



OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE FORMER SAN MARCOS REDEVELOPMENT AGENCY

AGENDA SPECIAL MEETING

Thursday, April 16, 2015, 1:00 pm
City of San Marcos – City Council Chamber
1 Civic Center Drive, San Marcos, CA 92069

Cell Phones: As a courtesy to others, please silence your cell phone or pager during the meeting and engage in conversations outside the building.

Americans with Disabilities Act: If you need special assistance to participate in this meeting, please contact the City Clerk at (760) 744-1050, ext. 3145.

Public Comment: If you wish to address the Board, please complete a “Request to Speak” form. Comments are limited to THREE minutes. The Oral Communication segment of the agenda is for the purpose of allowing the public to address the Board on any matter NOT listed on the agenda. The Board is prohibited by state law from taking action on items NOT listed on the Agenda. However, they may refer the matter to staff for a future report and recommendation. Speakers are asked to fill out a “Request to Speak” form and hand it to staff, although provision of a name, address, or other identifying information is optional.

Agendas: State law requires that the agenda for regular meetings be posted a minimum of 72 hours prior to the meeting and for special meetings a minimum of 24 hours prior to the meeting. The agenda and supporting material (agenda packet) will be available at the City Clerk Department located on the second floor of City Hall, 1 Civic Center Drive, San Marcos, during normal business hours and an electronic version will also be posted online at www.san-marcos.net.

Agenda-related writings or documents provided to a majority of the Board will be available for public inspection at the time of distribution in the City Clerk Department located on the second floor of City Hall, 1 Civic Center Drive, San Marcos, CA during normal business hours. The same materials are also posted online at www.san-marcos.net as time permits.

CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL

ORAL COMMUNICATIONS

ACTION ITEMS

ACTION

- | | |
|---|---------|
| 1. APPROVAL OF MINUTES – March 2, 2015 Special Meeting | APPROVE |
| 2. RESOLUTION OF THE OVERSIGHT BOARD APPROVING THE ISSUANCE OF
REFUNDING BONDS OF THE SUCCESSOR AGENCY | APPROVE |

STAFF COMMENTARY

BOARD MEMBER COMMENTARY

ADJOURNMENT

AFFIDAVIT OF POSTING

STATE OF CALIFORNIA)
COUNTY OF SAN DIEGO) ss.
CITY OF SAN MARCOS)

I, Phillip Scollick, Clerk of the Oversight Board of the Successor Agency to the Former San Marcos Redevelopment Agency, hereby certify that I caused the posting of this agenda in the glass display case at the north entrance of City Hall and on the City's website on April 15, 2015, at 9:30 a.m.



PHILLIP SCOLLICK, BOARD CLERK



OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE FORMER SAN MARCOS REDEVELOPMENT AGENCY

MINUTES SPECIAL MEETING

Monday, March 2, 2014
City of San Marcos – City Council Chamber
1 Civic Center Drive, San Marcos, CA 92069

CALL TO ORDER – Vice Chair Malone called the meeting to order at 1:05 p.m.

PLEDGE OF ALLEGIANCE – Vice Chair Malone led the Pledge of Allegiance.

ROLL CALL

PRESENT:	BOARD MEMBERS:	HAMELS, GITTINGS, JONES, MALONE, PEREZ, SIMMONS, VAN WEY
ABSENT:	BOARD MEMBERS:	JONES

ORAL COMMUNICATIONS

No members of the public requested to speak.

ACTION ITEMS

- 1. APPROVAL OF MINUTES** – October 3, 2014 Regular Meeting

**MOVED BY BOARDMEMBER MALONE, SECONDED BY BOARDMEMBER VAN WEY, TO
APPROVE THE MINUTES OF THE OCTOBER 3, 2014, REGULAR OVERSIGHT BOARD MEETING AS
PRESENTED.**

AYES:	BOARD MEMBERS:	HAMELS, GITTINGS, MALONE, PEREZ, VAN WEY
NOES:	BOARD MEMBERS:	NONE
ABSENT:	BOARDMEMBERS:	JONES
ABSTAIN:	BOARDMEMBERS:	SIMMONS

2. SUCCESSOR AGENCY ADMINISTRATIVE BUDGET FOR ROPS 15-16A

ROCHA provided the staff report dated 3/2/2015 and recommended adoption of the ROPS 15-16A administrative budget.

MOVED BY BOARDMEMBER SIMMONS, SECONDED BY BOARDMEMBER GITTINGS, TO APPROVE THE SUCCESSOR AGENCY ADMINISTRATIVE BUDGET FOR ROPS 15-16A AS PRESENTED.

AYES:	BOARD MEMBERS:	HAMELS, GITTINGS, MALONE, PEREZ, SIMMONS, VAN WEY
NOES:	BOARD MEMBERS:	NONE
ABSENT:	BOARDMEMBERS:	JONES

3. RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR ROPS 15-16A

ROCHA presented staff report dated 3/2/2015 and recommended adoption of the resolution approving recognized obligation payment schedule 15-16A.

No members of the public commented on this item.

BOARDMEMBER COMMENTS INCLUDED: refinanced all available or able bonds, clarification of the bond debt service, bond financing reserve requirements, enforceable obligations; tax increment revenue levels; Creekside enforceable obligations; and .

MOVED BY MALONE, SECONDED BY JONES, TO ADOPT RESOLUTION NO. OBRDA 2015-027, TO APPROVE THE ROPS 14-15B AS PRESENTED.

AYES:	BOARD MEMBERS:	HAMELS, MALONE, PEREZ, SIMMONS, VAN WEY
NOES:	BOARD MEMBERS:	NONE
ABSENT:	BOARDMEMBERS:	JONES
ABSTAIN:	BOARDMEMBERS:	GITTINGS

STAFF COMMENTARY

ROMERO provided an update on upcoming 2015 meeting dates and on Department of Finance Bills going to the legislature.

BOARD MEMBER COMMENTARY

Chair Hamels announced that he will be retiring and will need to fill his future vacancy.

ADJOURNMENT – Chair Hamels adjourned the meeting at 9:20 a.m.

GARY HAMELS, CHAIR

Oversight Board of the Successor Agency to
the Former San Marcos Redevelopment Agency

ATTEST:

PHILLIP SCOLLICK, BOARD CLERK

Oversight Board of the Successor Agency to
the Former San Marcos Redevelopment Agency



OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE FORMER SAN MARCOS REDEVELOPMENT AGENCY

STAFF REPORT

MEETING DATE: April 16, 2015

SUBJECT: Resolution of the Oversight Board approving the issuance of refunding bonds of the Successor Agency

Recommendation

That the Oversight Board of the Successor Agency to the former San Marcos Redevelopment Agency (the “**Oversight Board**”), adopt the attached resolution approving the issuance of refunding bonds of the Successor Agency to the former San Marcos Redevelopment Agency (the “**Successor Agency**”), making certain determinations with respect to the refunding bonds and providing for other matters related thereto.

Background

Over the years, the former San Marcos Redevelopment Agency, has issued bonds and/or been a party to various agreements and/or loans secured by tax increment revenues derived from Redevelopment Project Area No. 1, Redevelopment Project Area No. 2 and Redevelopment Project Area No. 3. Based upon current market conditions, a number of these financial obligations can be refinanced to generate substantial interest cost savings. These obligations are summarized as follows:

- Redevelopment Agency of the City of San Marcos Tax Allocation Bonds (1997 Affordable Housing Project) Series 1997A (the “**Series 1997A Bonds**”), of which \$6,035,000 of bonds are currently outstanding;
- Redevelopment Agency of the City of San Marcos Tax Allocation Bonds (1998 Affordable Housing Project) Series 1998A (the “**Series 1998A Bonds**” and together with the Series 1997A Bonds, the “**Prior Former Agency Bonds**”), of which \$4,935,000 of bonds are currently outstanding;
- Reimbursement Agreement relating to the San Marcos Public Facilities Authority 2001 Public Improvement Refunding Revenue Bonds, Series A (Civic Center/Public Works Yard) (the “**Series 2001A Bonds**”) of which \$38,760,000 of bonds are currently outstanding;
- Loan Agreements from Project Areas No. 1, No. 2 and No. 3 relating to the San Marcos Public Facilities Authority 2003 Tax Allocation Revenue Bonds (Project Areas No. 1, No. 2

and No. 3 Refunding and Financing Project), Series A (the “**Series 2003A Bonds**”) of which \$53,120,000 of bonds are currently outstanding;

- Loan Agreement from Project Area No. 1 relating to the San Marcos Public Facilities Authority 2003 Tax Allocation Revenue Bonds (Project Area No. 1 Refunding and Financing Project), Taxable Series B (the “**Series 2003B Bonds**”) of which \$16,725,000 of bonds are currently outstanding;
- Loan Agreements from Project Areas No. 1 and No. 3 relating to the San Marcos Public Facilities Authority 2005 Tax Allocation Revenue Bonds (Project Areas No. 1 and No. 3 Refunding Project), Series A (the “**Series 2005A Bonds**”) of which \$26,800,000 of bonds are currently outstanding;
- Loan Agreement from Project Area No. 1 relating to the San Marcos Public Facilities Authority 2005 Tax Allocation Revenue Bonds (Project Area No. 1 Refunding and Financing Project), Taxable Series B (the “**Series 2005B Bonds**”) of which \$26,385,000 of bonds are currently outstanding;
- Loan Agreements from Project Areas No. 2 and No. 3 relating to the San Marcos Public Facilities Authority 2005 Tax Allocation Revenue Bonds (Project Areas No. 2 and No. 3 Financing Project), Series C (the “**Series 2005C Bonds**”) of which \$50,705,000 of bonds are currently outstanding; and
- Loan Agreement from Project Area No. 3 relating to the San Marcos Public Facilities Authority 2006 Tax Allocation Revenue Bonds (Project Area No. 3 Financing Project), Series A (the “**Series 2006A Bonds**”) and together with the Series 2001A Bonds, the Series 2003A Bonds, the Series 2003B Bonds, the Series 2005A Bonds, the Series 2005B Bonds, and the Series 2005C Bonds the “**Prior Authority Bonds**”) of which \$30,575,000 of bonds are currently outstanding.

The Prior Former Agency Bonds, together with the Prior Authority Bonds, will hereinafter be referred to as the “**Prior Bonds**”.

Discussion

Section 34177.5 of the California Health and Safety Code authorizes the Successor Agency to issue refunding bonds for the purpose of achieving debt service savings within the parameters set forth in Section 34177.5(a)(1). The issuance of refunding bonds is subject to the approval of the Oversight Board and ultimately the review and approval of the Department of Finance. On April 14, 2015, a resolution was submitted and adopted by the Successor Agency authorizing, among other things, the issuance of the refunding bonds. A copy of the agenda packet to the Successor Agency is attached and incorporated herein.

In addition, on April 14, 2015, the City Council, acting on its own behalf, and separately as the Board of the San Marcos Public Facilities Authority (the “**Authority**”), adopted resolutions authorizing and approving certain documents necessary to effectuate the issuance of the refunding bonds. Copies of the agenda packets to the City and the Authority are attached and incorporated herein.

Successor Agency Staff has determined, in consultation with its Financial Advisor, that current bond market conditions are favorable for the issuance of refunding bonds to refinance the Prior Bonds. The attached Debt Service Savings Analysis Report estimated average annual debt service savings, based on market conditions as of March 27, 2015, to be approximately \$1.7 million per year beginning in 2016 and continuing through the final maturity of the Prior Bonds in 2038. Any debt service savings as a result of the refunding will increase the amount of residual redevelopment tax increment revenues that can be distributed to all the taxing entities, including the City, San Marcos Fire Protection District and San Marcos Unified School District.

Approval of the attached Resolution will:

1. Make the determination that there is significant potential savings to the Successor Agency and applicable taxing entities in compliance with the Savings Parameters, as defined in the attached resolution, by the issuance of the Successor Agency to the San Marcos Redevelopment Agency Tax Allocation Refunding Bonds, Series 2015A (the “**Series A Bonds**”) and Successor Agency to the San Marcos Redevelopment Agency Taxable Tax Allocation Refunding Bonds, Series 2015B (the “**Series B Bonds**” and together with the Series A Bonds, the “**Refunding Bonds**”);
2. Approve the issuance of the Refunding Bonds;
3. Make the following determinations:
 - a. The Successor Agency is authorized to recover costs related to the issuance of the Refunding Bonds from the proceeds of the Refunding Bonds;
 - b. The application of proceeds of the Refunding Bonds by the Successor Agency to the refunding and defeasance of all or a portion of the Prior Bonds shall be implemented by the Successor Agency promptly upon the sale and delivery of the Refunding Bonds; and
 - c. The Successor Agency will be entitled to receive its full Administrative Cost Allowance without any deductions with respect to continuing costs related to

the Refunding Bonds. In addition, if the Successor Agency is unable to complete the issuance of the Refunding Bonds for any reason, the Successor Agency shall be entitled to recover its costs incurred with respect to the refunding proceedings without reduction in its Administrative Cost Allowance.

4. Approves agreements and other actions of the Successor Agency related to the issuance of the Refunding Bonds without the need for any further approval from the Oversight Board.

Refunding Process:

It is anticipated that the refunding will take approximately 4 months to complete. The key milestones to complete the refunding are identified below:

- Successor Agency approving resolution to refund the Prior Bonds and approving legal documents (April 14, 2015 - Completed)
- Oversight Board's approval of Successor Agency action to issue the Refunding Bonds and make determination of savings **(Today's Action)**
- Submission of resolutions of both the Successor Agency and Oversight Board and all the related documents to the Department of Finance (April 17, 2015)
- Secure underlying credit ratings and potentially bond insurance and reserve fund surety (June, 2015)
- Receive Department of Finance's Approval (June, 2015)
- Successor Agency approval of the Preliminary Official Statement and remaining financing documents (June, 2015)
- Negotiated sale of Bonds (June, 2015)
- Bond Closing (July, 2015)
- Defeasance and redemption of outstanding 1997A Bonds, 1998A Bonds, 2001 Bonds, 2003A Bonds, 2003B Bonds, 2005A Bonds, 2005B Bonds, 2005C Bonds (August 1, 2015)
- Defeasance and redemption of outstanding 2006A Bonds (August 1, 2016)

Staff recommends that the Oversight Board approve the attached resolution.

Fiscal Impact

The attached Debt Service Savings Analysis Report, based on market conditions as of March 27, 2015, shows the refinancing of the Prior Bonds is projected to generate net present value savings of approximately \$27 million over the life of the indebtedness. The average annual savings are projected to be approximately \$1.7 million beginning in 2016 and continuing through the Refunding Bonds final maturity in 2038. The term of the Refunding Bonds is the same as the

original term of the currently outstanding indebtedness and will not be extended. Any debt service savings as a result of the refunding will increase the amount of residual redevelopment tax increment revenues that can be distributed to all the taxing entities, including, but not limited to the City, San Marcos Fire Protection District and San Marcos Unified School District.

Attachment(s)

Resolution

Debt Service Savings Analysis Report

April 14, 2015, Agenda Packet to the Successor Agency

April 14, 2015, Agenda Packet to the City of San Marcos

April 14, 2015, Agenda Packet to the San Marcos Public Facilities Authority

Prepared by:

A handwritten signature in black ink, appearing to read "Roque Chiriboga", is written over a horizontal line.

Roque Chiriboga, Manager of Financial
Analysis and Debt Administration

Approved by:

A handwritten signature in blue ink, appearing to read "Laura Rocha", is written over a horizontal line.

Laura Rocha, Finance Director

RESOLUTION NO. OBRDA 2015- _____

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE FORMER SAN MARCOS REDEVELOPMENT AGENCY, APPROVING THE ISSUANCE OF REFUNDING BONDS, MAKING CERTAIN DETERMINATIONS WITH RESPECT TO THE REFUNDING BONDS AND PROVIDING FOR OTHER MATTERS RELATING THERETO

WHEREAS, the former San Marcos Redevelopment Agency (the “Former Agency”) was a public body, corporate and politic, duly established and authorized to transact business and exercise powers under and pursuant to the provisions of the Community Redevelopment Law of the State of California, constituting Part 1 of Division 24 of the Health and Safety Code of the State (the “Redevelopment Law”);

WHEREAS, prior to its dissolution, the Former Agency incurred certain bond indebtedness and other indebtedness described below pursuant to the Redevelopment Law;

WHEREAS, pursuant to Section 34172(a) of the California Health and Safety Code (unless otherwise noted, all Section references hereinafter being to such Code), the City Council has elected to assume the activities and obligations of the Former Agency, as the successor entity to the Former Agency (the “Successor Agency”);

WHEREAS, the Former Agency issued its \$9,465,000 Redevelopment Agency of the City of San Marcos Tax Allocation Bonds (1997 Affordable Housing Project) Series 1997A (the “Series 1997A Bonds” and, together with the Series 1997A Bonds, the “Prior Former Agency Bonds”) and its \$7,490,000 Redevelopment Agency of the City of San Marcos Tax Allocation Bonds (1998 Affordable Housing Project) Series 1998A (the “Series 1998A Bonds”) for the purpose of financing the acquisition and construction of affordable housing in accordance with the Redevelopment Law and the Redevelopment Plans;

WHEREAS, the San Marcos Public Facilities Authority (the “Authority”) issued its \$54,055,000 2001 Public Improvement Refunding Revenue Bonds, Series A (Civic Center/Public Works Yard) (the “Series 2001A Bonds”) which are secured by certain revenues consisting principally of rental payments payable by the City under certain lease agreements pertaining to the public improvements refinanced from the proceeds of the Series 2001A Bonds;

WHEREAS, the Former Agency and the City entered into a Reimbursement Agreement, dated as of November 1, 2001 (the “Reimbursement Agreement”), pursuant to which the Former Agency affirmed and agreed to reimburse the City for any and all such lease payments made by the City under such lease agreements, agreed that such obligation of the Former

Agency shall be a direct and general obligation of the Former Agency and pledged the Tax Revenues to the extent required to pay the reimbursement obligation of the Former Agency;

WHEREAS, the Authority also issued the following additional bonds:

- A. \$69,740,000 San Marcos Public Facilities Authority 2003 Tax Allocation Revenue Bonds (Project Areas No. 1, No. 2 and No. 3 Refunding and Financing Project), Series A (the "Series 2003A Bonds") for the purpose of making the following loans to the Former Agency:
 - 1. a loan of \$33,435,000 pursuant to the Loan Agreement (Project Area No. 1 – Loan No. 1), dated as of May 1, 2003, by and among the Authority, the Former Agency and U.S. Bank National Association, as trustee for the Series 2003A Bonds (the "Series 2003A Bonds Trustee"), for the purpose of financing a portion of the Redevelopment Plan as defined in such loan agreement and the repayment of which is secured on a parity with any Parity Debt as defined in such loan agreement by a first pledge of and lien on all of the Tax Revenues as defined in such loan agreement;
 - 2. a loan of \$9,155,000 pursuant to the Loan Agreement (Project Area No. 2), dated as of May 1, 2003, by and among the Authority, the Former Agency and the Series 2003A Bonds Trustee, for the purpose of financing a portion of the Redevelopment Plan as defined in such loan agreement and the repayment of which is secured on a parity with any Parity Debt as defined in such loan agreement by a first pledge of and lien on all of the Tax Revenues as defined in such loan agreement; and
 - 3. a loan of \$27,150,000 pursuant to the Loan Agreement (Project Area No. 3), dated as of May 1, 2003, by and among the Authority, the Former Agency and the Series 2003A Bonds Trustee, for the purpose of financing a portion of the Redevelopment Plan as defined in such loan agreement and the repayment of which is secured on a parity with any Parity Debt as defined in such loan agreement by a first pledge of and lien on all of the Tax Revenues as defined in such loan agreement;
- B. \$21,360,000 San Marcos Public Facilities Authority 2003 Tax Allocation Revenue Bonds (Project Area No. 1 Refunding and Financing Project), Taxable Series B (the "Series 2003B Bonds") for the purpose of making a loan to the Former Agency of \$21,360,000 pursuant to the Loan Agreement (Project Area No. 1 – Loan No. 2),

dated as of May 1, 2003, by and among the Authority, the Former Agency and U.S. Bank National Association, as trustee for the Series 2003B Bonds (the "Series 2003B Bonds Trustee"), for the purpose of financing a portion of the Redevelopment Plan as defined in such loan agreement and the repayment of which is secured on a parity with any Parity Debt as defined in such loan agreement by a first pledge of and lien on all of the Tax Revenues as defined in such loan agreement;

C. \$30,235,000 San Marcos Public Facilities Authority 2005 Tax Allocation Revenue Bonds (Project Areas No. 1 and No. 3 Refunding Project), Series A (the "Series 2005A Bonds") for the purpose of making the following loans to the Former Agency:

1. a loan of \$2,600,000 pursuant to the Loan Agreement (Project Area No. 1 – Loan No. 2005-1), dated as of May 1, 2005, by and among the Authority, the Former Agency and Union Bank of California, N.A., the trustee for the Series 2005A Bonds (the "Series 2005A Bonds Trustee"), for the purpose of financing a portion of the Redevelopment Plan as defined in such loan agreement and the repayment of which is secured on a parity with any Parity Debt as defined in such loan agreement by a first pledge of and lien on all of the Tax Revenues as defined in such loan agreement; and
2. a loan of \$27,635,000 pursuant to the Loan Agreement (Project Area No. 3 – Loan No. 2005-1), dated as of May 1, 2005, by and among the Authority, the Former Agency and the Series 2005A Bonds Trustee for the purpose of financing a portion of the Redevelopment Plan as defined in such loan agreement and the repayment of which is secured on a parity with any Parity Debt as defined in such loan agreement by a first pledge of and lien on all of the Tax Revenues as defined in such loan agreement;

D. \$33,265,000 San Marcos Public Facilities Authority 2005 Tax Allocation Revenue Bonds (Project Area No. 1 Refunding and Financing Project), Taxable Series B (the "Series 2005B Bonds") for the purpose of making a loan to the Former Agency of \$33,265,000 pursuant to the Loan Agreement (Project Area No. 1 – Loan No. 2005-2), dated as of May 1, 2005, by and among the Authority, the Former Agency and Union Bank of California, N.A., as trustee for the Series 2005B Bonds (the "Series 2003B Bonds Trustee"), for the purpose of financing a portion of the Redevelopment Plan as defined in such loan agreement and the repayment of which is secured on a parity with any Parity Debt as defined in such loan

agreement by a first pledge of and lien on all of the Tax Revenues as defined in such loan agreement; and

- E. \$61,735,000 San Marcos Public Facilities Authority 2005 Tax Allocation Revenue Bonds (Project Areas No. 2 and No. 3 Financing Project), Series C (the “Series 2005C Bonds”) for the purpose of making the following loans to the Former Agency:

1. a loan of \$34,100,000 pursuant to the Loan Agreement (Project Area No. 2 – Loan No. 2005-1), dated as of June 1, 2005, by and among the Authority, the Former Agency and Union Bank of California, N.A., the trustee for the Series 2005C Bonds (the “Series 2005C Bonds Trustee”), for the purpose of financing a portion of the Redevelopment Plan as defined in such loan agreement and the repayment of which is secured on a parity with any Parity Debt as defined in such loan agreement by a first pledge of and lien on all of the Tax Revenues as defined in such loan agreement; and
2. a loan of \$27,635,000 pursuant to the Loan Agreement (Project Area No. 3 – Loan No. 2005-2), dated as of June 1, 2005, by and among the Authority, the Former Agency and the Series 2005C Bonds Trustee for the purpose of financing a portion of the Redevelopment Plan as defined in such loan agreement and the repayment of which is secured on a parity with any Parity Debt as defined in such loan agreement by a first pledge of and lien on all of the Tax Revenues as defined in such loan agreement;

- F. \$36,165,000 San Marcos Public Facilities Authority 2006 Tax Allocation Revenue Bonds (Project Area No. 3 Financing Project), Series A (the “Series 2006A Bonds” and, together with the Series 2001A Bonds, the Series 2003A Bonds, the Series 2003B Bonds, the Series 2005A Bonds, the Series 2005B Bonds and the Series 2005C Bonds, the “Prior Authority Bonds”) for the purpose of making a loan to the Former Agency of \$36,165,000 pursuant to the Loan Agreement (Project Area No. 3 – Loan No. 2006-1), dated as of March 1, 2006, by and among the Authority, the Former Agency and Union Bank of California, N.A., as trustee for the Series 2006A Bonds (the “Series 2006A Bonds Trustee”), for the purpose of financing a portion of the Redevelopment Plan as defined in such loan agreement and the repayment of which is secured on a parity with any Parity Debt as defined in such loan agreement by a first pledge of and lien on all of the Tax Revenues as defined in such loan agreement;

(The Prior Former Agency Bonds and the Prior Authority Bonds shall be collectively referred to herein as the “Prior Bonds.” Each of the loan agreements referred to in this recital shall be referred to collectively as the “Prior Loan Agreements”);

WHEREAS, pursuant to Section 34179, this Oversight Board has been established for the Successor Agency;

WHEREAS, Section 34177.5 authorizes the Successor Agency to issue refunding bonds pursuant to Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the “Refunding Law”) to refund the bonds or other indebtedness of the Successor Agency for the purpose of achieving debt service savings within the parameters set forth in Section 34177.5(a)(1) (the “Savings Parameters”);

WHEREAS, to determine compliance with the Savings Parameters for purposes of the issuance by the Successor Agency of (a) the Successor Agency to the San Marcos Redevelopment Agency Tax Allocation Refunding Bonds, Series 2015A (the “Series 2015A Bonds”) and (b) the Successor Agency to the San Marcos Redevelopment Agency Taxable Tax Allocation Refunding Bonds, Series 2015B (the “Series 2015B Bonds” and, together with the Series 2015A Bonds, the “Refunding Bonds”), the Successor Agency has caused its financial advisor, Fieldman Rolapp & Associates (the “Financial Advisor”), to prepare an analysis of the potential savings that will accrue to the Successor Agency and to applicable taxing entities as a result of the use of the proceeds of the Refunding Bonds to repay the Prior Bonds and, thereby, to refund the Prior Bonds and discharge the Former Agency’s obligations under the Prior Former Agency Bonds, the Reimbursement Agreement and the Loan Agreements (the “Debt Service Savings Analysis”);

WHEREAS, the Debt Service Saving Analysis of the Financial Advisor has concluded that such refunding will meet the required Savings Parameters;

WHEREAS, based upon the Debt Service Savings Analysis, the Successor Agency by its Resolution No. SA 2015 -__ adopted April 14, 2015 (the “Successor Agency Resolution”) approved the issuance of the Refunding Bonds pursuant to Section 34177.5(a)(1), Section 34177.5(f) and Section 34180;

WHEREAS, in the Successor Agency Resolution, the Successor Agency approved the issuance of the Refunding Bonds and authorized the execution and delivery of an Indenture of Trust, expected to be dated as of the first day of the month in which the Refunding Bonds are issued, by and between the Successor Agency and MUFG Union Bank, N.A., as trustee, providing for the issuance of the Refunding Bonds (the “Indenture of Trust”);

WHEREAS, in the Successor Agency Resolution, the Successor Agency also requested that this Oversight Board approve the issuance of the Refunding Bonds pursuant to the Successor Agency Resolution and the Indenture of Trust, that this Oversight Board make certain determinations described below on which the Successor Agency will rely in undertaking the refunding proceedings and the issuance of the Refunding Bonds and that this Oversight Board approves certain agreements and actions by the Successor Agency in furtherance of and to carry out the purposes of the plan of refinancing as set forth in the Successor Agency Resolution and this resolution without the need for any further approval from this Oversight Board;

WHEREAS, the Successor Agency has determined to sell the Refunding Bonds on a negotiated basis to Stifel, Nicolaus & Company, Incorporated and Piper Jaffray & Company (the "Underwriters") and the Successor Agency will enter into a Bond Purchase Agreement (the "Bond Purchase Agreement") in connection with the sale of the Refunding Bonds to the Underwriters;

WHEREAS, the Successor Agency, with the assistance of its Financial Advisor, will cause to be prepared a form of Official Statement describing the Refunding Bonds and containing material information relating to the Refunding Bonds, the preliminary form of which will be submitted to the Successor Agency for approval for distribution by the underwriter of the Refunding Bonds to persons and institutions interested in purchasing the Refunding Bonds;

WHEREAS, this Oversight Board has completed its review of the refunding proceedings and the Debt Service Savings Analysis and wishes at this time to give its approval to the foregoing;

NOW, THEREFORE, THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE FORMER SAN MARCOS REDEVELOPMENT AGENCY, DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. Recitals. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

Section 2. Determination of Savings. This Oversight Board has determined that there are significant potential savings available to the Successor Agency and to applicable taxing entities in compliance with the Savings Parameters by the issuance by the Successor Agency of the Refunding Bonds to defease and redeem all or a portion of the Prior Bonds, all as evidenced by the Debt Service Savings Analysis on file with the Clerk of the Oversight Board, which Debt Service Savings Analysis is hereby approved.

Section 3. Approval of Issuance of the Bonds. As authorized by Section 34177.5(f) and Section 34180, this Oversight Board hereby approves the issuance by the Successor Agency of the Refunding Bonds pursuant to Section 34177.5(a)(1) and under other applicable provisions of the Law and the Redevelopment Law and as provided in the Successor Agency Resolution and the Indenture of Trust in the aggregate principal amount of not to exceed \$255,000,000, provided that the principal and interest payable with respect to the Refunding Bonds complies in all respects with the requirements of the Savings Parameters, as shall be certified to by the Financial Advisor upon delivery of the Refunding Bonds or any part thereof.

Section 4. Sale and Delivery of Refunding Bonds in Whole or in Part. The Oversight Board hereby approves the sale and delivery of the Refunding Bonds in whole, provided that there is compliance with the Savings Parameters. However, if such Savings Parameters cannot be met with respect to the whole of the Refunding Bonds, then the Oversight Board approves the sale and delivery of the Refunding Bonds from time to time in part. In the event the Refunding Bonds are initially sold in part, the Successor Agency is hereby authorized to sell and deliver additional parts of the Refunding Bonds without the prior approval of this Oversight Board provided that in each such instance the Refunding Bonds so sold and delivered in part pursuant to a supplemental Indenture and are in compliance with the Savings Parameters.

Section 5. Determinations by the Oversight Board. As requested by the Successor Agency, the Oversight Board makes the following determinations upon which the Successor Agency shall rely in undertaking the refunding proceedings and the issuance of the Refunding Bonds:

(a) The Successor Agency is authorized, as provided in Section 34177.5(f), to recover its costs related to the issuance of the Refunding Bonds from the proceeds of the Refunding Bonds, including the cost of reimbursing the City for administrative staff time spent with respect to the authorization, issuance, sale and delivery of the Refunding Bonds;

(b) The application of proceeds of the Refunding Bonds by the Successor Agency to the refunding and defeasance of all or a portion of the Prior Bonds, as well as the payment by the Successor Agency of costs of issuance of each series of the Refunding Bonds, as provided in Section 34177.5(a), shall be implemented by the Successor Agency promptly upon sale and delivery of each series of the Refunding Bonds without the approval of the Oversight Board, the California Department of Finance, the San Diego County Auditor-Controller or any other person or entity other than the Successor Agency; and

(c) The Successor Agency shall be entitled to receive its full Administrative Cost Allowance under Section 34181(a)(3) without any deductions with respect to continuing costs related to the Refunding Bonds, such as trustee's fees, auditing and fiscal consultant fees and continuing disclosure and rating agency costs (collectively, "Continuing Costs of Issuance"), and such Continuing Costs of Issuance shall be payable from property tax revenues pursuant to Section 34183. In addition and as provided by Section 34177.5(f), if the Successor Agency is unable to complete the issuance of the Refunding Bonds for any reason, the Successor Agency shall, nevertheless, be entitled to recover its costs incurred with respect to the refunding proceedings from such property tax revenues pursuant to Section 34183 without reduction in its Administrative Cost Allowance.

Section 6. Approval of Agreements and Other Actions of the Successor Agency. The Successor Agency is authorized and directed to prepare, approve and execute such other documents, including, as necessary, a Bond Purchase Agreement, an Official Statement, a Continuing Disclosure Certificate, the escrow agreements to establish the terms and conditions pertaining to the defeasance and redemption of the Prior Bonds issued by the Former Agency, amendments to the Reimbursement Agreement and Prior Loan Agreements as defined in the Successor Agency Resolution to provide for the discharge of the obligations of the Successor Agency thereunder upon the issuance of the Refunding Bonds and the defeasance of the Prior Authority Bonds and any additional agreements, as may be necessary to carryout the purposes of the Successor Agency Resolution and this Resolution without the need for any further approval from this Oversight Board.

Section 7. Effective Date. Pursuant to Health and Safety Code Section 34179(h), all actions taken by the Oversight Board may be reviewed by the California Department of Finance and, therefore, this Resolution shall be effective five (5) business days after notice to the Department of Finance unless the Department requests a review of the actions taken in this Resolution, in which case this Resolution will be effective upon approval by the Department.

PASSED, APPROVED AND ADOPTED by the Oversight Board of the Successor Agency to the former San Marcos Redevelopment Agency, at a special meeting held on the ____ day of April, 2015, by the following roll call vote:

AYES:	BOARD MEMBERS:
NOES:	BOARD MEMBERS:
ABSENT:	BOARD MEMBERS:
RECUSAL:	BOARD MEMBERS:

Gary Hamels, CHAIR
Oversight Board to the Successor Agency of the
former San Marcos Redevelopment Agency

ATTEST:

Phillip Scollick, Clerk
Oversight Board to the Successor Agency of the
former San Marcos Redevelopment Agency

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

Bond Refunding Financing Plan*

Tax Allocation Refunding Bonds, Series 2015A
(Tax Exempt)

Refunding Par Amount:	\$138,080,000
Par Refunded:	\$161,920,000
Final Maturity:	10/1/2038
Average Coupon of Refunding Bonds:	4.97%
True Interest Cost:	3.50%
Net Present Value Savings (\$):	\$20,419,372
Present Value Savings (%):	12.61%
Nominal Savings (\$):	\$30,010,235
Average Annual Savings (\$):	\$1,304,793

* Reflects market conditions as of March 27, 2015 and assumes "A" rates with Annual principal amortization. Also assumes an Insured Credit Rating.

Closing Date - 07/23/2015

Assumes COI - \$725k (This number represents the combined COI for the Series 2015A and 2015B refunding.)

Underwriter's Discount - \$4.32 per bond

Assumes a Debt Service Reserve Surety and Bond Insurance

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

Bond Refunding Financing Plan*

Tax Allocation Refunding Bonds, Series 2015B
(Taxable)

Refunding Par Amount:	\$90,965,000
Par Refunded:	\$92,120,000
Final Maturity:	10/1/2038
Average Coupon of Refunding Bonds:	4.13%
True Interest Cost:	4.18%
Net Present Value Savings (\$):	\$6,638,491
Present Value Savings (%):	7.21%
Nominal Savings (\$):	\$9,204,987
Average Annual Savings (\$):	\$400,217

* Reflects market conditions as of March 27, 2015 and assumes "A" rates with Annual principal amortization. Also assumes an Insured Credit Rating.

Closing Date - 07/23/2015

Assumes COI - \$725k (This number represents the combined COI for the Series 2015A and 2015B refunding.)

Underwriter's Discount - \$4.32 per bond

Assumes a Debt Service Reserve Surety and Bond Insurance

SOURCES AND USES OF FUNDS

Redevelopment Agency of the City of San Marcos 2015 Refunding

Interest Rates as of March 27, 2015 - Approximately 'A' Underlying / 'AA' With Insurance
Scenario: 2001A, 2005C & 2006A Split into TE & TX Refunding; 10/1 Payment Date

	Dated Date	07/23/2015	
	Delivery Date	07/23/2015	
Sources:	2015A Refunding: Tax-Exempt	2015B Refunding: Taxable	Total
Bond Proceeds:			
Par Amount	138,080,000.00	90,965,000.00	229,045,000.00
Premium	20,907,584.30		20,907,584.30
	158,987,584.30	90,965,000.00	249,952,584.30
Other Sources of Funds:			
Prior Debt Fund (3)	7,354,660.70	4,837,958.22	12,192,618.92
Prior DSRF (2)	7,867,924.49	5,116,725.35	12,984,649.84
	15,222,585.19	9,954,683.57	25,177,268.76
	174,210,169.49	100,919,683.57	275,129,853.06
Uses:	2015A Refunding: Tax-Exempt	2015B Refunding: Taxable	Total
Refunding Escrow Deposits:			
Cash Deposit	151,974,671.98	79,934,176.35	231,908,848.33
SLGS Purchases	15,321,872.00	15,740,615.00	31,062,487.00
	167,296,543.98	95,674,791.35	262,971,335.33
Other Fund Deposits:			
Debt Service Reserve Fund	5,131,143.56	4,041,059.94	9,172,203.50
Delivery Date Expenses:			
Cost of Issuance	437,066.95	287,933.05	725,000.00
Underwriter's Discount	597,533.82	393,646.18	991,180.00
Bond Insurance (4)	664,842.51	463,205.60	1,128,048.11
Surety Reserve (5)	82,942.08	54,640.97	137,583.05
	1,782,385.36	1,199,425.80	2,981,811.16
Other Uses of Funds:			
Additional Proceeds	96.59	4,406.48	4,503.07
	174,210,169.49	100,919,683.57	275,129,853.06

Notes:

The TE financing was evaluated at interest rate spreads to the generic 'AAA' municipal yield index ('MMD') of +40 basis points beginning in 2016 increasing to +70 basis points in 2027 to the maturity of the bonds. The Taxable financing was evaluated at interest rate spreads to the US Treasury curve of +15 basis points in 2016 increasing to +235 basis points in 2038. Spreads are representative of what similarly sized 'A' rated, insured, tax allocation credits have priced or traded in the days right ahead of such analysis, but in no way does Stifel represent that the bonds would receive such a rating or guarantee the pricing results.

