDEVELOPMENT PLANS—Historical Assessed Valuations” for the combined historical assessed valuations of the Agency for the Project Areas.

**TABLE B-1**  
**SUCCESSOR AGENCY TO THE SAN MARCOS REDEVELOPMENT AGENCY**  
**PROJECT AREA NO. 1**  
**HISTORICAL ASSESSED VALUATIONS**

<i>Fiscal Year</i>	<i>2020-2021</i>	<i>% Change</i>	<i>2021-2022</i>	<i>% Change</i>	<i>2022-2023</i>	<i>% Change</i>	<i>2023-2024</i>	<i>% Change</i>	<i>2024-2025</i>	<i>% Change</i>
Secured	\$2,594,767,050	4.61%	\$2,678,693,505	3.23%	\$2,848,403,749	6.34%	\$2,992,552,717	5.06%	\$3,164,130,365	5.73%
State Utility	0	-	0	-	0	-	0	-	0	-
Unsecured	233,603,622	8.51	192,146,901	-17.75	223,101,502	16.11	262,160,534	17.51	270,292,109	3.10
Total Assessed Value <sup>(1)</sup>	2,828,370,672	4.92	2,870,840,406	1.50	3,071,505,251	6.99	3,254,713,251	5.96	3,434,422,474	5.52
<b>Less Base Year</b>	(223,970,420)	-	(223,970,420)	-	(223,970,420)	-	(223,970,420)	-	(223,970,420)	-
Incremental Assessed Value	2,604,400,252	5.37	2,646,869,986	1.63	2,847,534,831	7.58	3,030,742,831	6.43	3,210,452,054	5.93

<sup>(1)</sup> Net of non-homeowner exemptions and includes public utility values.

Source: 30 Three Sixty Public Finance, Inc.

**TABLE B-2**  
**SUCCESSOR AGENCY TO THE SAN MARCOS REDEVELOPMENT AGENCY**  
**PROJECT AREA NO. 2**  
**HISTORICAL ASSESSED VALUATIONS**

<i>Fiscal Year</i>	<i>2020-2021</i>	<i>% Change</i>	<i>2021-2022</i>	<i>% Change</i>	<i>2022-2023</i>	<i>% Change</i>	<i>2023-2024</i>	<i>% Change</i>	<i>2024-2025</i>	<i>% Change</i>
Secured	\$1,594,023,171	2.96%	\$1,650,369,789	3.53%	\$1,771,474,331	7.34%	\$1,934,810,134	9.22%	\$2,068,569,784	6.91%
State Utility	0	-	0	-	0	-	0	-	0	-
Unsecured	49,323,011	19.11	36,417,426	-26.17	\$45,636,638	25.32	\$52,115,015	14.20	69,426,705	33.22
Total Assessed Value <sup>(1)</sup>	1,643,346,182	3.38	1,686,787,215	2.64	1,817,110,969	7.73	1,986,925,149	9.35	2,137,996,489	7.60
<b>Less Base Year</b>	(133,367,243)	-	(133,367,243)	-	(133,367,243)	-	(133,367,243)	-	(133,367,243)	-
Incremental Assessed Value	1,509,978,939	3.69	1,553,419,972	2.88	1,683,743,726	8.39	1,853,557,906	10.09	2,004,629,246	8.15

<sup>(1)</sup> Net of non-homeowner exemptions and includes public utility values.

Source: 30 Three Sixty Public Finance, Inc.



**TABLE B-3**  
**SUCCESSOR AGENCY TO THE SAN MARCOS REDEVELOPMENT AGENCY**  
**PROJECT AREA NO. 3**  
**HISTORICAL ASSESSED VALUATIONS**

<i>Fiscal Year</i>	<i>2020-2021</i>	<i>% Change</i>	<i>2021-2022</i>	<i>% Change</i>	<i>2022-2023</i>	<i>% Change</i>	<i>2023-2024</i>	<i>% Change</i>	<i>2024-2025</i>	<i>% Change</i>
Secured	\$5,928,255,551	5.65%	\$6,171,085,290	4.10%	\$6,595,312,764	6.87%	\$6,968,938,782	5.67%	\$7,343,004,401	5.37%
State Utility	0	-	0	-	0	-	0	-	0	-
Unsecured	65,643,068	-9.29	46,068,740	-29.82	71,687,520	55.61	91,793,427	28.05	109,253,923	19.02
Total Assessed Value <sup>(1)</sup>	5,993,898,619	5.46	6,217,154,030	3.72	6,667,000,284	7.24	7,060,732,209	5.91	7,452,258,324	5.55
<b>Less Base Year</b>	(361,417,171)	-	(361,417,171)	-	(361,417,171)	-	(361,417,171)	-	(361,417,171)	-
Incremental Assessed Value	5,632,481,448	5.83	5,855,736,859	3.96	6,305,583,113	7.68	6,699,315,038	6.24	7,090,841,153	5.84

<sup>(1)</sup> Net of non-homeowner exemptions and includes public utility values.

Source: 30 Three Sixty Public Finance, Inc.

## Largest Taxpayers

Set forth in the tables below are the ten largest secured and unsecured taxpayers within each of Project Area Nos. 1, 2 and 3 for Fiscal Year 2024-25. See the caption “THE REDEVELOPMENT PLANS—Largest Taxpayers” for the combined ten largest secured and unsecured taxpayers within the Project Areas.