- (1) Assumes call notice is given to bond holders within adequate number of days
- (2) Prior Debt Service Reserve Fund balances are from Feb. 2015 trustee statements and are the stated market values
- (3) Prior Debt Fund includes debt service payments for Aug. 1, or Oct. 1, 2015 less the Oct. 1, 2015 debt service payment on the refunding bonds
- (4) Bond Insurance is 0.35% of Total Adjusted Debt Service (Insured Maturities only)
- (5) Surety Reserve is 1.5% of 50% of standard lesser of three test
- (6) Debt Service Reserve Fund is 50% cash funded and 50% Surety Reserve

SUMMARY OF REFUNDING RESULTS

Redevelopment Agency of the City of San Marcos 2015 Refunding

Interest Rates as of March 27, 2015 - Approximately 'A' Underlying / 'AA' With Insurance
Scenario: 2001A, 2005C & 2006A Split into TE & TX Refunding; 10/1 Payment Date

	2015A Refunding: Tax-Exempt	2015B Refunding: Taxable	Total
Dated Date	07/23/2015	07/23/2015	07/23/2015
Delivery Date	07/23/2015	07/23/2015	07/23/2015
Arbitrage Yield	2.994411%	3.886792%	2.994411%
Escrow Yield	0.269066%		0.269066%
Value of Negative Arbitrage	413,057.54	622,257.40	1,035,314.94
Bond Par Amount	138,080,000.00	90,965,000.00	229,045,000.00
True Interest Cost	3.496843%	4.176829%	3.735865%
Net Interest Cost	3.832478%	4.218391%	3.974159%
Average Coupon	4.970696%	4.132812%	4.663082%
Average Life	12.500	11.007	11.907
Par amount of refunded bonds	161,920,000.00	92,120,000.00	254,040,000.00
Average coupon of refunded bonds	4.936050%	5.198379%	5.025523%
Average life of refunded bonds	11.952	10.875	11.562
PV of prior debt	195,789,528.41	112,316,945.52	308,106,473.93
Net PV Savings	20,419,371.71	6,638,490.82	27,057,862.53
Percentage savings of refunded bonds	12.610778%	7.206351%	10.651024%
Percentage savings of refunding bonds	14.788073%	7.297852%	11.813339%

Notes:

The TE financing was evaluated at interest rate spreads to the generic 'AAA' municipal yield index ('MMD') of +40 basis points beginning in 2016 increasing to +70 basis points in 2027 to the maturity of the bonds. The Taxable financing was evaluated at interest rate spreads to the US Treasury curve of +15 basis points in 2016 increasing to +235 basis points in 2038. Spreads are representative of what similarly sized 'A' rated, insured, tax allocation credits have priced or traded in the days right ahead of such analysis, but in no way does Stifel represent that the bonds would receive such a rating or guarantee the pricing results.

BOND PRICING

Redevelopment Agency of the City of San Marcos
2015 Refunding

Interest Rates as of March 27, 2015 - Approximately 'A' Underlying / 'AA' With Insurance

Scenario: 2001A, 2005C & 2006A Split into TE & TX Refunding; 10/1 Payment Date

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity	Call Date	Call Price	Premium (-Discount)
TE Serial 2015 A (Uninsured):									
	10/01/2016	4,340,000	4.000%	0.820%	103.753				162,880.20
	10/01/2017	4,520,000	4.000%	1.180%	106.074				274,544.80
	10/01/2018	4,710,000	4.000%	1.550%	107.592				357,583.20
	10/01/2019	4,895,000	4.000%	1.800%	108.836				432,522.20
	10/01/2020	5,090,000	5.000%	1.960%	114.926				759,733.40
	10/01/2021	5,360,000	5.000%	2.190%	116.177				867,087.20
		<u>28,915,000</u>							<u>2,854,351.00</u>
TE Serial 2015 A:									
	10/01/2022	5,615,000	5.000%	2.250%	118.156				1,019,459.40
	10/01/2023	5,900,000	5.000%	2.370%	119.467				1,148,553.00
	10/01/2024	5,630,000	5.000%	2.520%	120.225				1,138,667.50
	10/01/2025	5,910,000	5.000%	2.620%	121.158				1,250,437.80
	10/01/2026	6,755,000	5.000%	2.770%	119.674	C 2.925%	10/01/2025	100.000	1,328,978.70
	10/01/2027	7,100,000	5.000%	2.920%	118.212	C 3.185%	10/01/2025	100.000	1,293,052.00
	10/01/2028	7,450,000	5.000%	3.030%	117.154	C 3.377%	10/01/2025	100.000	1,277,973.00
	10/01/2029	7,820,000	5.000%	3.080%	116.676	C 3.498%	10/01/2025	100.000	1,304,063.20
	10/01/2030	9,030,000	5.000%	3.150%	116.012	C 3.620%	10/01/2025	100.000	1,445,883.60
	10/01/2031	9,485,000	5.000%	3.210%	115.446	C 3.721%	10/01/2025	100.000	1,465,053.10
	10/01/2032	7,700,000	5.000%	3.260%	114.977	C 3.805%	10/01/2025	100.000	1,153,229.00
		<u>78,395,000</u>							<u>13,825,350.30</u>
TX Serial 2015 B:									
	10/01/2016	4,045,000	0.760%	0.760%	100.000				
	10/01/2017	4,080,000	1.360%	1.360%	100.000				
	10/01/2018	4,135,000	1.780%	1.780%	100.000				
	10/01/2019	4,205,000	2.170%	2.170%	100.000				
	10/01/2020	4,295,000	2.470%	2.470%	100.000				
	10/01/2021	4,400,000	2.760%	2.760%	100.000				
	10/01/2022	4,520,000	3.010%	3.010%	100.000				
	10/01/2023	4,655,000	3.260%	3.260%	100.000				
	10/01/2024	4,885,000	3.510%	3.510%	100.000				
	10/01/2025	5,055,000	3.710%	3.710%	100.000				
	10/01/2026	5,135,000	3.910%	3.910%	100.000				
	10/01/2027	5,340,000	4.110%	4.110%	100.000				
	10/01/2028	4,995,000	4.260%	4.260%	100.000				
	10/01/2029	4,765,000	4.410%	4.410%	100.000				
	10/01/2030	4,050,000	4.560%	4.560%	100.000				
	10/01/2031	4,240,000	4.610%	4.610%	100.000				
	10/01/2032	3,620,000	4.660%	4.660%	100.000				

BOND PRICING

Redevelopment Agency of the City of San Marcos
2015 Refunding

Interest Rates as of March 27, 2015 - Approximately 'A' Underlying / 'AA' With Insurance
Scenario: 2001A, 2005C & 2006A Split into TE & TX Refunding; 10/1 Payment Date

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity	Call Date	Call Price	Premium (-Discount)
TX Serial 2015 B:									
	10/01/2033	3,795,000	4.710%	4.710%	100.000				
	10/01/2034	2,965,000	4.760%	4.760%	100.000				
	10/01/2035	2,655,000	4.800%	4.800%	100.000				
	10/01/2036	2,785,000	4.850%	4.850%	100.000				
	10/01/2037	1,145,000	4.900%	4.900%	100.000				
	10/01/2038	1,200,000	4.950%	4.950%	100.000				
		<u>90,965,000</u>							
TE Term 2035 A:									
	10/01/2033	8,090,000	5.000%	3.370%	113.953 C	3.987%	10/01/2025	100.000	1,128,797.70
	10/01/2034	5,640,000	5.000%	3.370%	113.953 C	3.987%	10/01/2025	100.000	786,949.20
	10/01/2035	5,225,000	5.000%	3.370%	113.953 C	3.987%	10/01/2025	100.000	729,044.25
		<u>18,955,000</u>							<u>2,644,791.15</u>
TE Term 2038 A:									
	10/01/2036	5,490,000	5.000%	3.430%	113.399 C	4.099%	10/01/2025	100.000	735,605.10
	10/01/2037	3,085,000	5.000%	3.430%	113.399 C	4.099%	10/01/2025	100.000	413,359.15
	10/01/2038	3,240,000	5.000%	3.430%	113.399 C	4.099%	10/01/2025	100.000	434,127.60
		<u>11,815,000</u>							<u>1,583,091.85</u>
		229,045,000							20,907,584.30

Dated Date	07/23/2015	
Delivery Date	07/23/2015	
First Coupon	10/01/2015	
Par Amount	229,045,000.00	
Premium	20,907,584.30	
Production	249,952,584.30	109.128156%
Underwriter's Discount	-991,180.00	-0.432745%
Purchase Price	248,961,404.30	108.695411%
Accrued Interest		
Net Proceeds	248,961,404.30	

BOND PRICING

Redevelopment Agency of the City of San Marcos
2015 Refunding

Interest Rates as of March 27, 2015 - Approximately 'A' Underlying / 'AA' With Insurance
Scenario: 2001A, 2005C & 2006A Split into TE & TX Refunding; 10/1 Payment Date

Notes:

The TE financing was evaluated at interest rate spreads to the generic 'AAA' municipal yield index ('MMD') of +40 basis points beginning in 2016 increasing to +70 basis points in 2027 to the maturity of the bonds. The Taxable financing was evaluated at interest rate spreads to the US Treasury curve of +15 basis points in 2016 increasing to +235 basis points in 2038. Spreads are representative of what similarly sized 'A' rated, insured, tax allocation credits have priced or traded in the days right ahead of such analysis, but in no way does Stifel represent that the bonds would receive such a rating or guarantee the pricing results.

SAVINGS

Redevelopment Agency of the City of San Marcos 2015 Refunding

Interest Rates as of March 27, 2015 - Approximately 'A' Underlying / 'AA' With Insurance
Scenario: 2001A, 2005C & 2006A Split into TE & TX Refunding; 10/1 Payment Date

Date	Prior Debt Service	Prior Receipts	Prior Net Cash Flow	Refunding Debt Service	Savings	Present Value to 07/23/2015 @ 2.9944114%
10/01/2015	14,069,168.64	12,192,618.92	1,876,549.72	1,876,549.72		8,996.60
10/01/2016	20,446,504.78		20,446,504.78	18,319,675.00	2,126,829.78	2,163,335.53
10/01/2017	20,441,889.28		20,441,889.28	18,330,333.00	2,111,556.28	2,084,372.13
10/01/2018	20,443,696.28		20,443,696.28	18,339,045.00	2,104,651.28	2,015,816.14
10/01/2019	20,438,273.28		20,438,273.28	18,332,042.00	2,106,231.28	1,956,957.33
10/01/2020	20,434,287.78		20,434,287.78	18,329,993.50	2,104,294.28	1,896,816.73
10/01/2021	20,451,670.28		20,451,670.28	18,344,407.00	2,107,263.28	1,842,946.88
10/01/2022	20,438,593.78		20,438,593.78	18,329,967.00	2,108,626.78	1,789,177.57
10/01/2023	20,442,213.78		20,442,213.78	18,333,165.00	2,109,048.78	1,736,347.36
10/01/2024	19,867,835.78		19,867,835.78	17,846,412.00	2,021,423.78	1,615,909.84
10/01/2025	19,866,381.78		19,866,381.78	17,843,448.50	2,022,933.28	1,569,018.07
10/01/2026	20,390,528.78		20,390,528.78	18,285,408.00	2,105,120.78	1,583,189.52
10/01/2027	20,398,984.28		20,398,984.28	18,296,879.50	2,102,104.78	1,534,086.11
10/01/2028	19,709,890.28		19,709,890.28	17,727,405.50	1,982,484.78	1,407,673.04
10/01/2029	19,181,301.78		19,181,301.78	17,282,118.50	1,899,183.28	1,311,227.39
10/01/2030	19,142,289.76		19,142,289.76	17,175,982.00	1,966,307.76	1,314,960.53
10/01/2031	19,148,995.76		19,148,995.76	17,184,802.00	1,964,193.76	1,274,723.24
10/01/2032	15,748,800.26		15,748,800.26	14,110,088.00	1,638,712.26	1,031,540.65
10/01/2033	15,754,107.52		15,754,107.52	14,121,396.00	1,632,711.52	997,463.96
10/01/2034	11,186,713.76		11,186,713.76	10,258,151.50	928,562.26	556,958.46
10/01/2035	9,739,025.00		9,739,025.00	9,110,017.50	629,007.50	372,120.48
10/01/2036	9,740,457.50		9,740,457.50	9,116,327.50	624,130.00	358,521.11
10/01/2037	5,071,500.00		5,071,500.00	4,661,755.00	409,745.00	225,069.09
10/01/2038	5,071,500.00		5,071,500.00	4,661,400.00	410,100.00	218,578.07
	407,624,610.12	12,192,618.92	395,431,991.20	356,216,768.72	39,215,222.48	30,865,805.80

Savings Summary

PV of savings from cash flow	30,865,805.80
Less: Prior funds on hand	-12,984,649.84
Plus: Refunding funds on hand	9,176,706.57
Net PV Savings	27,057,862.53

Notes:

The TE financing was evaluated at interest rate spreads to the generic 'AAA' municipal yield index ('MMD') of +40 basis points beginning in 2016 increasing to +70 basis points in 2027 to the maturity of the bonds. The Taxable financing was evaluated at interest rate spreads to the US Treasury curve of +15 basis points in 2016 increasing to +235 basis points in 2038. Spreads are representative of what similarly sized 'A' rated, insured, tax allocation credits have priced or traded in the days right ahead of such analysis, but in no way does Stifel represent that the bonds would receive such a rating or guarantee the pricing results.

SUMMARY OF BONDS REFUNDED

Redevelopment Agency of the City of San Marcos 2015 Refunding

Interest Rates as of March 27, 2015 - Approximately 'A' Underlying / 'AA' With Insurance
Scenario: 2001A, 2005C & 2006A Split into TE & TX Refunding; 10/1 Payment Date

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
Tax Allocation Bonds (1997 Affordable Hsg), 1997HSG:					
TERM2027	10/01/2027	6.000%	6,035,000.00	08/01/2015	100.000
Tax Allocation Bonds (1998 Affordable Hsg), 1998HSG:					
TERM2028	10/01/2028	5.650%	4,935,000.00	08/01/2015	100.000
2001 Public Improvements Refunding Bonds, Series A, 2001ATE:					
SERIAL	08/01/2015	4.600%	1,135,000.00		
	08/01/2016	4.900%	1,190,000.00	08/01/2015	100.000
	08/01/2017	5.000%	1,245,000.00	08/01/2015	100.000
	08/01/2018	5.000%	1,310,000.00	08/01/2015	100.000
	08/01/2019	5.000%	1,375,000.00	08/01/2015	100.000
	08/01/2020	5.000%	1,445,000.00	08/01/2015	100.000
	08/01/2021	5.000%	1,520,000.00	08/01/2015	100.000
TERM26	08/01/2026	4.750%	8,765,000.00	08/01/2015	100.000
TERM31	08/01/2031	4.875%	11,085,000.00	08/01/2015	100.000
			29,070,000.00		
2001 Public Improvements Refunding Bonds, Series A, 2001ATX:					
SERIAL	08/01/2015	4.600%	385,000.00		
	08/01/2016	4.900%	400,000.00	08/01/2015	100.000
	08/01/2017	5.000%	420,000.00	08/01/2015	100.000
	08/01/2018	5.000%	440,000.00	08/01/2015	100.000
	08/01/2019	5.000%	460,000.00	08/01/2015	100.000
	08/01/2020	5.000%	480,000.00	08/01/2015	100.000
	08/01/2021	5.000%	505,000.00	08/01/2015	100.000
TERM26	08/01/2026	4.750%	2,915,000.00	08/01/2015	100.000
TERM31	08/01/2031	4.875%	3,685,000.00	08/01/2015	100.000
			9,690,000.00		
2003A Tax Allocation Bonds, 2003A:					
SERIAL	08/01/2015	5.000%	1,920,000.00		
	08/01/2016	5.000%	1,980,000.00	08/01/2015	100.000
	08/01/2017	5.250%	2,045,000.00	08/01/2015	100.000
	08/01/2018	5.250%	2,105,000.00	08/01/2015	100.000
	08/01/2019	5.000%	2,175,000.00	08/01/2015	100.000
	08/01/2020	5.000%	2,245,000.00	08/01/2015	100.000
	08/01/2021	5.000%	2,325,000.00	08/01/2015	100.000
TERM26	08/01/2026	5.000%	2,395,000.00	08/01/2015	100.000
TERM33	08/01/2033	5.000%	9,110,000.00	08/01/2015	100.000
			26,820,000.00		
			53,120,000.00		
2003B Tax Allocation Bonds (Taxable), 2003B:					
TERM23	08/01/2023	5.690%	525,000.00		
	08/01/2023	5.690%	5,445,000.00	08/01/2015	100.000
TERM33	08/01/2033	5.790%	10,755,000.00	08/01/2015	100.000
			16,725,000.00		
2005A Tax Allocation Bonds, 2005A:					
SERIAL	08/01/2015	3.700%	545,000.00		
	08/01/2016	3.800%	605,000.00	08/01/2015	102.000
	08/01/2017	3.950%	665,000.00	08/01/2015	102.000
	08/01/2018	4.050%	730,000.00	08/01/2015	102.000
	08/01/2019	4.150%	800,000.00	08/01/2015	102.000
	08/01/2020	4.200%	875,000.00	08/01/2015	102.000
TERM25	08/01/2025	5.000%	5,715,000.00	08/01/2015	102.000
TERM34	08/01/2034	5.000%	16,865,000.00	08/01/2015	102.000
			26,800,000.00		

SUMMARY OF BONDS REFUNDED

Redevelopment Agency of the City of San Marcos 2015 Refunding

Interest Rates as of March 27, 2015 - Approximately 'A' Underlying / 'AA' With Insurance

Scenario: 2001A, 2005C & 2006A Split into TE & TX Refunding; 10/1 Payment Date

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
2005B Tax Allocation Bonds (Taxable), 2005B:					
SERIAL	08/01/2015	4.780%	925,000.00		
TERM20	08/01/2020	5.070%	5,380,000.00	08/01/2015	102.000
TERM25	08/01/2025	5.250%	6,915,000.00	08/01/2015	102.000
TERM34	08/01/2034	5.350%	13,165,000.00	08/01/2015	102.000
			26,385,000.00		
2005C Tax Allocation Bonds (TE Portion), 2005CTE:					
SERIAL	08/01/2015	3.500%	655,000.00		
	08/01/2016	3.600%	675,000.00	08/01/2015	100.000
	08/01/2017	3.750%	705,000.00	08/01/2015	100.000
	08/01/2018	3.850%	735,000.00	08/01/2015	100.000
	08/01/2019	5.000%	760,000.00	08/01/2015	100.000
	08/01/2020	5.000%	795,000.00	08/01/2015	100.000
	08/01/2021	5.000%	835,000.00	08/01/2015	100.000
	08/01/2022	4.750%	875,000.00	08/01/2015	100.000
	08/01/2023	4.750%	915,000.00	08/01/2015	100.000
	08/01/2024	4.750%	965,000.00	08/01/2015	100.000
	08/01/2025	4.750%	1,010,000.00	08/01/2015	100.000
TERM28	08/01/2028	5.000%	3,335,000.00	08/01/2015	100.000
TERM35	08/01/2035	5.000%	13,555,000.00	08/01/2015	100.000
TERM38	08/01/2038	5.000%	12,035,000.00	08/01/2015	102.000
			37,850,000.00		
2005C Tax Allocation Bonds (Taxable Portion), 2005CTX:					
SERIAL	08/01/2015	3.500%	225,000.00		
	08/01/2016	3.600%	235,000.00	08/01/2015	100.000
	08/01/2017	3.750%	240,000.00	08/01/2015	100.000
	08/01/2018	3.850%	250,000.00	08/01/2015	100.000
	08/01/2019	5.000%	260,000.00	08/01/2015	100.000
	08/01/2020	5.000%	275,000.00	08/01/2015	100.000
	08/01/2021	5.000%	285,000.00	08/01/2015	100.000
	08/01/2022	4.750%	300,000.00	08/01/2015	100.000
	08/01/2023	4.750%	315,000.00	08/01/2015	100.000
	08/01/2024	4.750%	330,000.00	08/01/2015	100.000
	08/01/2025	4.750%	345,000.00	08/01/2015	100.000
TERM28	08/01/2028	5.000%	1,140,000.00	08/01/2015	100.000
TERM35	08/01/2035	5.000%	4,580,000.00	08/01/2015	100.000
TERM38	08/01/2038	5.000%	4,075,000.00	08/01/2015	102.000
			12,855,000.00		
2006A Tax Allocation Bonds (TE Portion), 2006ATE:					
SERIAL	08/01/2015	3.800%	25,000.00		
	08/01/2015	4.000%	230,000.00		
	08/01/2016	4.250%	265,000.00		
SPTerm16	08/01/2016	4.100%	305,000.00		
TERM20	08/01/2020	5.000%	1,190,000.00	08/01/2016	100.000
TERM25	08/01/2025	5.000%	1,875,000.00	08/01/2016	100.000
TERM31	08/01/2031	4.500%	2,940,000.00	08/01/2016	100.000
TERM36	08/01/2036	4.625%	3,115,000.00	08/01/2016	100.000
SPTerm36	08/01/2036	4.700%	5,135,000.00	08/01/2016	100.000
			15,080,000.00		
2006A Tax Allocation Bonds (Taxable), 2006ATX:					
SERIAL	08/01/2015	4.000%	420,000.00		
	08/01/2016	4.250%	435,000.00		

SUMMARY OF BONDS REFUNDED

Redevelopment Agency of the City of San Marcos
2015 Refunding

Interest Rates as of March 27, 2015 - Approximately 'A' Underlying / 'AA' With Insurance
Scenario: 2001A, 2005C & 2006A Split into TE & TX Refunding; 10/1 Payment Date

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
2006A Tax Allocation Bonds (Taxable), 2006ATX:					
TERM20	08/01/2020	5.000%	1,955,000.00	08/01/2016	100.000
TERM25	08/01/2025	5.000%	3,035,000.00	08/01/2016	100.000
TERM31	08/01/2031	4.500%	4,670,000.00	08/01/2016	100.000
TERM36	08/01/2036	4.625%	4,980,000.00	08/01/2016	100.000
			15,495,000.00		
			254,040,000.00		

Notes:

The TE financing was evaluated at interest rate spreads to the generic 'AAA' municipal yield index ('MMD') of +40 basis points beginning in 2016 increasing to +70 basis points in 2027 to the maturity of the bonds. The Taxable financing was evaluated at interest rate spreads to the US Treasury curve of +15 basis points in 2016 increasing to +235 basis points in 2038. Spreads are representative of what similarly sized 'A' rated, insured, tax allocation credits have priced or traded in the days right ahead of such analysis, but in no way does Stifel represent that the bonds would receive such a rating or guarantee the pricing results.

BOND DEBT SERVICE

Redevelopment Agency of the City of San Marcos 2015 Refunding

Interest Rates as of March 27, 2015 - Approximately 'A' Underlying / 'AA' With Insurance
Scenario: 2001A, 2005C & 2006A Split into TE & TX Refunding; 10/1 Payment Date

Period Ending	Principal	Coupon	Interest	Debt Service
10/01/2015			1,876,549.72	1,876,549.72
10/01/2016	8,385,000	** %	9,934,675.00	18,319,675.00
10/01/2017	8,600,000	** %	9,730,333.00	18,330,333.00
10/01/2018	8,845,000	** %	9,494,045.00	18,339,045.00
10/01/2019	9,100,000	** %	9,232,042.00	18,332,042.00
10/01/2020	9,385,000	** %	8,944,993.50	18,329,993.50
10/01/2021	9,760,000	** %	8,584,407.00	18,344,407.00
10/01/2022	10,135,000	** %	8,194,967.00	18,329,967.00
10/01/2023	10,555,000	** %	7,778,165.00	18,333,165.00
10/01/2024	10,515,000	** %	7,331,412.00	17,846,412.00
10/01/2025	10,965,000	** %	6,878,448.50	17,843,448.50
10/01/2026	11,890,000	** %	6,395,408.00	18,285,408.00
10/01/2027	12,440,000	** %	5,856,879.50	18,296,879.50
10/01/2028	12,445,000	** %	5,282,405.50	17,727,405.50
10/01/2029	12,585,000	** %	4,697,118.50	17,282,118.50
10/01/2030	13,080,000	** %	4,095,982.00	17,175,982.00
10/01/2031	13,725,000	** %	3,459,802.00	17,184,802.00
10/01/2032	11,320,000	** %	2,790,088.00	14,110,088.00
10/01/2033	11,885,000	** %	2,236,396.00	14,121,396.00
10/01/2034	8,605,000	** %	1,653,151.50	10,258,151.50
10/01/2035	7,880,000	** %	1,230,017.50	9,110,017.50
10/01/2036	8,275,000	** %	841,327.50	9,116,327.50
10/01/2037	4,230,000	** %	431,755.00	4,661,755.00
10/01/2038	4,440,000	** %	221,400.00	4,661,400.00
	229,045,000		127,171,768.72	356,216,768.72

Notes:

The TE financing was evaluated at interest rate spreads to the generic 'AAA' municipal yield index ('MMD') of +40 basis points beginning in 2016 increasing to +70 basis points in 2027 to the maturity of the bonds. The Taxable financing was evaluated at interest rate spreads to the US Treasury curve of +15 basis points in 2016 increasing to +235 basis points in 2038. Spreads are representative of what similarly sized 'A' rated, insured, tax allocation credits have priced or traded in the days right ahead of such analysis, but in no way does Stifel represent that the bonds would receive such a rating or guarantee the pricing results.

BOND DEBT SERVICE

Redevelopment Agency of the City of San Marcos 2015 Refunding

Interest Rates as of March 27, 2015 - Approximately 'A' Underlying / 'AA' With Insurance
Scenario: 2001A, 2005C & 2006A Split into TE & TX Refunding; 10/1 Payment Date

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
10/01/2015			1,876,549.72	1,876,549.72	1,876,549.72
04/01/2016			4,967,337.50	4,967,337.50	
10/01/2016	8,385,000	** %	4,967,337.50	13,352,337.50	18,319,675.00
04/01/2017			4,865,166.50	4,865,166.50	
10/01/2017	8,600,000	** %	4,865,166.50	13,465,166.50	18,330,333.00
04/01/2018			4,747,022.50	4,747,022.50	
10/01/2018	8,845,000	** %	4,747,022.50	13,592,022.50	18,339,045.00
04/01/2019			4,616,021.00	4,616,021.00	
10/01/2019	9,100,000	** %	4,616,021.00	13,716,021.00	18,332,042.00
04/01/2020			4,472,496.75	4,472,496.75	
10/01/2020	9,385,000	** %	4,472,496.75	13,857,496.75	18,329,993.50
04/01/2021			4,292,203.50	4,292,203.50	
10/01/2021	9,760,000	** %	4,292,203.50	14,052,203.50	18,344,407.00
04/01/2022			4,097,483.50	4,097,483.50	
10/01/2022	10,135,000	** %	4,097,483.50	14,232,483.50	18,329,967.00
04/01/2023			3,889,082.50	3,889,082.50	
10/01/2023	10,555,000	** %	3,889,082.50	14,444,082.50	18,333,165.00
04/01/2024			3,665,706.00	3,665,706.00	
10/01/2024	10,515,000	** %	3,665,706.00	14,180,706.00	17,846,412.00
04/01/2025			3,439,224.25	3,439,224.25	
10/01/2025	10,965,000	** %	3,439,224.25	14,404,224.25	17,843,448.50
04/01/2026			3,197,704.00	3,197,704.00	
10/01/2026	11,890,000	** %	3,197,704.00	15,087,704.00	18,285,408.00
04/01/2027			2,928,439.75	2,928,439.75	
10/01/2027	12,440,000	** %	2,928,439.75	15,368,439.75	18,296,879.50
04/01/2028			2,641,202.75	2,641,202.75	
10/01/2028	12,445,000	** %	2,641,202.75	15,086,202.75	17,727,405.50
04/01/2029			2,348,559.25	2,348,559.25	
10/01/2029	12,585,000	** %	2,348,559.25	14,933,559.25	17,282,118.50
04/01/2030			2,047,991.00	2,047,991.00	
10/01/2030	13,080,000	** %	2,047,991.00	15,127,991.00	17,175,982.00
04/01/2031			1,729,901.00	1,729,901.00	
10/01/2031	13,725,000	** %	1,729,901.00	15,454,901.00	17,184,802.00
04/01/2032			1,395,044.00	1,395,044.00	
10/01/2032	11,320,000	** %	1,395,044.00	12,715,044.00	14,110,088.00
04/01/2033			1,118,198.00	1,118,198.00	
10/01/2033	11,885,000	** %	1,118,198.00	13,003,198.00	14,121,396.00
04/01/2034			826,575.75	826,575.75	
10/01/2034	8,605,000	** %	826,575.75	9,431,575.75	10,258,151.50
04/01/2035			615,008.75	615,008.75	
10/01/2035	7,880,000	** %	615,008.75	8,495,008.75	9,110,017.50
04/01/2036			420,663.75	420,663.75	
10/01/2036	8,275,000	** %	420,663.75	8,695,663.75	9,116,327.50
04/01/2037			215,877.50	215,877.50	
10/01/2037	4,230,000	** %	215,877.50	4,445,877.50	4,661,755.00
04/01/2038			110,700.00	110,700.00	
10/01/2038	4,440,000	** %	110,700.00	4,550,700.00	4,661,400.00
	229,045,000		127,171,768.72	356,216,768.72	356,216,768.72

Notes:

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ESCROW REQUIREMENTS

Redevelopment Agency of the City of San Marcos 2015 Refunding

Interest Rates as of March 27, 2015 - Approximately 'A' Underlying / 'AA' With Insurance
Scenario: 2001A, 2005C & 2006A Split into TE & TX Refunding; 10/1 Payment Date

Period Ending	Principal	Interest	Principal Redeemed	Redemption Premium	Total
08/01/2015	7,140,000.00	6,262,347.39	217,150,000.00	1,356,500.00	231,908,847.39
02/01/2016		698,521.88			698,521.88
08/01/2016	855,000.00	698,521.88	28,895,000.00		30,448,521.88
	7,995,000.00	7,659,391.15	246,045,000.00	1,356,500.00	263,055,891.15

Notes:

The TE financing was evaluated at interest rate spreads to the generic 'AAA' municipal yield index ('MMD') of +40 basis points beginning in 2016 increasing to +70 basis points in 2027 to the maturity of the bonds. The Taxable financing was evaluated at interest rate spreads to the US Treasury curve of +15 basis points in 2016 increasing to +235 basis points in 2038. Spreads are representative of what similarly sized 'A' rated, insured, tax allocation credits have priced or traded in the days right ahead of such analysis, but in no way does Stifel represent that the bonds would receive such a rating or guarantee the pricing results.

DISCLAIMER

Redevelopment Agency of the City of San Marcos
2015 Refunding

Interest Rates as of March 27, 2015 - Approximately 'A' Underlying / 'AA' With Insurance
Scenario: 2001A, 2005C & 2006A Split into TE & TX Refunding; 10/1 Payment Date

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Notes:

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SOURCES AND USES OF FUNDS

Redevelopment Agency of the City of San Marcos
2015A Refunding: Tax-Exempt

Interest Rates as of March 27, 2015 - Approximately 'A' Underlying / 'AA' With Insurance
Scenario: 2001A, 2005C & 2006A Split into TE & TX Refunding; 10/1 Payment Date

Dated Date 07/23/2015
Delivery Date 07/23/2015

Sources:

Bond Proceeds:	
Par Amount	138,080,000.00
Premium	20,907,584.30
	<u>158,987,584.30</u>
Other Sources of Funds:	
Prior Debt Fund (3)	7,354,660.70
Prior Debt Service Reserve Fund (2)	7,867,924.49
	<u>15,222,585.19</u>
	<u>174,210,169.49</u>

Uses:

Refunding Escrow Deposits:	
Cash Deposit	151,974,671.98
SLGS Purchases	15,321,872.00
	<u>167,296,543.98</u>
Other Fund Deposits:	
Debt Service Reserve Fund	5,131,143.56
Delivery Date Expenses:	
Cost of Issuance	437,066.95
Underwriter's Discount	597,533.82
Bond Insurance (4) (4)	664,842.51
Surety Reserve (5)	82,942.08
	<u>1,782,385.36</u>
Other Uses of Funds:	
Additional Proceeds	96.59
	<u>174,210,169.49</u>

SUMMARY OF REFUNDING RESULTS

Redevelopment Agency of the City of San Marcos
2015A Refunding: Tax-Exempt

Interest Rates as of March 27, 2015 - Approximately 'A' Underlying / 'AA' With Insurance
Scenario: 2001A, 2005C & 2006A Split into TE & TX Refunding; 10/1 Payment Date

Dated Date	07/23/2015
Delivery Date	07/23/2015
Arbitrage yield	2.994411%
Escrow yield	0.269066%
Value of Negative Arbitrage	413,057.54
Bond Par Amount	138,080,000.00
True Interest Cost	3.496843%
Net Interest Cost	3.832478%
Average Coupon	4.970696%
Average Life	12.500
Par amount of refunded bonds	161,920,000.00
Average coupon of refunded bonds	4.936050%
Average life of refunded bonds	11.952
PV of prior debt to 07/23/2015 @ 2.994411%	195,789,528.41
Net PV Savings	20,419,371.71
Percentage savings of refunded bonds	12.610778%
Percentage savings of refunding bonds	14.788073%

SAVINGS

Redevelopment Agency of the City of San Marcos 2015A Refunding: Tax-Exempt

Interest Rates as of March 27, 2015 - Approximately 'A' Underlying / 'AA' With Insurance
Scenario: 2001A, 2005C & 2006A Split into TE & TX Refunding; 10/1 Payment Date

Date	Prior Debt Service	Prior Receipts	Prior Net Cash Flow	Refunding Debt Service	Savings	Present Value to 07/23/2015 @ 2.9944114%
10/01/2015	8,623,871.26	7,354,660.70	1,269,210.56	1,269,210.56		6,267.59
10/01/2016	12,590,142.52		12,590,142.52	11,059,350.00	1,530,792.52	1,545,505.05
10/01/2017	12,592,925.02		12,592,925.02	11,065,750.00	1,527,175.02	1,496,519.77
10/01/2018	12,594,337.52		12,594,337.52	11,074,950.00	1,519,387.52	1,445,181.80
10/01/2019	12,587,972.52		12,587,972.52	11,071,550.00	1,516,422.52	1,399,756.48
10/01/2020	12,590,797.52		12,590,797.52	11,070,750.00	1,520,047.52	1,361,385.12
10/01/2021	12,605,102.52		12,605,102.52	11,086,250.00	1,518,852.52	1,320,378.99
10/01/2022	12,592,437.52		12,592,437.52	11,073,250.00	1,519,187.52	1,281,682.66
10/01/2023	12,596,212.52		12,596,212.52	11,077,500.00	1,518,712.52	1,243,573.73
10/01/2024	11,934,305.02		11,934,305.02	10,512,500.00	1,421,805.02	1,130,687.61
10/01/2025	11,929,252.52		11,929,252.52	10,511,000.00	1,418,252.52	1,094,738.61
10/01/2026	12,579,042.52		12,579,042.52	11,060,500.00	1,518,542.52	1,136,714.86
10/01/2027	12,584,762.52		12,584,762.52	11,067,750.00	1,517,012.52	1,102,154.92
10/01/2028	12,584,090.02		12,584,090.02	11,062,750.00	1,521,340.02	1,072,559.29
10/01/2029	12,578,672.52		12,578,672.52	11,060,250.00	1,518,422.52	1,038,972.79
10/01/2030	13,537,756.26		13,537,756.26	11,879,250.00	1,658,506.26	1,100,523.03
10/01/2031	13,547,126.26		13,547,126.26	11,882,750.00	1,664,376.26	1,071,665.88
10/01/2032	10,995,803.76		10,995,803.76	9,623,500.00	1,372,303.76	857,158.16
10/01/2033	10,996,651.26		10,996,651.26	9,628,500.00	1,368,151.26	829,394.92
10/01/2034	7,605,637.50		7,605,637.50	6,774,000.00	831,637.50	492,026.84
10/01/2035	6,706,262.50		6,706,262.50	6,077,000.00	629,262.50	363,968.13
10/01/2036	6,706,295.00		6,706,295.00	6,080,750.00	625,545.00	351,228.91
10/01/2037	3,787,250.00		3,787,250.00	3,401,250.00	386,000.00	209,475.65
10/01/2038	3,790,500.00		3,790,500.00	3,402,000.00	388,500.00	204,535.25
	261,237,206.58	7,354,660.70	253,882,545.88	223,872,310.56	30,010,235.32	23,156,056.04

Savings Summary

PV of savings from cash flow	23,156,056.04
Less: Prior funds on hand	-7,867,924.49
Plus: Refunding funds on hand	5,131,240.15
Net PV Savings	20,419,371.70

BOND DEBT SERVICE

Redevelopment Agency of the City of San Marcos
2015A Refunding: Tax-Exempt

Interest Rates as of March 27, 2015 - Approximately 'A' Underlying / 'AA' With Insurance
Scenario: 2001A, 2005C & 2006A Split into TE & TX Refunding; 10/1 Payment Date

Period Ending	Principal	Coupon	Interest	Debt Service
10/01/2015			1,269,210.56	1,269,210.56
10/01/2016	4,340,000	4.000%	6,719,350.00	11,059,350.00
10/01/2017	4,520,000	4.000%	6,545,750.00	11,065,750.00
10/01/2018	4,710,000	4.000%	6,364,950.00	11,074,950.00
10/01/2019	4,895,000	4.000%	6,176,550.00	11,071,550.00
10/01/2020	5,090,000	5.000%	5,980,750.00	11,070,750.00
10/01/2021	5,360,000	5.000%	5,726,250.00	11,086,250.00
10/01/2022	5,615,000	5.000%	5,458,250.00	11,073,250.00
10/01/2023	5,900,000	5.000%	5,177,500.00	11,077,500.00
10/01/2024	5,630,000	5.000%	4,882,500.00	10,512,500.00
10/01/2025	5,910,000	5.000%	4,601,000.00	10,511,000.00
10/01/2026	6,755,000	5.000%	4,305,500.00	11,060,500.00
10/01/2027	7,100,000	5.000%	3,967,750.00	11,067,750.00
10/01/2028	7,450,000	5.000%	3,612,750.00	11,062,750.00
10/01/2029	7,820,000	5.000%	3,240,250.00	11,060,250.00
10/01/2030	9,030,000	5.000%	2,849,250.00	11,879,250.00
10/01/2031	9,485,000	5.000%	2,397,750.00	11,882,750.00
10/01/2032	7,700,000	5.000%	1,923,500.00	9,623,500.00
10/01/2033	8,090,000	5.000%	1,538,500.00	9,628,500.00
10/01/2034	5,640,000	5.000%	1,134,000.00	6,774,000.00
10/01/2035	5,225,000	5.000%	852,000.00	6,077,000.00
10/01/2036	5,490,000	5.000%	590,750.00	6,080,750.00
10/01/2037	3,085,000	5.000%	316,250.00	3,401,250.00
10/01/2038	3,240,000	5.000%	162,000.00	3,402,000.00
	138,080,000		85,792,310.56	223,872,310.56

BOND DEBT SERVICE

Redevelopment Agency of the City of San Marcos 2015A Refunding: Tax-Exempt

Interest Rates as of March 27, 2015 - Approximately 'A' Underlying / 'AA' With Insurance
Scenario: 2001A, 2005C & 2006A Split into TE & TX Refunding; 10/1 Payment Date

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
10/01/2015			1,269,210.56	1,269,210.56	1,269,210.56
04/01/2016			3,359,675.00	3,359,675.00	
10/01/2016	4,340,000	4.000%	3,359,675.00	7,699,675.00	11,059,350.00
04/01/2017			3,272,875.00	3,272,875.00	
10/01/2017	4,520,000	4.000%	3,272,875.00	7,792,875.00	11,065,750.00
04/01/2018			3,182,475.00	3,182,475.00	
10/01/2018	4,710,000	4.000%	3,182,475.00	7,892,475.00	11,074,950.00
04/01/2019			3,088,275.00	3,088,275.00	
10/01/2019	4,895,000	4.000%	3,088,275.00	7,983,275.00	11,071,550.00
04/01/2020			2,990,375.00	2,990,375.00	
10/01/2020	5,090,000	5.000%	2,990,375.00	8,080,375.00	11,070,750.00
04/01/2021			2,863,125.00	2,863,125.00	
10/01/2021	5,360,000	5.000%	2,863,125.00	8,223,125.00	11,086,250.00
04/01/2022			2,729,125.00	2,729,125.00	
10/01/2022	5,615,000	5.000%	2,729,125.00	8,344,125.00	11,073,250.00
04/01/2023			2,588,750.00	2,588,750.00	
10/01/2023	5,900,000	5.000%	2,588,750.00	8,488,750.00	11,077,500.00
04/01/2024			2,441,250.00	2,441,250.00	
10/01/2024	5,630,000	5.000%	2,441,250.00	8,071,250.00	10,512,500.00
04/01/2025			2,300,500.00	2,300,500.00	
10/01/2025	5,910,000	5.000%	2,300,500.00	8,210,500.00	10,511,000.00
04/01/2026			2,152,750.00	2,152,750.00	
10/01/2026	6,755,000	5.000%	2,152,750.00	8,907,750.00	11,060,500.00
04/01/2027			1,983,875.00	1,983,875.00	
10/01/2027	7,100,000	5.000%	1,983,875.00	9,083,875.00	11,067,750.00
04/01/2028			1,806,375.00	1,806,375.00	
10/01/2028	7,450,000	5.000%	1,806,375.00	9,256,375.00	11,062,750.00
04/01/2029			1,620,125.00	1,620,125.00	
10/01/2029	7,820,000	5.000%	1,620,125.00	9,440,125.00	11,060,250.00
04/01/2030			1,424,625.00	1,424,625.00	
10/01/2030	9,030,000	5.000%	1,424,625.00	10,454,625.00	11,879,250.00
04/01/2031			1,198,875.00	1,198,875.00	
10/01/2031	9,485,000	5.000%	1,198,875.00	10,683,875.00	11,882,750.00
04/01/2032			961,750.00	961,750.00	
10/01/2032	7,700,000	5.000%	961,750.00	8,661,750.00	9,623,500.00
04/01/2033			769,250.00	769,250.00	
10/01/2033	8,090,000	5.000%	769,250.00	8,859,250.00	9,628,500.00
04/01/2034			567,000.00	567,000.00	
10/01/2034	5,640,000	5.000%	567,000.00	6,207,000.00	6,774,000.00
04/01/2035			426,000.00	426,000.00	
10/01/2035	5,225,000	5.000%	426,000.00	5,651,000.00	6,077,000.00
04/01/2036			295,375.00	295,375.00	
10/01/2036	5,490,000	5.000%	295,375.00	5,785,375.00	6,080,750.00
04/01/2037			158,125.00	158,125.00	
10/01/2037	3,085,000	5.000%	158,125.00	3,243,125.00	3,401,250.00
04/01/2038			81,000.00	81,000.00	
10/01/2038	3,240,000	5.000%	81,000.00	3,321,000.00	3,402,000.00
	138,080,000		85,792,310.56	223,872,310.56	223,872,310.56

SOURCES AND USES OF FUNDS

Redevelopment Agency of the City of San Marcos
2015B Refunding: Taxable

Interest Rates as of March 27, 2015 - Approximately 'A' Underlying / 'AA' With Insurance
Scenario: 2001A, 2005C & 2006A Split into TE & TX Refunding; 10/1 Payment Date

Dated Date 07/23/2015
Delivery Date 07/23/2015

Sources:

Bond Proceeds:	
Par Amount	90,965,000.00
Other Sources of Funds:	
Prior Debt Fund (3)	4,837,958.22
Prior Debt Service Reserve Fund (2)	5,116,725.35
	<u>9,954,683.57</u>
	100,919,683.57

Uses:

Refunding Escrow Deposits:	
Cash Deposit	79,934,176.35
SLGS Purchases	15,740,615.00
	<u>95,674,791.35</u>
Other Fund Deposits:	
Debt Service Reserve Fund	4,041,059.94
Delivery Date Expenses:	
Cost of Issuance	287,933.05
Underwriter's Discount	393,646.18
Bond Insurance (4) (4)	463,205.60
Surety Reserve (5)	54,640.97
	<u>1,199,425.80</u>
Other Uses of Funds:	
Additional Proceeds	4,406.48
	<u>100,919,683.57</u>

SUMMARY OF REFUNDING RESULTS

Redevelopment Agency of the City of San Marcos 2015B Refunding: Taxable

Interest Rates as of March 27, 2015 - Approximately 'A' Underlying / 'AA' With Insurance

Scenario: 2001A, 2005C & 2006A Split into TE & TX Refunding; 10/1 Payment Date

Dated Date	07/23/2015
Delivery Date	07/23/2015
Arbitrage yield	3.886792%
Escrow yield	0.000000%
Value of Negative Arbitrage	622,257.40
Bond Par Amount	90,965,000.00
True Interest Cost	4.176829%
Net Interest Cost	4.218391%
Average Coupon	4.132812%
Average Life	11.007
Par amount of refunded bonds	92,120,000.00
Average coupon of refunded bonds	5.198379%
Average life of refunded bonds	10.875
PV of prior debt to 07/23/2015 @ 2.994411%	112,316,945.52
Net PV Savings	6,638,490.82
Percentage savings of refunded bonds	7.206351%
Percentage savings of refunding bonds	7.297852%

SAVINGS

Redevelopment Agency of the City of San Marcos 2015B Refunding: Taxable

Interest Rates as of March 27, 2015 - Approximately 'A' Underlying / 'AA' With Insurance
Scenario: 2001A, 2005C & 2006A Split into TE & TX Refunding; 10/1 Payment Date

Date	Prior Debt Service	Prior Receipts	Prior Net Cash Flow	Refunding Debt Service	Savings	Present Value to 07/23/2015 @ 2.9944114%
10/01/2015	5,445,297.38	4,837,958.22	607,339.16	607,339.16		2,729.00
10/01/2016	7,856,362.26		7,856,362.26	7,260,325.00	596,037.26	617,830.49
10/01/2017	7,848,964.26		7,848,964.26	7,264,583.00	584,381.26	587,852.36
10/01/2018	7,849,358.76		7,849,358.76	7,264,095.00	585,263.76	570,634.33
10/01/2019	7,850,300.76		7,850,300.76	7,260,492.00	589,808.76	557,200.84
10/01/2020	7,843,490.26		7,843,490.26	7,259,243.50	584,246.76	535,431.61
10/01/2021	7,846,567.76		7,846,567.76	7,258,157.00	588,410.76	522,567.90
10/01/2022	7,846,156.26		7,846,156.26	7,256,717.00	589,439.26	507,494.91
10/01/2023	7,846,001.26		7,846,001.26	7,255,665.00	590,336.26	492,773.63
10/01/2024	7,933,530.76		7,933,530.76	7,333,912.00	599,618.76	485,222.23
10/01/2025	7,937,129.26		7,937,129.26	7,332,448.50	604,680.76	474,279.46
10/01/2026	7,811,486.26		7,811,486.26	7,224,908.00	586,578.26	446,474.66
10/01/2027	7,814,221.76		7,814,221.76	7,229,129.50	585,092.26	431,931.19
10/01/2028	7,125,800.26		7,125,800.26	6,664,655.50	461,144.76	335,113.75
10/01/2029	6,602,629.26		6,602,629.26	6,221,868.50	380,760.76	272,254.61
10/01/2030	5,604,533.50		5,604,533.50	5,296,732.00	307,801.50	214,437.50
10/01/2031	5,601,869.50		5,601,869.50	5,302,052.00	299,817.50	203,057.36
10/01/2032	4,752,996.50		4,752,996.50	4,486,588.00	266,408.50	174,382.49
10/01/2033	4,757,456.26		4,757,456.26	4,492,896.00	264,560.26	168,069.04
10/01/2034	3,581,076.26		3,581,076.26	3,484,151.50	96,924.76	64,931.62
10/01/2035	3,032,762.50		3,032,762.50	3,033,017.50	-255.00	8,152.35
10/01/2036	3,034,162.50		3,034,162.50	3,035,577.50	-1,415.00	7,292.20
10/01/2037	1,284,250.00		1,284,250.00	1,260,505.00	23,745.00	15,593.44
10/01/2038	1,281,000.00		1,281,000.00	1,259,400.00	21,600.00	14,042.82
	146,387,403.54	4,837,958.22	141,549,445.32	132,344,458.16	9,204,987.16	7,709,749.76

Savings Summary

PV of savings from cash flow	7,709,749.76
Less: Prior funds on hand	-5,116,725.35
Plus: Refunding funds on hand	4,045,466.42
Net PV Savings	6,638,490.83

BOND DEBT SERVICE

Redevelopment Agency of the City of San Marcos 2015B Refunding: Taxable

Interest Rates as of March 27, 2015 - Approximately 'A' Underlying / 'AA' With Insurance
Scenario: 2001A, 2005C & 2006A Split into TE & TX Refunding; 10/1 Payment Date

Period Ending	Principal	Coupon	Interest	Debt Service
10/01/2015			607,339.16	607,339.16
10/01/2016	4,045,000	0.760%	3,215,325.00	7,260,325.00
10/01/2017	4,080,000	1.360%	3,184,583.00	7,264,583.00
10/01/2018	4,135,000	1.780%	3,129,095.00	7,264,095.00
10/01/2019	4,205,000	2.170%	3,055,492.00	7,260,492.00
10/01/2020	4,295,000	2.470%	2,964,243.50	7,259,243.50
10/01/2021	4,400,000	2.760%	2,858,157.00	7,258,157.00
10/01/2022	4,520,000	3.010%	2,736,717.00	7,256,717.00
10/01/2023	4,655,000	3.260%	2,600,665.00	7,255,665.00
10/01/2024	4,885,000	3.510%	2,448,912.00	7,333,912.00
10/01/2025	5,055,000	3.710%	2,277,448.50	7,332,448.50
10/01/2026	5,135,000	3.910%	2,089,908.00	7,224,908.00
10/01/2027	5,340,000	4.110%	1,889,129.50	7,229,129.50
10/01/2028	4,995,000	4.260%	1,669,655.50	6,664,655.50
10/01/2029	4,765,000	4.410%	1,456,868.50	6,221,868.50
10/01/2030	4,050,000	4.560%	1,246,732.00	5,296,732.00
10/01/2031	4,240,000	4.610%	1,062,052.00	5,302,052.00
10/01/2032	3,620,000	4.660%	866,588.00	4,486,588.00
10/01/2033	3,795,000	4.710%	697,896.00	4,492,896.00
10/01/2034	2,965,000	4.760%	519,151.50	3,484,151.50
10/01/2035	2,655,000	4.800%	378,017.50	3,033,017.50
10/01/2036	2,785,000	4.850%	250,577.50	3,035,577.50
10/01/2037	1,145,000	4.900%	115,505.00	1,260,505.00
10/01/2038	1,200,000	4.950%	59,400.00	1,259,400.00
	90,965,000		41,379,458.16	132,344,458.16

BOND DEBT SERVICE

Redevelopment Agency of the City of San Marcos 2015B Refunding: Taxable

Interest Rates as of March 27, 2015 - Approximately 'A' Underlying / 'AA' With Insurance

Scenario: 2001A, 2005C & 2006A Split into TE & TX Refunding; 10/1 Payment Date

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
10/01/2015			607,339.16	607,339.16	607,339.16
04/01/2016			1,607,662.50	1,607,662.50	
10/01/2016	4,045,000	0.760%	1,607,662.50	5,652,662.50	7,260,325.00
04/01/2017			1,592,291.50	1,592,291.50	
10/01/2017	4,080,000	1.360%	1,592,291.50	5,672,291.50	7,264,583.00
04/01/2018			1,564,547.50	1,564,547.50	
10/01/2018	4,135,000	1.780%	1,564,547.50	5,699,547.50	7,264,095.00
04/01/2019			1,527,746.00	1,527,746.00	
10/01/2019	4,205,000	2.170%	1,527,746.00	5,732,746.00	7,260,492.00
04/01/2020			1,482,121.75	1,482,121.75	
10/01/2020	4,295,000	2.470%	1,482,121.75	5,777,121.75	7,259,243.50
04/01/2021			1,429,078.50	1,429,078.50	
10/01/2021	4,400,000	2.760%	1,429,078.50	5,829,078.50	7,258,157.00
04/01/2022			1,368,358.50	1,368,358.50	
10/01/2022	4,520,000	3.010%	1,368,358.50	5,888,358.50	7,256,717.00
04/01/2023			1,300,332.50	1,300,332.50	
10/01/2023	4,655,000	3.260%	1,300,332.50	5,955,332.50	7,255,665.00
04/01/2024			1,224,456.00	1,224,456.00	
10/01/2024	4,885,000	3.510%	1,224,456.00	6,109,456.00	7,333,912.00
04/01/2025			1,138,724.25	1,138,724.25	
10/01/2025	5,055,000	3.710%	1,138,724.25	6,193,724.25	7,332,448.50
04/01/2026			1,044,954.00	1,044,954.00	
10/01/2026	5,135,000	3.910%	1,044,954.00	6,179,954.00	7,224,908.00
04/01/2027			944,564.75	944,564.75	
10/01/2027	5,340,000	4.110%	944,564.75	6,284,564.75	7,229,129.50
04/01/2028			834,827.75	834,827.75	
10/01/2028	4,995,000	4.260%	834,827.75	5,829,827.75	6,664,655.50
04/01/2029			728,434.25	728,434.25	
10/01/2029	4,765,000	4.410%	728,434.25	5,493,434.25	6,221,868.50
04/01/2030			623,366.00	623,366.00	
10/01/2030	4,050,000	4.560%	623,366.00	4,673,366.00	5,296,732.00
04/01/2031			531,026.00	531,026.00	
10/01/2031	4,240,000	4.610%	531,026.00	4,771,026.00	5,302,052.00
04/01/2032			433,294.00	433,294.00	
10/01/2032	3,620,000	4.660%	433,294.00	4,053,294.00	4,486,588.00
04/01/2033			348,948.00	348,948.00	
10/01/2033	3,795,000	4.710%	348,948.00	4,143,948.00	4,492,896.00
04/01/2034			259,575.75	259,575.75	
10/01/2034	2,965,000	4.760%	259,575.75	3,224,575.75	3,484,151.50
04/01/2035			189,008.75	189,008.75	
10/01/2035	2,655,000	4.800%	189,008.75	2,844,008.75	3,033,017.50
04/01/2036			125,288.75	125,288.75	
10/01/2036	2,785,000	4.850%	125,288.75	2,910,288.75	3,035,577.50
04/01/2037			57,752.50	57,752.50	
10/01/2037	1,145,000	4.900%	57,752.50	1,202,752.50	1,260,505.00
04/01/2038			29,700.00	29,700.00	
10/01/2038	1,200,000	4.950%	29,700.00	1,229,700.00	1,259,400.00
	90,965,000		41,379,458.16	132,344,458.16	132,344,458.16



Staff Report

File #: TMP-0313

MEETING DATE:

April 14, 2015

SUBJECT:

RESOLUTION NO. SA 2015-014 - REQUEST FOR AUTHORIZATION AND APPROVAL BY THE BOARD OF THE SUCCESSOR AGENCY TO THE SAN MARCOS REDEVELOPMENT AGENCY TO REFUND CERTAIN OUTSTANDING OBLIGATIONS OF THE FORMER SAN MARCOS REDEVELOPMENT AGENCY

Recommendation

ADOPT a resolution of the Board of the Successor Agency to the San Marcos Redevelopment Agency approving the issuance of refunding bonds in order to refund certain outstanding bonds and financial obligations of the Former San Marcos Redevelopment Agency, approving the execution and delivery of an Indenture of Trust and other related documents.

Board or Commission Action

Not applicable

Relevant Council Strategic Theme

Planning for the Future

Good Governance

Relevant Department Goal

Not applicable

Introduction

Over the years, the former San Marcos Redevelopment Agency, has issued bonds and/or been a party to various agreements and/or loans secured by tax increment revenues derived from Redevelopment Project Area No. 1, Redevelopment Project Area No. 2 and Redevelopment Project Area No. 3. Based upon current market conditions, a number of these financial obligations can be refinanced to generate substantial interest cost savings. These obligations are summarized as follows:

- Redevelopment Agency of the City of San Marcos Tax Allocation Bonds (1997 Affordable Housing Project) Series 1997A (the “**Series 1997A Bonds**”), of which \$6,035,000 of bonds are currently outstanding;
- Redevelopment Agency of the City of San Marcos Tax Allocation Bonds (1998 Affordable Housing Project) Series 1998A (the “**Series 1998A Bonds**” and together with the Series 1997A Bonds, the “**Prior Former Agency Bonds**”), of which \$4,935,000 of bonds are currently outstanding;
- Reimbursement Agreement relating to the San Marcos Public Facilities Authority 2001 Public

Improvement Refunding Revenue Bonds, Series A (Civic Center/Public Works Yard) (the “**Series 2001A Bonds**”) of which \$38,760,000 of bonds are currently outstanding;

- Loan Agreements from Project Areas No. 1, No. 2 and No. 3 relating to the San Marcos Public Facilities Authority 2003 Tax Allocation Revenue Bonds (Project Areas No. 1, No. 2 and No. 3 Refunding and Financing Project), Series A (the “**Series 2003A Bonds**”) of which \$53,120,000 of bonds are currently outstanding;
- Loan Agreement from Project Area No. 1 relating to the San Marcos Public Facilities Authority 2003 Tax Allocation Revenue Bonds (Project Area No. 1 Refunding and Financing Project), Taxable Series B (the “**Series 2003B Bonds**”) of which \$16,725,000 of bonds are currently outstanding;
- Loan Agreements from Project Areas No. 1 and No. 3 relating to the San Marcos Public Facilities Authority 2005 Tax Allocation Revenue Bonds (Project Areas No. 1 and No. 3 Refunding Project), Series A (the “**Series 2005A Bonds**”) of which \$26,800,000 of bonds are currently outstanding;
- Loan Agreement from Project Area No. 1 relating to the San Marcos Public Facilities Authority 2005 Tax Allocation Revenue Bonds (Project Area No. 1 Refunding and Financing Project), Taxable Series B (the “**Series 2005B Bonds**”) of which \$26,385,000 of bonds are currently outstanding;
- Loan Agreements from Project Areas No. 2 and No. 3 relating to the San Marcos Public Facilities Authority 2005 Tax Allocation Revenue Bonds (Project Areas No. 2 and No. 3 Financing Project), Series C (the “**Series 2005C Bonds**”) of which \$50,705,000 of bonds are currently outstanding; and
- Loan Agreement from Project Area No. 3 relating to the San Marcos Public Facilities Authority 2006 Tax Allocation Revenue Bonds (Project Area No. 3 Financing Project), Series A (the “**Series 2006A Bonds**”) and together with the Series 2001A Bonds, the Series 2003A Bonds, the Series 2003B Bonds, the Series 2005A Bonds, the Series 2005B Bonds, and the Series 2005C Bonds the “**Prior Authority Bonds**”) of which \$30,575,000 of bonds are currently outstanding.

The Prior Former Agency Bonds, together with the Prior Authority Bonds, will hereinafter be referred to as the “**Prior Bonds**”.

Discussion

Section 34177.5 of the California Health and Safety Code authorizes the Successor Agency to issue refunding bonds for the purpose of achieving debt service savings within the parameters set forth in Section 34177.5(a) (1). The issuance of refunding bonds is subject to the approval of the Oversight Board and ultimately the review and approval of the Department of Finance. A separate resolution has been submitted to the Oversight Board for their approval at an Oversight Board meeting scheduled for April 16, 2015, to consider this matter.

Staff has determined, in consultation with its Financial Advisor, that current bond market conditions are favorable for the issuance of refunding bonds to refinance the Prior Bonds. The attached Debt Service Savings Analysis Report estimated average annual debt service savings, based on market conditions as of March 27, 2015, to be approximately \$1.7 million per year beginning in 2016 and continuing through the final maturity of the Prior Bonds in 2038. Any debt service savings as a result of the refunding will increase the amount of residual redevelopment tax increment revenues that can be distributed to all the taxing entities, including the City and San Marcos Fire Protection District.

Approval of the attached Resolution will authorize and approve the issuance and sale of the Successor Agency to the San Marcos Redevelopment Agency Tax Allocation Refunding Bonds, Series 2015A (the “

Series A Bonds") and Successor Agency to the San Marcos Redevelopment Agency Taxable Tax Allocation Refunding Bonds, Series 2015B (the "**Series B Bonds**" and together with the Series A Bonds, the "**Refunding Bonds**") to refund the outstanding Prior Bonds. The Resolution will also:

- 1) make the determination that the potential savings available to the Successor Agency and to other applicable taxing entities are in compliance with the Savings Parameters set forth in the Refunding Law;
- 2) approve execution and delivery of an Indenture of Trust for the Refunding Bonds;
- 3) approve execution and delivery of certain Escrow Deposit and Trust Agreements relating to the Prior Agency Bonds;
- 4) request the Oversight Board approve the issuance of the Refunding Bonds and make certain determinations related thereto;
- 5) approve execution and delivery of a Bond Purchase Agreement;
- 6) approve the form of the First Amendment to the Reimbursement Agreement, as it relates to the Series 2001A Bonds; and
- 7) approve the form of the First Amendment to the Prior Loan Agreements, as they relate to the Series 2003A Bonds, the Series 2003B Bonds, the Series 2005A Bonds, the Series 2005B Bonds, the Series 2005C Bonds and the Series 2006A Bonds.

It should be noted that in order to effectuate the proposed refinancing, additional action will need to be taken, which is also a part of tonight's agenda, by the City to approve amending certain leases and the Reimbursement Agreement as they relate to the Series 2001A Bonds, as well as action by the San Marcos Public Facilities Authority to 1) approve amending certain leases as they relate to the Series 2001A Bonds; 2) approve the form and execution of certain Escrow Deposit and Trust Agreements relating to the Prior Authority Bonds; and 3) approve the form and execution of certain Loan Agreement Amendments relating to the Series 2003A Bonds, the Series 2003B Bonds, the Series 2005A Bonds, the Series 2005B Bonds, the Series 2005C Bonds and the Series 2006A Bonds.

Refunding Process:

It is anticipated that the refunding will take approximately 4 months to complete. The key milestones to complete the refunding are identified below:

- Successor Agency approving resolution to refund the Prior Bonds and approving legal documents (**Tonight's Action**)
- Oversight Board's approval of Successor Agency action to issue the Refunding Bonds and make determination of savings (April 16, 2015)
- Submission of resolutions of both the Successor Agency and Oversight Board and all the related documents to the Department of Finance (April 17, 2015)
- Secure underlying credit ratings and potentially bond insurance and reserve fund surety (June, 2015)
- Receive Department of Finance's Approval (June, 2015)
- Successor Agency approval of the Preliminary Official Statement and remaining financing documents (June, 2015)
- Negotiated sale of Bonds (June, 2015)
- Bond Closing (July, 2015)
- Defeasance and redemption of outstanding 1997A Bonds, 1998A Bonds, 2001 Bonds, 2003A Bonds,

File #:TMP-0313

2003B Bonds, 2005A Bonds, 2005B Bonds, 2005C Bonds (August 1, 2015)

- Defeasance and redemption of outstanding 2006A Bonds (August 1, 2016)

Fiscal Impact

The attached Debt Service Savings Analysis Report, based on market conditions as of March 27, 2015, shows the refinancing of the Prior Bonds is projected to generate net present value savings of approximately \$27 million over the life of the indebtedness. The average annual savings are projected to be approximately \$1.7 million per year beginning in 2016 and continuing through the Refunding bonds final maturity in 2038. The term of the Refunding Bonds is the same as the original term of the currently outstanding indebtedness and will not be extended.

The City and San Marcos Fire Protection District share (15.48%) of the projected average annual savings will generate approximately \$263,000 of residual redevelopment tax increment revenues, starting in 2016 and continuing through the final maturity in 2038, as a result of the refunding.

Attachment(s)

Resolution

Debt Service Savings Analysis

Indenture of Trust

Bond Purchase Agreement

2 Escrow Deposit and Trust Agreements

First Amendment to Reimbursement Agreement

10 Loan Agreement Amendments

Prepared by: Roque Chiriboga, Manager of Financial Analysis and Debt Administration

Reviewed by: Laura Rocha, Finance Director

Approved by: Jack Griffin, City Manager

RESOLUTION NO. SA 2015 - ____

A RESOLUTION OF THE SUCCESSOR AGENCY TO THE SAN MARCOS REDEVELOPMENT AGENCY APPROVING THE ISSUANCE OF REFUNDING BONDS TO REFUND CERTAIN OUTSTANDING BONDS OF THE DISSOLVED SAN MARCOS REDEVELOPMENT AGENCY AND THE SAN MARCOS PUBLIC FACILITIES AUTHORITY, APPROVING THE EXECUTION AND DELIVERY OF AN INDENTURE OF TRUST RELATING THERETO, REQUESTING OVERSIGHT BOARD APPROVAL OF THE ISSUANCE OF THE REFUNDING BONDS, REQUESTING CERTAIN DETERMINATIONS BY THE OVERSIGHT BOARD, AND AUTHORIZING AND PROVIDING FOR OTHER MATTERS PROPERLY RELATED THERETO

WHEREAS, pursuant to Section 34172(a) of the California Health and Safety Code (unless otherwise noted, all Section references hereinafter being to such Code), the City Council of the City of San Marcos elected to assume the activities and obligations of the San Marcos Redevelopment Agency (the “Former Agency”), as the successor entity to the Former Agency (the “Successor Agency”);

WHEREAS, prior to the dissolution of the Former Agency, the Former Agency issued its \$9,465,000 Redevelopment Agency of the City of San Marcos Tax Allocation Bonds (1997 Affordable Housing Project) Series 1997A (the “Series 1997A Bonds”) and its \$7,490,000 Redevelopment Agency of the City of San Marcos Tax Allocation Bonds (1998 Affordable Housing Project) Series 1998A (the “Series 1998A Bonds” and, together with the Series 1997A Bonds, the “Prior Former Agency Bonds”) for the purpose of financing the acquisition and construction of affordable housing in accordance with the Redevelopment Law and the Redevelopment Plans;

WHEREAS, the San Marcos Public Facilities Authority (the “Authority”) issued its \$54,055,000 2001 Public Improvement Refunding Revenue Bonds, Series A (Civic Center/Public Works Yard) (the “Series 2001A Bonds”) which are secured by certain revenues consisting principally of rental payments under certain lease agreements pertaining to the public improvements financed from the proceeds of the Series 2001A Bonds;

WHEREAS, the Former Agency and the City entered into a Reimbursement Agreement, dated as of November 1, 2001 (the “Reimbursement Agreement”), pursuant to which the Former Agency affirmed and agreed to reimburse the City for any and all such rental payments made by the City under such lease agreements, agreed that such obligation of the Former Agency shall be a direct and general obligation of the Former Agency and pledged the Tax

Revenues (as defined in the Reimbursement Agreement) to the extent required to pay the reimbursement obligation of the Former Agency;

WHEREAS, the Authority also issued the following additional bonds:

- A. \$69,740,000 San Marcos Public Facilities Authority 2003 Tax Allocation Revenue Bonds (Project Areas No. 1, No. 2 and No. 3 Refunding and Financing Project), Series A (the "Series 2003A Bonds") for the purpose of making the following loans to the Former Agency:
 - 1. a loan of \$33,435,000 pursuant to the Loan Agreement (Project Area No. 1 – Loan No. 1), dated as of May 1, 2003, by and among the Authority, the Former Agency and U.S. Bank National Association, as trustee for the Series 2003A Bonds (the "Series 2003A Bonds Trustee"), for the purpose of financing a portion of the Redevelopment Plan as defined in such loan agreement and the repayment of which is secured on a parity with any Parity Debt as defined in such loan agreement by a first pledge of and lien on all of the Tax Revenues as defined in such loan agreement;
 - 2. a loan of \$9,155,000 pursuant to the Loan Agreement (Project Area No. 2), dated as of May 1, 2003, by and among the Authority, the Former Agency and the Series 2003A Bonds Trustee, for the purpose of financing a portion of the Redevelopment Plan as defined in such loan agreement and the repayment of which is secured on a parity with any Parity Debt as defined in such loan agreement by a first pledge of and lien on all of the Tax Revenues as defined in such loan agreement; and
 - 3. a loan of \$27,150,000 pursuant to the Loan Agreement (Project Area No. 3), dated as of May 1, 2003, by and among the Authority, the Former Agency and the Series 2003A Bonds Trustee, for the purpose of financing a portion of the Redevelopment Plan as defined in such loan agreement and the repayment of which is secured on a parity with any Parity Debt as defined in such loan agreement by a first pledge of and lien on all of the Tax Revenues as defined in such loan agreement;
- B. \$21,360,000 San Marcos Public Facilities Authority 2003 Tax Allocation Revenue Bonds (Project Area No. 1 Refunding and Financing Project), Taxable Series B (the "Series 2003B Bonds") for the purpose of making a loan to the Former Agency of \$21,360,000 pursuant to the Loan Agreement (Project Area No. 1 – Loan No. 2),

dated as of May 1, 2003, by and among the Authority, the Former Agency and U.S. Bank National Association, as trustee for the Series 2003B Bonds (the "Series 2003B Bonds Trustee"), for the purpose of financing a portion of the Redevelopment Plan as defined in such loan agreement and the repayment of which is secured on a parity with any Parity Debt as defined in such loan agreement by a first pledge of and lien on all of the Tax Revenues as defined in such loan agreement;

- C. \$30,235,000 San Marcos Public Facilities Authority 2005 Tax Allocation Revenue Bonds (Project Areas No. 1 and No. 3 Refunding Project), Series A (the "Series 2005A Bonds") for the purpose of making the following loans to the Former Agency:

1. a loan of \$2,600,000 pursuant to the Loan Agreement (Project Area No. 1 – Loan No. 2005-1), dated as of May 1, 2005, by and among the Authority, the Former Agency and Union Bank of California, N.A., the trustee for the Series 2005A Bonds (the "Series 2005A Bonds Trustee"), for the purpose of financing a portion of the Redevelopment Plan as defined in such loan agreement and the repayment of which is secured on a parity with any Parity Debt as defined in such loan agreement by a first pledge of and lien on all of the Tax Revenues as defined in such loan agreement; and
2. a loan of \$27,635,000 pursuant to the Loan Agreement (Project Area No. 3 – Loan No. 2005-1), dated as of May 1, 2005, by and among the Authority, the Former Agency and the Series 2005A Bonds Trustee for the purpose of financing a portion of the Redevelopment Plan as defined in such loan agreement and the repayment of which is secured on a parity with any Parity Debt as defined in such loan agreement by a first pledge of and lien on all of the Tax Revenues as defined in such loan agreement;

- D. \$33,265,000 San Marcos Public Facilities Authority 2005 Tax Allocation Revenue Bonds (Project Area No. 1 Refunding and Financing Project), Taxable Series B (the "Series 2005B Bonds") for the purpose of making a loan to the Former Agency of \$33,265,000 pursuant to the Loan Agreement (Project Area No. 1 – Loan No. 2005-2), dated as of May 1, 2005, by and among the Authority, the Former Agency and Union Bank of California, N.A., as trustee for the Series 2005B Bonds (the "Series 2003B Bonds Trustee"), for the purpose of financing a portion of the

Redevelopment Plan as defined in such loan agreement and the repayment of which is secured on a parity with any Parity Debt as defined in such loan agreement by a first pledge of and lien on all of the Tax Revenues as defined in such loan agreement; and

- E. \$61,735,000 San Marcos Public Facilities Authority 2005 Tax Allocation Revenue Bonds (Project Areas No. 2 and No. 3 Financing Project), Series C (the “Series 2005C Bonds”) for the purpose of making the following loans to the Former Agency:

1. a loan of \$34,100,000 pursuant to the Loan Agreement (Project Area No. 2 – Loan No. 2005-1), dated as of June 1, 2005, by and among the Authority, the Former Agency and Union Bank of California, N.A., the trustee for the Series 2005C Bonds (the “Series 2005C Bonds Trustee”), for the purpose of financing a portion of the Redevelopment Plan as defined in such loan agreement and the repayment of which is secured on a parity with any Parity Debt as defined in such loan agreement by a first pledge of and lien on all of the Tax Revenues as defined in such loan agreement; and
2. a loan of \$27,635,000 pursuant to the Loan Agreement (Project Area No. 3 – Loan No. 2005-2), dated as of June 1, 2005, by and among the Authority, the Former Agency and the Series 2005C Bonds Trustee for the purpose of financing a portion of the Redevelopment Plan as defined in such loan agreement and the repayment of which is secured on a parity with any Parity Debt as defined in such loan agreement by a first pledge of and lien on all of the Tax Revenues as defined in such loan agreement;

- F. \$36,165,000 San Marcos Public Facilities Authority 2006 Tax Allocation Revenue Bonds (Project Area No. 3 Financing Project), Series A (the “Series 2006A Bonds” and, together with the Series 2001A Bonds, the Series 2003A Bonds, the Series 2003B Bonds, the Series 2005A Bonds, the Series 2005B Bonds and the Series 2005C Bonds, the “Prior Authority Bonds”) for the purpose of making a loan to the Former Agency of \$36,165,000 pursuant to the Loan Agreement (Project Area No. 3 – Loan No. 2006-1), dated as of March 1, 2006, by and among the Authority, the Former Agency and Union Bank of California, N.A., as trustee for the Series 2006A Bonds (the “Series 2006A Bonds Trustee”), for the purpose of financing a portion of the Redevelopment Plan as defined in such loan

agreement and the repayment of which is secured on a parity with any Parity Debt as defined in such loan agreement by a first pledge of and lien on all of the Tax Revenues as defined in such loan agreement;

(The Prior Former Agency Bonds and the Prior Authority Bonds shall be collectively referred to herein as the "Prior Bonds." Each of the loan agreements referred to in this recital shall be referred to collectively as the "Prior Loan Agreements");

WHEREAS, Section 34177.5 authorizes the Successor Agency to issue refunding bonds pursuant to Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the "Refunding Law") to refund the bonds or other indebtedness of the Successor Agency for the purpose of achieving debt service savings within the parameters set forth in Section 34177.5(a)(1) (the "Savings Parameters");

WHEREAS, to determine compliance with the Savings Parameters for purposes of the issuance by the Successor Agency of (a) the Successor Agency to the San Marcos Redevelopment Agency Tax Allocation Refunding Bonds, Series 2015A (the "Series 2015A Bonds") and (b) the Successor Agency to the San Marcos Redevelopment Agency Taxable Tax Allocation Refunding Bonds, Series 2015B (the "Series 2015B Bonds" and, together with the Series 2015A Bonds, the "Refunding Bonds") , the Successor Agency has caused its financial advisor, Fieldman, Rolapp & Associates (the "Financial Advisor"), to prepare an analysis of the potential savings that will accrue to the Successor Agency and to applicable taxing entities as a result of the use of the proceeds of the Refunding Bonds to repay the Prior Bonds and, thereby, to refund the Prior Bonds and discharge the Former Agency's obligations under the Reimbursement Agreement and the Prior Loan Agreements (the "Debt Service Savings Analysis");

WHEREAS, the Debt Service Savings Analysis of the Financial Advisor concluded that issuance of the Refunding Bonds will meet the required Savings Parameters;

WHEREAS, the Successor Agency wishes at this time to approve the issuance of the Refunding Bonds and to approve the form of and authorize the execution and delivery of the Indenture of Trust, expected to be dated the first day of the month such Refunding Bonds are issued, by and between the Successor Agency and MUFG Union Bank, N.A., as trustee (the "Trustee"), providing for the issuance of the Refunding Bonds (the "Indenture"); and the separate Escrow Deposit and Trust Agreements pertaining to the refunding of the Prior Former Agency Bonds:

- A. Escrow Deposit and Trust Agreement, by and between the Successor Agency and MUFG Union Bank, N.A., as escrow bank, pertaining to the Series 1997A Bonds,
- B. Escrow Deposit and Trust Agreement, by and between the Successor Agency and The Bank of New York Mellon Trust Company, formerly known as BNY Western Trust Company, as escrow bank, pertaining to the Series 1998A Bonds, each to be dated as of the date of the issuance and delivery of the Refunding Bonds (collectively, the “Escrow Agreements”);

WHEREAS, the Successor Agency wishes at this time to approve the form of and authorize the execution and delivery of a First Amendment to the Reimbursement Agreement, by and between the Successor Agency and the City, to provide that the Reimbursement Agreement shall terminate and the obligations of the Successor Agency thereunder shall be discharged upon the defeasance of the Series 2001A Bonds;

WHEREAS, the Successor Agency wishes at this time to approve the form of and authorize the execution and delivery of a First Amendment to each of the Prior Loan Agreements, by and between the Successor Agency and the Authority, to provide that the obligations of the Successor Agency thereunder shall be discharged upon the defeasance of the applicable series of the Prior Authority Bonds from which such Prior Loans were funded;

WHEREAS, the Successor Agency hereby requests that the Authority enter into separate Escrow Deposit and Trust Agreements pertaining to each series of the Prior Authority Bonds with the trustee of each such series of Prior Authority Bonds acting as the escrow bank thereunder;

WHEREAS, pursuant to Section 34179, an oversight board (the “Oversight Board”) has been established for the Successor Agency;

WHEREAS, the Successor Agency requests that the Oversight Board approve the Successor Agency’s plan of refinancing including the issuance of the Refunding Bonds pursuant to this Resolution and the Indenture;

WHEREAS, the Successor Agency further requests that the Oversight Board make certain determinations described below on which the Successor Agency will rely in undertaking the refunding proceedings and the issuance of the Refunding Bonds;

WHEREAS, the Successor Agency has determined to sell the Refunding Bonds on a negotiated basis to Stifel, Nicolaus & Company, Incorporated, and Piper Jaffray & Company

(together, the “Underwriters”) and the Successor Agency will enter into a Bond Purchase Agreement (the “Bond Purchase Agreement”) with Stifel, Nicolaus & Company, Incorporated, as representative of the Underwriters, in connection with the sale of the Refunding Bonds to the Underwriters; and

WHEREAS, following approval by the Oversight Board of the issuance of the Refunding Bonds by the Successor Agency, to be effective upon approval by the California Department of Finance of such approval by the Oversight Board, the Successor Agency, with the assistance of its Financial Advisor, the Underwriters, Stradling Yocca Carlson & Rauth, as its disclosure counsel, and Best Best & Krieger LLP, as bond counsel, will cause to be prepared a form of Official Statement describing the Refunding Bonds and containing material information relating to the Refunding Bonds, the preliminary form of which will be submitted to the Successor Agency for approval for distribution by the Underwriters to persons and institutions interested in purchasing the Refunding Bonds; and

NOW, THEREFORE, the City Council of the City of San Marcos, serving in its capacity as the Successor Agency to the dissolved San Marcos Redevelopment Agency RESOLVES as follows:

1. Determination of Savings. The Successor Agency has determined that there are significant potential savings available to the Successor Agency and to applicable taxing entities in compliance with the Savings Parameters as a result of the issuance by the Successor Agency of the Refunding Bonds to provide funds to defease and redeem the Prior Bonds, all as evidenced by the Debt Service Savings Analysis on file with the City Clerk of the City, acting as the Clerk of the Successor Agency (the “Clerk”), which Debt Service Savings Analysis is hereby approved.