**TABLE B-4**  
**SUCCESSOR AGENCY TO THE SAN MARCOS REDEVELOPMENT AGENCY**  
**PROJECT AREA NO. 1**  
**FISCAL YEAR 2024-25 TOP TEN SECURED AND UNSECURED TAXPAYERS**

#	Taxpayer	# of Parcels	Land Use(s)	Assessed Value <sup>(1)</sup>	% of Total Assessed Value
1	MG Marc Apartments LLC <sup>(2)</sup>	2	Residential	\$ 155,576,372	4.50%
2	WPI-Grand Plaza San Marcos LLC, UAP Grand Plaza LLC	9	Commercial, Recreational	88,107,848	2.55
3	Block C LLC <sup>(3)</sup>	3	Commercial	75,009,661	2.17
4	G S A A San Marcos Owner LLC	2	Residential	74,412,542	2.15
5	Palomar Station DJT Phase 1 LLC, Palomar Station PLT LLC, Et Al <sup>(2)</sup>	2	Commercial, Residential, Vacant	66,443,259	1.92
6	Barham Evergreen SPE LCC	1	Residential	57,205,499	1.65
7	Columbia California Pacific Industrial LLC <sup>(2)</sup>	1	Industrial	44,782,977	1.29
8	Urban Villages San Marcos LLC <sup>(4)</sup>	44	Industrial, Commercial, Recreational, Residential	44,575,488	1.29
9	Edwards Theaters Inc <sup>(2)</sup>	1	Commercial	39,918,080	1.15
10	B T-O H L L C	2	Commercial, Industrial	36,413,753	1.05
Total		67		\$ 682,445,479	19.73%
Total Project Area Assessed Value				\$ 3,434,422,474	

<sup>(1)</sup> The assessed values represented above are net of all exemptions except the homeowner’s exemption.

<sup>(2)</sup> Taxpayers identified above have pending assessment appeals as of March 2025.

<sup>(3)</sup> Includes “Block C LLC”, “Block C Wrap LLC”, and “Block C One LLC” as listed on the Assessment Roll due to factors suggesting these property owners are the same entity or affiliated for Property Tax Purposes.

<sup>(4)</sup> Includes “Urban Villages San Marcos LLC”, “Urban Villages San Marcos LLC”, and “Urban Villages San Marcos” as listed on the Assessment Roll due to factors suggesting these property owners are the same entity or affiliated for Property Tax Purposes.

Source: 30 Three Sixty Public Finance, Inc.

**TABLE B-5**  
**SUCCESSOR AGENCY TO THE SAN MARCOS REDEVELOPMENT AGENCY**  
**PROJECT AREA NO. 2**  
**FISCAL YEAR 2024-25 TOP TEN SECURED AND UNSECURED TAXPAYERS**

#	<i>Taxpayer</i>	<i># of Parcels</i>	<i>Land Use(s)</i>	<i>Assessed Value<sup>(1)</sup></i>	<i>% of Total Assessed Value</i>
1	Ralphs Grocery Company <sup>(2)</sup>	1	Commercial	\$ 89,231,598	4.17%
2	Prominence Willmark Communities Inc	1	Residential	67,261,868	3.14
3	North City Community Partners LLC	30	Commercial	52,082,640	2.43
4	Kaiser Foundation Hospitals	3	Commercial, Residential	47,000,814	2.20
5	Store S P E S T Augustine 2013-2 L L C <sup>(2)</sup>	2	Commercial	43,777,573	2.05
6	Pavillion Park Inc	1	Residential	41,365,608	1.93
7	Weignarten Nostat Inc	8	Commercial	26,184,351	1.22
8	P S I P Pacific Street LP	1	Commercial, Industrial	25,430,927	1.19
9	Providence Royal Oaks San Marcos LLC	1	Residential	22,761,935	1.06
10	San Marcos Village LLC <sup>(2)</sup>	<u>11</u>	Commercial	<u>22,164,794</u>	<u>1.04</u>
Total		59		\$ 437,262,108	20.43%
Total Project Area Assessed Value				\$ 2,137,996,489	

(1) The assessed values represented above are net of all exemptions except the homeowner's exemption.

(2) Taxpayers identified above have pending assessment appeals as of March 2025.

Source: 30 Three Sixty Public Finance, Inc.

**TABLE B-6**  
**SUCCESSOR AGENCY TO THE SAN MARCOS REDEVELOPMENT AGENCY**  
**PROJECT AREA NO. 3**  
**FISCAL YEAR 2024-25 TOP TEN SECURED AND UNSECURED TAXPAYERS**

#	<i>Taxpayer</i>	<i># of Parcels</i>	<i>Land Use(s)</i>	<i>Assessed Value<sup>(1)</sup></i>	<i>% of Total AV</i>
1	Hunter Industries Inc <sup>(3)</sup>	9	Industrial, Recreational	\$ 114,051,197	1.54%
2	B R E Bosstick-Norman Owner LLC	4	Industrial	40,617,134	0.55
3	La Costa BC LLC <sup>(2)</sup>	2	Industrial	36,540,652	0.49
4	Alva Gardens LP <sup>(2)</sup>	1	Residential	32,295,014	0.44
5	AG EHC II (LEN) CA 2 LP	1	Residential	30,500,000	0.41
6	830 R S F Road L L C	1	Residential	30,002,616	0.41
7	Northwoods Apartments Homes L P	2	Residential	24,619,942	0.33
8	Albertsons Stores SUB LLC <sup>(2)</sup>	1	Commercial	21,355,787	0.29
9	Gildred Development Company	1	Industrial	17,708,073	0.24
10	Bella Angel Properties LLC	<u>2</u>	Industrial	<u>17,236,122</u>	<u>0.23</u>
Total		24		\$ 364,926,537	4.94%
Total Project Area Assessed Value				\$ 7,452,258,324	

(1) The assessed values represented above are net of all exemptions except the homeowner's exemption.

(2) Taxpayers identified above have pending assessment appeals as of March 2025.

(3) Includes "Hunter Industries Inc", "Hunter Industries L P", and "Hunter Industries" as listed on the Assessment Roll due to factors suggesting these property owners are the same entity or affiliated for Property Tax Purposes.

Source: 30 Three Sixty Public Finance, Inc.

## Secured Assessed Value by Land Use Category

The following tables summarize the Fiscal Year 2024-25 secured assessed value by land use category for each of Project Area Nos. 1, 2 and 3. See the caption “THE REDEVELOPMENT PLANS—Secured Assessed Value by Land Use Category” for the combined secured assessed value by land use category for the Project Areas.

**TABLE B-7**  
**SUCCESSOR AGENCY TO THE SAN MARCOS REDEVELOPMENT AGENCY**  
**PROJECT AREA NO. 1**  
**ASSESSED VALUE BY LAND USE**

<i>Land Use</i>	<i># of Parcels</i>	<i>Secured Assessed Value<sup>(1)</sup></i>	<i>% of Secured Assessed Value</i>
Residential	1,232	\$ 1,015,348,364	32.13%
Commercial	515	1,188,146,600	37.60
Industrial	424	863,878,260	27.34
Miscellaneous	259	45,126,774	1.43
Institutional	16	40,275,605	1.27
Recreational	14	7,430,562	0.24
Vacant	151	0	0.00
Agricultural	0	0	0.00
Total	2,611	\$ 3,160,206,165	100.00%

<sup>(1)</sup> The assessed values represented above are net of all exemptions except the homeowner’s exemption.  
Source: 30 Three Sixty Public Finance, Inc.

**TABLE B-8**  
**SUCCESSOR AGENCY TO THE SAN MARCOS REDEVELOPMENT AGENCY**  
**PROJECT AREA NO. 2**  
**ASSESSED VALUE BY LAND USE**

<i>Land Use</i>	<i># of Parcels</i>	<i>Secured Assessed Value<sup>(1)</sup></i>	<i>% of Secured Assessed Value</i>
Residential	2,197	\$ 1,387,411,646	67.30%
Commercial	210	471,228,281	22.86
Industrial	147	195,945,636	9.50
Miscellaneous	0	0	0.00
Institutional	8	1,872,986	0.09
Recreational	65	735,361	0.04
Vacant	66	4,433,274	0.22
Agricultural	0	0	0.00
Total	2,693	\$ 2,061,627,184	100.00%

<sup>(1)</sup> The assessed values represented above are net of all exemptions except the homeowner’s exemption.  
Source: 30 Three Sixty Public Finance, Inc.

**TABLE B-9**  
**SUCCESSOR AGENCY TO THE SAN MARCOS REDEVELOPMENT AGENCY**  
**PROJECT AREA NO. 3**  
**ASSESSED VALUE BY LAND USE**

<i>Land Use</i>	<i># of Parcels</i>	<i>Secured Assessed Value<sup>(1)</sup></i>	<i>% of Secured Assessed Value</i>
Residential	9,629	\$ 6,627,511,624	90.82%
Commercial	883	120,622,405	1.65
Industrial	118	311,914,462	4.27
Miscellaneous	1,599	227,774,885	3.12
Institutional	8	2,387,699	0.03
Recreational	338	386,680	0.01
Vacant	130	3,249,907	0.04
Agricultural	9	3,917,139	0.05
Total	12,714	\$ 7,297,764,801	100.00%

<sup>(1)</sup> The assessed values represented above are net of all exemptions except the homeowner's exemption.  
Source: 30 Three Sixty Public Finance, Inc.

### **Assessment Appeals**

The following tables summarize assessment appeals for each of Project Area Nos. 1, 2 and 3 for the current and four prior Fiscal Years. See the caption "THE REDEVELOPMENT PLANS—Assessment Appeals" for a summary of the combined assessment appeals for the Project Areas for the current and four prior Fiscal Years. See also the caption "RISK FACTORS AND LIMITATIONS ON PLEDGED TAX REVENUES—Assessment Appeals."

**TABLE B-10**  
**SUCCESSOR AGENCY TO THE SAN MARCOS REDEVELOPMENT AGENCY**  
**PROJECT AREA NO. 1**  
**ASSESSMENT APPEAL HISTORY**

<i>Fiscal Year</i>	<i>Stipulated/ Reduced</i>	<i>Withdrawn/ Denied/No Change</i>	<i>Pending</i>	<i>Total</i>	<i>Assessed Value of All Appeals</i>		<i>Requested Reductions<sup>(1)</sup></i>		<i>Granted Reductions<sup>(2)</sup></i>		<i>Average Reduction</i>	<i>Pending Reductions<sup>(3)</sup></i>		<i>Total Project Area Value</i>
					<i>Amount</i>	<i>% of Project Area</i>	<i>Amount</i>	<i>% of Project Area</i>	<i>Amount</i>	<i>% of Project Area</i>		<i>\$ Amount</i>	<i>% of Project Area</i>	
2020-21	8	39	0	47	\$213,282,833	7.54%	\$ 79,802,309	2.82%	\$ 13,319,911	0.47%	\$ 283,402	\$ 0	0.00%	\$2,828,370,672
2021-22	8	36	3	47	208,774,722	7.27	73,440,409	2.56	7,948,063	0.28	169,108	14,304,067	0.50	2,870,840,406
2022-23	9	29	2	40	303,650,486	9.89	138,253,632	4.50	10,152,487	0.33	253,812	14,916,810	0.49	3,071,505,251
2023-24	6	44	33	83	664,334,484	20.41	331,545,394	10.19	21,394,961	0.66	257,771	263,691,232	8.10	3,254,713,251
2024-25	<u>0</u>	<u>0</u>	<u>40</u>	<u>40</u>	507,737,108	14.78	<u>244,820,990</u>	7.13	<u>0</u>	0.00	<u>0</u>	<u>507,737,108</u>	14.78	3,434,422,474
Total	31	148	78	257			\$867,862,734		\$ 52,815,422		\$ 964,093	\$ 800,649,217		
Historical Rate of Stipulated/Reduced Appeals for Project Area No. 1						12.06%								
Granted Reduction as a Percentage of Requested Reduction for Project Area No. 1 <sup>(4)</sup>						6.09%								

<sup>(1)</sup> Reflects total requested reductions for all stipulated/reduced appeals.