2. Approval of Issuance of the Refunding Bonds. The Successor Agency hereby authorizes and approves the issuance of the Refunding Bonds under the Redevelopment Law and the Refunding Law in the aggregate principal amount of not to exceed \$255,000,000, provided that the Refunding Bonds are in compliance with the Savings Parameters at the time of sale and delivery and that the net present value savings to the Successor Agency as a result of the refunding is not less than five percent (5.00%).

3. Approval of the Indenture. The Successor Agency hereby approves the Indenture prescribing the terms and provisions of the Refunding Bonds and the application of the proceeds of the Refunding Bonds. The Mayor, as the Chair and presiding officer of the Successor Agency, or the City Manager of the City of San Marcos, as the chief administrative officer of the Successor Agency (each, an “Authorized Officer”), are each hereby authorized and

directed to execute and deliver the Indenture for and in the name and on behalf of the Successor Agency, in substantially the form on file with the Clerk, with such changes therein, deletions therefrom and additions thereto as the Authorized Officer executing the same shall approve, such approval to be conclusively evidenced by the execution and delivery of the Indenture. The Successor Agency hereby authorizes the delivery and performance of the Indenture.

4. Approval of Escrow Agreements. The forms of the Escrow Agreements on file with the Clerk are hereby approved and the Authorized Officers are, each acting alone, hereby authorized and directed, for and in the name and on behalf of the Successor Agency, to execute and deliver the Escrow Agreements upon the issuance of the Refunding Bonds. The Successor Agency hereby authorizes the delivery and performance of its obligations under the Escrow Agreements.

5. Oversight Board Approval of the Issuance of the Bonds. The Successor Agency hereby requests the Oversight Board as authorized by Section 34177.5(f) and Section 34180 to approve the issuance of the Refunding Bonds pursuant to Section 34177.5(a)(1) and this Resolution and the Indenture.

6. Determinations by the Oversight Board. The Successor Agency requests that the Oversight Board make the following determinations upon which the Successor Agency will rely in undertaking the refunding proceedings and the issuance of the Refunding Bonds:

(a) The Successor Agency is authorized, as provided in Section 34177.5(f), to recover its costs related to the issuance of the Refunding Bonds from the proceeds of the Refunding Bonds, including the cost of reimbursing the City for administrative staff time spent with respect to the authorization, issuance, sale and delivery of the Refunding Bonds;

(b) The application of proceeds of the Refunding Bonds by the Successor Agency to the defeasance and redemption of the Prior Bonds, as well as the payment by the Successor Agency of costs of issuance of each series of the Refunding Bonds, as provided in Section 34177.5(a), shall be implemented by the Successor Agency promptly upon sale and delivery of each series of the Refunding Bonds, notwithstanding Section 34177.3 or any other provision of law to the contrary, without the approval of the Oversight Board, the California Department of Finance, the San Diego County Auditor-Controller or any other person or entity other than the Successor Agency;

(c) The Successor Agency shall be entitled to receive its full Administrative Cost Allowance under Section 34181(a)(3) without any deductions with respect to continuing costs related to the Refunding Bonds, such as trustee's fees, auditing and fiscal consultant fees and continuing disclosure and rating agency costs (collectively, "Continuing Costs of Issuance"), and such Continuing Costs of Issuance shall be payable from property tax revenues pursuant to Section 34183. In addition and as provided by Section 34177.5(f), if the Successor Agency is unable to complete the issuance of the Refunding Bonds for any reason, the Successor Agency shall, nevertheless, be entitled to recover its costs incurred with respect to the refunding proceedings from such property tax revenues pursuant to Section 34183 without reduction in its Administrative Cost Allowance; and

(d) the Successor Agency is authorized and directed to prepare, approve and execute such other documents, including, as necessary, the Escrow Agreements, the First Amendment to the Reimbursement Agreement, the First Amendments to the Prior Loan Agreements, a Bond Purchase Agreement, an Official Statement, a Continuing Disclosure Certificate and any additional agreements as may be required to carryout the purposes of this resolution without the need for further approval from the Oversight Board.

7. Filing of Debt Service Savings Analysis and Resolution. The Clerk is hereby authorized and directed to file, on behalf of the Successor Agency, the Debt Service Savings Analysis, together with a certified copy of this Resolution, with the Oversight Board, and, as provided in Section 34180(j) with the San Diego County Administrative Officer, the San Diego County Auditor-Controller and the California Department of Finance.

8. Sale of Refunding Bonds. The Successor Agency hereby approves the Bond Purchase Agreement. The Authorized Officers, each acting alone, are hereby authorized and directed to execute and deliver the Bond Purchase Agreement for and in the name and on behalf of the Successor Agency, in substantially the form on file with the Clerk, with such changes therein, deletions therefrom and additions thereto as the Authorized Officer executing the same shall approve, such approval to be conclusively evidenced by the execution and delivery of the Bond Purchase Agreement. The Successor Agency hereby authorizes the delivery and performance of its obligations under the Bond Purchase Agreement.

The Successor Agency hereby approves the sale of the Refunding Bonds to the Underwriters, pursuant to the Bond Purchase Agreement and the Authorized Officers are hereby authorized and directed to provide such information to the Underwriter as they request

in connection with the marketing of the Refunding Bonds, and to provide such representations and warranties as is customary in connection with the issuance of bonds such as the Refunding Bonds, including by executing the Successor Agency's Rule 15c2-12 Certificate substantially in the form attached to the Bond Purchase Agreement.

9. Issuance of Refunding Bonds in Whole or in Part. It is the intent of the Successor Agency to sell and deliver the Refunding Bonds in whole, provided that there is compliance with the Savings Parameters and that the net present value savings to the Successor Agency as a result of the refunding is not less than five percent (5.00%). However, the Successor Agency will initially authorize the sale and delivery of the Refunding Bonds in whole or, if such Savings Parameters cannot be met with respect to the whole, then in part; provided that the Refunding Bonds so sold and delivered in part are in compliance with the Savings Parameters. The sale and delivery of the Refunding Bonds in part will in each instance provide sufficient funds only for the refunding of that portion of the Refunding Bonds that meet the Savings Parameters. In the event the Refunding Bonds are initially sold in part, the Successor Agency intends to sell and deliver additional parts of the Refunding Bonds pursuant to a supplement to the Indenture without the prior approval of the Oversight Board provided that in each such instance the Refunding Bonds so sold and delivered in part are in compliance with the Savings Parameters and that the net present value savings to the Successor Agency as a result of the refunding of such part is not less than five percent (5.00%).

10. Bond Issuance Services. MUFG Union Bank, N.A., is hereby appointed as Trustee and Escrow Bank as to the Series 1997A Bonds; The Bank of New York Mellon Trust Company, N.A., is hereby appointed as Escrow Bank as to the Series 1998A Bonds; Fieldman Rolapp & Associates is hereby appointed as Financial Advisor; Best Best & Krieger LLP is hereby appointed as Bond Counsel; Stradling Yocca Carlson & Rauth is hereby appointed as Disclosure Counsel; Stifel, Nicolaus & Company, Incorporated and Piper Jaffray & Company are hereby appointed as Underwriters and Rosenow Spevacek Group Inc. is hereby appointed as Fiscal Consultant.

The City Manager, acting for the Successor Agency, is authorized to execute contracts for such services and any other related services as may be required to refund the Prior Bonds.

11. Municipal Bond Insurance and Surety Bonds. The Authorized Officers, each acting alone, are hereby authorized and directed to take all actions necessary to obtain a municipal bond insurance policy for the Refunding Bonds and a reserve fund surety bond for the Refunding Bonds from a municipal bond insurance company if it is determined, upon consultation with the Financial Advisor to the Successor Agency and the Underwriters, that

such municipal bond insurance policy and/or reserve fund surety bond will reduce the true interest costs with respect to the Refunding Bonds.

12. Approval of First Amendment to Reimbursement Agreement. The form of the First Amendment to Reimbursement Agreement on file with the Clerk of the Successor Agency is hereby approved and the Authorized Officers, each acting alone, are hereby authorized and directed, for and in the name and on behalf of the Successor Agency, to execute and deliver the First Amendment to Reimbursement Agreement. The Successor Agency hereby authorizes the delivery and performance of its obligations under the First Amendment to Reimbursement Agreement.

13. Approval of First Amendment to Prior Loan Agreements. The form of each First Amendment to the Prior Loan Agreements on file with the Clerk of the Successor Agency is hereby approved and the Authorized Officers, each acting alone, are hereby authorized and directed, for and in the name and on behalf of the Successor Agency, to execute and deliver each such First Amendment. The Successor Agency hereby authorizes the delivery and performance of its obligations under each such First Amendment.

14. Ratification. All actions heretofore taken by the officials, employees and agents of the Successor Agency with respect to the sale and issuance of the Refunding Bonds are hereby approved, confirmed and ratified.

15. Official Actions. The Authorized Officers and any and all other officers of the Successor Agency are hereby authorized and directed, for and in the name and on behalf of the Successor Agency, to do any and all things and take any and all actions, which they, or any of them, may deem necessary or advisable in obtaining the requested approvals by the Oversight Board and the California Department of Finance and in the issuance, sale and delivery of the Refunding Bonds. Whenever in this Resolution any Authorized Officer or other officer of the Successor Agency is directed to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated in writing by such officer to act on his or her behalf in the case such officer is absent or unavailable.

16. Effective Date. This Resolution shall take effect immediately upon its passage; provided, however, that the Successor Agency will not execute and deliver the documents approved hereby or issue the Bonds until such execution, delivery and issuance has been approved by the Oversight Board and the Department of Finance of the State of California.

PASSED, APPROVED AND ADOPTED by the City Council of the City of San Marcos acting in its capacity as designated Successor Agency to the former San Marcos Redevelopment Agency, at a regular meeting held on the _____ day of _____, 2015, by the following roll call vote:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

James M. Desmond, Mayor
City of San Marcos

ATTEST

Phillip Scollick, City Clerk
City of the San Marcos

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

Bond Refunding Financing Plan*

Tax Allocation Refunding Bonds, Series 2015A
(Tax Exempt)

Refunding Par Amount:	\$138,080,000
Par Refunded:	\$161,920,000
Final Maturity:	10/1/2038
Average Coupon of Refunding Bonds:	4.97%
True Interest Cost:	3.50%
Net Present Value Savings (\$):	\$20,419,372
Present Value Savings (%):	12.61%
Nominal Savings (\$):	\$30,010,235
Average Annual Savings (\$):	\$1,304,793

* Reflects market conditions as of March 27, 2015 and assumes "A" rates with Annual principal amortization. Also assumes an Insured Credit Rating.

Closing Date - 07/23/2015

Assumes COI - \$725k (This number represents the combined COI for the Series 2015A and 2015B refunding.)

Underwriter's Discount - \$4.32 per bond

Assumes a Debt Service Reserve Surety and Bond Insurance

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

Bond Refunding Financing Plan*

Tax Allocation Refunding Bonds, Series 2015B
(Taxable)

Refunding Par Amount:	\$90,965,000
Par Refunded:	\$92,120,000
Final Maturity:	10/1/2038
Average Coupon of Refunding Bonds:	4.13%
True Interest Cost:	4.18%
Net Present Value Savings (\$):	\$6,638,491
Present Value Savings (%):	7.21%
Nominal Savings (\$):	\$9,204,987
Average Annual Savings (\$):	\$400,217

* Reflects market conditions as of March 27, 2015 and assumes "A" rates with Annual principal amortization. Also assumes an Insured Credit Rating.

Closing Date - 07/23/2015

Assumes COI - \$725k (This number represents the combined COI for the Series 2015A and 2015B refunding.)

Underwriter's Discount - \$4.32 per bond

Assumes a Debt Service Reserve Surety and Bond Insurance

SOURCES AND USES OF FUNDS

Redevelopment Agency of the City of San Marcos 2015 Refunding

Interest Rates as of March 27, 2015 - Approximately 'A' Underlying / 'AA' With Insurance
Scenario: 2001A, 2005C & 2006A Split into TE & TX Refunding; 10/1 Payment Date

	Dated Date	07/23/2015	
	Delivery Date	07/23/2015	
Sources:	2015A Refunding: Tax-Exempt	2015B Refunding: Taxable	Total
Bond Proceeds:			
Par Amount	138,080,000.00	90,965,000.00	229,045,000.00
Premium	20,907,584.30		20,907,584.30
	<u>158,987,584.30</u>	<u>90,965,000.00</u>	<u>249,952,584.30</u>
Other Sources of Funds:			
Prior Debt Fund (3)	7,354,660.70	4,837,958.22	12,192,618.92
Prior DSRF (2)	7,867,924.49	5,116,725.35	12,984,649.84
	<u>15,222,585.19</u>	<u>9,954,683.57</u>	<u>25,177,268.76</u>
	<u>174,210,169.49</u>	<u>100,919,683.57</u>	<u>275,129,853.06</u>
Uses:	2015A Refunding: Tax-Exempt	2015B Refunding: Taxable	Total
Refunding Escrow Deposits:			
Cash Deposit	151,974,671.98	79,934,176.35	231,908,848.33
SLGS Purchases	15,321,872.00	15,740,615.00	31,062,487.00
	<u>167,296,543.98</u>	<u>95,674,791.35</u>	<u>262,971,335.33</u>
Other Fund Deposits:			
Debt Service Reserve Fund	5,131,143.56	4,041,059.94	9,172,203.50
Delivery Date Expenses:			
Cost of Issuance	437,066.95	287,933.05	725,000.00
Underwriter's Discount	597,533.82	393,646.18	991,180.00
Bond Insurance (4)	664,842.51	463,205.60	1,128,048.11
Surety Reserve (5)	82,942.08	54,640.97	137,583.05
	<u>1,782,385.36</u>	<u>1,199,425.80</u>	<u>2,981,811.16</u>
Other Uses of Funds:			
Additional Proceeds	96.59	4,406.48	4,503.07
	<u>174,210,169.49</u>	<u>100,919,683.57</u>	<u>275,129,853.06</u>

Notes:

The TE financing was evaluated at interest rate spreads to the generic 'AAA' municipal yield index ('MMD') of +40 basis points beginning in 2016 increasing to +70 basis points in 2027 to the maturity of the bonds. The Taxable financing was evaluated at interest rate spreads to the US Treasury curve of +15 basis points in 2016 increasing to +235 basis points in 2038. Spreads are representative of what similarly sized 'A' rated, insured, tax allocation credits have priced or traded in the days right ahead of such analysis, but in no way does Stifel represent that the bonds would receive such a rating or guarantee the pricing results.

- (1) Assumes call notice is given to bond holders within adequate number of days
- (2) Prior Debt Service Reserve Fund balances are from Feb. 2015 trustee statements and are the stated market values
- (3) Prior Debt Fund includes debt service payments for Aug. 1, or Oct. 1, 2015 less the Oct. 1, 2015 debt service payment on the refunding bonds
- (4) Bond Insurance is 0.35% of Total Adjusted Debt Service (Insured Maturities only)
- (5) Surety Reserve is 1.5% of 50% of standard lesser of three test
- (6) Debt Service Reserve Fund is 50% cash funded and 50% Surety Reserve

SUMMARY OF REFUNDING RESULTS

Redevelopment Agency of the City of San Marcos 2015 Refunding

Interest Rates as of March 27, 2015 - Approximately 'A' Underlying / 'AA' With Insurance
Scenario: 2001A, 2005C & 2006A Split into TE & TX Refunding; 10/1 Payment Date

	2015A Refunding: Tax-Exempt	2015B Refunding: Taxable	Total
Dated Date	07/23/2015	07/23/2015	07/23/2015
Delivery Date	07/23/2015	07/23/2015	07/23/2015
Arbitrage Yield	2.994411%	3.886792%	2.994411%
Escrow Yield	0.269066%		0.269066%
Value of Negative Arbitrage	413,057.54	622,257.40	1,035,314.94
Bond Par Amount	138,080,000.00	90,965,000.00	229,045,000.00
True Interest Cost	3.496843%	4.176829%	3.735865%
Net Interest Cost	3.832478%	4.218391%	3.974159%
Average Coupon	4.970696%	4.132812%	4.663082%
Average Life	12.500	11.007	11.907
Par amount of refunded bonds	161,920,000.00	92,120,000.00	254,040,000.00
Average coupon of refunded bonds	4.936050%	5.198379%	5.025523%
Average life of refunded bonds	11.952	10.875	11.562
PV of prior debt	195,789,528.41	112,316,945.52	308,106,473.93
Net PV Savings	20,419,371.71	6,638,490.82	27,057,862.53
Percentage savings of refunded bonds	12.610778%	7.206351%	10.651024%
Percentage savings of refunding bonds	14.788073%	7.297852%	11.813339%

Notes:

The TE financing was evaluated at interest rate spreads to the generic 'AAA' municipal yield index ('MMD') of +40 basis points beginning in 2016 increasing to +70 basis points in 2027 to the maturity of the bonds. The Taxable financing was evaluated at interest rate spreads to the US Treasury curve of +15 basis points in 2016 increasing to +235 basis points in 2038. Spreads are representative of what similarly sized 'A' rated, insured, tax allocation credits have priced or traded in the days right ahead of such analysis, but in no way does Stifel represent that the bonds would receive such a rating or guarantee the pricing results.

BOND PRICING

Redevelopment Agency of the City of San Marcos
2015 Refunding

Interest Rates as of March 27, 2015 - Approximately 'A' Underlying / 'AA' With Insurance

Scenario: 2001A, 2005C & 2006A Split into TE & TX Refunding; 10/1 Payment Date

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity	Call Date	Call Price	Premium (-Discount)
TE Serial 2015 A (Uninsured):									
	10/01/2016	4,340,000	4.000%	0.820%	103.753				162,880.20
	10/01/2017	4,520,000	4.000%	1.180%	106.074				274,544.80
	10/01/2018	4,710,000	4.000%	1.550%	107.592				357,583.20
	10/01/2019	4,895,000	4.000%	1.800%	108.836				432,522.20
	10/01/2020	5,090,000	5.000%	1.960%	114.926				759,733.40
	10/01/2021	5,360,000	5.000%	2.190%	116.177				867,087.20
		<u>28,915,000</u>							<u>2,854,351.00</u>
TE Serial 2015 A:									
	10/01/2022	5,615,000	5.000%	2.250%	118.156				1,019,459.40
	10/01/2023	5,900,000	5.000%	2.370%	119.467				1,148,553.00
	10/01/2024	5,630,000	5.000%	2.520%	120.225				1,138,667.50
	10/01/2025	5,910,000	5.000%	2.620%	121.158				1,250,437.80
	10/01/2026	6,755,000	5.000%	2.770%	119.674	C 2.925%	10/01/2025	100.000	1,328,978.70
	10/01/2027	7,100,000	5.000%	2.920%	118.212	C 3.185%	10/01/2025	100.000	1,293,052.00
	10/01/2028	7,450,000	5.000%	3.030%	117.154	C 3.377%	10/01/2025	100.000	1,277,973.00
	10/01/2029	7,820,000	5.000%	3.080%	116.676	C 3.498%	10/01/2025	100.000	1,304,063.20
	10/01/2030	9,030,000	5.000%	3.150%	116.012	C 3.620%	10/01/2025	100.000	1,445,883.60
	10/01/2031	9,485,000	5.000%	3.210%	115.446	C 3.721%	10/01/2025	100.000	1,465,053.10
	10/01/2032	7,700,000	5.000%	3.260%	114.977	C 3.805%	10/01/2025	100.000	1,153,229.00
		<u>78,395,000</u>							<u>13,825,350.30</u>
TX Serial 2015 B:									
	10/01/2016	4,045,000	0.760%	0.760%	100.000				
	10/01/2017	4,080,000	1.360%	1.360%	100.000				
	10/01/2018	4,135,000	1.780%	1.780%	100.000				
	10/01/2019	4,205,000	2.170%	2.170%	100.000				
	10/01/2020	4,295,000	2.470%	2.470%	100.000				
	10/01/2021	4,400,000	2.760%	2.760%	100.000				
	10/01/2022	4,520,000	3.010%	3.010%	100.000				
	10/01/2023	4,655,000	3.260%	3.260%	100.000				
	10/01/2024	4,885,000	3.510%	3.510%	100.000				
	10/01/2025	5,055,000	3.710%	3.710%	100.000				
	10/01/2026	5,135,000	3.910%	3.910%	100.000				
	10/01/2027	5,340,000	4.110%	4.110%	100.000				
	10/01/2028	4,995,000	4.260%	4.260%	100.000				
	10/01/2029	4,765,000	4.410%	4.410%	100.000				
	10/01/2030	4,050,000	4.560%	4.560%	100.000				
	10/01/2031	4,240,000	4.610%	4.610%	100.000				
	10/01/2032	3,620,000	4.660%	4.660%	100.000				

BOND PRICING

Redevelopment Agency of the City of San Marcos
2015 Refunding

Interest Rates as of March 27, 2015 - Approximately 'A' Underlying / 'AA' With Insurance
Scenario: 2001A, 2005C & 2006A Split into TE & TX Refunding; 10/1 Payment Date

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity	Call Date	Call Price	Premium (-Discount)
TX Serial 2015 B:									
	10/01/2033	3,795,000	4.710%	4.710%	100.000				
	10/01/2034	2,965,000	4.760%	4.760%	100.000				
	10/01/2035	2,655,000	4.800%	4.800%	100.000				
	10/01/2036	2,785,000	4.850%	4.850%	100.000				
	10/01/2037	1,145,000	4.900%	4.900%	100.000				
	10/01/2038	1,200,000	4.950%	4.950%	100.000				
		<u>90,965,000</u>							
TE Term 2035 A:									
	10/01/2033	8,090,000	5.000%	3.370%	113.953 C	3.987%	10/01/2025	100.000	1,128,797.70
	10/01/2034	5,640,000	5.000%	3.370%	113.953 C	3.987%	10/01/2025	100.000	786,949.20
	10/01/2035	5,225,000	5.000%	3.370%	113.953 C	3.987%	10/01/2025	100.000	729,044.25
		<u>18,955,000</u>							<u>2,644,791.15</u>
TE Term 2038 A:									
	10/01/2036	5,490,000	5.000%	3.430%	113.399 C	4.099%	10/01/2025	100.000	735,605.10
	10/01/2037	3,085,000	5.000%	3.430%	113.399 C	4.099%	10/01/2025	100.000	413,359.15
	10/01/2038	3,240,000	5.000%	3.430%	113.399 C	4.099%	10/01/2025	100.000	434,127.60
		<u>11,815,000</u>							<u>1,583,091.85</u>
		229,045,000							20,907,584.30

Dated Date	07/23/2015	
Delivery Date	07/23/2015	
First Coupon	10/01/2015	
Par Amount	229,045,000.00	
Premium	20,907,584.30	
Production	249,952,584.30	109.128156%
Underwriter's Discount	-991,180.00	-0.432745%
Purchase Price	248,961,404.30	108.695411%
Accrued Interest		
Net Proceeds	248,961,404.30	

BOND PRICING

Redevelopment Agency of the City of San Marcos
2015 Refunding

Interest Rates as of March 27, 2015 - Approximately 'A' Underlying / 'AA' With Insurance
Scenario: 2001A, 2005C & 2006A Split into TE & TX Refunding; 10/1 Payment Date

Notes:

The TE financing was evaluated at interest rate spreads to the generic 'AAA' municipal yield index ('MMD') of +40 basis points beginning in 2016 increasing to +70 basis points in 2027 to the maturity of the bonds. The Taxable financing was evaluated at interest rate spreads to the US Treasury curve of +15 basis points in 2016 increasing to +235 basis points in 2038. Spreads are representative of what similarly sized 'A' rated, insured, tax allocation credits have priced or traded in the days right ahead of such analysis, but in no way does Stifel represent that the bonds would receive such a rating or guarantee the pricing results.

SAVINGS

Redevelopment Agency of the City of San Marcos 2015 Refunding

Interest Rates as of March 27, 2015 - Approximately 'A' Underlying / 'AA' With Insurance
Scenario: 2001A, 2005C & 2006A Split into TE & TX Refunding; 10/1 Payment Date

Date	Prior Debt Service	Prior Receipts	Prior Net Cash Flow	Refunding Debt Service	Savings	Present Value to 07/23/2015 @ 2.9944114%
10/01/2015	14,069,168.64	12,192,618.92	1,876,549.72	1,876,549.72		8,996.60
10/01/2016	20,446,504.78		20,446,504.78	18,319,675.00	2,126,829.78	2,163,335.53
10/01/2017	20,441,889.28		20,441,889.28	18,330,333.00	2,111,556.28	2,084,372.13
10/01/2018	20,443,696.28		20,443,696.28	18,339,045.00	2,104,651.28	2,015,816.14
10/01/2019	20,438,273.28		20,438,273.28	18,332,042.00	2,106,231.28	1,956,957.33
10/01/2020	20,434,287.78		20,434,287.78	18,329,993.50	2,104,294.28	1,896,816.73
10/01/2021	20,451,670.28		20,451,670.28	18,344,407.00	2,107,263.28	1,842,946.88
10/01/2022	20,438,593.78		20,438,593.78	18,329,967.00	2,108,626.78	1,789,177.57
10/01/2023	20,442,213.78		20,442,213.78	18,333,165.00	2,109,048.78	1,736,347.36
10/01/2024	19,867,835.78		19,867,835.78	17,846,412.00	2,021,423.78	1,615,909.84
10/01/2025	19,866,381.78		19,866,381.78	17,843,448.50	2,022,933.28	1,569,018.07
10/01/2026	20,390,528.78		20,390,528.78	18,285,408.00	2,105,120.78	1,583,189.52
10/01/2027	20,398,984.28		20,398,984.28	18,296,879.50	2,102,104.78	1,534,086.11
10/01/2028	19,709,890.28		19,709,890.28	17,727,405.50	1,982,484.78	1,407,673.04
10/01/2029	19,181,301.78		19,181,301.78	17,282,118.50	1,899,183.28	1,311,227.39
10/01/2030	19,142,289.76		19,142,289.76	17,175,982.00	1,966,307.76	1,314,960.53
10/01/2031	19,148,995.76		19,148,995.76	17,184,802.00	1,964,193.76	1,274,723.24
10/01/2032	15,748,800.26		15,748,800.26	14,110,088.00	1,638,712.26	1,031,540.65
10/01/2033	15,754,107.52		15,754,107.52	14,121,396.00	1,632,711.52	997,463.96
10/01/2034	11,186,713.76		11,186,713.76	10,258,151.50	928,562.26	556,958.46
10/01/2035	9,739,025.00		9,739,025.00	9,110,017.50	629,007.50	372,120.48
10/01/2036	9,740,457.50		9,740,457.50	9,116,327.50	624,130.00	358,521.11
10/01/2037	5,071,500.00		5,071,500.00	4,661,755.00	409,745.00	225,069.09
10/01/2038	5,071,500.00		5,071,500.00	4,661,400.00	410,100.00	218,578.07
	407,624,610.12	12,192,618.92	395,431,991.20	356,216,768.72	39,215,222.48	30,865,805.80

Savings Summary

PV of savings from cash flow	30,865,805.80
Less: Prior funds on hand	-12,984,649.84
Plus: Refunding funds on hand	9,176,706.57
Net PV Savings	27,057,862.53

Notes:

The TE financing was evaluated at interest rate spreads to the generic 'AAA' municipal yield index ('MMD') of +40 basis points beginning in 2016 increasing to +70 basis points in 2027 to the maturity of the bonds. The Taxable financing was evaluated at interest rate spreads to the US Treasury curve of +15 basis points in 2016 increasing to +235 basis points in 2038. Spreads are representative of what similarly sized 'A' rated, insured, tax allocation credits have priced or traded in the days right ahead of such analysis, but in no way does Stifel represent that the bonds would receive such a rating or guarantee the pricing results.

SUMMARY OF BONDS REFUNDED

Redevelopment Agency of the City of San Marcos 2015 Refunding

Interest Rates as of March 27, 2015 - Approximately 'A' Underlying / 'AA' With Insurance
Scenario: 2001A, 2005C & 2006A Split into TE & TX Refunding; 10/1 Payment Date

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
Tax Allocation Bonds (1997 Affordable Hsg), 1997HSG:					
TERM2027	10/01/2027	6.000%	6,035,000.00	08/01/2015	100.000
Tax Allocation Bonds (1998 Affordable Hsg), 1998HSG:					
TERM2028	10/01/2028	5.650%	4,935,000.00	08/01/2015	100.000
2001 Public Improvements Refunding Bonds, Series A, 2001ATE:					
SERIAL	08/01/2015	4.600%	1,135,000.00		
	08/01/2016	4.900%	1,190,000.00	08/01/2015	100.000
	08/01/2017	5.000%	1,245,000.00	08/01/2015	100.000
	08/01/2018	5.000%	1,310,000.00	08/01/2015	100.000
	08/01/2019	5.000%	1,375,000.00	08/01/2015	100.000
	08/01/2020	5.000%	1,445,000.00	08/01/2015	100.000
	08/01/2021	5.000%	1,520,000.00	08/01/2015	100.000
TERM26	08/01/2026	4.750%	8,765,000.00	08/01/2015	100.000
TERM31	08/01/2031	4.875%	11,085,000.00	08/01/2015	100.000
			29,070,000.00		
2001 Public Improvements Refunding Bonds, Series A, 2001ATX:					
SERIAL	08/01/2015	4.600%	385,000.00		
	08/01/2016	4.900%	400,000.00	08/01/2015	100.000
	08/01/2017	5.000%	420,000.00	08/01/2015	100.000
	08/01/2018	5.000%	440,000.00	08/01/2015	100.000
	08/01/2019	5.000%	460,000.00	08/01/2015	100.000
	08/01/2020	5.000%	480,000.00	08/01/2015	100.000
	08/01/2021	5.000%	505,000.00	08/01/2015	100.000
TERM26	08/01/2026	4.750%	2,915,000.00	08/01/2015	100.000
TERM31	08/01/2031	4.875%	3,685,000.00	08/01/2015	100.000
			9,690,000.00		
2003A Tax Allocation Bonds, 2003A:					
SERIAL	08/01/2015	5.000%	1,920,000.00		
	08/01/2016	5.000%	1,980,000.00	08/01/2015	100.000
	08/01/2017	5.250%	2,045,000.00	08/01/2015	100.000
	08/01/2018	5.250%	2,105,000.00	08/01/2015	100.000
	08/01/2019	5.000%	2,175,000.00	08/01/2015	100.000
	08/01/2020	5.000%	2,245,000.00	08/01/2015	100.000
	08/01/2021	5.000%	2,325,000.00	08/01/2015	100.000
TERM26	08/01/2026	5.000%	2,395,000.00	08/01/2015	100.000
TERM33	08/01/2033	5.000%	9,110,000.00	08/01/2015	100.000
			26,820,000.00		
			53,120,000.00		
2003B Tax Allocation Bonds (Taxable), 2003B:					
TERM23	08/01/2023	5.690%	525,000.00		
	08/01/2023	5.690%	5,445,000.00	08/01/2015	100.000
TERM33	08/01/2033	5.790%	10,755,000.00	08/01/2015	100.000
			16,725,000.00		
2005A Tax Allocation Bonds, 2005A:					
SERIAL	08/01/2015	3.700%	545,000.00		
	08/01/2016	3.800%	605,000.00	08/01/2015	102.000
	08/01/2017	3.950%	665,000.00	08/01/2015	102.000
	08/01/2018	4.050%	730,000.00	08/01/2015	102.000
	08/01/2019	4.150%	800,000.00	08/01/2015	102.000
	08/01/2020	4.200%	875,000.00	08/01/2015	102.000
TERM25	08/01/2025	5.000%	5,715,000.00	08/01/2015	102.000
TERM34	08/01/2034	5.000%	16,865,000.00	08/01/2015	102.000
			26,800,000.00		

SUMMARY OF BONDS REFUNDED

Redevelopment Agency of the City of San Marcos 2015 Refunding

Interest Rates as of March 27, 2015 - Approximately 'A' Underlying / 'AA' With Insurance

Scenario: 2001A, 2005C & 2006A Split into TE & TX Refunding; 10/1 Payment Date

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
2005B Tax Allocation Bonds (Taxable), 2005B:					
SERIAL	08/01/2015	4.780%	925,000.00		
TERM20	08/01/2020	5.070%	5,380,000.00	08/01/2015	102.000
TERM25	08/01/2025	5.250%	6,915,000.00	08/01/2015	102.000
TERM34	08/01/2034	5.350%	13,165,000.00	08/01/2015	102.000
			26,385,000.00		
2005C Tax Allocation Bonds (TE Portion), 2005CTE:					
SERIAL	08/01/2015	3.500%	655,000.00		
	08/01/2016	3.600%	675,000.00	08/01/2015	100.000
	08/01/2017	3.750%	705,000.00	08/01/2015	100.000
	08/01/2018	3.850%	735,000.00	08/01/2015	100.000
	08/01/2019	5.000%	760,000.00	08/01/2015	100.000
	08/01/2020	5.000%	795,000.00	08/01/2015	100.000
	08/01/2021	5.000%	835,000.00	08/01/2015	100.000
	08/01/2022	4.750%	875,000.00	08/01/2015	100.000
	08/01/2023	4.750%	915,000.00	08/01/2015	100.000
	08/01/2024	4.750%	965,000.00	08/01/2015	100.000
	08/01/2025	4.750%	1,010,000.00	08/01/2015	100.000
TERM28	08/01/2028	5.000%	3,335,000.00	08/01/2015	100.000
TERM35	08/01/2035	5.000%	13,555,000.00	08/01/2015	100.000
TERM38	08/01/2038	5.000%	12,035,000.00	08/01/2015	102.000
			37,850,000.00		
2005C Tax Allocation Bonds (Taxable Portion), 2005CTX:					
SERIAL	08/01/2015	3.500%	225,000.00		
	08/01/2016	3.600%	235,000.00	08/01/2015	100.000
	08/01/2017	3.750%	240,000.00	08/01/2015	100.000
	08/01/2018	3.850%	250,000.00	08/01/2015	100.000
	08/01/2019	5.000%	260,000.00	08/01/2015	100.000
	08/01/2020	5.000%	275,000.00	08/01/2015	100.000
	08/01/2021	5.000%	285,000.00	08/01/2015	100.000
	08/01/2022	4.750%	300,000.00	08/01/2015	100.000
	08/01/2023	4.750%	315,000.00	08/01/2015	100.000
	08/01/2024	4.750%	330,000.00	08/01/2015	100.000
	08/01/2025	4.750%	345,000.00	08/01/2015	100.000
TERM28	08/01/2028	5.000%	1,140,000.00	08/01/2015	100.000
TERM35	08/01/2035	5.000%	4,580,000.00	08/01/2015	100.000
TERM38	08/01/2038	5.000%	4,075,000.00	08/01/2015	102.000
			12,855,000.00		
2006A Tax Allocation Bonds (TE Portion), 2006ATE:					
SERIAL	08/01/2015	3.800%	25,000.00		
	08/01/2015	4.000%	230,000.00		
	08/01/2016	4.250%	265,000.00		
SPTERM16	08/01/2016	4.100%	305,000.00		
TERM20	08/01/2020	5.000%	1,190,000.00	08/01/2016	100.000
TERM25	08/01/2025	5.000%	1,875,000.00	08/01/2016	100.000
TERM31	08/01/2031	4.500%	2,940,000.00	08/01/2016	100.000
TERM36	08/01/2036	4.625%	3,115,000.00	08/01/2016	100.000
SPTERM36	08/01/2036	4.700%	5,135,000.00	08/01/2016	100.000
			15,080,000.00		
2006A Tax Allocation Bonds (Taxable), 2006ATX:					
SERIAL	08/01/2015	4.000%	420,000.00		
	08/01/2016	4.250%	435,000.00		

SUMMARY OF BONDS REFUNDED

Redevelopment Agency of the City of San Marcos 2015 Refunding

Interest Rates as of March 27, 2015 - Approximately 'A' Underlying / 'AA' With Insurance
Scenario: 2001A, 2005C & 2006A Split into TE & TX Refunding; 10/1 Payment Date

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
2006A Tax Allocation Bonds (Taxable), 2006ATX:					
TERM20	08/01/2020	5.000%	1,955,000.00	08/01/2016	100.000
TERM25	08/01/2025	5.000%	3,035,000.00	08/01/2016	100.000
TERM31	08/01/2031	4.500%	4,670,000.00	08/01/2016	100.000
TERM36	08/01/2036	4.625%	4,980,000.00	08/01/2016	100.000
			15,495,000.00		
			254,040,000.00		

Notes:

The TE financing was evaluated at interest rate spreads to the generic 'AAA' municipal yield index ('MMD') of +40 basis points beginning in 2016 increasing to +70 basis points in 2027 to the maturity of the bonds. The Taxable financing was evaluated at interest rate spreads to the US Treasury curve of +15 basis points in 2016 increasing to +235 basis points in 2038. Spreads are representative of what similarly sized 'A' rated, insured, tax allocation credits have priced or traded in the days right ahead of such analysis, but in no way does Stifel represent that the bonds would receive such a rating or guarantee the pricing results.