<sup>(2)</sup> Assumed no reduction in assessed value for those appeals for which the board value was 0.

<sup>(3)</sup> Pending appeals are those appeals that did not display a Final Action Code and where the Board value was zero.

<sup>(4)</sup> Reflects the total granted reduction as a percentage of total requested reduction for all stipulated/reduced appeals.

Source: 30 Three Sixty Public Finance, Inc.

**TABLE B-11**  
**SUCCESSOR AGENCY TO THE SAN MARCOS REDEVELOPMENT AGENCY**  
**PROJECT AREA NO. 2**  
**ASSESSMENT APPEAL HISTORY**

<i>Fiscal Year</i>	<i>Stipulated/ Reduced</i>	<i>Withdrawn/ Denied/No Change</i>	<i>Pending</i>	<i>Total</i>	<i>Assessed Value of All Appeals</i>		<i>Requested Reductions<sup>(1)</sup></i>		<i>Granted Reductions<sup>(2)</sup></i>		<i>Average Reduction</i>	<i>Pending Reductions<sup>(3)</sup></i>		<i>Total Project Area Value</i>
					<i>Amount</i>	<i>% of Project Area</i>	<i>Amount</i>	<i>% of Project Area</i>	<i>Amount</i>	<i>% of Project Area</i>		<i>\$ Amount</i>	<i>% of Project Area</i>	
2020-21	2	22	0	24	\$102,424,938	6.23%	\$ 48,636,949	2.96	\$ 169,306	0.01%	\$ 7,054	\$ 0	0.00%	\$1,643,346,182
2021-22	6	28	0	34	150,483,117	8.92	74,796,276	4.43	7,265,600	0.43	213,694	0	0.00	1,686,787,215
2022-23	10	20	0	30	71,431,321	3.93	35,103,447	1.93	6,406,099	0.35	213,537	0	0.00	1,817,110,969
2023-24	3	8	26	37	90,862,930	4.57	45,211,794	2.28	4,722,098	0.24	127,624	49,783,335	2.51	1,986,925,149
2024-25	<u>0</u>	<u>0</u>	<u>30</u>	<u>30</u>	169,309,444	7.92	<u>81,658,833</u>	3.82	<u>0</u>	0.00	<u>0</u>	<u>169,309,444</u>	7.92	2,137,996,489
Total	21	78	56	155			\$285,407,299		\$ 18,563,103		\$ 561,909	\$ 219,092,779		
Historical Rate of Stipulated/Reduced Appeals for Project Area No. 2						13.55%								
Granted Reduction as a Percentage of Requested Reduction for Project Area No. 2 <sup>(4)</sup>						6.50%								

<sup>(1)</sup> Reflects total requested reductions for all stipulated/reduced appeals.

<sup>(2)</sup> Assumed no reduction in assessed value for those appeals for which the board value was 0.

<sup>(3)</sup> Pending appeals are those appeals that did not display a Final Action Code and where the Board value was zero.

<sup>(4)</sup> Reflects the total granted reduction as a percentage of total requested reduction for all stipulated/reduced appeals.

Source: 30 Three Sixty Public Finance, Inc.

**TABLE B-12**  
**SUCCESSOR AGENCY TO THE SAN MARCOS REDEVELOPMENT AGENCY**  
**PROJECT AREA NO. 3**  
**ASSESSMENT APPEAL HISTORY**

<i>Fiscal Year</i>	<i>Stipulated/ Reduced</i>	<i>Withdrawn/ Denied/No Change</i>	<i>Pending</i>	<i>Total</i>	<i>Assessed Value of All Appeals</i>		<i>Requested Reductions<sup>(1)</sup></i>		<i>Granted Reductions<sup>(2)</sup></i>		<i>Average Reduction</i>	<i>Pending Reductions<sup>(3)</sup></i>		<i>Total Project Area Value</i>
					<i>Amount</i>	<i>% of Project Area</i>	<i>Amount</i>	<i>% of Project Area</i>	<i>Amount</i>	<i>% of Project Area</i>		<i>\$ Amount</i>	<i>% of Project Area</i>	
2020-21	2	14	0	16	\$58,402,144	0.97%	\$ 24,456,061	0.41%	\$ 888,619	0.01%	\$ 55,539	\$ 0	0.00%	\$5,993,898,619
2021-22	2	5	0	7	12,996,526	0.21	4,563,526	0.07	144,895	0.00	20,699	0	0.00	6,217,154,030
2022-23	1	9	0	10	13,539,777	0.20	4,043,286	0.06	225,000	0.00	22,500	0	0.00	6,667,000,284
2023-24	8	18	8	34	69,913,533	0.99	25,658,261	0.36	4,046,616	0.06	119,018	28,198,795	0.40	7,060,732,209
2024-25	<u>0</u>	<u>0</u>	<u>21</u>	<u>21</u>	125,430,900	1.68	<u>58,192,199</u>	<u>0.78</u>	<u>0</u>	<u>0.00</u>	<u>0</u>	<u>125,430,900</u>	<u>1.68</u>	<u>7,452,258,324</u>
Total	13	46	29	88			\$116,913,333		\$5,305,130		\$ 217,756	\$ 153,629,695		
Historical Rate of Stipulated/Reduced Appeals for Project Area No. 3						14.77%								
Granted Reduction as a Percentage of Requested Reduction for Project Area No. 3 <sup>(4)</sup>						4.54%								

<sup>(1)</sup> Reflects total requested reductions for all stipulated/reduced appeals.

<sup>(2)</sup> Assumed no reduction in assessed value for those appeals for which the board value was 0.

<sup>(3)</sup> Pending appeals are those appeals that did not display a Final Action Code and where the Board value was zero.

<sup>(4)</sup> Reflects the total granted reduction as a percentage of total requested reduction for all stipulated/reduced appeals.

Source: 30 Three Sixty Public Finance, Inc.



## **Pledged Tax Revenue Projections**

The Agency has retained the Fiscal Consultant to provide projections of taxable valuation and Pledged Tax Revenues from the Project Areas. The following projections assume 2.00% annual growth in tax increment revenues. The Agency believes that the assumptions (set forth in the footnotes below) upon which the projections are based are reasonable; however, some assumptions may not materialize and unanticipated events and circumstances may occur. See the caption “RISK FACTORS AND LIMITATIONS ON PLEDGED TAX REVENUES.” Therefore, the actual Pledged Tax Revenues received from a Project Area during the forecast period may vary from the projections, and such variations may be material.

The following tables show projected total Pledged Tax Revenues for each of Project Area No. 1, Project Area No. 2 and Project Area No. 3, assuming approximately 2.00% annual growth in tax increment revenues through the maturity of the 2025A Bonds. The projections assume no reductions in tax increment revenues as a result of pending assessment appeals. See the caption “THE REDEVELOPMENT PLANS—Assessment Appeals” and Tables B-10, B-11 and B-12.

**TABLE B-13**  
**SUCCESSOR AGENCY TO THE SAN MARCOS REDEVELOPMENT AGENCY**  
**PROJECT AREA NO. 1**  
**PLEDGED TAX REVENUE PROJECTIONS**

<i>Fiscal Year</i>	<i>Assessed Valuation<sup>(1)</sup></i>	<i>Incremental Assessed Valuation</i>	<i>Estimated Tax Increment Revenues</i>	<i>Unitary Utility Revenue</i>	<i>Total Gross Revenue</i>	<i>County Administrative Fees</i>	<i>Senior Pass-Through Payments</i>			<i>Pledged Tax Revenues<sup>(2)</sup></i>
							<i>Senior Statutory Pass-Through Amounts</i>	<i>Senior Negotiated Pass-Through Agreements</i>	<i>Total Senior Statutory and Negotiated Pass-Through Payments</i>	
2024-25	\$3,434,422,474	\$3,210,452,054	\$32,104,521	\$406,070	\$32,510,591	\$299,425	\$1,693,780	\$775,281	\$2,469,060	\$29,742,106
2025-26	3,503,110,923	3,279,140,503	32,791,405	414,191	33,205,596	305,413	1,753,183	791,909	2,545,092	30,355,091
2026-27	3,573,173,142	3,349,202,722	33,492,027	422,475	33,914,502	311,521	1,812,539	808,870	2,621,409	30,981,573
2027-28	3,644,636,605	3,420,666,185	34,206,662	430,925	34,637,587	317,752	1,875,174	826,170	2,701,343	31,618,491
2028-29	3,717,529,337	3,493,558,917	34,935,589	439,543	35,375,132	324,107	1,938,776	843,815	2,782,591	32,268,434
2029-30	3,791,879,924	3,567,909,504	35,679,095	448,334	36,127,429	330,589	2,003,555	861,814	2,865,369	32,931,471
2030-31	3,867,717,522	3,643,747,102	36,437,471	457,301	36,894,772	337,201	2,068,106	880,173	2,948,279	33,609,292
2031-32	3,945,071,873	3,721,101,453	37,211,015	466,447	37,677,461	343,945	2,133,948	898,899	3,032,847	34,300,670
2032-33	4,023,973,310	3,800,002,890	38,000,029	475,776	38,475,805	350,824	2,201,106	918,000	3,119,106	35,005,875
2033-34	4,104,452,776	3,880,482,356	38,804,824	485,291	39,290,115	357,840	2,269,608	937,482	3,207,090	35,725,184

<sup>(1)</sup> Reflects growth of 2.00% per annum.

<sup>(2)</sup> Certain net revenue amounts may not equal gross tax increment revenues less County administrative fees and senior pass-through amounts due to rounding.

Source: 30 Three Sixty Public Finance, Inc.

**TABLE B-14**  
**SUCCESSOR AGENCY TO THE SAN MARCOS REDEVELOPMENT AGENCY**  
**PROJECT AREA NO. 2**  
**PLEDGED TAX REVENUE PROJECTIONS**