BOND DEBT SERVICE

Redevelopment Agency of the City of San Marcos 2015 Refunding

Interest Rates as of March 27, 2015 - Approximately 'A' Underlying / 'AA' With Insurance
Scenario: 2001A, 2005C & 2006A Split into TE & TX Refunding; 10/1 Payment Date

Period Ending	Principal	Coupon	Interest	Debt Service
10/01/2015			1,876,549.72	1,876,549.72
10/01/2016	8,385,000	** %	9,934,675.00	18,319,675.00
10/01/2017	8,600,000	** %	9,730,333.00	18,330,333.00
10/01/2018	8,845,000	** %	9,494,045.00	18,339,045.00
10/01/2019	9,100,000	** %	9,232,042.00	18,332,042.00
10/01/2020	9,385,000	** %	8,944,993.50	18,329,993.50
10/01/2021	9,760,000	** %	8,584,407.00	18,344,407.00
10/01/2022	10,135,000	** %	8,194,967.00	18,329,967.00
10/01/2023	10,555,000	** %	7,778,165.00	18,333,165.00
10/01/2024	10,515,000	** %	7,331,412.00	17,846,412.00
10/01/2025	10,965,000	** %	6,878,448.50	17,843,448.50
10/01/2026	11,890,000	** %	6,395,408.00	18,285,408.00
10/01/2027	12,440,000	** %	5,856,879.50	18,296,879.50
10/01/2028	12,445,000	** %	5,282,405.50	17,727,405.50
10/01/2029	12,585,000	** %	4,697,118.50	17,282,118.50
10/01/2030	13,080,000	** %	4,095,982.00	17,175,982.00
10/01/2031	13,725,000	** %	3,459,802.00	17,184,802.00
10/01/2032	11,320,000	** %	2,790,088.00	14,110,088.00
10/01/2033	11,885,000	** %	2,236,396.00	14,121,396.00
10/01/2034	8,605,000	** %	1,653,151.50	10,258,151.50
10/01/2035	7,880,000	** %	1,230,017.50	9,110,017.50
10/01/2036	8,275,000	** %	841,327.50	9,116,327.50
10/01/2037	4,230,000	** %	431,755.00	4,661,755.00
10/01/2038	4,440,000	** %	221,400.00	4,661,400.00
	229,045,000		127,171,768.72	356,216,768.72

Notes:

The TE financing was evaluated at interest rate spreads to the generic 'AAA' municipal yield index ('MMD') of +40 basis points beginning in 2016 increasing to +70 basis points in 2027 to the maturity of the bonds. The Taxable financing was evaluated at interest rate spreads to the US Treasury curve of +15 basis points in 2016 increasing to +235 basis points in 2038. Spreads are representative of what similarly sized 'A' rated, insured, tax allocation credits have priced or traded in the days right ahead of such analysis, but in no way does Stifel represent that the bonds would receive such a rating or guarantee the pricing results.

BOND DEBT SERVICE

Redevelopment Agency of the City of San Marcos 2015 Refunding

Interest Rates as of March 27, 2015 - Approximately 'A' Underlying / 'AA' With Insurance

Scenario: 2001A, 2005C & 2006A Split into TE & TX Refunding; 10/1 Payment Date

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
10/01/2015			1,876,549.72	1,876,549.72	1,876,549.72
04/01/2016			4,967,337.50	4,967,337.50	
10/01/2016	8,385,000	** %	4,967,337.50	13,352,337.50	18,319,675.00
04/01/2017			4,865,166.50	4,865,166.50	
10/01/2017	8,600,000	** %	4,865,166.50	13,465,166.50	18,330,333.00
04/01/2018			4,747,022.50	4,747,022.50	
10/01/2018	8,845,000	** %	4,747,022.50	13,592,022.50	18,339,045.00
04/01/2019			4,616,021.00	4,616,021.00	
10/01/2019	9,100,000	** %	4,616,021.00	13,716,021.00	18,332,042.00
04/01/2020			4,472,496.75	4,472,496.75	
10/01/2020	9,385,000	** %	4,472,496.75	13,857,496.75	18,329,993.50
04/01/2021			4,292,203.50	4,292,203.50	
10/01/2021	9,760,000	** %	4,292,203.50	14,052,203.50	18,344,407.00
04/01/2022			4,097,483.50	4,097,483.50	
10/01/2022	10,135,000	** %	4,097,483.50	14,232,483.50	18,329,967.00
04/01/2023			3,889,082.50	3,889,082.50	
10/01/2023	10,555,000	** %	3,889,082.50	14,444,082.50	18,333,165.00
04/01/2024			3,665,706.00	3,665,706.00	
10/01/2024	10,515,000	** %	3,665,706.00	14,180,706.00	17,846,412.00
04/01/2025			3,439,224.25	3,439,224.25	
10/01/2025	10,965,000	** %	3,439,224.25	14,404,224.25	17,843,448.50
04/01/2026			3,197,704.00	3,197,704.00	
10/01/2026	11,890,000	** %	3,197,704.00	15,087,704.00	18,285,408.00
04/01/2027			2,928,439.75	2,928,439.75	
10/01/2027	12,440,000	** %	2,928,439.75	15,368,439.75	18,296,879.50
04/01/2028			2,641,202.75	2,641,202.75	
10/01/2028	12,445,000	** %	2,641,202.75	15,086,202.75	17,727,405.50
04/01/2029			2,348,559.25	2,348,559.25	
10/01/2029	12,585,000	** %	2,348,559.25	14,933,559.25	17,282,118.50
04/01/2030			2,047,991.00	2,047,991.00	
10/01/2030	13,080,000	** %	2,047,991.00	15,127,991.00	17,175,982.00
04/01/2031			1,729,901.00	1,729,901.00	
10/01/2031	13,725,000	** %	1,729,901.00	15,454,901.00	17,184,802.00
04/01/2032			1,395,044.00	1,395,044.00	
10/01/2032	11,320,000	** %	1,395,044.00	12,715,044.00	14,110,088.00
04/01/2033			1,118,198.00	1,118,198.00	
10/01/2033	11,885,000	** %	1,118,198.00	13,003,198.00	14,121,396.00
04/01/2034			826,575.75	826,575.75	
10/01/2034	8,605,000	** %	826,575.75	9,431,575.75	10,258,151.50
04/01/2035			615,008.75	615,008.75	
10/01/2035	7,880,000	** %	615,008.75	8,495,008.75	9,110,017.50
04/01/2036			420,663.75	420,663.75	
10/01/2036	8,275,000	** %	420,663.75	8,695,663.75	9,116,327.50
04/01/2037			215,877.50	215,877.50	
10/01/2037	4,230,000	** %	215,877.50	4,445,877.50	4,661,755.00
04/01/2038			110,700.00	110,700.00	
10/01/2038	4,440,000	** %	110,700.00	4,550,700.00	4,661,400.00
	229,045,000		127,171,768.72	356,216,768.72	356,216,768.72

Notes:

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ESCROW REQUIREMENTS

Redevelopment Agency of the City of San Marcos 2015 Refunding

Interest Rates as of March 27, 2015 - Approximately 'A' Underlying / 'AA' With Insurance
Scenario: 2001A, 2005C & 2006A Split into TE & TX Refunding; 10/1 Payment Date

Period Ending	Principal	Interest	Principal Redeemed	Redemption Premium	Total
08/01/2015	7,140,000.00	6,262,347.39	217,150,000.00	1,356,500.00	231,908,847.39
02/01/2016		698,521.88			698,521.88
08/01/2016	855,000.00	698,521.88	28,895,000.00		30,448,521.88
	7,995,000.00	7,659,391.15	246,045,000.00	1,356,500.00	263,055,891.15

Notes:

The TE financing was evaluated at interest rate spreads to the generic 'AAA' municipal yield index ('MMD') of +40 basis points beginning in 2016 increasing to +70 basis points in 2027 to the maturity of the bonds. The Taxable financing was evaluated at interest rate spreads to the US Treasury curve of +15 basis points in 2016 increasing to +235 basis points in 2038. Spreads are representative of what similarly sized 'A' rated, insured, tax allocation credits have priced or traded in the days right ahead of such analysis, but in no way does Stifel represent that the bonds would receive such a rating or guarantee the pricing results.

DISCLAIMER

Redevelopment Agency of the City of San Marcos
2015 Refunding

Interest Rates as of March 27, 2015 - Approximately 'A' Underlying / 'AA' With Insurance
Scenario: 2001A, 2005C & 2006A Split into TE & TX Refunding; 10/1 Payment Date

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Notes:

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SOURCES AND USES OF FUNDS

Redevelopment Agency of the City of San Marcos
2015A Refunding: Tax-Exempt

Interest Rates as of March 27, 2015 - Approximately 'A' Underlying / 'AA' With Insurance
Scenario: 2001A, 2005C & 2006A Split into TE & TX Refunding; 10/1 Payment Date

Dated Date 07/23/2015
Delivery Date 07/23/2015

Sources:

Bond Proceeds:	
Par Amount	138,080,000.00
Premium	20,907,584.30
	<u>158,987,584.30</u>
Other Sources of Funds:	
Prior Debt Fund (3)	7,354,660.70
Prior Debt Service Reserve Fund (2)	7,867,924.49
	<u>15,222,585.19</u>
	<u>174,210,169.49</u>

Uses:

Refunding Escrow Deposits:	
Cash Deposit	151,974,671.98
SLGS Purchases	15,321,872.00
	<u>167,296,543.98</u>
Other Fund Deposits:	
Debt Service Reserve Fund	5,131,143.56
Delivery Date Expenses:	
Cost of Issuance	437,066.95
Underwriter's Discount	597,533.82
Bond Insurance (4) (4)	664,842.51
Surety Reserve (5)	82,942.08
	<u>1,782,385.36</u>
Other Uses of Funds:	
Additional Proceeds	96.59
	<u>174,210,169.49</u>

SUMMARY OF REFUNDING RESULTS

Redevelopment Agency of the City of San Marcos
2015A Refunding: Tax-Exempt

Interest Rates as of March 27, 2015 - Approximately 'A' Underlying / 'AA' With Insurance
Scenario: 2001A, 2005C & 2006A Split into TE & TX Refunding; 10/1 Payment Date

Dated Date	07/23/2015
Delivery Date	07/23/2015
Arbitrage yield	2.994411%
Escrow yield	0.269066%
Value of Negative Arbitrage	413,057.54
Bond Par Amount	138,080,000.00
True Interest Cost	3.496843%
Net Interest Cost	3.832478%
Average Coupon	4.970696%
Average Life	12.500
Par amount of refunded bonds	161,920,000.00
Average coupon of refunded bonds	4.936050%
Average life of refunded bonds	11.952
PV of prior debt to 07/23/2015 @ 2.994411%	195,789,528.41
Net PV Savings	20,419,371.71
Percentage savings of refunded bonds	12.610778%
Percentage savings of refunding bonds	14.788073%

SAVINGS

Redevelopment Agency of the City of San Marcos 2015A Refunding: Tax-Exempt

Interest Rates as of March 27, 2015 - Approximately 'A' Underlying / 'AA' With Insurance
Scenario: 2001A, 2005C & 2006A Split into TE & TX Refunding; 10/1 Payment Date

Date	Prior Debt Service	Prior Receipts	Prior Net Cash Flow	Refunding Debt Service	Savings	Present Value to 07/23/2015 @ 2.9944114%
10/01/2015	8,623,871.26	7,354,660.70	1,269,210.56	1,269,210.56		6,267.59
10/01/2016	12,590,142.52		12,590,142.52	11,059,350.00	1,530,792.52	1,545,505.05
10/01/2017	12,592,925.02		12,592,925.02	11,065,750.00	1,527,175.02	1,496,519.77
10/01/2018	12,594,337.52		12,594,337.52	11,074,950.00	1,519,387.52	1,445,181.80
10/01/2019	12,587,972.52		12,587,972.52	11,071,550.00	1,516,422.52	1,399,756.48
10/01/2020	12,590,797.52		12,590,797.52	11,070,750.00	1,520,047.52	1,361,385.12
10/01/2021	12,605,102.52		12,605,102.52	11,086,250.00	1,518,852.52	1,320,378.99
10/01/2022	12,592,437.52		12,592,437.52	11,073,250.00	1,519,187.52	1,281,682.66
10/01/2023	12,596,212.52		12,596,212.52	11,077,500.00	1,518,712.52	1,243,573.73
10/01/2024	11,934,305.02		11,934,305.02	10,512,500.00	1,421,805.02	1,130,687.61
10/01/2025	11,929,252.52		11,929,252.52	10,511,000.00	1,418,252.52	1,094,738.61
10/01/2026	12,579,042.52		12,579,042.52	11,060,500.00	1,518,542.52	1,136,714.86
10/01/2027	12,584,762.52		12,584,762.52	11,067,750.00	1,517,012.52	1,102,154.92
10/01/2028	12,584,090.02		12,584,090.02	11,062,750.00	1,521,340.02	1,072,559.29
10/01/2029	12,578,672.52		12,578,672.52	11,060,250.00	1,518,422.52	1,038,972.79
10/01/2030	13,537,756.26		13,537,756.26	11,879,250.00	1,658,506.26	1,100,523.03
10/01/2031	13,547,126.26		13,547,126.26	11,882,750.00	1,664,376.26	1,071,665.88
10/01/2032	10,995,803.76		10,995,803.76	9,623,500.00	1,372,303.76	857,158.16
10/01/2033	10,996,651.26		10,996,651.26	9,628,500.00	1,368,151.26	829,394.92
10/01/2034	7,605,637.50		7,605,637.50	6,774,000.00	831,637.50	492,026.84
10/01/2035	6,706,262.50		6,706,262.50	6,077,000.00	629,262.50	363,968.13
10/01/2036	6,706,295.00		6,706,295.00	6,080,750.00	625,545.00	351,228.91
10/01/2037	3,787,250.00		3,787,250.00	3,401,250.00	386,000.00	209,475.65
10/01/2038	3,790,500.00		3,790,500.00	3,402,000.00	388,500.00	204,535.25
	261,237,206.58	7,354,660.70	253,882,545.88	223,872,310.56	30,010,235.32	23,156,056.04

Savings Summary

PV of savings from cash flow	23,156,056.04
Less: Prior funds on hand	-7,867,924.49
Plus: Refunding funds on hand	5,131,240.15
Net PV Savings	20,419,371.70

BOND DEBT SERVICE

Redevelopment Agency of the City of San Marcos
2015A Refunding: Tax-Exempt

Interest Rates as of March 27, 2015 - Approximately 'A' Underlying / 'AA' With Insurance
Scenario: 2001A, 2005C & 2006A Split into TE & TX Refunding; 10/1 Payment Date

Period Ending	Principal	Coupon	Interest	Debt Service
10/01/2015			1,269,210.56	1,269,210.56
10/01/2016	4,340,000	4.000%	6,719,350.00	11,059,350.00
10/01/2017	4,520,000	4.000%	6,545,750.00	11,065,750.00
10/01/2018	4,710,000	4.000%	6,364,950.00	11,074,950.00
10/01/2019	4,895,000	4.000%	6,176,550.00	11,071,550.00
10/01/2020	5,090,000	5.000%	5,980,750.00	11,070,750.00
10/01/2021	5,360,000	5.000%	5,726,250.00	11,086,250.00
10/01/2022	5,615,000	5.000%	5,458,250.00	11,073,250.00
10/01/2023	5,900,000	5.000%	5,177,500.00	11,077,500.00
10/01/2024	5,630,000	5.000%	4,882,500.00	10,512,500.00
10/01/2025	5,910,000	5.000%	4,601,000.00	10,511,000.00
10/01/2026	6,755,000	5.000%	4,305,500.00	11,060,500.00
10/01/2027	7,100,000	5.000%	3,967,750.00	11,067,750.00
10/01/2028	7,450,000	5.000%	3,612,750.00	11,062,750.00
10/01/2029	7,820,000	5.000%	3,240,250.00	11,060,250.00
10/01/2030	9,030,000	5.000%	2,849,250.00	11,879,250.00
10/01/2031	9,485,000	5.000%	2,397,750.00	11,882,750.00
10/01/2032	7,700,000	5.000%	1,923,500.00	9,623,500.00
10/01/2033	8,090,000	5.000%	1,538,500.00	9,628,500.00
10/01/2034	5,640,000	5.000%	1,134,000.00	6,774,000.00
10/01/2035	5,225,000	5.000%	852,000.00	6,077,000.00
10/01/2036	5,490,000	5.000%	590,750.00	6,080,750.00
10/01/2037	3,085,000	5.000%	316,250.00	3,401,250.00
10/01/2038	3,240,000	5.000%	162,000.00	3,402,000.00
	138,080,000		85,792,310.56	223,872,310.56

BOND DEBT SERVICE

Redevelopment Agency of the City of San Marcos 2015A Refunding: Tax-Exempt

Interest Rates as of March 27, 2015 - Approximately 'A' Underlying / 'AA' With Insurance
Scenario: 2001A, 2005C & 2006A Split into TE & TX Refunding; 10/1 Payment Date

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
10/01/2015			1,269,210.56	1,269,210.56	1,269,210.56
04/01/2016			3,359,675.00	3,359,675.00	
10/01/2016	4,340,000	4.000%	3,359,675.00	7,699,675.00	11,059,350.00
04/01/2017			3,272,875.00	3,272,875.00	
10/01/2017	4,520,000	4.000%	3,272,875.00	7,792,875.00	11,065,750.00
04/01/2018			3,182,475.00	3,182,475.00	
10/01/2018	4,710,000	4.000%	3,182,475.00	7,892,475.00	11,074,950.00
04/01/2019			3,088,275.00	3,088,275.00	
10/01/2019	4,895,000	4.000%	3,088,275.00	7,983,275.00	11,071,550.00
04/01/2020			2,990,375.00	2,990,375.00	
10/01/2020	5,090,000	5.000%	2,990,375.00	8,080,375.00	11,070,750.00
04/01/2021			2,863,125.00	2,863,125.00	
10/01/2021	5,360,000	5.000%	2,863,125.00	8,223,125.00	11,086,250.00
04/01/2022			2,729,125.00	2,729,125.00	
10/01/2022	5,615,000	5.000%	2,729,125.00	8,344,125.00	11,073,250.00
04/01/2023			2,588,750.00	2,588,750.00	
10/01/2023	5,900,000	5.000%	2,588,750.00	8,488,750.00	11,077,500.00
04/01/2024			2,441,250.00	2,441,250.00	
10/01/2024	5,630,000	5.000%	2,441,250.00	8,071,250.00	10,512,500.00
04/01/2025			2,300,500.00	2,300,500.00	
10/01/2025	5,910,000	5.000%	2,300,500.00	8,210,500.00	10,511,000.00
04/01/2026			2,152,750.00	2,152,750.00	
10/01/2026	6,755,000	5.000%	2,152,750.00	8,907,750.00	11,060,500.00
04/01/2027			1,983,875.00	1,983,875.00	
10/01/2027	7,100,000	5.000%	1,983,875.00	9,083,875.00	11,067,750.00
04/01/2028			1,806,375.00	1,806,375.00	
10/01/2028	7,450,000	5.000%	1,806,375.00	9,256,375.00	11,062,750.00
04/01/2029			1,620,125.00	1,620,125.00	
10/01/2029	7,820,000	5.000%	1,620,125.00	9,440,125.00	11,060,250.00
04/01/2030			1,424,625.00	1,424,625.00	
10/01/2030	9,030,000	5.000%	1,424,625.00	10,454,625.00	11,879,250.00
04/01/2031			1,198,875.00	1,198,875.00	
10/01/2031	9,485,000	5.000%	1,198,875.00	10,683,875.00	11,882,750.00
04/01/2032			961,750.00	961,750.00	
10/01/2032	7,700,000	5.000%	961,750.00	8,661,750.00	9,623,500.00
04/01/2033			769,250.00	769,250.00	
10/01/2033	8,090,000	5.000%	769,250.00	8,859,250.00	9,628,500.00
04/01/2034			567,000.00	567,000.00	
10/01/2034	5,640,000	5.000%	567,000.00	6,207,000.00	6,774,000.00
04/01/2035			426,000.00	426,000.00	
10/01/2035	5,225,000	5.000%	426,000.00	5,651,000.00	6,077,000.00
04/01/2036			295,375.00	295,375.00	
10/01/2036	5,490,000	5.000%	295,375.00	5,785,375.00	6,080,750.00
04/01/2037			158,125.00	158,125.00	
10/01/2037	3,085,000	5.000%	158,125.00	3,243,125.00	3,401,250.00
04/01/2038			81,000.00	81,000.00	
10/01/2038	3,240,000	5.000%	81,000.00	3,321,000.00	3,402,000.00
	138,080,000		85,792,310.56	223,872,310.56	223,872,310.56

SOURCES AND USES OF FUNDS

Redevelopment Agency of the City of San Marcos
2015B Refunding: Taxable

Interest Rates as of March 27, 2015 - Approximately 'A' Underlying / 'AA' With Insurance
Scenario: 2001A, 2005C & 2006A Split into TE & TX Refunding; 10/1 Payment Date

Dated Date 07/23/2015
Delivery Date 07/23/2015

Sources:

Bond Proceeds:	
Par Amount	90,965,000.00
Other Sources of Funds:	
Prior Debt Fund (3)	4,837,958.22
Prior Debt Service Reserve Fund (2)	5,116,725.35
	<u>9,954,683.57</u>
	100,919,683.57

Uses:

Refunding Escrow Deposits:	
Cash Deposit	79,934,176.35
SLGS Purchases	15,740,615.00
	<u>95,674,791.35</u>
Other Fund Deposits:	
Debt Service Reserve Fund	4,041,059.94
Delivery Date Expenses:	
Cost of Issuance	287,933.05
Underwriter's Discount	393,646.18
Bond Insurance (4) (4)	463,205.60
Surety Reserve (5)	54,640.97
	<u>1,199,425.80</u>
Other Uses of Funds:	
Additional Proceeds	4,406.48
	<u>100,919,683.57</u>

SUMMARY OF REFUNDING RESULTS

Redevelopment Agency of the City of San Marcos 2015B Refunding: Taxable

Interest Rates as of March 27, 2015 - Approximately 'A' Underlying / 'AA' With Insurance

Scenario: 2001A, 2005C & 2006A Split into TE & TX Refunding; 10/1 Payment Date

Dated Date	07/23/2015
Delivery Date	07/23/2015
Arbitrage yield	3.886792%
Escrow yield	0.000000%
Value of Negative Arbitrage	622,257.40
Bond Par Amount	90,965,000.00
True Interest Cost	4.176829%
Net Interest Cost	4.218391%
Average Coupon	4.132812%
Average Life	11.007
Par amount of refunded bonds	92,120,000.00
Average coupon of refunded bonds	5.198379%
Average life of refunded bonds	10.875
PV of prior debt to 07/23/2015 @ 2.994411%	112,316,945.52
Net PV Savings	6,638,490.82
Percentage savings of refunded bonds	7.206351%
Percentage savings of refunding bonds	7.297852%

SAVINGS

Redevelopment Agency of the City of San Marcos 2015B Refunding: Taxable

Interest Rates as of March 27, 2015 - Approximately 'A' Underlying / 'AA' With Insurance
Scenario: 2001A, 2005C & 2006A Split into TE & TX Refunding; 10/1 Payment Date

Date	Prior Debt Service	Prior Receipts	Prior Net Cash Flow	Refunding Debt Service	Savings	Present Value to 07/23/2015 @ 2.9944114%
10/01/2015	5,445,297.38	4,837,958.22	607,339.16	607,339.16		2,729.00
10/01/2016	7,856,362.26		7,856,362.26	7,260,325.00	596,037.26	617,830.49
10/01/2017	7,848,964.26		7,848,964.26	7,264,583.00	584,381.26	587,852.36
10/01/2018	7,849,358.76		7,849,358.76	7,264,095.00	585,263.76	570,634.33
10/01/2019	7,850,300.76		7,850,300.76	7,260,492.00	589,808.76	557,200.84
10/01/2020	7,843,490.26		7,843,490.26	7,259,243.50	584,246.76	535,431.61
10/01/2021	7,846,567.76		7,846,567.76	7,258,157.00	588,410.76	522,567.90
10/01/2022	7,846,156.26		7,846,156.26	7,256,717.00	589,439.26	507,494.91
10/01/2023	7,846,001.26		7,846,001.26	7,255,665.00	590,336.26	492,773.63
10/01/2024	7,933,530.76		7,933,530.76	7,333,912.00	599,618.76	485,222.23
10/01/2025	7,937,129.26		7,937,129.26	7,332,448.50	604,680.76	474,279.46
10/01/2026	7,811,486.26		7,811,486.26	7,224,908.00	586,578.26	446,474.66
10/01/2027	7,814,221.76		7,814,221.76	7,229,129.50	585,092.26	431,931.19
10/01/2028	7,125,800.26		7,125,800.26	6,664,655.50	461,144.76	335,113.75
10/01/2029	6,602,629.26		6,602,629.26	6,221,868.50	380,760.76	272,254.61
10/01/2030	5,604,533.50		5,604,533.50	5,296,732.00	307,801.50	214,437.50
10/01/2031	5,601,869.50		5,601,869.50	5,302,052.00	299,817.50	203,057.36
10/01/2032	4,752,996.50		4,752,996.50	4,486,588.00	266,408.50	174,382.49
10/01/2033	4,757,456.26		4,757,456.26	4,492,896.00	264,560.26	168,069.04
10/01/2034	3,581,076.26		3,581,076.26	3,484,151.50	96,924.76	64,931.62
10/01/2035	3,032,762.50		3,032,762.50	3,033,017.50	-255.00	8,152.35
10/01/2036	3,034,162.50		3,034,162.50	3,035,577.50	-1,415.00	7,292.20
10/01/2037	1,284,250.00		1,284,250.00	1,260,505.00	23,745.00	15,593.44
10/01/2038	1,281,000.00		1,281,000.00	1,259,400.00	21,600.00	14,042.82
	146,387,403.54	4,837,958.22	141,549,445.32	132,344,458.16	9,204,987.16	7,709,749.76

Savings Summary

PV of savings from cash flow	7,709,749.76
Less: Prior funds on hand	-5,116,725.35
Plus: Refunding funds on hand	4,045,466.42
Net PV Savings	6,638,490.83

BOND DEBT SERVICE

Redevelopment Agency of the City of San Marcos 2015B Refunding: Taxable

Interest Rates as of March 27, 2015 - Approximately 'A' Underlying / 'AA' With Insurance
Scenario: 2001A, 2005C & 2006A Split into TE & TX Refunding; 10/1 Payment Date

Period Ending	Principal	Coupon	Interest	Debt Service
10/01/2015			607,339.16	607,339.16
10/01/2016	4,045,000	0.760%	3,215,325.00	7,260,325.00
10/01/2017	4,080,000	1.360%	3,184,583.00	7,264,583.00
10/01/2018	4,135,000	1.780%	3,129,095.00	7,264,095.00
10/01/2019	4,205,000	2.170%	3,055,492.00	7,260,492.00
10/01/2020	4,295,000	2.470%	2,964,243.50	7,259,243.50
10/01/2021	4,400,000	2.760%	2,858,157.00	7,258,157.00
10/01/2022	4,520,000	3.010%	2,736,717.00	7,256,717.00
10/01/2023	4,655,000	3.260%	2,600,665.00	7,255,665.00
10/01/2024	4,885,000	3.510%	2,448,912.00	7,333,912.00
10/01/2025	5,055,000	3.710%	2,277,448.50	7,332,448.50
10/01/2026	5,135,000	3.910%	2,089,908.00	7,224,908.00
10/01/2027	5,340,000	4.110%	1,889,129.50	7,229,129.50
10/01/2028	4,995,000	4.260%	1,669,655.50	6,664,655.50
10/01/2029	4,765,000	4.410%	1,456,868.50	6,221,868.50
10/01/2030	4,050,000	4.560%	1,246,732.00	5,296,732.00
10/01/2031	4,240,000	4.610%	1,062,052.00	5,302,052.00
10/01/2032	3,620,000	4.660%	866,588.00	4,486,588.00
10/01/2033	3,795,000	4.710%	697,896.00	4,492,896.00
10/01/2034	2,965,000	4.760%	519,151.50	3,484,151.50
10/01/2035	2,655,000	4.800%	378,017.50	3,033,017.50
10/01/2036	2,785,000	4.850%	250,577.50	3,035,577.50
10/01/2037	1,145,000	4.900%	115,505.00	1,260,505.00
10/01/2038	1,200,000	4.950%	59,400.00	1,259,400.00
	90,965,000		41,379,458.16	132,344,458.16

BOND DEBT SERVICE

Redevelopment Agency of the City of San Marcos 2015B Refunding: Taxable

Interest Rates as of March 27, 2015 - Approximately 'A' Underlying / 'AA' With Insurance
Scenario: 2001A, 2005C & 2006A Split into TE & TX Refunding; 10/1 Payment Date

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
10/01/2015			607,339.16	607,339.16	607,339.16
04/01/2016			1,607,662.50	1,607,662.50	
10/01/2016	4,045,000	0.760%	1,607,662.50	5,652,662.50	7,260,325.00
04/01/2017			1,592,291.50	1,592,291.50	
10/01/2017	4,080,000	1.360%	1,592,291.50	5,672,291.50	7,264,583.00
04/01/2018			1,564,547.50	1,564,547.50	
10/01/2018	4,135,000	1.780%	1,564,547.50	5,699,547.50	7,264,095.00
04/01/2019			1,527,746.00	1,527,746.00	
10/01/2019	4,205,000	2.170%	1,527,746.00	5,732,746.00	7,260,492.00
04/01/2020			1,482,121.75	1,482,121.75	
10/01/2020	4,295,000	2.470%	1,482,121.75	5,777,121.75	7,259,243.50
04/01/2021			1,429,078.50	1,429,078.50	
10/01/2021	4,400,000	2.760%	1,429,078.50	5,829,078.50	7,258,157.00
04/01/2022			1,368,358.50	1,368,358.50	
10/01/2022	4,520,000	3.010%	1,368,358.50	5,888,358.50	7,256,717.00
04/01/2023			1,300,332.50	1,300,332.50	
10/01/2023	4,655,000	3.260%	1,300,332.50	5,955,332.50	7,255,665.00
04/01/2024			1,224,456.00	1,224,456.00	
10/01/2024	4,885,000	3.510%	1,224,456.00	6,109,456.00	7,333,912.00
04/01/2025			1,138,724.25	1,138,724.25	
10/01/2025	5,055,000	3.710%	1,138,724.25	6,193,724.25	7,332,448.50
04/01/2026			1,044,954.00	1,044,954.00	
10/01/2026	5,135,000	3.910%	1,044,954.00	6,179,954.00	7,224,908.00
04/01/2027			944,564.75	944,564.75	
10/01/2027	5,340,000	4.110%	944,564.75	6,284,564.75	7,229,129.50
04/01/2028			834,827.75	834,827.75	
10/01/2028	4,995,000	4.260%	834,827.75	5,829,827.75	6,664,655.50
04/01/2029			728,434.25	728,434.25	
10/01/2029	4,765,000	4.410%	728,434.25	5,493,434.25	6,221,868.50
04/01/2030			623,366.00	623,366.00	
10/01/2030	4,050,000	4.560%	623,366.00	4,673,366.00	5,296,732.00
04/01/2031			531,026.00	531,026.00	
10/01/2031	4,240,000	4.610%	531,026.00	4,771,026.00	5,302,052.00
04/01/2032			433,294.00	433,294.00	
10/01/2032	3,620,000	4.660%	433,294.00	4,053,294.00	4,486,588.00
04/01/2033			348,948.00	348,948.00	
10/01/2033	3,795,000	4.710%	348,948.00	4,143,948.00	4,492,896.00
04/01/2034			259,575.75	259,575.75	
10/01/2034	2,965,000	4.760%	259,575.75	3,224,575.75	3,484,151.50
04/01/2035			189,008.75	189,008.75	
10/01/2035	2,655,000	4.800%	189,008.75	2,844,008.75	3,033,017.50
04/01/2036			125,288.75	125,288.75	
10/01/2036	2,785,000	4.850%	125,288.75	2,910,288.75	3,035,577.50
04/01/2037			57,752.50	57,752.50	
10/01/2037	1,145,000	4.900%	57,752.50	1,202,752.50	1,260,505.00
04/01/2038			29,700.00	29,700.00	
10/01/2038	1,200,000	4.950%	29,700.00	1,229,700.00	1,259,400.00
	90,965,000		41,379,458.16	132,344,458.16	132,344,458.16

INDENTURE OF TRUST

Dated as of _____, 2015

by and between

SUCCESSOR AGENCY TO THE SAN MARCOS REDEVELOPMENT AGENCY

and

MUFG UNION BANK, N.A.,

as Trustee

Relating to

\$_____

**Successor Agency to the San Marcos Redevelopment Agency
Tax Allocation Refunding Bonds, Series 2015A**

and

\$_____

**Successor Agency to the San Marcos Redevelopment Agency
Taxable Tax Allocation Refunding Bonds, Series 2015B**

TABLE OF CONTENTS

Page

ARTICLE I DEFINITIONS; RULES OF CONSTRUCTION

Section 1.01.	Definitions	5
Section 1.02.	Rules of Construction	18

ARTICLE II AUTHORIZATION AND TERMS OF SERIES 2015 BONDS

Section 2.01.	Authorization and Purpose of Series 2015 Bonds	19
Section 2.02.	Terms of the Series 2015 Bonds.....	19
Section 2.03.	Redemption of Series 2015 Bonds	21
Section 2.04.	Form of Series 2015 Bonds	24
Section 2.05.	Authentication and Delivery of Series 2015 Bonds	24
Section 2.06.	Transfer of Series 2015 Bonds	24
Section 2.07.	Exchange of Series 2015 Bonds	25
Section 2.08.	Registration Books	25
Section 2.09.	Temporary Bonds	25
Section 2.10.	Series 2015 Bonds Mutilated, Lost, Destroyed or Stolen.....	25
Section 2.11.	Book Entry Form.....	26

ARTICLE III DEPOSIT AND APPLICATION OF PROCEEDS OF SERIES 2015 BONDS ISSUANCE OF PARITY DEBT

Section 3.01.	Issuance of Series 2015 Bonds.....	29
Section 3.02.	Deposit and Application of Proceeds	29
Section 3.03.	Costs of Issuance Fund.....	30
Section 3.04.	Issuance of Parity Debt.....	30
Section 3.05.	Issuance of Subordinate Debt.....	31
Section 3.06.	Validity of Bonds	31
Section 3.07.	Successor Agency Project Fund	31

ARTICLE IV SECURITY OF BONDS; FLOW OF FUNDS INVESTMENTS

Section 4.01.	Pledge of Pledged Tax Revenues	33
Section 4.02.	Redevelopment Obligation Retirement Fund; Deposit of Pledged Tax Revenues	33
Section 4.03.	Debt Service Fund; Transfer of Amounts to Trustee	34
Section 4.04.	Investment of Moneys in Funds	36

TABLE OF CONTENTS
(continued)

	Page
Section 4.05.	Valuation and Disposition of Investments37
Section 4.06.	Municipal Bond Insurance; Surety Bonds.....37
ARTICLE V OTHER COVENANTS OF THE SUCCESSOR AGENCY	
Section 5.01.	Punctual Payment38
Section 5.02.	Continuing Disclosure.....38
Section 5.03.	Limitation on Additional Indebtedness38
Section 5.04.	Extension of Payment of Series 2015 Bonds38
Section 5.05.	Payment of Claims38
Section 5.06.	Books and Accounts; Financial Statements39
Section 5.07.	Protection of Security and Rights of Owners39
Section 5.08.	Payments of Taxes and Other Charges.....39
Section 5.09.	Disposition of Property39
Section 5.10.	Maintenance of Pledged Tax Revenues40
Section 5.11.	Compliance with the Redevelopment Law; Recognized Obligation Payment Schedules.....40
Section 5.12.	Tax Covenants Relating to the Series 2015A Bonds.....41
Section 5.13.	Plan Limitations; Annual Review of Pledged Tax Revenues.....41
Section 5.14.	Further Assurances42
ARTICLE VI THE TRUSTEE	
Section 6.01.	Duties, Immunities and Liabilities of Trustee43
Section 6.02.	Merger or Consolidation44
Section 6.03.	Liability of Trustee.....44
Section 6.04.	Right to Rely on Documents46
Section 6.05.	Preservation and Inspection of Documents47
Section 6.06.	Compensation and Indemnification.....47
Section 6.07.	Accounting Records and Financial Statements48
Section 6.08.	Appointment of Co-Trustee or Agent.....48
Section 6.09.	No Liability for Successor Agency Performance49
ARTICLE VII MODIFICATION OR AMENDMENT OF THIS INDENTURE	
Section 7.01.	Authorized Amendments.....50

TABLE OF CONTENTS

(continued)

Page

Section 7.02.	Effect of Supplemental Indenture.....	51
Section 7.03.	Endorsement or Replacement of Bonds After Amendment	51
Section 7.04.	Amendment by Mutual Consent.....	51
Section 7.05.	Trustee's Reliance	51

ARTICLE VIII EVENTS OF DEFAULT AND REMEDIES

Section 8.01.	Events of Default and Acceleration of Maturities	52
Section 8.02.	Application of Funds Upon Acceleration.....	53
Section 8.03.	Power of Trustee to Control Proceedings.....	54
Section 8.04.	Limitation on Owners' Right to Sue	54
Section 8.05.	Non-waiver	55
Section 8.06.	Actions by Trustee as Attorney-in-Fact	55
Section 8.07.	Remedies Not Exclusive	55

ARTICLE IX MISCELLANEOUS

Section 9.01.	Benefits Limited to Parties	56
Section 9.02.	Successor is Deemed Included in All References to Predecessor	56
Section 9.03.	Defeasance of Bonds	56
Section 9.04.	Execution of Documents and Proof of Ownership by Owners	57
Section 9.05.	Disqualified Bonds	57
Section 9.06.	Waiver of Personal Liability	57
Section 9.07.	Destruction of Canceled Bonds	58
Section 9.08.	Notices.....	58
Section 9.09.	Partial Invalidity	58
Section 9.10.	Unclaimed Moneys	58
Section 9.11.	Payment on Non-Business Days	59
Section 9.12.	Execution in Counterparts	59
Section 9.13.	Governing Law.....	59
EXHIBIT A FORM OF SERIES 2015A BOND		A-1
EXHIBIT B FORM OF SERIES 2015B BOND		B-1