<i>Fiscal Year</i>	<i>Assessed Valuation<sup>(1)</sup></i>	<i>Incremental Assessed Valuation</i>	<i>Estimated Tax Increment Revenues</i>	<i>Unitary Utility Revenue</i>	<i>Total Gross Revenue</i>	<i>County Administrative Fees</i>	<i>Senior Pass-Through Payments</i>			<i>Pledged Tax Revenues<sup>(2)</sup></i>
							<i>Senior Statutory Pass-Through Amounts</i>	<i>Senior Negotiated Pass-Through Agreements</i>	<i>Total Senior Statutory and Negotiated Pass-Through Payments</i>	
2024-25	\$2,137,996,489	\$2,004,629,246	\$20,046,292	\$208,657	\$20,254,950	\$194,977	\$615,174	\$5,905,671	\$6,520,845	\$13,539,127
2025-26	2,180,756,419	2,047,389,176	20,473,892	212,830	20,686,722	198,877	642,563	6,027,424	6,669,987	13,817,858
2026-27	2,224,371,547	2,091,004,304	20,910,043	217,087	21,127,130	202,855	670,773	6,151,611	6,822,384	14,101,891
2027-28	2,268,858,978	2,135,491,735	21,354,917	221,429	21,576,346	206,912	699,383	6,278,282	6,977,666	14,391,768
2028-29	2,314,236,158	2,180,868,915	21,808,689	225,857	22,034,546	211,050	727,743	6,407,487	7,135,230	14,688,267
2029-30	2,360,520,881	2,227,153,638	22,271,536	230,374	22,501,911	215,271	756,669	6,539,276	7,295,945	14,990,695
2030-31	2,407,731,298	2,274,364,055	22,743,641	234,982	22,978,622	219,576	786,174	6,673,701	7,459,874	15,299,172
2031-32	2,455,885,924	2,322,518,681	23,225,187	239,681	23,464,868	223,968	816,269	6,810,814	7,627,083	15,613,818
2032-33	2,505,003,643	2,371,636,400	23,716,364	244,475	23,960,839	228,447	846,966	6,950,669	7,797,635	15,934,757
2033-34	2,555,103,716	2,421,736,473	24,217,365	249,365	24,466,729	233,016	878,277	7,093,321	7,971,598	16,262,115

<sup>(1)</sup> Reflects growth of 2.00% per annum.

<sup>(2)</sup> Certain net revenue amounts may not equal gross tax increment revenues less County administrative fees and senior pass-through amounts due to rounding.

Source: 30 Three Sixty Public Finance, Inc.

**TABLE B-15**  
**SUCCESSOR AGENCY TO THE SAN MARCOS REDEVELOPMENT AGENCY**  
**PROJECT AREA NO. 3**  
**PLEDGED TAX REVENUE PROJECTIONS**

<i>Fiscal Year</i>	<i>Assessed Valuation<sup>(1)</sup></i>	<i>Incremental Assessed Valuation</i>	<i>Estimated Tax Increment Revenues</i>	<i>Unitary Utility Revenue</i>	<i>Total Gross Revenue</i>	<i>County Administrative Fees</i>	<i>Senior Pass-Through Payments</i>			<i>Pledged Tax Revenues<sup>(2)</sup></i>
							<i>Senior Statutory Pass-Through Amounts</i>	<i>Senior Negotiated Pass-Through Agreements</i>	<i>Total Senior Statutory and Negotiated Pass-Through Payments</i>	
2024-25	\$7,452,258,324	\$7,090,841,153	\$70,908,412	\$701,071	\$71,609,483	\$636,854	\$1,926,445	\$22,246,041	\$24,172,486	\$46,800,143
2025-26	7,601,303,490	7,239,886,319	72,398,863	715,093	73,113,956	649,591	2,021,763	22,699,548	24,721,312	47,743,053
2026-27	7,753,329,560	7,391,912,389	73,919,124	729,395	74,648,519	662,583	2,118,988	23,166,829	25,285,817	48,700,118
2027-28	7,908,396,151	7,546,978,980	75,469,790	743,983	76,213,772	675,834	2,218,157	23,643,456	25,861,613	49,676,325
2028-29	8,066,564,075	7,705,146,904	77,051,469	758,862	77,810,331	689,351	2,319,310	24,129,615	26,448,925	50,672,055
2029-30	8,227,895,356	7,866,478,185	78,664,782	774,039	79,438,821	703,138	2,422,485	24,625,498	27,047,983	51,687,700
2030-31	8,392,453,263	8,031,036,092	80,310,361	789,520	81,099,881	717,201	2,527,724	25,131,298	27,659,022	52,723,658
2031-32	8,560,302,328	8,198,885,157	81,988,852	805,311	82,794,162	731,545	2,635,068	25,647,214	28,282,282	53,780,335
2032-33	8,731,508,375	8,370,091,204	83,700,912	821,417	84,522,329	746,176	2,744,559	26,173,448	28,918,007	54,858,146
2033-34	8,906,138,542	8,544,721,371	85,447,214	837,845	86,285,059	761,099	2,856,240	26,710,207	29,566,447	55,957,513

<sup>(1)</sup> Reflects growth of 2.00% per annum.

<sup>(2)</sup> Certain net revenue amounts may not equal gross tax increment revenues less County administrative fees and senior pass-through amounts due to rounding.

Source: 30 Three Sixty Public Finance, Inc.

**APPENDIX C**

**AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2024**

## APPENDIX D

### FORM OF BOND COUNSEL OPINION

[Closing Date]

Successor Agency to the  
San Marcos Redevelopment Agency  
One Civic Center Drive  
San Marcos, California 92069

Re:     \$\_\_\_\_\_ Successor Agency to the San Marcos Redevelopment Agency Tax  
Allocation Refunding Bonds, Series 2025A

Ladies and Gentlemen:

We have reviewed the Constitution and laws of the State of California and certain proceedings taken by the Successor Agency to the San Marcos Redevelopment Agency (the “Agency”) in connection with the issuance by the Successor Agency to the San Marcos Redevelopment Agency Tax Allocation Refunding Bonds, Series 2025A (the “Bonds”), pursuant to the provisions of Section 34177.5(a)(1) of the California Health and Safety Code and Article 11 (commencing with Section 53580) of Chapter 3 of Part I of Division 2 of Title 5 of the California Government Code (the “Refunding Law”) and pursuant to that certain Trust Indenture, dated as of July 1, 2015 (the “Original Indenture”), by and between the former San Marcos Redevelopment Agency (the “Former Agency”), as succeeded by the Agency, and U.S. Bank Trust Company, National Association, as successor trustee (in such capacity, the “Trustee”), as amended and supplemented by that certain First Supplemental Indenture of Trust, dated December 1, 2017 (the “First Supplemental Indenture”), by and between the Successor Agency and the Trustee, and as amended and supplemented by that certain Second Supplemental Indenture of Trust, dated as of July 1, 2025 (the “Second Supplemental Indenture,” together with the Original Indenture and First Supplemental Indenture, the “Indenture”), by and between the Successor Agency and the Trustee (as so amended and supplemented, the “Indenture”). The proceeds of the Bonds have been applied by the Agency to refinance certain redevelopment activities of the Former Agency. We have also examined such certified proceedings and other papers and materials as we deem necessary to render this opinion.