INDENTURE OF TRUST

This INDENTURE OF TRUST (this “Indenture”) is dated as of _____, 2015, by and between the SUCCESSOR AGENCY TO THE SAN MARCOS REDEVELOPMENT AGENCY, a public entity existing under the laws of the State of California (the “Successor Agency”), as successor to the San Marcos Redevelopment Agency, and MUFG UNION BANK, N.A., a national banking association duly organized and existing under the laws of the United States of America, as trustee (the “Trustee”);

WITNESSETH:

WHEREAS, the San Marcos Redevelopment Agency (the “Former Agency”), also previously referred to as the Redevelopment Agency of the City of San Marcos, was a public body, corporate and politic, duly established and authorized to transact business and exercise powers under and pursuant to the provisions of the Community Redevelopment Law of the State of California, constituting Part 1 of Division 24 of the Health and Safety Code of the State (the “Redevelopment Law”); and

WHEREAS, the San Marcos Public Facilities Authority (the “Authority”) is a joint powers authority, duly established and authorized to transact business and exercise powers under and pursuant to a Joint Exercise of Powers Agreement between the City of San Marcos and the Former Agency which established the Authority for the purpose of permitting the Authority to issue bonds the proceeds of which were used to make loans to or acquire obligations of any of its members or any other local agencies of the State of California to finance or refinance public capital improvements of such members or local agencies; and

WHEREAS, the Redevelopment Plans (defined below) for the Redevelopment Projects (defined below) described in the Redevelopment Plans were approved and adopted pursuant to the ordinances specified in the definition of the term Redevelopment Plans and all requirements of law for and precedent to the adoption and approval of the Redevelopment Plans have been duly complied with; and

WHEREAS, the Former Agency entered into an Indenture of Trust, dated as of July 1, 1997 (the “1997A Indenture”) with Union Bank of California, N.A., as currently succeeded by MUFG Union Bank, N.A., as successor trustee (the “1997A Trustee”), pursuant to which the Former Agency issued its Tax Allocation Bonds (1997 Affordable Housing Project), Series 1997A (the “Series 1997A Bonds”); and

WHEREAS, the Former Agency has also issued, pursuant to an Indenture of Trust, dated as of April 1, 1998 (the “1998A Indenture”) between the Former Agency and BNY Western Trust Company, now known as The Bank of New York Mellon Trust Company, N.A., as trustee (the “1998A Trustee”) thereunder, its Redevelopment Agency of the City of San Marcos Tax Allocation Bonds (1998 Affordable Housing Project), Series 1998A (the “Series 1998A Bonds”); and

WHEREAS, the Authority entered into an Indenture of Trust, dated as of November 1, 2001 (the “2001A Indenture”) with Union Bank of California, N.A., as currently succeeded by MUFG Union Bank, N.A., as successor trustee (the “2001A Trustee”), pursuant to which the Authority issued its 2001 Public Improvement Refunding Revenue Bonds, Series A (Civic Center/Public Works Yard) (the “Series 2001A Bonds”) which are secured by certain revenues consisting principally of rental payments payable by the City under the Lease Agreements (defined herein) pertaining to the public improvements refinanced from the proceeds of the Series 2001A Bonds and which rental payments are subject to a Reimbursement Agreement, dated as of November 1, 2001 by and between the City and the Former Agency, pursuant to which the Former Agency affirmed and agreed to reimburse the City for any and all such rental payments made by the City under such Lease Agreements and agreed that such obligation of the Former Agency shall be a direct and general obligation of the Former Agency and pledged the Tax Revenues as defined in such agreement to the extent required to pay the reimbursement obligation of the Former Agency; and

WHEREAS, the Series 2001A Bonds are secured by certain revenues consisting principally of rental payment payable by the City under the Lease Agreements;

WHEREAS, the Former Agency and the City entered into a Reimbursement Agreement, dated as of November 1, 2001, pursuant to which the

WHEREAS, the Authority has also issued pursuant to an Indenture of Trust, dated as of May 1, 2003 (the “2003A Indenture”) between the Authority and U.S. Bank National Association as trustee (the “2003A Trustee”) thereunder, its 2003 Tax Allocation Revenue Bonds (Project Areas No. 1, No. 2 and No. 3 Refunding and Financing Project), Series A (the “Series 2003A Bonds”); and

WHEREAS, the Authority has also issued pursuant to an Indenture of Trust, dated as of May 1, 2003 (the “2003B Indenture”) between the Authority and U.S. Bank National Association as trustee (the “2003B Trustee”) thereunder, its 2003 Tax Allocation Revenue Bonds (Project Area No. 1 Refunding and Financing Project), Taxable Series B (the “Series 2003B Bonds”); and

WHEREAS, the Authority has also issued pursuant to an Indenture of Trust, dated as of May 1, 2005 (the “2005A Indenture”) between the Authority and Union Bank of California, N.A., as currently succeeded by MUFG Union Bank, N.A., as successor trustee (the “2005A Trustee”) thereunder, its 2005 Tax Allocation Revenue Bonds (Project Areas No. 1 and No. 3 Refunding Project), Series A (the “Series 2005A Bonds”); and

WHEREAS, the Authority has also issued pursuant to an Indenture of Trust, dated as of May 1, 2005 (the “2005B Indenture”) between the Authority and Union Bank of California, N.A., as currently succeeded by MUFG Union Bank, N.A., as successor trustee (the “2005B Trustee”) thereunder, its 2005 Tax Allocation Revenue Bonds (Project Area No. 1 Refunding and Financing Project), Taxable Series B (the “Series 2005B Bonds”); and

WHEREAS, the Authority has also issued pursuant to an Indenture of Trust, dated as of June 1, 2005 (the “2005C Indenture”) between the Authority and Union Bank of California, N.A., as currently succeeded by MUFG Union Bank, N.A., as successor trustee (the “2005C Trustee”) thereunder, its 2005 Tax Allocation Revenue Bonds (Project Areas No. 2 and No. 3 Financing Project), Series C (the “Series 2005C Bonds”); and

WHEREAS, the Authority has also issued pursuant to an Indenture of Trust, dated as of March 1, 2006 (the “2006A Indenture” and collectively with the 1997A Indenture, the 1998A Indenture, the 2001A Indenture, the 2003A Indenture, the 2003B Indenture, the 2005A Indenture, the 2005B Indenture and the 2005C Indenture, the “Prior Indentures”) between the Authority and Union Bank of California, N.A., as currently succeeded by MUFG Union Bank, N.A., as successor trustee (the “2006A Trustee”) thereunder, its 2006 Tax Allocation Revenue Bonds (Project Area No. 3 Financing Project), Series A (the “Series 2006A Bonds” and collectively with the Series 1997A Bonds, the Series 1998A Bonds, the Series 2001A Bonds, the Series 2003A Bonds, the Series 2003B Bonds, the Series 2005A Bonds, the Series 2005B Bonds and the Series 2005C Bonds, the “Prior Bonds”); and

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

WHEREAS, Section 34177.5(a)(1) of the Dissolution Act authorizes the Successor Agency to undertake proceedings for the refunding of outstanding bonds and other obligations of the Former Agency, subject to the conditions precedent contained in said Section 34177.5; and

WHEREAS, said Section 34177.5 also authorizes the Successor Agency to issue bonds pursuant to Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the “Refunding Law”) for the purpose of achieving debt service savings within the parameters set forth in said Section 34177.5; and

WHEREAS, the Successor Agency has determined that it will achieve debt service savings within such parameters by the issuance pursuant to the Redevelopment Law and the Refunding Law of its Successor Agency to the San Marcos Redevelopment Agency Tax Allocation Refunding Bonds, Series 2015A (the “Series 2015A Bonds”) and its Successor Agency to the San Marcos Redevelopment Agency Taxable Tax Allocation Refunding Bonds, Series 2015B (the “Series 2015B Bonds”, collectively with the Series 2015A Bonds, the “Series 2015 Bonds”) in an aggregate principal amount not to exceed \$255,000,000 in order to refund the Prior Bonds; and

WHEREAS, in order to provide for the authentication and delivery of the Series 2015 Bonds, to establish and declare the terms and conditions upon which the Series 2015 Bonds are to be issued and secured and to secure the payment of the principal thereof and interest and redemption premium (if any) thereon, the Successor Agency and the Trustee have duly authorized the execution and delivery of this Indenture; and

WHEREAS, all acts and proceedings required by law necessary to make the Series 2015 Bonds when executed by the Successor Agency, and authenticated and delivered by the Trustee, the valid, binding and legal special obligations of the Successor Agency, and to constitute this Indenture a legal, valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done or taken;

NOW, THEREFORE, in order to secure the payment of the principal of and the interest and redemption premium (if any) on all the Outstanding Series 2015 Bonds and any other Outstanding Bonds issued under this Indenture according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Series 2015 Bonds and any other Bonds are to be issued and received, and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Series 2015 Bonds and any other Bonds by the Owners thereof, and for other valuable considerations, the receipt of which is hereby acknowledged, the Successor Agency and the Trustee do hereby covenant and agree with one another, for the benefit of the respective Owners from time to time of the Series 2015 Bonds and any other Bonds, as follows:

ARTICLE I

DEFINITIONS; RULES OF CONSTRUCTION

Section 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Section 1.01 shall, for all purposes of this Indenture, of any Supplemental Indenture, and of any certificate, opinion or other document herein mentioned, have the meanings herein specified.

“Act” means Articles 1 through 4 (commencing with Section 6500) of Chapter 5, Division 7, Title 1 of the Government Code of the State.

“Additional Revenues” means, as the date of calculation, the amount of Pledged Tax Revenues which, as shown in a report of an Independent Redevelopment Consultant, are estimated to be receivable by the Successor Agency within the Fiscal Year following the Fiscal Year in which such calculation is made as a result of increases in the assessed valuation of taxable property in the Project Areas due to either (a) construction which has been completed and for which a certificate of occupancy has been issued by the City but which is not then reflected on the tax rolls, or (b) transfer of ownership or any other interest in real property which has been recorded but which is not then reflected on the tax rolls. For purposes of this definition, the term “increases in the assessed valuation” means the amount by which the assessed valuation of taxable property in the Project Areas is estimated to increase above the assessed valuation of taxable property in the Project Areas (as evidenced in the written records of the County) as of the date on which such calculation is made.

“Affiliate” means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by or is under common control with, the Person specified.

“Agreement” means that certain Joint Exercise of Powers Agreement, dated June 1, 1989, entered into under the Act by and between the City and the Former Agency together with any amendments thereof and supplements thereto.

“Annual Debt Service” means, for each Bond Year, the sum of (a) the interest payable on the Bonds (including any Parity Debt) in such Bond Year, and (b) the principal amount of the Outstanding Bonds (including any Parity Debt) scheduled to be paid in such Bond Year upon the maturity or mandatory sinking account redemption thereof.

“Authority” means the San Marcos Public Facilities Authority, a joint powers authority duly organized and existing under the Agreement and the laws of the State.

“Authorized Representative” means: (a) with respect to the Authority, its Chairman, Vice Chairman, Executive Director, Secretary, or Treasurer or any other Person designated as an Authorized Representative of the Authority by a certificate of the Authority signed by its Executive Director and filed with the Successor Agency and the Trustee; (b) with respect to the Successor Agency, the Mayor, Vice Mayor, City Manager, or Finance Director of the City acting for and on behalf of the Successor Agency, or any other Person designated as an Authorized Representative of the City by a certificate signed on behalf of the Successor Agency by the City Manager and filed with the Authority and the Trustee; and (d) with respect to the Trustee, the

President, any Vice President, any Assistant Vice President, any Senior Authorized Officer, or any Trust Officer of the Trustee, and when used with reference to any act or document also means any other Person authorized to perform such act or sign any document by or pursuant to a resolution of the Board of Directors of the Trustee or the by-laws of the Trustee. An Authorized Representative may by written instrument designate any Person to act on his or her behalf.

“Bond Counsel” means any attorney or firm of attorneys appointed by or acceptable to the Successor Agency of nationally-recognized experience in the issuance of obligations the interest on which is excludable from gross income for federal income tax purposes under the Tax Code.

“Bond Year” means any twelve-month period beginning on August 2 in any year and extending to the next succeeding October 1, both dates inclusive; except that the first Bond Year shall begin on the Closing Date and end on October 1, 2015.

“Bonds” means, collectively, the Series 2015 Bonds and, if the context requires, any additional Parity Debt.

“Business Day” means a day of the year (other than a Saturday or Sunday) on which banks in the State or the State of New York are not required or permitted to be closed, and on which the New York Stock Exchange is open.

“Civic Center Lease” means the Lease Agreement (Civic Center), dated as of November 1, 2001 by and between the Authority, as lessor, and the City, as lessee.

“Closing Date” means, with respect to the Series 2015 Bonds, the date on which the Series 2015 Bonds are delivered by the Successor Agency to the Original Purchaser.

“Costs of Issuance” means items of expense payable or reimbursable directly or indirectly by the Successor Agency and related to the authorization, sale and issuance of the Bonds, which items of expense shall include, but not be limited to, printing costs, costs of reproducing and binding documents, closing costs, filing and recording fees, initial fees and charges of the Trustee including its first annual administration fee, expenses incurred by the Successor Agency in connection with the issuance of the Bonds, fees and charges of the Trustee for paying and redeeming the Prior Bonds, underwriter’s discount, original issue discount, legal fees and charges, including Bond Counsel and financial consultant’s fees, costs of cash flow verification, premiums for any municipal bond insurance policy that may be purchased and for any reserve account surety bond the Successor Agency may purchase, rating agency fees, charges for execution, transportation and safekeeping of the Series 2015 Bonds and other costs, charges and fees in connection with the original issuance of the Series 2015 Bonds.

“Costs of Issuance Fund” means the fund by that name established and held by the Trustee pursuant to Section 3.03.

“County” means the County of San Diego, a county duly organized and existing under the Constitution and laws of the State.

“Debt Service Fund” means the fund by that name established and held by the Trustee pursuant to Section 4.03.

“Defeasance Obligations” means:

- (a) cash;
- (b) U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series);
- (c) Direct obligations of the Treasury that have been stripped by the Treasury itself, CATS, TIGRS and similar securities;
- (d) The interest component of Resolution Funding Corporation strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form;
- (e) Pre-refunded municipal bonds rated “Aa” or higher by Moody’s and “AA” or higher by S&P, provided that, the pre-refunded municipal bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or AAA rated pre-refunded municipals; and
- (f) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the Successor Agency itself): (i) direct obligations or fully guaranteed certificates of beneficial ownership of the U.S. Export-Import Bank; (ii) certificates of beneficial ownership of the Rural Economic Community Development Administration (formerly the Farmers Home Administration); (iii) obligations of the Federal Financing Bank; (iv) debentures of the Federal Housing Administration; (v) participation certificates of the General Services Administration; (vi) guaranteed Title XI financings of the U.S. Maritime Administration; (vii) project notes, local authority bonds, new communities debentures and U.S. public housing notes and bonds of the U.S. Department of Housing and Urban Development.

“Dissolution Act” means the provisions of Assembly Bill X1 26, signed by the Governor on June 28, 2011, and filed with the Secretary of State on June 29, 2011, consisting of Part 1.8 (commencing with Section 34161) and Part 1.85 (commencing with Section 34170) of Division 24 of the California Health and Safety Code, as amended by Assembly Bill 1484, signed by the Governor on June 27, 2012, and filed with the Secretary of State on June 27, 2012.

“DOF” means the California Department of Finance.

“Event of Default” means any of the events described in Section 8.01.

“Fair Market Value” means, with respect to any investment, the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm’s length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Tax Code) and, otherwise, the term “Fair Market Value” means the

acquisition price in a bona fide arm's length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Tax Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Tax Code, (iii) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the Successor Agency and related parties do not own more than a ten percent (10%) beneficial interest therein if the return paid by the fund is without regard to the source of the investment. The Trustee shall have no duty in connection with the determination of Fair Market Value other than to follow the investment directions of the Successor Agency in any written directions of the Successor Agency.

"Federal Securities" means any direct, noncallable general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America and CATS and TGRS), or obligations the payment of principal of and interest on which are unconditionally guaranteed by the United States of America.

"Fiscal Year" means any twelve-month period beginning on July 1 in any year and extending to the next succeeding June 30, both dates inclusive, or any other twelve-month period selected and designated by the Successor Agency as its official fiscal year period pursuant to a Written Certificate of the Successor Agency filed with the Trustee.

"Former Agency" means the San Marcos Redevelopment Agency, also known as the Redevelopment Agency of the City of San Marcos, a public body corporate and politic duly organized and formerly existing under the Redevelopment Law and dissolved in accordance with the Dissolution Act.

"Housing Bonds" means the Former Agency's \$52,805,000 San Marcos Redevelopment Agency Housing Set-Aside Tax Allocation Bonds, Series 2010 (Taxable).

"Indenture" means this Indenture of Trust by and between the Successor Agency and the Trustee, as amended or supplemented from time to time pursuant to any Supplemental Indenture entered into pursuant to the provisions hereof.

"Independent Accountant" means any accountant or firm of such accountants duly licensed or registered or entitled to practice and practicing as such under the laws of the State, appointed by or acceptable to the Successor Agency, and who, or each of whom: (a) is in fact independent and not under domination of the Successor Agency; (b) does not have any substantial interest, direct or indirect, with the Successor Agency; and (c) is not connected with the Successor Agency as an officer or employee of the Successor Agency, but who may be regularly retained to make reports to the Successor Agency.

“Independent Fiscal Consultant” means any consultant or firm of such consultants appointed by or acceptable to the Successor Agency and who, or each of whom: (a) is judged by the Successor Agency to have experience in matters relating to the financing of redevelopment projects; (b) is in fact independent and not under domination of the Successor Agency; and (c) is not connected with the Successor Agency as an officer or employee of the Successor Agency, but who may be regularly retained to make reports to the Successor Agency.

“Independent Redevelopment Consultant” means any consultant or firm of such consultants appointed by the Successor Agency, and who, or each of whom:

(a) is judged by the Successor Agency to have experience in matters relating to the collection of Pledged Tax Revenues or otherwise with respect to the financing of redevelopment projects;

(b) is in fact independent and not under the domination of the Successor Agency;

(c) does not have any substantial interest, direct or indirect, with the Successor Agency, other than as original purchaser of the Bonds or any Parity Debt; and

(d) is not connected with the Successor Agency as an officer or employee of the Successor Agency, but who may be regularly retained to make reports to the Successor Agency.

“Information Services” means “EMMA” or the “Electronic Municipal Market Access” system of the Municipal Securities Rulemaking Board; or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other services providing information with respect to called bonds as the Successor Agency may designate in a Written Certificate of the Successor Agency delivered to the Trustee.

[**“Insurance Policies”** means collectively the Series 2015A Bonds Insurance Policy and the Series 2015B Bonds Insurance Policy.]

[**“Insurer”** means _____.]

“Interest Account” means the account by that name established and held by the Trustee pursuant to Section 4.03(a).

“Interest Payment Date” means each April 1 and October 1 in each year, commencing October 1, 2015, for so long as any of the Bonds remain unpaid.

“Lease Agreements” means collectively, the Civic Center Lease and the Public Works Yard Lease.

“Low and Moderate Income Housing Fund” means the fund of the Successor Agency by that name established pursuant to Section 33334.3 of the Redevelopment Law.

“Maximum Annual Debt Service” means, as of the date of calculation, the largest Annual Debt Service for the current or any future Bond Year payable on the Bonds or any Parity Debt in such Bond Year.

“Moody’s” means Moody’s Investors Service, Inc., its successors and assigns.

“Office” means, with respect to the Trustee, the corporate trust office of the Trustee at 120 South San Pedro Street, Suite 400, Los Angeles, California 90012, or at such other or additional offices as may be specified by the Trustee in writing to the Successor Agency, provided that for the purposes of maintenance of the Registration Books and presentation of Bonds for transfer, exchange or payment such term shall mean the office of the Trustee at which it conducts its corporate agency business.

“Original Purchaser” means the Stifel, Nicolaus & Company, Incorporated, on behalf of itself and Piper Jaffray & Company, as the original purchasers of the Series 2015 Bonds.

“Outstanding”, when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 9.05) all Bonds except: (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (b) Bonds paid or deemed to have been paid within the meaning of Section 9.03; and (c) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and delivered by the Successor Agency pursuant hereto.

“Oversight Board” means the oversight board duly constituted from time to time pursuant to Section 34179 of the Dissolution Act.

“Owner” means, with respect to any Bond, the person in whose name the ownership of such Bond shall be registered on the Registration Books.

“Parity Debt” means any bonds, notes, loans, advances or other indebtedness issued or incurred by the Successor Agency on a parity with the Series 2015 Bonds pursuant to Section 3.04.

“Parity Debt Instrument” means any resolution, indenture of trust, trust agreement or other instrument authorizing the issuance of any Parity Debt and which otherwise complies with all of the terms and conditions of this Indenture, including, without limitation, the provisions of Section 3.04.

“Pass-Through Agreements” mean certain contractual and statutory obligations secured by a pledge or lien on Tax Increment Revenues superior to the lien securing the Housing Bonds, as set forth in the agreements listed below:

[add titles, parties and dates of Pass-Through Agreements with pledges or liens of Tax Increment Revenues superior to the Prior Obligations)

“Permitted Investments” means any of the following which at the time of investment are legal investments under the laws of the State of California for the moneys proposed to be invested therein (provided that the Trustee shall be entitled to rely upon any investment direction from the Successor Agency as conclusive certification to the Trustee that the investments described therein are so authorized under the laws of the State and constitute Permitted Investments), but only to the extent that the same are acquired at Fair Market Value:

- (a) Federal Securities;
- (b) obligations of any of the following federal agencies which obligations represent full faith and credit of the United States of America, including: Export-Import Bank, Farm Credit System Financial Assistance Corporation, Rural Economic Community Development Administration (formerly Farmers Home Administration), General Services Administration, U.S. Maritime Administration, Small Business Administration, Government National Mortgage Association, U.S. Department of Housing & Urban Development, Federal Housing Administration and Federal Financing Bank;
- (c) direct obligations for any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America: senior debt obligations rated “Aaa” by Moody’s and “AAA” by S&P issued by Fannie Mae or Federal Home Loan Mortgage Corporation (FHLMC); obligations of the Resolution Funding Corporation (REFCORP); senior debt obligations of the Federal Home Loan Bank System; and senior debt obligations of other Government Sponsored Agencies;
- (d) U.S. dollar denominated deposit accounts, federal funds and banker’s acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of A-1 or A-1+ by S&P and P-1 by Moody’s, and maturing no more than 360 days after the date of purchase, including those of the Trustee or its affiliates;
- (e) commercial paper which is rated at the time of purchase in the single highest classification, A-1+ by S&P and P-1 by Moody’s and which matures not more than 270 days after the date of purchase;
- (f) investments in a money market fund rated AAAm or AAAm-G or better by S&P, including funds for which the Trustee or its affiliates provide investment advisory or other management services;
- (g) any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and (i) which are rated, based on the escrow, in the highest rating category of S&P and Moody’s or (ii)(A) which are fully secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or Federal Securities, which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, in such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (B) which fund is sufficient, as verified by an Independent

Accountant and with the prior approval of S&P, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to above, as appropriate;

(h) the County's investment pool; and

(i) the Local Agency Investment Fund of the State, created pursuant to Section 11429.1 of the California Government Code but only, in the case of Trustee held funds, to the extent any moneys invested by the Trustee are subject to deposit and withdrawal solely by the Trustee.

"Plan Limitations" means the limitations contained or incorporated in each of the Redevelopment Plans on (a) the aggregate principal amount of indebtedness payable from Tax Increment Revenues which may be outstanding at any time, or (b) the aggregate amount of taxes which may be divided and allocated to the Successor Agency pursuant to such Redevelopment Plan.

"Pledged Tax Revenues" means 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 but excluding (i) amounts of such taxes required to be paid by the Successor Agency to pay Pass-Through Agreements, or pursuant to Section 33607.7 of the Redevelopment Law, except and to the extent that any amounts so payable are payable on a basis subordinate to the payment of the Series 2015 Bonds and any additional Parity Debt, as applicable, and (ii) excluding all other 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 Redevelopment Law, to the extent required to pay debt service on the Housing Bonds. 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 Pledged Tax Revenues shall 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 California Constitution, subject to the exclusions set forth above.

"Principal Account" means the account by that name established and held by the Trustee pursuant to Section 4.03(b).

"Pre-Existing Agreements" means the contractual and statutory obligations, if any, secured by a lien on Tax Increment Revenues superior to the lien securing the Housing Bonds, including Pass-Through Agreements.

"Prior Bonds" shall mean, collectively, the Series 1997A Bonds, the Series 1998A Bonds, the Series 2001A Bonds, the Series 2003A Bonds, the Series 2003B Bonds, the Series 2005A Bonds, the Series 2005B Bonds, the Series 2005C Bonds and the Series 2006A Bonds.

"Project Areas" means the project areas described in the Redevelopment Plans.

“Public Works Yard Lease” means the Lease Agreement (Public Works Yard), dated as of November 1, 2001, by and between the Authority, as lessor, and the City, as lessee.

“Qualified Reserve Account Credit Instrument” means (i) the Surety Bonds or (ii) an irrevocable standby or direct-pay letter of credit or surety bond issued by a commercial bank or insurance company and deposited with the Trustee pursuant to Section 4.03(d), provided that all of the following requirements are met by the Successor Agency at the time of delivery thereof to the Trustee: (a) the long-term credit rating of such bank or insurance company is in one of the [three] highest rating categories by S&P; (b) such letter of credit or surety bond has a term of at least twelve (12) months; (c) such letter of credit or surety bond has a stated amount at least equal to the portion of the Reserve Requirement with respect to which funds are proposed to be released pursuant to Section 4.03(d); (d) the Trustee is authorized pursuant to the terms of such letter of credit or surety bond to draw thereunder an amount equal to any deficiencies which may exist from time to time in the Interest Account, the Principal Account or the Sinking Account for the purpose of making payments required pursuant to Section 4.03; and (e) prior written notice is given to the Trustee before the effective date of any such Qualified Reserve Account Credit Instrument.

“Recognized Obligation Payment Schedule” means a Recognized Obligation Payment Schedule, each prepared and approved from time to time pursuant to subdivision (l) of Section 34177 of the California Health and Safety Code.

“Record Date” means, with respect to any Interest Payment Date, the close of business on the fifteenth (15th) calendar day of the month preceding such Interest Payment Date, whether or not such fifteenth (15th) calendar day is a Business Day.

“Redemption Account” means the account by that name established and held by the Trustee pursuant to Section 4.03(e).

“Redevelopment Law” means the Community Redevelopment Law of the State, constituting Part 1 of Division 24 of the Health and Safety Code of the State, and the acts amendatory thereof and supplemental thereto.

“Redevelopment Obligation Retirement Fund” means the fund by that name established pursuant to California Health and Safety Code Section 34170.5(a) and administered by the Successor Agency.

“Redevelopment Plans” means, individually, (a) the Redevelopment Plan for the San Marcos Redevelopment Project Area No. 1 approved and adopted by the City by Ordinance No. 83-604 on July 12, 1983, together with any amendments thereof hereafter duly enacted pursuant to the Redevelopment Law; (b) the Redevelopment Plan for the San Marcos Redevelopment Project Area No. 2 approved and adopted by the City by Ordinance No. 85-662 on July 19, 1985, together with any amendments thereof hereafter duly enacted pursuant to the Redevelopment Law; or (c) the Redevelopment Plan for the San Marcos Redevelopment Project Area No. 3 approved and adopted by the City by Ordinance No. 89-820 on July 11, 1989, together with any amendments thereof hereafter duly enacted pursuant to the Redevelopment Law.

“Redevelopment Plans” or “Plans” means, collectively, each of the foregoing Redevelopment Plans.

“Redevelopment Project Areas” or “Project Areas” means the Redevelopment Project Areas described in the Redevelopment Plans.

“Redevelopment Projects” or “Projects” means the undertaking of the Successor Agency pursuant to the Redevelopment Plans, as amended, and the Redevelopment Law for the redevelopment of the Redevelopment Project Areas.

“Redevelopment Property Tax Trust Fund” or “RPTTF” means the fund by that name established pursuant to Health & Safety Code Sections 34170.5(b) and 34172(c) and administered by the County auditor-controller.

“Refunding Law” means 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, and the acts amendatory thereof and supplemented thereto.

“Registration Books” means the records maintained by the Trustee pursuant to Section 2.08 for the registration and transfer of ownership of the Series 2015 Bonds.

“Request of the Successor Agency” means a request in writing signed by the Executive Director, Treasurer or Secretary of the Successor Agency, or any other officer of the Successor Agency duly authorized by the Successor Agency for that purpose.

“Reserve Account” means the account by that name established and held by the Trustee pursuant to Section 4.03(d) hereof.

“Reserve Requirement” “Reserve Requirement” means, with respect to the Series 2015 Bonds, as of any calculation date, the least of (i) ten percent (10%) of the original principal amount of the Series 2015 Bonds, (ii) Maximum Annual Debt Service with respect to the Series 2015 Bonds, or (iii) 125% of average Annual Debt Service on the Series 2015 Bonds; provided further that (a) the Reserve Requirement with respect to the Series 2015A Bonds and the Series 2015B Bonds will be calculated on a combined basis, provided that, in the event the Reserve Requirement for the Series 2015A Bonds and the Series 2015B Bonds is funded with cash, the Trustee shall establish separate subaccounts for the proceeds of the Series 2015A Bonds and the Series 2015B Bonds to enable the Trustee to track the investment of the proceeds of the Series 2015A Bonds and the Series 2015B Bonds and (b) that the Successor Agency may meet all or a portion of the Reserve Requirement by depositing a Qualified Reserve Account Credit Instrument meeting the requirements of Section 4.03(d) hereof.

“ROPs” means a Recognized Obligations Payment Schedule or any other document as may be required to be filed by the Successor Agency so to enable the County Auditor-Controller to distribute from the RPTTF to the Successor Agency, for deposit into the Redevelopment Obligation Retirement Fund on each RPTTF Disbursement Date the amounts specified in Section 4.02.

“S&P” means Standard & Poor’s Ratings Service, a division of the McGraw-Hill Companies, Inc., its successors and assigns.

“Securities Depositories” means The Depository Trust Company, 55 Water Street, 50th Floor, New York, N.Y. 10041-0099 Attn: Call Notification Department, Fax (212) 855-7232 and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the Successor Agency may designate in a Written Request of the Successor Agency delivered to the Trustee.

“Series 1997A Bonds” means the Former Agency’s Tax Allocation Bonds (1997 Affordable Housing Project), Series 1997A.

“Series 1997A Bonds Escrow Agreement” means the Escrow Deposit and Trust Agreement, dated as of _____, 2015, by and between the Successor Agency and the Series 1997A Escrow Bank pertaining to the Series 1997A Bonds.

“Series 1997A Bonds Escrow Bank” means MUFG Union Bank, N.A., acting in its capacity as the escrow bank pursuant to the Series 1997A Bonds Escrow Agreement.

“Series 1998A Bonds” means the Former Agency’s Tax Allocation Bonds (1998 Affordable Housing Project), Series 1998A.

“Series 1998A Bonds Escrow Agreement” means the Escrow Deposit and Trust Agreement, dated as of _____, 2015, by and between the Successor Agency and the Series 1998A Bonds Escrow Bank, pertaining to the Series 1998A Bonds.

“Series 1998A Bonds Escrow Bank” means The Bank of New York Mellon Trust Company, N.A., acting in its capacity as the escrow bank pursuant to the Series 1998A Bonds Escrow Agreement.

“Series 2001A Bonds” means the Authority’s 2001 Public Improvement Refunding Revenue Bonds, Series A (Civic Center/Public Works Yard).

“Series 2001A Bonds Escrow Agreement” means the Escrow Deposit and Trust Agreement, dated as of _____, 2015, by and between the Successor Agency and the Series 2001A Bonds Escrow Bank, pertaining to the Series 2001A Bonds.

“Series 2001A Bonds Escrow Bank” means MUFG Union Bank, N.A., acting in its capacity as the escrow bank pursuant to the Series 2001A Bonds Escrow Agreement.

“Series 2003A Bonds” means the Authority’s 2003 Tax Allocation Revenue Bonds (Project Areas No.1, No. 2 & No. 3 Refunding and Financing Project), Series A.

“Series 2003A Bonds Escrow Agreement” means the Escrow Deposit and Trust Agreement, dated as of _____, 2015, by and between the Successor Agency and the Series 2003A Bonds Escrow Bank, pertaining to the Series 2003A Bonds.

“Series 2003A Bonds Escrow Bank” means U.S. Bank National Association, acting in its capacity as the escrow bank pursuant to the Series 2003A Bonds Escrow Agreement.

“Series 2003B Bonds” means the Authority’s 2003 Tax Allocation Revenue Bonds (Project Area No. 1 Refunding and Financing Project), Taxable Series B.

“Series 2003B Bonds Escrow Agreement” means the Escrow Deposit and Trust Agreement, dated as of _____, 2015, by and between the Successor Agency and the Series 2003B Bonds Escrow Bank, pertaining to the Series 2003B Bonds.

“Series 2003B Bonds Escrow Bank” means U.S. Bank National Association, acting in its capacity as the escrow bank pursuant to the Series 2003B Bonds Escrow Agreement.

“Series 2005A Bonds” means the Authority’s 2005 Tax Allocation Revenue Bonds (Project Areas No. 1 and No. 3 Refunding Project), Series A.

“Series 2005A Bonds Escrow Agreement” means the Escrow Deposit and Trust Agreement, dated as of _____, 2015, by and between the Successor Agency and the Series 2005A Bonds Escrow Bank, pertaining to the Series 2005A Bonds.

“Series 2005A Bonds Escrow Bank” means MUFG Union Bank, N.A., acting in its capacity as the escrow bank pursuant to the Series 2005A Bonds Escrow Agreement.

“Series 2005B Bonds” means the Authority’s 2005 Tax Allocation Revenue Bonds (Project Area No. 1 Refunding and Financing Project), Taxable Series B.

“Series 2005B Bonds Escrow Agreement” means the Escrow Deposit and Trust Agreement, dated as of _____, 2015, by and between the Successor Agency and the Series 2005B Bonds Escrow Bank, pertaining to the Series 2005B Bonds.

“Series 2005B Bonds Escrow Bank” means MUFG Union Bank, N.A., acting in its capacity as the escrow bank pursuant to the Series 2005B Bonds Escrow Agreement.

“Series 2005C Bonds” means the Authority’s 2005 Tax Allocation Revenue Bonds (Project Areas No. 2 and No. 3 Financing Project), Series C.

“Series 2005C Bonds Escrow Agreement” means the Escrow Deposit and Trust Agreement, dated as of _____, 2015, by and between the Successor Agency and the Series 2005C Bonds Escrow Bank, pertaining to the Series 2005C Bonds.

“Series 2005C Bonds Escrow Bank” means MUFG Union Bank, N.A., acting in its capacity as the escrow bank pursuant to the Series 2005C Bonds Escrow Agreement.

“Series 2005C Bonds Trustee” means MUFG Union Bank, N.A., acting in its capacity as trustee for the Series 2005C Bonds pursuant to the Indenture of Trust, dated as of June 1, 2005, by and between the Authority and Union Bank of California, N.A.

“Series 2006A Bonds” means the Authority’s 2006 Tax Allocation Revenue Bonds (Project Area No. 3 Financing Project), Series A.

“Series 2006A Bonds Escrow Agreement” means the Escrow Deposit and Trust Agreement, dated as of _____, 2015, by and between the Successor Agency and the Series 2006A Bonds Escrow Bank, pertaining to the Series 2006A Bonds.

“Series 2006A Bonds Escrow Bank” means MUFG Union Bank, N.A., acting in its capacity as the escrow bank pursuant to the Series 2006A Bonds Escrow Agreement.

“Series 2006A Bonds Trustee” means MUFG Union Bank, N.A., acting in its capacity as trustee for the Series 2006A Bonds pursuant to the Indenture of Trust, dated as of March 1, 2006, by and between the Authority and Union Bank of California, N.A.

“Series 2015 Bonds” means collectively the Series 2015A Bonds and the Series 2015B Bonds.

“Series 2015A Bonds” the Successor Agency to the San Marcos Redevelopment Agency Tax Allocation Refunding Bonds, Series 2015A, issued in the initial principal amount of \$_____.

[“Series 2015A Bonds Insurance Policy” means the municipal bond insurance policy issued by guaranteeing the scheduled payment of the principal of and interest on the Series 2015A Bonds when due, as provided in the Indenture.]

“Series 2015B Bonds” means the Successor Agency to the San Marcos Redevelopment Agency Taxable Tax Allocation Refunding Bonds, Series 2015B, issued in the initial principal amount of \$_____.

[“Series 2015B Bonds Insurance Policy” means the municipal bond insurance policy issued by guaranteeing the scheduled payment of the principal of and interest on the Series 2015B Bonds when due, as provided in the Indenture.]

“Sinking Account” means the account by that name established and held by the Trustee pursuant to Section 4.03(c).

“State” means the State of California.

“Subordinate Debt” means any bonds, notes, loans, advances or other indebtedness issued or incurred by the Successor Agency in accordance with the requirements of Section 3.05, 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 hereunder for the security of the Bonds.

“Successor Agency” means the Successor Agency to the San Marcos Redevelopment Agency, a public entity existing under the Dissolution Act, as successor to the Former Agency.

“Successor Agency Project Fund” means the fund by that name established and held by the Trustee pursuant to Section 3.07.

“Supplemental Indenture” means any indenture, agreement or other instrument which amends, supplements or modifies this Indenture and which has been duly entered into by and between the Successor Agency and the Trustee; but only if and to the extent that such Supplemental Indenture is specifically authorized hereunder.

[“Surety Bonds” means the municipal bond debt service reserve insurance policies issued as (i) Policy Number _____ deposited into the Series 2015A Bonds Subaccount related to the Series 2015A Bonds, issued by _____; and (ii) Policy Number _____ deposited into the Series 2015B Bonds Subaccount related to the Series 2015B Bonds, issued by _____.]

“Tax Code” means the Internal Revenue Code of 1986 as in effect on the Closing Date or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the Closing Date, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under said Code.

“Term Bonds” means, collectively, (a) the Series 2015 Bonds maturing on October 1, 202_, and (b) any maturity of Parity Debt which is subject to mandatory Sinking Account redemption pursuant to the Supplemental Indenture authorizing the issuance thereof.

“Trustee” means MUFG Union Bank, N.A., as trustee hereunder, or any successor thereto appointed as Trustee hereunder in accordance with the provisions of Article VI.

“Written Request of the Successor Agency” or “Written Certificate of the Successor Agency” means a request or certificate, in writing signed by the Executive Director, Treasurer or Secretary of the Successor Agency or by any other officer of the Successor Agency duly authorized by the Successor Agency for that purpose and so identified in a Written Certificate of the Successor Agency.

Section 1.02. Rules of Construction. All references herein to “Articles,” “Sections” and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture, and the words “herein,” “hereof,” “hereunder” and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof.

ARTICLE II

AUTHORIZATION AND TERMS OF SERIES 2015 BONDS

Section 2.01. Authorization and Purpose of Series 2015 Bonds. The Successor Agency has reviewed all proceedings heretofore taken and has found, as a result of such review, and hereby finds and determines that all things, conditions and acts required by law to exist, happen or be performed precedent to and in connection with the issuance of the Series 2015 Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and the Successor Agency is now duly empowered, pursuant to each and every requirement of law, to issue the Series 2015 Bonds in the manner and form provided in this Indenture.

Series 2015A Bonds in the aggregate principal amount of _____ Dollars (\$_____) and the Series 2015B Bonds in the aggregate principal amount of _____ Dollars (\$_____) are hereby authorized to be issued by the Successor Agency under the Refunding Law and the Redevelopment Law for the purpose of providing funds to refund the Prior Bonds. The Series 2015 Bonds shall be authorized and issued under, and shall be subject to the terms of, this Indenture and the Redevelopment Law. The Series 2015A Bonds shall be designated the “Successor Agency to the San Marcos Redevelopment Agency Tax Allocation Refunding Bonds, Series 2015A” and the Series 2015B Bonds shall be designated the “Successor Agency to the San Marcos Redevelopment Agency Taxable Tax Allocation Refunding Bonds, Series 2015B”

Section 2.02. Terms of the Series 2015 Bonds. The Series 2015A Bonds shall be issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof, so long as no Series 2015A Bond shall have more than one maturity date. The Series 2015A Bonds shall mature on October 1 in each of the years and in the amounts, and shall bear interest (calculated on the basis of a 360 day year comprised of twelve 30-day months) at the rates, as follows:

Maturity Date (October 1)	Principal Amount	Interest Rate
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The Series 2015B Bonds shall be issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof, so long as no Series 2015B Bond shall have more than one maturity date. The Series 2015B Bonds shall mature on October 1 in each of the years and in the amounts, and shall bear interest (calculated on the basis of a 360 day year comprised of twelve 30-day months) at the rates, as follows:

Maturity Date (October 1)	Principal Amount	Interest Rate
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Interest on the Series 2015 Bonds shall 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 Series 2015 Bonds of the same series in the aggregate amount of \$1,000,000 or more who shall furnish written instructions to the Trustee before the applicable Record Date. Any such written instructions shall remain in effect until rescinded in writing by the Owner. Principal of and premium (if any) on any Series 2015 Bond shall be paid upon presentation and surrender thereof, at maturity or the prior redemption thereof, at the Office of the Trustee and shall be payable in lawful money of the United States of America.

Each Series 2015 Bond shall be dated as of the Closing Date and shall bear interest 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 shall bear interest from such Interest Payment Date, or (b) unless it is authenticated on or before _____, 2015, in which event it shall bear interest from the Closing Date; *provided, however*, that if, as of the date of authentication of any Series 2015 Bond, interest thereon is in default, such Series 2015 Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Section 2.03. Redemption of Series 2015 Bonds.

(a) Optional Redemption.

(i) *Series 2015A Bonds.* The Series 2015A Bonds maturing on or before October 1, 20__, are not subject to optional redemption prior to maturity. The Series 2015A Bonds maturing on and after October 1, 20__, are subject to redemption, at the option of the Successor Agency on any date on or after October 1, 20__, as a whole or in part, by such maturities as shall be determined by the Successor Agency, and by lot within a maturity, from any available source of funds, at a redemption price equal to the principal amount of the Series 2015A Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

(ii) *Series 2015B Bonds.* The Series 2015B Bonds maturing on or before October 1, 20__, are not subject to optional redemption prior to maturity. The Series 2015B Bonds maturing on and after October 1, 20__, are subject to redemption, at the option of the Successor Agency on any date on or after October 1, 20__, as a whole or in part, by such maturities as shall be determined by the Successor Agency, and by lot within a maturity, from any available source of funds, at a redemption price equal to the principal amount of the Series 2015B Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

The Successor Agency shall be required to give the Trustee written notice of its intention to redeem Series 2015 Bonds under this Section 2.03(a) at least 60 days prior to the date to be fixed for redemption or such later date as shall be permitted by the Trustee and the Successor Agency shall deposit all amounts required for any redemption pursuant to this Section 2.03(a) at least one Business Day prior to the date fixed for such redemption.

(b) Mandatory Sinking Account Redemption.

(i) The Series 2015A Bonds maturing on October 1, 20__, shall also be subject to redemption in whole, or in part by lot, on October 1 in each of the years as set forth in the following tables, from Sinking Account payments made by the Successor Agency pursuant to Section 4.03(c), at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium, or in lieu thereof shall be purchased pursuant to the succeeding paragraph of this subsection (b), in the aggregate respective principal amounts and on the respective dates as set forth in the following tables; *provided, however*, that if some but not all of such Series 2015A Bonds have been redeemed pursuant to subsection (a) above, the total amount of all future Sinking Account payments pursuant to this subsection (b) with respect to such Series 2015A Bonds shall be reduced by the aggregate principal amount of such Series 2015A Bonds so redeemed, to be allocated among such Sinking Account payments on a pro rata basis in integral multiples of \$5,000 as determined by the Successor Agency (written notice of which determination shall be given by the Successor Agency to the Trustee).

Series 2015A Term Bonds Maturing October 1, 20__

Sinking Account
Redemption Date
(October 1)

Principal Amount
To Be Redeemed

(maturity)

(ii) The Series 2015B Bonds maturing on October 1, 20__, shall also be subject to redemption in whole, or in part by lot, on October 1 in each of the years as set forth in the following tables, from Sinking Account payments made by the Successor Agency pursuant to Section 4.03(c), at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium, or in lieu thereof shall be purchased pursuant to the succeeding paragraph of this subsection (b), in the aggregate respective principal amounts and on the respective dates as set forth in the following tables; *provided, however*, that if some but not all of such Series 2015B Bonds have been redeemed pursuant to subsection (a) above, the total amount of all future Sinking Account payments pursuant to this subsection (b) with respect to such Series 2015B Bonds shall be reduced by the aggregate principal amount of such Series 2015B Bonds so redeemed, to be allocated among such Sinking Account payments on a pro rata basis in integral multiples of \$5,000 as determined by the Successor Agency (written notice of which determination shall be given by the Successor Agency to the Trustee).

Series 2015B Term Bonds Maturing October 1, 20__

Sinking Account
Redemption Date
(October 1)

Principal Amount
To Be Redeemed

(maturity)

In lieu of redemption of the Series 2015 Bonds pursuant to the preceding paragraph, amounts on deposit in the Debt Service Fund (to the extent not required to be transferred by the Trustee pursuant to Section 4.03 during the current Bond Year) may also be used and withdrawn at the direction of the Successor Agency at any time for the purchase of such Series 2015 Bonds at public or private sale as and when and at such prices (including brokerage and other charges and including accrued interest) as the Successor Agency may in its discretion determine. The par amount of any of such Series 2015 Bonds so purchased by the Successor Agency in any twelve-month period ending on July 1 in any year shall be credited towards and shall reduce the par amount of such Series 2015 Bonds required to be redeemed pursuant to this subsection (b) on the next succeeding October 1.

(c) Notice of Redemption, Rescission. Subject to Section 2.03(d), the Trustee on behalf and at the expense of the Successor Agency shall mail (by first class mail, postage prepaid) notice of any redemption, at least thirty (30) but not more than sixty (60) days prior to the redemption date, to (i) the Owners of any Series 2015 Bonds designated for redemption at their respective addresses appearing on the Registration Books, and (ii) the Securities Depositories and to one or more Information Services designated in a Request of the Successor Agency delivered to the Trustee (by any means acceptable to such depositories and services in substitution of first class mail); *provided, however*, that such mailing shall not be a condition precedent to such redemption and neither failure to receive any such notice nor any defect therein shall affect the validity of the proceedings for the redemption of such Series 2015 Bonds or the cessation of the accrual of interest thereon. Such notice shall state the redemption date and the redemption price, shall, if applicable, designate the CUSIP number of the Series 2015 Bonds to be redeemed, shall state the individual number of each Series 2015 Bond to be redeemed or state that all Series 2015 Bonds between two stated numbers (both inclusive) or shall state that all of the Series 2015 Bonds Outstanding of one or more maturities are to be redeemed, and shall require that such Series 2015 Bonds be then surrendered at the Office of the Trustee for redemption at the said redemption price, giving notice also that further interest on the Series 2015 Bonds to be redeemed will not accrue from and after the date fixed for redemption.

The Successor Agency shall have the right to rescind any optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. Any such notice of optional redemption shall be canceled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Series 2015 Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under this Indenture. The Successor Agency and the Trustee shall have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee shall mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent.

(d) Partial Redemption of Series 2015 Bonds. In the event only a portion of any Series 2015 Bond is called for redemption, then upon surrender thereof the Successor Agency shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Successor Agency, a new Series 2015 Bond or Bonds of the same interest rate and maturity, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Series 2015 Bond to be redeemed.

(e) Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the principal of and interest (and premium, if any) on the Series 2015 Bonds so called for redemption shall have been duly deposited with the Trustee, such Series 2015 Bonds so called shall cease to be entitled to any benefit under this Indenture other than the right to receive payment of the redemption price and accrued interest to the redemption date, and no interest shall accrue thereon from and after the redemption date specified in such notice.

(f) Manner of Redemption. Whenever provision is made in this Indenture for the redemption of less than all of the maturity of the Series 2015 Bonds, the Trustee shall select the Series 2015 Bonds of such maturity to be redeemed by lot in any manner which the Trustee in its sole discretion shall deem appropriate and fair. For purposes of such selection, all Series

2015 Bonds shall be deemed to be comprised of separate \$5,000 denominations and such separate denominations shall be treated as separate Series 2015 Bonds that may be separately redeemed.

Section 2.04. Form of Series 2015 Bonds. The Series 2015A Bonds, the form of Trustee's certificate of authentication, and the form of assignment to appear thereon, shall be substantially in the respective forms set forth in Exhibit A attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Indenture.

The Series 2015B Bonds, the form of Trustee's certificate of authentication, and the form of assignment to appear thereon, shall be substantially in the respective forms set forth in Exhibit B attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Indenture.

Section 2.05. Authentication and Delivery of Series 2015 Bonds. The Series 2015 Bonds shall be executed on behalf of the Successor Agency by the signature of its Chairman, Executive Director or Treasurer and the signature of its Secretary who are in office on the date of execution and delivery of this Indenture or at any time thereafter. Either or both of such signatures may be made manually or may be affixed by facsimile thereof. If any officer whose signature appears on any Series 2015 Bond ceases to be such officer before the Closing Date, such signature shall nevertheless be as effective as if the officer had remained in office until the Closing Date. Any Series 2015 Bond may be signed and attested on behalf of the Successor Agency by such persons as at the actual date of the execution of such Series 2015 Bond shall be the proper officers of the Successor Agency, duly authorized to execute debt instruments on behalf of the Successor Agency, although on the date of such Series 2015 Bond any such person shall not have been such officer of the Successor Agency.

Only such of the Series 2015 Bonds as shall bear thereon a certificate of authentication in the form set forth in Exhibit A or Exhibit B, manually executed and dated by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such certificate of the Trustee shall be conclusive evidence that such Series 2015 Bonds have been duly authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

Section 2.06. Transfer of Series 2015 Bonds. Subject to the limitations set forth below, any Series 2015 Bond may, in accordance with its terms, be transferred on the Registration Books by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Series 2015 Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form approved by the Trustee. Transfer of any Series 2015 Bond shall not be permitted by the Trustee during the fifteen (15) day period preceding the selection of Series 2015 Bonds for redemption or if such Series 2015 Bond has been selected for redemption pursuant to Article IV. Whenever any Series 2015 Bonds shall be surrendered for transfer, the Successor Agency shall execute and the Trustee shall authenticate and shall deliver a new Series 2015 Bond for a like aggregate principal amount and of like series and maturity. The Trustee may require the Series 2015 Bond Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to

such transfer. The cost of printing Series 2015 Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer shall be paid by the Successor Agency.

Section 2.07. Exchange of Series 2015 Bonds. Any Series 2015 Bond may be exchanged at the Office of the Trustee for a like aggregate principal amount of Series 2015 Bonds of other authorized denominations and of like series and maturity. Exchange of any Series 2015 Bond shall not be permitted during the fifteen (15) day period preceding the selection of Series 2015 Bonds for redemption or if such Series 2015 Bond has been selected for redemption pursuant to Article IV. The Trustee may require the Series 2015 Bond Owner requesting such exchange to pay any tax or other governmental charge required to be paid with respect to such exchange. The cost of printing Series 2015 Bonds and any services rendered or expenses incurred by the Trustee in connection with any exchange shall be paid by the Successor Agency.

Section 2.08. Registration Books. The Trustee will keep or cause to be kept, at its Office, sufficient records for the registration and registration of transfer of the Series 2015 Bonds, which shall at all times during normal business hours, and upon reasonable notice, be open to inspection by the Successor Agency; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on the Registration Books, Series 2015 Bonds as hereinbefore provided.

Section 2.09. Temporary Bonds. The Series 2015 Bonds may be initially issued in temporary form exchangeable for definitive Series 2015 Bonds when ready for delivery. The temporary Series 2015 Bonds may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Successor Agency, and may contain such reference to any of the provisions of this Indenture as may be appropriate. Every temporary Series 2015 Bond shall be executed by the Successor Agency upon the same conditions and in substantially the same manner as the definitive Series 2015 Bonds. If the Successor Agency issues temporary Series 2015 Bonds it will execute and furnish definitive Series 2015 Bonds without delay, and thereupon the temporary Series 2015 Bonds shall be surrendered, for cancellation, in exchange therefor at the Office of the Trustee, and the Trustee shall deliver in exchange for such temporary Series 2015 Bonds an equal aggregate principal amount of definitive Series 2015 Bonds of authorized denominations. Until so exchanged, the temporary Series 2015 Bonds shall be entitled to the same benefits pursuant to this Indenture as definitive Series 2015 Bonds authenticated and delivered hereunder.

Section 2.10. Series 2015 Bonds Mutilated, Lost, Destroyed or Stolen. If any Series 2015 Bond shall become mutilated, the Successor Agency, at the expense of the Owner of such Series 2015 Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Series 2015 Bond of like series and tenor in exchange and substitution for the Series 2015 Bond so mutilated, but only upon surrender to the Trustee of the Series 2015 Bond so mutilated. Every mutilated Series 2015 Bond so surrendered to the Trustee shall be canceled by it and delivered to, or upon the order of, the Successor Agency. If any Series 2015 Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence be satisfactory and indemnity satisfactory to the Trustee shall be given, the Successor Agency, at the expense of the Owner, shall execute, and the Trustee shall thereupon authenticate

and deliver, a new Series 2015 Bond of like series and tenor in lieu of and in substitution for the Series 2015 Bond so lost, destroyed or stolen. The Trustee may require payment of a sum not exceeding the actual cost of preparing each new Series 2015 Bond issued under this Section and of the expenses which may be incurred by the Trustee in connection therewith. Any Series 2015 Bond issued under the provisions of this Section in lieu of any Series 2015 Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Successor Agency whether or not the Series 2015 Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Indenture with all other Series 2015 Bonds issued pursuant to this Indenture.

Notwithstanding any other provision of this Section 2.10, in lieu of delivering a new Series 2015 Bond for which principal has become due for a Series 2015 Bond which has been mutilated, lost, destroyed or stolen, the Trustee may make payment of such Series 2015 Bond in accordance with its terms upon receipt of indemnity satisfactory to the Trustee.

Section 2.11. Book Entry Form.

(a) Original Delivery to DTC. The Series 2015 Bonds shall be initially delivered to DTC in the form of a separate single fully registered bond (which may be typewritten) for each maturity of the Series 2015 Bonds. Upon initial delivery, the ownership of each such Series 2015 Bond shall be registered on the Registration Books in the name of the Nominee. Except as provided in subsection (c), the ownership of all of the Outstanding Series 2015 Bonds shall be registered in the name of the Nominee on the Registration Books.

With respect to Series 2015 Bonds the ownership of which shall be registered in the name of the Nominee, the Successor Agency and the Trustee shall have no responsibility or obligation to any Depository System Participant or to any person on behalf of which the Successor Agency holds an interest in the Series 2015 Bonds. Without limiting the generality of the immediately preceding sentence, the Successor Agency and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee or any Depository System Participant with respect to any ownership interest in the Series 2015 Bonds, (ii) the delivery to any Depository System Participant or any other person, other than a Series 2015 Bond Owner as shown in the Registration Books, of any notice with respect to the Series 2015 Bonds, including any notice of redemption, (iii) the selection by the Depository of the beneficial interests in the Series 2015 Bonds to be redeemed in the event the Successor Agency elects to redeem the Series 2015 Bonds in part, (iv) the payment to any Depository System Participant or any other person, other than a Series 2015 Bond Owner as shown in the Registration Books, of any amount with respect to principal, premium, if any, or interest on the Series 2015 Bonds or (v) any consent given or other action taken by the Depository as Owner of the Series 2015 Bonds. The Successor Agency and the Trustee may treat and consider the person in whose name each Series 2015 Bond is registered as the absolute owner of such Series 2015 Bond for the purpose of payment of principal of and premium, if any, and interest on such Series 2015 Bond, for the purpose of giving notices of redemption and other matters with respect to such Series 2015 Bond, for the purpose of registering transfers of ownership of such Series 2015 Bond, and for all other purposes whatsoever. The Trustee shall pay the principal of and the interest and premium, if any, on the Series 2015 Bonds only to the respective Owners or their respective attorneys duly authorized in writing, and all such payments shall be valid and

effective to fully satisfy and discharge all obligations with respect to payment of principal of and interest and premium, if any, on the Series 2015 Bonds to the extent of the sum or sums so paid. No person other than a Series 2015 Bond Owner shall receive a Series 2015 Bond evidencing the obligation of the Successor Agency to make payments of principal, interest and premium, if any, pursuant to this Indenture. Upon delivery by the Depository to the Nominee of written notice to the effect that the Depository has determined to substitute a new Nominee in its place, and subject to the provisions herein with respect to Record Dates, such new nominee shall become the Nominee hereunder for all purposes; and upon receipt of such a notice the Successor Agency shall promptly deliver a copy of the same to the Trustee.

(b) Representation Letter. In order to qualify the Series 2015 Bonds for the Depository's book-entry system, the Successor Agency shall execute and deliver to such Depository a letter representing such matters as shall be necessary to so qualify the Series 2015 Bonds. The execution and delivery of such letter shall not in any way limit the provisions of subsection (a) above or in any other way impose upon the Successor Agency or the Trustee any obligation whatsoever with respect to persons having interests in the Series 2015 Bonds other than the Series 2015 Bond Owners. Upon the written acceptance by the Trustee, the Trustee shall agree to take all action reasonably necessary for all representations of the Trustee in such letter with respect to the Trustee to at all times be complied with. In addition to the execution and delivery of such letter, the Successor Agency may take any other actions, not inconsistent with this Indenture, to qualify the Series 2015 Bonds for the Depository's book-entry program.

(c) Transfers Outside Book-Entry System. In the event that either (i) the Depository determines not to continue to act as Depository for the Series 2015 Bonds, or (ii) the Successor Agency determines to terminate the Depository as such, then the Successor Agency shall thereupon discontinue the book-entry system with such Depository. In such event, the Depository shall cooperate with the Successor Agency and the Trustee in the issuance of replacement Series 2015 Bonds by providing the Trustee with a list showing the interests of the Depository System Participants in the Series 2015 Bonds, and by surrendering the Series 2015 Bonds, registered in the name of the Nominee, to the Trustee on or before the date such replacement Series 2015 Bonds are to be issued. The Depository, by accepting delivery of the Series 2015 Bonds, agrees to be bound by the provisions of this subsection (c). If, prior to the termination of the Depository acting as such, the Successor Agency fails to identify another Securities Depository to replace the Depository, then the Series 2015 Bonds shall no longer be required to be registered in the Registration Books in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging Series 2015 Bonds shall designate, in accordance with the provisions hereof.

In the event the Successor Agency determines that it is in the best interests of the beneficial owners of the Series 2015 Bonds that they be able to obtain certificated Series 2015 Bonds, the Successor Agency may notify the Depository System Participants of the availability of such certificated Series 2015 Bonds through the Depository. In such event, the Trustee will issue, transfer and exchange Series 2015 Bonds as required by the Depository and others in appropriate amounts; and whenever the Depository requests, the Trustee and the Successor Agency shall cooperate with the Depository in taking appropriate action (i) to make available one or more separate certificates evidencing the Series 2015 Bonds to any Depository System Participant having Series 2015 Bonds credited to its account with the Depository, or (ii) to

arrange for another Securities Depository to maintain custody of a single certificate evidencing such Series 2015 Bonds, all at the Successor Agency's expense.

(d) Payments to the Nominee. Notwithstanding any other provision of this Indenture to the contrary, so long as any Series 2015 Bond is registered in the name of the Nominee, all payments with respect to principal of and interest and premium, if any, on such Series 2015 Bond and all notices with respect to such Series 2015 Bond shall be made and given, respectively, as provided in the letter described in subsection (b) of this Section or as otherwise instructed by the Depository.

ARTICLE III

DEPOSIT AND APPLICATION OF PROCEEDS OF SERIES 2015 BONDS ISSUANCE OF PARITY DEBT

Section 3.01. Issuance of Series 2015 Bonds. Upon the execution and delivery of this Indenture, the Successor Agency shall execute and deliver the Series 2015A Bonds in the aggregate principal amount of \$_____ and the Series 2015B Bonds in the aggregate principal amount of \$_____ to the Trustee, and the Trustee shall authenticate and deliver the Series 2015A Bonds and the Series 2015B Bonds to the Original Purchaser upon receipt of a Request of the Successor Agency therefor.

Section 3.02. Deposit and Application of Proceeds.

(i) *Series 2015A Bonds.* On the Closing Date, the Original Purchaser shall purchase the Series 2015A Bonds for a purchase price of \$_____ (being the initial aggregate principal amount of the Series 2015A Bonds of \$_____ [plus/less] original issue premium or discount of \$_____, less Original Purchasers' discount of \$_____ [and less premium on the Series 2015A Bonds Insurance Policy in the amount of \$_____ and less premium on the Surety Bonds in the amount of \$_____ paid to the Insurer by the Original Purchaser]. Trustee who shall forthwith set aside, pay over and deposit such proceeds as follows (provided that the details of the receipt and deposit of such proceeds shall be set forth in a closing instruction from the Agency to the Trustee):

(a) Transfer the amount of \$_____ to the Series _____ Escrow Bank for deposit in the Escrow Fund established pursuant to the Series _____ Bonds Escrow Agreement;

(b) Transfer the amount of \$_____ to the Series _____ Bonds Escrow Bank for deposit in the Escrow Fund established pursuant to the Series _____ Bonds Escrow Agreement;

(c) Deposit the amount of \$_____ in the Reserve Account which is equal to the initial Reserve Requirement related to the Series 2015A Bonds; and

(d) Deposit the amount of \$_____ in the Costs of Issuance Fund.

The Trustee may establish one or more temporary funds or accounts to facilitate such deposits and transfers.

(i) *Series 2015B Bonds.* On the Closing Date, the Original Purchaser shall purchase the Series 2015B Bonds for a purchase price of \$_____ (being the initial aggregate principal amount of the Series 2015B Bonds of \$_____ [plus/less] original issue premium or discount of \$_____, less Original Purchasers' discount of \$_____ [and less premium on the Series 2015B Bonds Insurance Policy in the amount of \$_____ and less premium on the Surety Bonds in the amount of \$_____ paid to the Insurer by the Original Purchaser]. Trustee who shall forthwith set aside, pay over and deposit

such proceeds as follows (provided that the details of the receipt and deposit of such proceeds shall be set forth in a closing instruction from the Agency to the Trustee):

(a) Transfer the amount of \$_____ to the Series _____ Bonds Escrow Bank for deposit in the Escrow Fund established pursuant to the Series _____ Bonds Escrow Agreement;

(b) Transfer the amount of \$_____ to the Series _____ Bonds Escrow Bank for deposit in the Escrow Fund established pursuant to the Series _____ Bonds Escrow Agreement;

(c) Deposit the amount of \$_____ in the Reserve Account which is equal to the initial Reserve Requirement related to the Series 2015B Bonds; and

(d) Deposit the amount of \$_____ in the Costs of Issuance Fund.

The Trustee may establish one or more temporary funds or accounts to facilitate such deposits and transfers.

Section 3.03. Costs of Issuance Fund. There is hereby established a separate fund to be known as the “Costs of Issuance Fund,” which shall be held by the Trustee in trust. The moneys in the Costs of Issuance Fund shall be used and withdrawn by the Trustee from time to time to pay the Costs of Issuance upon submission of a Written Request of the Successor Agency stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against said fund. On the date six months following the Closing Date, or upon the earlier Written Request of the Successor Agency stating that all known Costs of Issuance have been paid, all amounts, if any, remaining in the Costs of Issuance Fund shall be withdrawn therefrom by the Trustee and transferred to the Debt Service Fund and the Costs of Issuance Fund shall be closed.

Section 3.04. Issuance of Parity Debt. In addition to the Series 2015 Bonds, the Successor Agency may issue or incur additional Parity Debt in such principal amount as shall be determined by the Successor Agency. The Successor Agency may issue and deliver any Parity Debt subject to the following specific conditions that are hereby made conditions precedent to the issuance and delivery of such Parity Debt issued under this Section:

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

(b) The Pledged Tax Revenues for each succeeding Fiscal Year based on the most recent assessed valuation of property in the Project Areas as evidenced in written documentation from an appropriate official of the County or a written report of an Independent Redevelopment Consultant plus any Additional Revenues shall be at least equal to one hundred [twenty-five percent (125%)] of Annual Debt Service on the Series 2015 Bonds and Parity Debt which will be outstanding immediately following the issuance of such Parity Debt for each applicable succeeding Bond Year. Notwithstanding the foregoing, the Successor Agency may issue and sell bonds solely for the purpose of refunding the Housing Bonds, the Series 2015A Bonds, the 2015B or the Series 2015 Bonds as a whole payable from Pledged Tax Revenues on a

parity with Series 2015 Bonds and any outstanding Parity Debt, if (a) annual debt service on such refunding bonds is lower than annual debt service on the bonds or other indebtedness being refunded during every year the Bonds, the Housing Bonds or Parity Debt, as applicable, will be Outstanding and (b) the final maturity of any such refunding bonds does not exceed the final maturity of the Bonds, the Housing Bonds or Parity Debt being refunded, as applicable;

(c) The Successor Agency shall certify that the aggregate principal of and interest on the Series 2015 Bonds, the Housing Bonds, the Pre-Existing Agreements and any Parity Debt (including the Parity Debt to be incurred) and Subordinate Debt coming due and payable will not exceed the maximum amount of Pledged Tax Revenues permitted under any Plan Limits to be allocated and paid to the Successor Agency with respect to the Project Areas after the issuance of such Parity Debt;]

(d) The Successor Agency shall fund a reserve account relating to such Parity Debt in an amount equal to the Reserve Requirement.

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

Section 3.05. Issuance of Subordinate Debt. The Successor Agency may issue or incur Subordinate Debt in such principal amount as shall be determined by the Successor Agency. Such Subordinate Debt may be payable from any assets or property of the Successor Agency, including Pledged Tax Revenues on a subordinate basis to the payment of debt service on the Series 2015 Bonds and any Parity Debt.

Section 3.06. Validity of Bonds. The validity of the authorization and issuance of the Bonds shall not be dependent upon the completion of the Redevelopment Projects or upon the performance by any person of its obligation with respect to the Redevelopment Projects.

Section 3.07. Successor Agency Project Fund. There is hereby established a fund to be held by the Trustee known as the “Successor Agency Project Fund” and within the Successor Agency Project Fund the “Project Area 2 Account” and the “Project Area 3 Account.” The moneys set aside and placed in such accounts shall remain therein until from time to time expended solely for the purpose of financing the costs of capital improvements and other costs, all as authorized pursuant to the Redevelopment Law.

On the Closing Date the Trustee is directed to receive and deposit the following:

(a) the amount of _____ from the Series 2005C Trustee for deposit in the Project Area 2 Account of the Redevelopment Fund;

(b) the amount of _____ from the Series 2006A Trustee for deposit in the Project Area 3 Account of the Redevelopment Fund.

Upon receipt of a payment request in a form satisfactory to the Trustee and executed by Authorized Representative of the Successor Agency in payment of or reimbursement of the payments of costs that are certified in such payment request to be properly chargeable to the

applicable account of the Redevelopment Fund, the Trustee shall disburse moneys from such account in the amount(s) and directly to the person(s) or entity(ies) specified in such payment request. The Trustee may rely on a Payment Request executed by an Authorized Representative of the Successor Agency as complete authorization for the payment(s) specified therein.

If any moneys remain on deposit in either account of the Redevelopment Fund after the full accomplishment of the object and purposes for which such moneys may be expended pursuant to the Redevelopment Law as evidenced by a written certificate executed by an Authorized Representative of the Successor Agency, such funds shall be transferred by the Trustee as directed in such certificate to the Debt Service Fund and such moneys will, as directed in such certificate, be utilized to pay scheduled debt service on the Series 2015B Bonds, to optionally redeem Series 2015B Bonds pursuant to Section 2.03(a) hereto or to defease Series 2015B Bonds pursuant to 9.03 hereto.

ARTICLE IV
SECURITY OF BONDS; FLOW OF FUNDS
INVESTMENTS

Section 4.01. Pledge of Pledged Tax Revenues. Except as provided in Section 6.06, the Series 2015 Bonds and all Parity Debt, shall be secured by a pledge of, security interest in and lien on all of the Pledged Tax Revenues. In addition, the Series 2015 Bonds, and any other Parity Debt, shall, subject to Section 8.02, be secured by a first and exclusive 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, the Redemption Account and the Reserve Account. Such pledge, security interest in and lien shall 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 Successor Agency are pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium (if any) on the Bonds.

In consideration of the acceptance of the Series 2015 Bonds by those who shall hold the same from time to time, this Indenture shall be deemed to be and shall constitute a contract between the Successor Agency and the Owners from time to time of the Series 2015 Bonds, and the covenants and agreements herein set forth to be performed on behalf of the Successor Agency shall be for the equal and proportionate benefit, security and protection of all Owners of the Series 2015 Bonds without preference, priority or distinction as to security or otherwise of any of the Series 2015 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 or herein.

Section 4.02. Redevelopment Obligation Retirement Fund; Deposit of Pledged Tax Revenues. There has been established a special trust fund known as the “Redevelopment Obligation Retirement Fund,” which shall be held by the Successor Agency pursuant to Section 34170.5(b) of the California Health and Safety Code. There is hereby established a special trust fund known as the “Debt Service Fund” and the accounts therein referred to below which shall be held by the Trustee in accordance with this Indenture.

The Successor Agency shall take all actions required under the Dissolution Act to include each ROPS to be submitted after the effective date of this Indenture, so to enable the County Auditor-Controller to distribute from the RPTTF to the Successor Agency, for deposit into the Redevelopment Obligation Retirement Fund on each RPTTF disbursement date, the following amounts: (i) the interest payment coming due with respect to the Outstanding Bonds during such ROPS Period, (ii) for ROPS which covers payment from January through June of any calendar year, at least one-half of the principal amount coming due with respect to the Bonds on October 1st of such calendar year (the “Principal Reserve”), (iii) for ROPS which covers payments from July through December of any calendar year, an amount equal to the principal amount coming due on October 1st of such calendar year, less the Principal Reserve already received in connection with the immediately prior ROPS and deposited with the Trustee, and (iv) any amount required under this Indenture to replenish the Reserve Account, if required pursuant to

Section 4.03(d) of this Indenture (and any provision amendatory thereto as set forth in supplement indentures).

The Successor Agency shall 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 from the RPTTF in accordance with the Dissolution Act for the purpose of paying debt service on the Series 2015 Bonds and any Parity Debt in the Redevelopment Obligation Retirement Fund immediately upon receipt thereof by the Successor Agency, and promptly thereafter shall transfer amounts therein to the Trustee for deposit in the Debt Service Fund established and held under this Indenture until such time that the aggregate amounts on deposit in such Debt Service Fund equal the aggregate amounts required to be deposited into the Interest Account, the Principal Account and the Reserve Account in the each six month period of such Bond Year pursuant to Section 4.03 of this Indenture and for deposit in each such six month period of each Bond Year in the funds and accounts established with respect to Parity Bonds, as provided in any Supplemental Indenture.

Section 4.03. Debt Service Fund; Transfer of Amounts to Trustee. Moneys in the Debt Service Fund shall be transferred in the following amounts at the following times, in the following respective special accounts within the Debt Service Fund, which accounts are hereby established with the Trustee to pay debt service on the Series 2015 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 (4th) Business Day preceding each date on which interest on the Series 2015 Bonds and any such Parity Debt becomes due and payable, the Trustee shall 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 Series 2015 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 Series 2015 Bonds and any such Parity Debt. All moneys in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it shall become due and payable (including accrued interest on any Series 2015 Bonds and any such Parity Debt purchased or redeemed prior to maturity pursuant to this Indenture).

(b) Principal Account. On or before the fourth (4th) Business Day preceding each date on which principal of the Series 2015 Bonds and any such Parity Debt becomes due and payable at maturity, the Trustee shall 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 Series 2015 Bonds and any such Parity Debt. All moneys in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Series 2015 Bonds and any such Parity Debt upon the maturity thereof.

(c) Sinking Account. On or before the fourth (4th) Business Day preceding each date on which any Outstanding Series 2015 Term Bonds become subject to mandatory Sinking Account redemption, the Successor Agency shall 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 Series 2015 Term Bonds required subject to mandatory Sinking Account redemption on such date. All moneys on deposit in the Sinking Account shall be used and withdrawn by the Trustee for the sole purpose of paying the principal of the Series 2015 Term Bonds as it shall become due and payable upon the mandatory Sinking Account redemption thereof.

(d) Reserve Account. In the event that the amount on deposit in the Reserve Account at any time becomes less than the Reserve Requirement, the Trustee shall promptly notify the Successor Agency of such fact. Promptly upon receipt of any such notice, the Successor Agency shall transfer to the Trustee an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account. If there shall then not be sufficient Pledged Tax Revenues on deposit in the Redevelopment Obligation Retirement Fund to transfer an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account, the Successor Agency shall be obligated to continue making transfers as Pledged Tax Revenues become available in the Redevelopment Obligation Retirement Fund until there is an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account. No such transfer and deposit need be made to the Reserve Account so long as there shall be on deposit therein a sum at least equal to the Reserve Requirement. All money in the Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of making transfers to the Interest Account, the Principal Account and the Sinking Account in such order of priority, in the event of any deficiency at any time in any of such accounts or for the retirement of all the Bonds then Outstanding, except that so long as the Successor Agency is not in default hereunder, any amount in the Reserve Account in excess of the Reserve Requirement shall be withdrawn from the Reserve Account semiannually on or before four (4) Business Days preceding each April 1 and October 1 by the Trustee and deposited in the Interest Account. All amounts in the Reserve Account on the Business Day preceding the final Interest Payment Date shall be withdrawn from the Reserve Account and shall be transferred either (i) to the Interest Account and the Principal Account, in such order, to the extent required to make the deposits then required to be made pursuant to this Section 4.03 or, (ii) if the Successor Agency shall have caused to be transferred to the Trustee an amount sufficient to make the deposits required by this Section 4.03, then, at the Written Request of the Successor Agency, such amount shall be transferred as directed by the Successor Agency.

The Successor Agency shall have the right at any time to direct the Trustee to release funds from the Reserve Account, in whole or in part, by tendering to the Trustee: (i) a Qualified Reserve Account Credit Instrument, and (ii) an opinion of Bond Counsel stating that neither the release of such Funds nor the acceptance of such Qualified Reserve Account Credit Instrument will cause interest on the Series 2015 Bonds to become includable in gross income for purposes of federal income taxation. Upon tender of such items to the Trustee, and upon delivery by the Successor Agency to the Trustee of written calculation of the amount permitted to be released from the Reserve Account (upon which calculation the Trustee may conclusively rely), the Trustee shall transfer such funds from the Reserve Account to the Successor Agency to be applied in accordance with the Redevelopment Law. The Trustee shall comply with all documentation relating to a Qualified Reserve Account Credit Instrument as shall reasonably be required to maintain such Qualified Reserve Account Credit Instrument in full force and effect

and as shall reasonably be required to receive payments thereunder in the event and to the extent required to make any payment when and as required under this subsection (d). Upon the expiration of any Qualified Reserve Account Credit Instrument, the Successor Agency shall be obligated either (i) to replace such Qualified Reserve Account Credit Instrument with a new Qualified Reserve Account Credit Instrument, or (ii) to deposit or cause to be deposited with the Trustee an amount of funds equal to the Reserve Requirement, to be derived from the first available Pledged Tax Revenues.

The Reserve Account may be maintained in the form of one or more separate sub-accounts 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 Bonds and any Parity Debt in conformity with applicable provisions of the Code to the extent directed by the Successor Agency in writing to the Trustee. Additionally, the Successor 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.

(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 Series 2015 Term Bonds, the Trustee shall 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 Series 2015 Bonds or other Parity Debt to be so redeemed on such date. The Trustee shall also deposit in the Redemption Account any other amounts received by it from the Successor Agency designated by the Successor Agency in writing to be deposited in the Redemption Account. All moneys in the Redemption Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of and premium, if any, on the Series 2015 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 Successor Agency that the Series 2015 Bonds and Parity Debt shall be secured by and payable from all moneys deposited in the Redevelopment Obligation Retirement Fund on an equal basis but subordinate the Housing Bonds. To the extent that moneys deposited in the Redevelopment Obligation Retirement Fund are insufficient to pay debt service on the Series 2015 Bonds and Parity Debt as it becomes due, the Series 2015 Bonds and Parity Debt shall be payable on a pro-rata basis from all available moneys deposited in the Redevelopment Obligation Retirement Fund. [Additionally, any moneys which remain in the Debt Service Fund after payment of principal of and interest on the Bonds shall be used to pay the Insurer for any other unpaid advances under the Insurance Policies or the Surety Bonds.]