In such connection, we have reviewed the Indenture, the tax certificate of the Agency for the Bonds dated the date hereof (the “Tax Certificate”), certificates of the Agency and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other events come to our attention after the date hereof. Accordingly, this opinion speaks only as of its date and is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Agency. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to ensure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes.

We call attention to the fact that the rights and obligations under the Bonds, the Indenture and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against cities and their subordinate entities in the State of California. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the documents mentioned in the preceding sentence. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering materials relating to the Bonds and express no opinion with respect thereto.

Based upon the foregoing, we are of the opinion, under existing law, that:

1. The Agency is a successor agency duly organized and validly existing under the laws of the State of California, with power to enter into the Indenture, to perform the agreements on its part contained therein and to issue the Bonds;
2. The Bonds constitute the valid and legally binding special obligations of the Agency enforceable in accordance with their terms and payable solely from the sources provided therefor in the Indenture;
3. The execution of the Indenture has been duly authorized by the Agency and constitutes the valid and legally binding obligation of the Agency enforceable against the Agency in accordance with its terms except as such enforcement may be limited by bankruptcy, insolvency, moratorium, transfer or conveyance, or other laws affecting creditor's rights generally, or the exercise of judicial discretion in accordance with general principals of equity or otherwise in appropriate cases; provided, however, we express no opinion with respect to any indemnification, contribution, choice of law or waiver provisions contained therein;
4. The Indenture establishes a first lien on and pledge of the Tax Revenues (as such term is defined in the Indenture) and other funds pledged thereby for the security of the Bonds, in accordance with the terms of the Indenture;
5. Interest on the Bonds is exempt from California personal income taxation; and
6. Under existing statutes, regulations, rulings and court decisions, the interest on the Bonds is excluded from gross income for purposes of federal income taxation and interest on the Bonds is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on certain corporations. Although the interest on the Bonds is excluded from gross income for purposes of federal income taxation, the accrual or receipt of interest on the Bonds, or any portion thereof, may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend on the recipient's particular tax status or other items of income or deduction. We express no opinion regarding any such consequences.

Respectfully submitted,

## APPENDIX E

### FORM OF CONTINUING DISCLOSURE CERTIFICATE

*Upon issuance of the 2025A Bonds, the Agency proposes to enter into a Continuing Disclosure Certificate in substantially the following form:*

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Successor Agency to the San Marcos Redevelopment Agency (the “Agency”) in connection with the issuance of its \$\_\_\_\_\_ Tax Allocation Refunding Bonds, Series 2025A (the “Bonds”). The Bonds are being issued pursuant to an Indenture of Trust, dated as of July 1, 2015, as amended and supplemented by a First Supplemental Indenture of Trust, dated as of December 1, 2017, and a Second Supplemental Indenture of Trust, dated as of July 1, 2025, each by and between U.S. Bank Trust Company, National Association, as trustee (the “Trustee”) and the Agency (collectively, the “Indenture”). The Agency covenants and agrees as follows:

1. Purpose of this Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Agency for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule.

2. Definitions. In addition to the definitions that are set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

Annual Report. The term “Annual Report” means any Annual Report provided by the Agency pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

Beneficial Owner. The term “Beneficial Owner” means any person which: (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries); or (b) is treated as the owner of any Bonds for federal income tax purposes.

EMMA. The term “EMMA” means the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System for municipal securities disclosures, maintained on the Internet at <http://emma.msrb.org/>.

Financial Obligation. The term “Financial Obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

Fiscal Year. The term “Fiscal Year” means the one-year period ending on the last day of June of each year.

Holder. The term “Holder” means a registered owner of the Bonds.

Listed Events. The term “Listed Events” means any of the events listed in Sections 5(a) and (b) of this Disclosure Certificate.

Official Statement. The term “Official Statement” means the Official Statement dated \_\_\_\_\_, 2025 relating to the Bonds.

Participating Underwriter. The term “Participating Underwriter” means any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.



Rule. The term “Rule” means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

3. Provision of Annual Reports.

(a) The Agency shall provide not later than April 1 following the end of its Fiscal Year (commencing with Fiscal Year 2024-25) to EMMA an Annual Report relating to the immediately preceding Fiscal Year which is consistent with the requirements of Section 4 of this Disclosure Certificate, which Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate.

(b) If the Agency is unable to provide to EMMA an Annual Report by the date required in subsection (a), the Agency shall send to EMMA a notice in the manner prescribed by the Municipal Securities Rulemaking Board.

4. Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

(a) The audited financial statements of the Agency for the prior Fiscal Year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Agency’s audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they come available;

(b) Principal amount of Bonds outstanding;

(c) Description of the issuance by the Agency of any debt payable from or secured by a pledge of Pledged Tax Revenues in the Project Areas (as such terms are defined in the Official Statement) in the most recently completed Fiscal Year (including details as to date, amount, term, rating and bond insurance);

(d) Updated information for the current Fiscal Year (i.e., the Fiscal Year in which the Annual Report is filed) substantially in the form of Tables 2 and 3 in the Official Statement; and

(e)

(1) Updated assessed valuation and Redevelopment Property Tax Trust Fund deposit amounts, as well as amounts deducted for County administrative fees and senior pass-through obligations, for the most recently completed Fiscal Year in the form of Table 6.