In the event that the Successor Agency fails to make the deposits required pursuant to (a), (b) or (c) above, the Trustee shall immediately notify the Successor Agency.

Section 4.04. Investment of Moneys in Funds. Moneys in the Debt Service Fund, the Interest Account, the Principal Account, the Sinking Account, the Reserve Account and the Redemption Account shall be invested by the Trustee in Permitted Investments specified in the Request of the Successor Agency (which Request shall be deemed to include a certification that

the specified investment is a Permitted Investment) delivered to the Trustee at least two (2) Business Days in advance of the making of such investments; *provided, however*, that in the absence of any such direction from the Successor Agency, the Trustee shall invest any such moneys solely in Permitted Investments described in clause (f) of the definition thereof. Moneys in the Redevelopment Obligation Retirement Fund shall be invested by the Successor Agency in any obligations in which the Successor Agency is legally authorized to invest funds within its control.

Obligations purchased as an investment of moneys in any fund or account shall be deemed to be part of such fund or account. Whenever in this Indenture any moneys are required to be transferred by the Successor Agency to the Trustee, such transfer may be accomplished by transferring a like amount of Permitted Investments. All interest or gain derived from the investment of amounts in any of the funds or accounts held by the Trustee hereunder shall be deposited in the Interest Account; *provided, however*, that all interest or gain from the investment of amounts in the Reserve Account shall be deposited by the Trustee in the Interest Account to the extent not required to cause the balance in the Reserve Account to equal the Reserve Requirement. No Permitted Investment of moneys in the Reserve Account shall have a maturity in excess of five (5) years following the date of its acquisition. For purposes of acquiring any investments hereunder, the Trustee may commingle funds held by it hereunder upon receipt by the Trustee of the Request of the Successor Agency. The Trustee may act as principal or agent in the acquisition or disposition of any investment, may utilize the investment departments of its affiliates to complete each transaction and may impose its customary charges therefor. The Trustee shall incur no liability for losses arising from any investments made pursuant to this Section. The Successor Agency acknowledges that to the extent that regulations of the Comptroller of the Currency or other applicable regulatory agency grant the Successor Agency the right to receive brokerage confirmations of security transactions as they occur, the Successor Agency specifically waives receipt of such confirmations to the extent permitted by law. The Trustee shall furnish to the Successor Agency periodic statements which include detail of all investment transactions made by the Trustee.

Section 4.05. Valuation and Disposition of Investments.

(a) Except as otherwise provided in subsection (b) of this Section, the Successor Agency covenants that all investments of amounts deposited in any fund or account created by or pursuant to this Indenture, or otherwise containing gross proceeds of the Bonds (within the meaning of Section 148 of the Tax Code) shall be acquired, disposed of and valued (as of the date that valuation is required by this Indenture or the Tax Code) at Fair Market Value. The Trustee shall have no duty in connection with the determination of Fair Market Value other than to follow the investment directions of the Successor Agency in any Certificate or Request of the Successor Agency.

(b) Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Tax Code and investments in the Reserve Account shall be valued at cost thereof, (consisting of present value thereof, as determined by the Successor Agency, within the meaning of Section 148 of the Tax Code); *provided* that the Successor Agency shall inform the Trustee which funds are subject to a yield restriction.

(c) Except as provided in the proceeding subsection (b), with respect to a yield restriction, for the purpose of determining the amount in any fund, the value of Permitted Investments credited to such fund shall be valued by the Trustee at least annually at the market value thereof. For purposes of valuation, the Trustee shall be entitled to utilize any pricing services it considers reliable. The Trustee may sell in any commercially reasonable manner, or present for redemption, any Permitted Investment so purchased by the Trustee whenever it shall be necessary in order to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund to which such Permitted Investment is credited, and the Trustee shall not be liable or responsible for any loss resulting from sale or redemption of any such Permitted Investment.

Section 4.06. Municipal Bond Insurance; Surety Bonds. [To come if commitment to provide municipal bond insurance and surety bonds is received and accepted.]

ARTICLE V

OTHER COVENANTS OF THE SUCCESSOR AGENCY

Section 5.01. Punctual Payment. The Successor Agency shall punctually pay or cause to be paid the principal, premium (if any) and interest to become due in respect of all the Series 2015 Bonds and Parity Debt in strict conformity with the terms of the Series 2015 Bonds and of this Indenture. The Successor Agency shall faithfully observe and perform all of the conditions, covenants and requirements of this Indenture and all Supplemental Indentures. Nothing herein contained shall prevent the Successor Agency from making advances of its own moneys howsoever derived to any of the uses or purposes referred to herein.

Section 5.02. Continuing DisclosureThe Successor Agency hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate, if any, executed and delivered by the Successor Agency. Notwithstanding any other provision hereof, failure of the Successor Agency to comply with such Continuing Disclosure Certificate shall not constitute an Event of Default hereunder; provided, however, that any Participating Underwriter (as such term is defined in such Continuing Disclosure Certificate) or any Owner or beneficial owner of the Series 2015 Bonds may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Successor Agency to comply with its obligations under this Section 5.02.

Section 5.03. Limitation on Additional Indebtedness. The Successor Agency hereby covenants that so long as any of the Series 2015 Bonds remain Outstanding, the Successor Agency shall 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 Series 2015 Bonds. The Successor Agency hereby covenants that it shall not issue any bonds, notes or other obligations, enter into any agreement or otherwise incur any indebtedness, which is in any case payable from all or any part of the Pledged Tax Revenues, excepting only the Series 2015 Bonds and Parity Debt, any Subordinate Debt and any obligations entered into pursuant to Section 5.10.

Section 5.04. Extension of Payment of Series 2015 Bonds. The Successor Agency shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase of such Bonds or by any other arrangement, and in case the maturity of any of the Bonds or the time of payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default hereunder, to the benefits of this Indenture, except subject to the prior payment in full of the principal of all of the Outstanding Bonds and of all claims for interest thereon which shall not have been so extended. Nothing in this Section shall be deemed to limit the right of the Successor Agency to issue bonds for the purpose of refunding any Outstanding Bonds, and such issuance shall not be deemed to constitute an extension of maturity of the Bonds.

Section 5.05. Payment of Claims. The Successor Agency shall pay and discharge, or cause to be paid and discharged, any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the properties owned by the Successor Agency or upon the Pledged Tax Revenues or any part thereof, or upon any funds held by the Trustee

pursuant hereto, or which might impair the security of the Bonds or any Parity Debt. Nothing herein contained shall require the Successor Agency to make any such payment so long as the Successor Agency in good faith shall contest the validity of said claims.

Section 5.06. Books and Accounts; Financial Statements. The Successor Agency shall keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Successor Agency and the County, in which complete and correct entries shall be made of all transactions relating to the Redevelopment Projects, the Pledged Tax Revenues and the Redevelopment Obligation Retirement Fund. Such books of record and accounts shall at all times during business hours be subject to the inspection of the Owners of not less than ten percent (10%) in aggregate principal amount of the Bonds then Outstanding, or their representatives authorized in writing.

The Successor Agency will cause to be prepared and delivered to the Trustee annually, within one hundred and eighty (180) days after the close of each Fiscal Year so long as any of the Bonds are Outstanding, complete audited financial statements with respect to such Fiscal Year showing the Pledged Tax Revenues, all disbursements from the Redevelopment Obligation Retirement Fund and the financial condition of the Redevelopment Projects, including the balances in all funds and accounts relating to the Redevelopment Projects, as of the end of such Fiscal Year. In accordance with Section 6.03(e), the Trustee shall not be responsible for reviewing such financial statements. The Successor Agency shall furnish a copy of such statements to any Owner upon reasonable request and at the expense of such Owner. In addition, the Successor Agency shall deliver the Successor Agency's annual budget to any Owner upon the written request of such Owner.

Section 5.07. Protection of Security and Rights of Owners. The Successor Agency will preserve and protect the security of the Bonds and the rights of the Owners. From and after the date of issuance of any Bonds, such Bonds shall be incontestable by the Successor Agency.

Section 5.08. Payments of Taxes and Other Charges. The Successor Agency will pay and discharge, or cause to be paid and discharged, all taxes, service charges, assessments and other governmental charges which may hereafter be lawfully imposed upon the Successor Agency or the properties then owned by the Successor Agency in the Project Area, when the same shall become due. Nothing herein contained shall require the Successor Agency to make any such payment so long as the Successor Agency in good faith shall contest the validity of said taxes, assessments or charges. The Successor Agency will duly observe and conform with all valid requirements of any governmental authority relative to the Redevelopment Projects or any part thereof.

Section 5.09. Disposition of Property. Except as otherwise required by the Dissolution Act, the Successor Agency will not participate in the disposition of any land or real property in the Project Areas to anyone which will result in such property becoming exempt from taxation because of public ownership or use or otherwise (except property that, as of the date of this Indenture, has been dedicated for public right-of-way or is planned for public ownership or use) so that such disposition shall, when taken together with other such dispositions, aggregate more than ten percent (10%) of the land area in the Project Areas unless such disposition is permitted as hereinafter provided in this Section 5.09. If the Successor Agency proposes to participate in

such a disposition, it shall thereupon appoint an Independent Fiscal Consultant to report on the effect of said proposed disposition. If the report of the Independent Fiscal Consultant concludes that the security of the Bonds or the rights of the Owners will not be materially adversely impaired by said proposed disposition, the Successor Agency may thereafter make such disposition. If such report concludes that such security will be materially adversely impaired by the proposed disposition, the Successor Agency shall not approve the proposed disposition.

Section 5.10. Maintenance of Pledged Tax Revenues. The Successor Agency shall comply with all requirements of the Redevelopment 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 of California. The Successor Agency shall not 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 Successor Agency for payment of the Bonds. The Successor Agency shall not undertake proceedings for amendment of the Redevelopment Plans or any one or more of the Redevelopment Plans if such amendment shall result in payments to one of more taxing entities pursuant to Sections 33607.5 and 33607.7 of the Redevelopment Law unless the Successor Agency shall first obtain a written opinion of an Independent Redevelopment Consultant that such payments will not adversely impair the Successor Agency's ability to pay the Series 2015 Bonds and all Parity Debt. Nothing herein is intended or shall be construed in any way to prohibit or impose any limitations on the entering into by the Successor Agency of any such agreement, amendment or supplement which by its term is subordinate to the payment of the Series 2015 Bonds and all Parity Debt.

Section 5.11. Compliance with the Redevelopment Law; Recognized Obligation Payment Schedules. The Successor Agency shall comply with all of the requirements of the Redevelopment Law and the Dissolution Act. Without limiting the generality of the foregoing, the Successor Agency covenants and agrees to file all required statements and hold all public hearings required under the Dissolution Act to assure compliance by the Successor Agency with its covenants hereunder. Further, it will take all actions required under the Dissolution Act to include scheduled debt service on the Series 2015 Bonds and any Parity Debt, as well as any amount required under this Indenture to replenish the Reserve Accounts of the Debt Service Fund, in Recognized Obligation Payment Schedules for each six-month period so as to enable the San Diego 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 Successor Agency to pay principal of, and interest on, the Bonds coming due in the respective six-month period. These actions will include, without limitation, placing on the periodic Recognized Obligation Payment Schedule for approval by the Oversight Board and State Department of Finance, to the extent necessary, the amounts to be held by the Successor 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 this Indenture and to provide for the payment of principal and interest under this Indenture when the next property tax allocation is projected to be insufficient to pay all obligations due under this Indenture for the next payment due thereunder and hereunder in the following six-month period.

Section 5.12. Tax Covenants Relating to the Series 2015A Bonds.

(a) Private Activity Bond Limitation. The Successor Agency shall assure that the proceeds of the Series 2015A Bonds are not so used as to cause the Series 2015A Bonds to satisfy the private business tests of Section 141(b) of the Tax Code or the private loan financing test of Section 141(c) of the Tax Code.

(b) Federal Guarantee Prohibition. The Successor Agency shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the Series 2015A Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Tax Code.

(c) No Arbitrage. The Successor Agency shall not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the Series 2015A Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date would have caused the Series 2015A Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Tax Code.

(d) Maintenance of Tax-Exemption. The Successor Agency shall take all actions necessary to assure the exclusion of interest on the Series 2015A Bonds from the gross income of the Owners of the Series 2015A Bonds to the same extent as such interest is permitted to be excluded from gross income under the Tax Code as in effect on the Closing Date. This covenant shall remain in full force and effect following defeasance of Bonds pursuant to Section 9.03.

(e) Rebate Requirement. The Successor Agency shall take any and all actions necessary to assure compliance with section 148(f) of the Tax Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the Series 2015A Bonds.

The Trustee shall have no duty to monitor the compliance by the Successor Agency with any of the covenants contained in this Section 5.12.

Section 5.13. Plan Limitations; Annual Review of Pledged Tax Revenues. The Successor Agency shall manage its fiscal affairs in a manner which ensures that it will have sufficient Pledged Tax Revenues available under the Plan Limitations in the amounts and at the times required to enable the Successor Agency to pay the principal of and interest and premium (if any) on the Series 2015 Bonds and any Parity Debt when due.

Additionally, the Successor Agency hereby covenants that, if it is determined that the Plan Limitations apply to the Successor Agency, it will annually review, no later than December 1 of each year, the total amount of tax increment revenue remaining available to be received by the Successor Agency under the Plan Limitations, as well as future cumulative Annual Debt Service, any obligations of the Successor Agency payable from tax increment revenues that are senior to the Series 2015 Bonds, and payments on obligations that are subordinate to the Series 2015 Bonds. If, based on such review, the allocation of tax increment revenues to the Successor Agency in any of the next three succeeding Fiscal Years will cause an amount equal to ninety-five (95%) of the amount remaining under the Plan Limitations to fall below the sum of (i)

remaining cumulative Annual Debt Service, (ii) any obligations of the Successor Agency payable from tax increment revenues that are senior to the Series 2015 Bonds, and (iii) payments on obligations that are subordinate to the Series 2015 Bonds, the Successor Agency shall either (1) defease Series 2015 Bonds or Parity Debt by depositing an amount of Pledged Tax Revenues equal to the amount that is required to ensure continuing compliance with the first paragraph of this Section 5.13 in a defeasance escrow to be held by the Trustee and to be pledged solely to the payment of debt service on the Series 2015 Bonds or Parity Debt, which escrow shall be invested in Defeasance Obligations and used for the payment of interest on and principal of and redemption premiums, if any, on the Series 2015 Bonds or Parity Debt or (2) adopt a plan approved by an Independent Redevelopment Consultant which demonstrates the Successor Agency's continuing ability to pay debt service on the Series 2015 Bonds and Parity Debt. In determining the amount to be deposited in escrow with the Trustee, the Successor Agency may consider actual interest earnings on the amounts so deposited.

The Trustee shall not be responsible for monitoring or enforcing the requirements of this Section 5.13.

Section 5.14. Further Assurances. The Successor Agency will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture, and for the better assuring and confirming unto the Owners the rights and benefits provided in this Indenture.

ARTICLE VI

THE TRUSTEE

Section 6.01. Duties, Immunities and Liabilities of Trustee.

(a) The Trustee shall, prior to the occurrence of an Event of Default, and after the curing of all Events of Default which may have occurred, perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants or duties shall be read into this Indenture against the Trustee. The Trustee shall, during the existence of any Event of Default (which has not been cured or waived), exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use in the conduct of such person's own affairs.

(b) The Successor Agency may remove the Trustee at any time, unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee (i) if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority of the principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing) or (ii) if at any time the Trustee shall cease to be eligible in accordance with subsection (e) of this Section, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation. In each case such removal shall be accomplished by the giving of 30 days' written notice of such removal by the Successor Agency to the Trustee, whereupon the Successor Agency shall appoint a successor Trustee by an instrument in writing.

(c) The Trustee may at any time resign by giving written notice of such resignation to the Successor Agency, and by giving the Owners notice of such resignation by first class mail, postage prepaid, at their respective addresses shown on the Registration Books. Upon receiving such notice of resignation, the Successor Agency shall promptly appoint a successor Trustee by an instrument in writing.

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee. If no successor Trustee shall have been appointed and have accepted appointment within forty-five (45) days following giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any Owner (on behalf of such Owner and all other Owners) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under this Indenture shall signify its acceptance of such appointment by executing and delivering to the Successor Agency and to its predecessor Trustee a written acceptance thereof, and to the predecessor Trustee an instrument indemnifying the predecessor Trustee for any costs or claims arising during the time the successor Trustee serves as Trustee hereunder, and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein;

but, nevertheless, upon the receipt by the predecessor Trustee of the Request of the Successor Agency or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under this Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Upon request of the successor Trustee, the Successor Agency shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, the Successor Agency shall mail or cause the successor Trustee to mail, by first class mail postage prepaid, a notice of the succession of such Trustee to the trusts hereunder to the Owners at the addresses shown on the Registration Books. If the Successor Agency fails to mail such notice within fifteen (15) days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the Successor Agency.

(e) Any Trustee appointed under the provisions of this Section in succession to the Trustee shall (i) be a company or bank having trust powers, (ii), shall have an office in the State of California or such other state as shall be acceptable to the Successor Agency, (iii) have (or be part of a bank holding company system whose bank holding company has) a combined capital and surplus of at least Seventy Five Million Dollars (\$75,000,000), and (iv) be subject to supervision or examination by federal or state authority. If such bank or company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this subsection the combined capital and surplus of such bank or company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this subsection (e), the Trustee shall promptly resign in the manner and with the effect specified in subsection (c) of this Section.

Section 6.02. Merger or Consolidation. Any bank or company into which the Trustee may be merged or converted or with which either of them may be consolidated or any bank or company resulting from any merger, conversion or consolidation to which it shall be a party or any bank or company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such bank or company shall be eligible under subsection (e) of Section 6.01, shall be the successor to such Trustee without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

Section 6.03. Liability of Trustee.

(a) The recitals of facts herein and in the Bonds contained shall be taken as statements of the Successor Agency, and the Trustee shall not assume responsibility for the correctness of the same, nor make any representations as to the validity or sufficiency of any offering memorandum, this Indenture or of the Bonds nor shall incur any responsibility in respect thereof, other than as expressly stated herein. The Trustee shall, however, be responsible

for its representations contained in its certificate of authentication on the Bonds. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct. The Trustee shall not be liable for the acts of any agents of the Trustee selected by it with due care. The Trustee may become the Owner of any Bonds with the same rights it would have if they were not Trustee and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of the Owners, whether or not such committee shall represent the Owners of a majority of the principal amount of the Bonds then Outstanding. The Trustee, either as principal or agent, may engage in or be entrusted in any financial or other transaction with the Successor Agency.

(b) The Trustee shall not be liable for any error of judgment made in good faith by a responsible officer.

(c) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in accordance with the direction of the Successor Agency, accompanied by an opinion of Bond counsel, or in accordance with direction of the Owners of not less than a majority of the principal amount of the Bonds then Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture.

(d) The Trustee shall not be liable for any action taken by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture, except for actions arising from the negligence or willful misconduct of the Trustee. The permissive right of the Trustee to do things enumerated hereunder shall not be construed as a mandatory duty.

(e) The Trustee shall not be deemed to have knowledge of any Event of Default hereunder unless and until a responsible officer of the Trustee shall have actual knowledge thereof, or the Trustee shall have received written notice thereof at its Office. Except as otherwise expressly provided herein, the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements herein or of any of the documents executed in connection with the Bonds, or as to the existence of an Event of Default hereunder or thereunder. The Trustee shall not be responsible for the Successor Agency's payment of principal and interest on the Bonds, the observance or performance by the Successor Agency of any other covenants, conditions or terms contained herein, or the validity or effectiveness of any collateral given to or held by it. Without limiting the generality of the foregoing, the Trustee shall not be responsible for reviewing the contents of any financial statements furnished to the Trustee pursuant to Section 5.06 and may rely conclusively on the Written Certificate of the Successor Agency accompanying such financial statements to establish the Successor Agency's compliance with its financial covenants hereunder, including, without limitation, its covenants regarding the deposit of Pledged Tax Revenues into the Redevelopment Obligation Retirement Fund and the investment and application of moneys on deposit in the Redevelopment Obligation Retirement Fund (other than its covenants to transfer such moneys to the Trustee when due hereunder).

(f) No provision in this Indenture shall require the Trustee to risk, expend, or advance its own funds or otherwise incur any financial liability hereunder. However, if the Trustee elects to advance funds, it shall be entitled to receive interest on any moneys advanced by it hereunder, at the maximum rate permitted by law.

(g) The Trustee may establish additional accounts or subaccounts of the funds established hereunder as the Trustee deems necessary or prudent in furtherance of its duties under this Indenture.

(h) The Trustee shall have no responsibility or liability with respect to any information, statements or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of these Bonds.

(i) Before taking any action under Article VIII or this Article at the request of the Owners, the Trustee may require that a satisfactory indemnity bond be furnished by the Owners for the reimbursement of all expenses to which it may put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful misconduct in connection with any action so taken.

(j) The Trustee shall not be considered in breach of or in default in its obligations hereunder or progress in respect thereto in the event of enforced delay (“unavoidable delay”) in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, Acts of God or of the public enemy or terrorists, acts of a government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation or arbitration involving a party or others relating to zoning or other governmental action or inaction pertaining to the project, malicious mischief, condemnation, and unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar event and/or occurrences beyond the control of the Trustee.

(k) The Trustee agrees to accept and act upon facsimile transmission of written instructions and/or directions pursuant to this Indenture provided, however, that: (i) subsequent to such facsimile transmission of written instructions and/or directions the Trustee shall forthwith receive the originally executed instructions and/or directions, (ii) such originally executed instructions and/or directions shall be signed by a person as may be designated and authorized to sign for the party signing such instructions and/or directions, and (iii) the Trustee shall have received a current incumbency certificate containing the specimen signature of such designated person.

Section 6.04. Right to Rely on Documents. The Trustee shall be protected in acting upon any notice, resolution, requisition, request, consent, order, certificate, report, opinion or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, including, without limitation, Bond Counsel or other counsel of or to the Successor Agency, with regard to legal questions, and

the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Trustee hereunder in accordance therewith.

The Trustee shall not be bound to recognize any person as the Owner of a Bond unless and until such Bond is submitted for inspection, if required, and his title thereto is established to the satisfaction of the Trustee.

Whenever in the administration of the trusts imposed upon it by this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Written Certificate of the Successor Agency, which shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of this Indenture in reliance upon such Certificate, but in its discretion the Trustee may (but shall have no duty to), in lieu thereof, accept other evidence of such matter or may require such additional evidence as it may deem reasonable. The Trustee may conclusively rely on any certificate or Report of any Independent Accountant or Independent Fiscal Consultant appointed by the Successor Agency.

Section 6.05. Preservation and Inspection of Documents. All documents received by the Trustee under the provisions of this Indenture shall be retained in its possession and shall be subject during normal business hours, and upon reasonable prior written notice, to the inspection of the Successor Agency and any Owner, and their agents and representatives duly authorized in writing.

Section 6.06. Compensation and Indemnification. The Successor Agency shall pay to the Trustee from time to time compensation for all services rendered under this Indenture and also all expenses, charges, legal and consulting fees and other disbursements and those of its attorneys (including any allocated costs of internal counsel), agents and employees, incurred in and about the performance of its powers and duties under this Indenture. The Trustee shall have a first lien on the Pledged Tax Revenues and all funds and accounts held by the Trustee hereunder to secure the payment to the Trustee of all fees, costs and expenses, including compensation to its experts, attorneys and counsel incurred in declaring such Event of Default and in exercising the rights and remedies set forth in Article VIII.

The Successor Agency further covenants and agrees to indemnify and save the Trustee and its officers, directors, agents affiliates and employees, harmless against any loss, expense, including legal fees and expenses, and liabilities which it may incur arising out of or in the exercise and performance of its powers and duties hereunder, including the costs and expenses of defending against any claim of liability and of enforcing any remedies hereunder and under any related documents, but excluding any and all losses, expenses and liabilities which are due to the negligence or willful misconduct of the Trustee, its officers, directors, agents affiliates or employees. The obligations of the Successor Agency under this Section 6.06 shall survive resignation or removal of the Trustee under this Indenture and payment of the Bonds and discharge of this Indenture.

Section 6.07. Accounting Records and Financial Statements. The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with corporate trust industry standards, in which complete and accurate entries shall be made of all transactions made by it relating to the proceeds of the Bonds and all funds and accounts established and held by the Trustee pursuant to this Indenture. Such books of record and account shall be available for inspection by the Successor Agency at reasonable hours, during regular business hours, with reasonable prior notice and under reasonable circumstances. The Trustee shall furnish to the Successor Agency, at least monthly, an accounting (which may be in the form of its customary statements) of all transactions relating to the proceeds of the Bonds and all funds and accounts held by the Trustee pursuant to this Indenture.

Section 6.08. Appointment of Co-Trustee or Agent. It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the law of the State) denying or restricting the right of banking associations to transact business as Trustee in such jurisdiction. It is recognized that in the case of litigation under this Indenture, and in particular in case of the enforcement of the rights of the Trustee on default, or in the case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the properties, in trust, as herein granted, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional individual or institution as a separate co-Trustee. The following provisions of this Section 6.08 are adopted to these ends.

In the event that the Trustee appoints an additional individual or institution as a separate or co-Trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate or co-Trustee but only to the extent necessary to enable such separate or co-Trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or co-Trustee shall run to and be enforceable by either of them, provided that in the event of any conflict, the co-Trustee shall defer to the Trustee.

Should any instrument in writing from the Successor Agency be required by the separate Trustee or co-Trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Successor Agency. In case any separate Trustee or co-Trustee, or a successor to either, shall become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate Trustee or co-Trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new Trustee or successor to such separate Trustee or co-Trustee.

The Trustee may perform any of its obligations or duties hereunder and under any related documents through agents or attorneys and shall not be responsible for the acts of any such agents or attorneys appointed by it with due care.

Section 6.09. No Liability for Successor Agency Performance. The Trustee shall have no liability or obligation to the Bond Owners with respect to the payment of debt service by the Successor Agency or with respect to the observance or performance by the Successor Agency of the other conditions, covenants, and terms contained in this Indenture, or with respect to the investment of any moneys in any fund or account established, held, or maintained by the Successor Agency pursuant to this Indenture

ARTICLE VII

MODIFICATION OR AMENDMENT OF THIS INDENTURE

Section 7.01. Authorized Amendments. This Indenture and the rights and obligations of the Successor Agency and of the Owners may be modified or amended at any time by a Supplemental Indenture which shall become binding upon adoption, but without the consent of any Owners, to the extent permitted by law and only for any one or more of the following purposes-

(a) to add to the covenants and agreements of the Successor Agency contained in this Indenture, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power herein reserved to or conferred upon the Successor Agency provided such addition, limit, or surrender shall not materially adversely effect the interest of the Owners as determined by the Successor Agency and certified to the Trustee; or

(b) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in this Indenture, or in any other respect whatsoever as the Successor Agency may deem necessary or desirable, provided under any circumstances that such modifications or amendments shall not materially adversely affect the interests of the Owners; or

(c) to provide for the issuance of Parity Debt pursuant to Section 3.04, and to provide the terms and conditions under which such Parity Debt may be issued, including but not limited to the establishment of special funds and accounts relating thereto and any other provisions relating solely thereto, subject to and in accordance with the provisions of Section 3.04; or

(d) to amend any provision hereof to assure the exclusion from gross income of interest on the Series 2015A Bonds for federal income tax purposes, in the opinion of Bond Counsel filed with the Successor Agency and the Trustee; or

(e) to comply with the requirements of the provider, if any, of a Qualified Reserve Account Credit Instrument.

Except as set forth in the preceding paragraph, this Indenture and the rights and obligations of the Successor Agency and of the Owners may be modified or amended at any time by a Supplemental Indenture which shall become binding when the written consents of the Owners of a majority of the principal amount of the Bonds then Outstanding are delivered to the Trustee. No such modification or amendment shall (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Successor Agency to pay the principal, interest or redemption premium (if any) at the time and place and at the rate and in the currency provided therein of any Bond without the express written consent of the Owner of such Bond, (b) reduce the percentage of Bonds required for the written consent to any such amendment or modification, or (c) without its written consent thereto, modify any of the rights or obligations of the Trustee.

Section 7.02. Effect of Supplemental Indenture. From and after the time any Supplemental Indenture becomes effective pursuant to this Article VII, this Indenture shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties hereto or thereto and all Owners, as the case may be, shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 7.03. Endorsement or Replacement of Bonds After Amendment. After the effective date of any amendment or modification hereof pursuant to this Article VII, the Successor Agency may determine that any or all of the Bonds shall bear a notation, by endorsement in form approved by the Successor Agency, as to such amendment or modification and in that case upon demand of the Successor Agency the Owners of such Bonds shall present such Bonds for that purpose at the Office of the Trustee, and thereupon a suitable notation as to such action shall be made on such Bonds. In lieu of such notation, the Successor Agency may determine that new Bonds shall be prepared and executed in exchange for any or all of the Bonds and in that case upon demand of the Successor Agency the Owners of the Bonds shall present such Bonds for exchange at the Office of the Trustee without cost to such Owners.

Section 7.04. Amendment by Mutual Consent. The provisions of this Article VII shall not prevent any Owner from accepting any amendment as to the particular Bond held by such Owner, provided that due notation thereof is made on such Bond.

Section 7.05. Trustee's Reliance. The Trustee may conclusively rely, and shall be protected in relying, upon an opinion of counsel stating that all requirements of this Indenture relating to the amendment or modification hereof have been satisfied and that such amendments or modifications do not materially adversely affect the interests of the Owners.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES

Section 8.01. Events of Default and Acceleration of Maturities. Each of the following events shall constitute an Event of Default hereunder:

(a) Failure to pay any installment of the principal of any Bonds when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by acceleration, or otherwise.

(b) Failure to pay any installment of interest on any Bonds when and as the same shall become due and payable.

(c) Failure by the Successor Agency to observe and perform any of the other covenants, agreements or conditions on its part in this Indenture or in the Bonds contained, if such failure shall have continued for a period of thirty (30) days after written notice thereof, specifying such failure and requiring the same to be remedied, shall have been given to the Successor Agency by the Trustee; *provided, however*, if in the reasonable opinion of the Successor Agency the failure stated in the notice can be corrected, but not within such thirty (30) day period, such failure shall not constitute an Event of Default if corrective action is instituted by the Successor Agency within such thirty (30) day period and the Successor Agency shall thereafter diligently and in good faith cure such failure in a reasonable period of time.

(d) The Successor Agency shall commence a voluntary case under Title 11 of the United States Code or any substitute or successor statute.

If an Event of Default has occurred and is continuing, the Trustee may, and if requested in writing by the Owners of a majority of the principal amount of the Bonds then Outstanding the Trustee shall, (a) declare the principal of the Bonds, together with the accrued interest thereon, to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything in this Indenture or in the Bonds to the contrary notwithstanding, and (b) upon receipt of indemnity satisfactory to it from any liability or expense, including payment of the fees and expenses of its counsel and agents, exercise any other remedies available to the Trustee and the Owners in law or at equity. The Trustee shall be entitled as a matter of right to the appointment of a receiver or receivers for the Pledged Tax Revenues, if appropriate, and for the revenues, income, product, and profits thereon, if any, *ex parte*, and without notice, and the Successor Agency consents to the appointment of such receiver upon the occurrence of an Event of Default. If any receivership, bankruptcy, insolvency, or reorganization or other judicial proceedings affecting the Successor Agency is filed, the Trustee shall be entitled to file such proofs of claims and other documents as may be necessary or advisable in order to have claims of the Trustee and Owners allowed in such proceedings for the entire amount due and payable under this Indenture at the time of the institution of such proceedings, and also for any additional amount which may become due and payable after such date, without prejudice to the right of any Owner to file a claim on his own behalf. The Trustee shall not be obligated to take any such action unless offered compensation,

indemnity for its potential liability, and reimbursement for its legal fees and expenses in accordance with this Section.

Promptly upon becoming aware of the occurrence of an Event of Default, the Trustee shall give notice of such Event of Default to the Successor Agency by telephone confirmed in writing. Such notice shall also state whether the principal of the Bonds shall have been declared to be or have immediately become due and payable. With respect to any Event of Default described in clauses (a) or (b) above the Trustee shall, and with respect to any Event of Default described in clause (c) above the Trustee in its sole discretion may, also give such notice to the Owners in the same manner as provided herein for notices of redemption of the Bonds, which shall include the statement that interest on the Bonds shall cease to accrue from and after the date, if any, on which the Trustee shall have declared the Bonds to become due and payable pursuant to the preceding paragraph (but only to the extent that principal and any accrued, but unpaid, interest on the Bonds is actually paid on such date).

This provision, however, is subject to the condition that if, at any time after the principal of the Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Successor Agency shall deposit with the Trustee a sum sufficient to pay all principal on the Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, with interest on such overdue installments of principal and interest (to the extent permitted by law) at the weighted average interest rate then borne by the Outstanding Bonds, and the fees and expenses of the Trustee, including any fees and expenses of its attorneys, and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Owners of a majority of the principal amount of the Bonds then Outstanding, by written notice to the Successor Agency and to the Trustee, may, on behalf of the Owners of all of the Bonds, rescind and annul such declaration and its consequences. However, no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

Section 8.02. Application of Funds Upon Acceleration. All of the Pledged Tax Revenues and all sums in the funds and accounts established and held by the Trustee hereunder upon the date of the declaration of acceleration as provided in Section 8.01, and all sums thereafter received by the Trustee hereunder, shall be applied by the Trustee as follows and in the following order:

(a) To the payment of any fees, costs and expenses incurred by the Trustee to protect the interests of the Owners of the Bonds; payment of the fees, costs and expenses of the Trustee (including fees and expenses of its counsel, including any allocated costs of internal counsel) incurred in and about the performance of its powers and duties under this Indenture and the payment of all fees, costs and expenses owing to the Trustee pursuant to Section 6.06, together with interest on all such amounts advanced by the Trustee at the maximum rate permitted by law;

(b) To the payment of the whole amount then owing and unpaid upon the Bonds for interest and principal, with interest on such overdue amounts at the respective rates of interest borne by the Outstanding Bonds, and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid upon the Bonds, then to the payment of such interest, principal and interest on overdue amounts without preference or priority among such interest, principal and interest on overdue amounts ratably to the aggregate of such interest, principal and interest on overdue amounts.

Section 8.03. Power of Trustee to Control Proceedings. In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion or upon the request of the Owners of a majority of the principal amount of the Bonds then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; *provided, however*, that the Trustee shall not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of a majority of the principal amount of the Bonds then Outstanding opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation accompanied, if requested by the Trustee, by indemnity or confirmation of indemnity as described in Section 8.01.

Section 8.04. Limitation on Owners' Right to Sue. No Owner of any Bond issued hereunder shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Indenture, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority of the principal amount of the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of any remedy hereunder; it being understood and intended that no one or more Owners shall have any right in any manner whatever by his or their action to enforce any right under this Indenture, except in the manner herein provided, and that all proceedings at law or in equity to enforce any provision of this Indenture shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Owners of the Outstanding Bonds.

The right of any Owner of any Bond to receive payment of the principal of and premium, if any, and interest on such Bond as herein provided, shall not be impaired or affected without the written consent of such Owner, notwithstanding the foregoing provisions of this Section or any other provision of this Indenture.

Section 8.05. Non-waiver. Nothing in this Article VIII or in any other provision of this Indenture or in the Bonds, shall affect or impair the obligation of the Successor Agency, which is absolute and unconditional, to pay from the Pledged Tax Revenues and other amounts pledged hereunder, the principal of and interest and redemption premium (if any) on the Bonds to the respective Owners when due and payable as herein provided, or affect or impair the right of action, which is also absolute and unconditional, of the Owners to institute suit to enforce such payment by virtue of the contract embodied in the Bonds.

A waiver of any default by any Owner shall not affect any subsequent default or impair any rights or remedies on the subsequent default. No delay or omission of any Owner or the Trustee to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy conferred upon the Trustee and Owners by the Redevelopment Law or by this Article VIII may be enforced and exercised from time to time and as often as shall be deemed expedient by the Owners and the Trustee.

If a suit, action or proceeding to enforce any right or exercise any remedy shall be abandoned or determined adversely to the Trustee, Agency, or Owners, the Successor Agency, Trustee, and the Owners shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

Section 8.06. Actions by Trustee as Attorney-in-Fact. Any suit, action or proceeding which any Owner shall have the right to bring to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Owners similarly situated and the Trustee is hereby appointed (and the successive respective Owners by taking and holding the Bonds shall be conclusively deemed so to have appointed it) the true and lawful attorney-in-fact of the respective Owners for the purpose of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the respective Owners as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney-in-fact, subject to the provisions of Article VI.

Section 8.07. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or Owners is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Redevelopment Law or any other law.

ARTICLE IX

MISCELLANEOUS

Section 9.01. Benefits Limited to Parties. Nothing in this Indenture, expressed or implied, is intended to give to any person other than the Successor Agency, the Trustee and the Owners, any right, remedy, claim under or by reason of this Indenture. Any covenants, stipulations, promises or agreements in this Indenture contained by and on behalf of the Successor Agency shall be for the sole and exclusive benefit of the Trustee and the Owners.

Section 9.02. Successor is Deemed Included in All References to Predecessor. Whenever in this Indenture or any Supplemental Indenture either the Successor Agency or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the Successor Agency or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 9.03. Defeasance of Bonds.

If the Successor Agency shall pay and discharge the entire indebtedness on any Bonds in any one or more of the following ways:

- (i) by paying or causing to be paid the principal of and interest on such Bonds, as and when the same become due and payable;
- (ii) by irrevocably depositing with the Trustee or another fiduciary, in trust, at or before maturity, an amount of cash which, together with the available amounts then on deposit in the funds and accounts established pursuant to this Indenture, in the opinion or report of an Independent Accountant is fully sufficient to pay such Bonds, including all principal, interest and redemption premium, if any;
- (iii) by irrevocably depositing with the Trustee or another fiduciary, in trust, non-callable Defeasance Obligations in such amount as an Independent Accountant shall determine will, together with the interest to accrue thereon and available moneys then on deposit in any of the funds and accounts established pursuant to this Indenture, be fully sufficient to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premium, if any) at or before maturity; or
- (iv) by purchasing such Bonds prior to maturity and tendering such Bonds to the Trustee for cancellation;

and if such Bonds are to be redeemed prior to the maturity thereof notice of such redemption shall have been duly given or provision satisfactory