(2) Debt service coverage information for the Bonds and Parity Debt based upon available Pledged Tax Revenues (as such terms are defined in the Indenture) for the most recently completed Fiscal Year in the form of Table 7.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Agency or related public entities, which have been submitted to EMMA; provided, that if any document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board; and provided further, that the Agency shall clearly identify each such document so included by reference.

5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Agency shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not more than ten (10) Business Days after the event:

1. principal and interest payment delinquencies;
2. unscheduled draws on debt service reserves reflecting financial difficulties;
3. unscheduled draws on credit enhancements reflecting financial difficulties;
4. substitution of credit or liquidity providers, or their failure to perform;
5. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability or Notices of Proposed Issue (IRS Form 5701 TEB);
6. tender offers;
7. defeasances;
8. ratings changes;
9. bankruptcy, insolvency, receivership or similar proceedings; and
10. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

Note: For the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) Pursuant to the provisions of this Section 5, the Agency shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. unless described in Section 5(a)(5), other notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other events affecting the tax status of the Bonds;
2. modifications to the rights of Bond holders;
3. optional, unscheduled or contingent Bond redemptions;
4. release, substitution or sale of property securing repayment of the Bonds;
5. non-payment related defaults;
6. the consummation of a merger, consolidation, or acquisition involving the Agency or the sale of all or substantially all of the assets of the Agency, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

7. appointment of a successor or additional trustee or the change of the name of a trustee; and

8. incurrence of a Financial Obligation of the obligated person, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders.

(c) If the Agency determines that knowledge of the occurrence of a Listed Event under Section 5(b) would be material under applicable federal securities laws, the Agency shall file a notice of such occurrence with EMMA in a timely manner not more than ten (10) Business Days after the event.

6. Customarily Prepared and Public Information. Upon request, the Agency shall provide to any person financial information and operating data regarding the Agency which is customarily prepared by the Agency and is publicly available.

7. Termination of Obligation. The Agency's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Agency shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Agency may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that, in the opinion of nationally recognized bond counsel, such amendment or waiver is permitted by the Rule.

9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Agency from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Agency chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Agency shall not thereby have any obligation under this Disclosure Certificate to update such information or include it in any future notice of occurrence of a Listed Event.

10. Default. In the event of a failure of the Agency to comply with any provision of this Disclosure Certificate, any Holders or Beneficial Owners of at least 50% aggregate principal amount of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Agency to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the Agency to comply with this Disclosure Certificate shall be an action to compel performance.

No Holder or Beneficial Owner of the Bonds may institute such action, suit or proceeding to compel performance unless they shall have first delivered to the Agency satisfactory written evidence of their status as such, and a written notice of and request to cure such failure, and the Agency shall have refused to comply therewith within a reasonable time.

11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Agency, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: \_\_\_\_\_, 2025

SUCCESSOR AGENCY TO THE SAN MARCOS  
REDEVELOPMENT AGENCY

By: \_\_\_\_\_  
Its:

## APPENDIX F

### BOOK-ENTRY PROVISIONS

*The information in this section concerning DTC and DTC's book entry only system has been obtained from sources that the Agency, the City and the Underwriter believe to be reliable, but the Agency, the City and the Underwriter take no responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the 2025A Bonds, payment of principal, premium, if any, accreted value, if any, and interest on the 2025A Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the 2025A Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC.*

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the 2025A Bonds. The 2025A Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered 2025A Bond will be issued for each annual maturity of the 2025A Bonds, each in the aggregate principal amount of such annual maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, 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 and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC is rated AA+ by Standard & Poor's. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of 2025A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2025A Bonds on DTC's records. The ownership interest of each actual purchaser of each 2025A Bonds ("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. Beneficial Owners are, however, 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 2025A Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive bonds representing their ownership interests in 2025A Bonds, except in the event that use of the book entry system for the 2025A Bonds is discontinued.

To facilitate subsequent transfers, all 2025A Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2025A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2025A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2025A Bonds are credited, which may or may not be the Beneficial Owners.

The Direct and Indirect 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 2025A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2025A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2025A Bonds documents. For example, Beneficial Owners of 2025A Bonds may wish to ascertain that the nominee holding the 2025A Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2025A 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 maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2025A Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Agency 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 2025A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the 2025A Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Agency or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. 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 Trustee or the Agency, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Agency or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A 2025A Bond Owner shall give notice to elect to have its 2025A Bonds purchased or tendered, through its Participant, to the Trustee, and shall effect delivery of such 2025A Bond by causing the Direct Participant to transfer the Participant's interest in the 2025A Bonds, on DTC's records, to the Trustee. The requirement for physical delivery of 2025A Bond in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the 2025A Bond are transferred by Direct Participants on DTC's records and followed by a book entry credit of tendered 2025A Bond to the Trustee's DTC account.

DTC may discontinue providing its services as depository with respect to the 2025A Bonds at any time by giving reasonable notice to the Agency or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered.

The Agency may decide to discontinue use of the system of book entry only transfers through DTC (or a successor securities depository). In that event, 2025A Bonds will be printed and delivered to DTC.

THE TRUSTEE, AS LONG AS A BOOK ENTRY ONLY SYSTEM IS USED FOR THE 2025A BONDS, WILL SEND ANY NOTICE OF REDEMPTION OR OTHER NOTICES TO OWNERS ONLY TO DTC. ANY FAILURE OF DTC TO ADVISE ANY DTC PARTICIPANT, OR OF ANY DTC PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER, OF ANY NOTICE AND ITS CONTENT OR EFFECT WILL NOT AFFECT THE VALIDITY OF SUFFICIENCY OF THE PROCEEDINGS RELATING TO THE REDEMPTION OF THE 2025A BONDS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE.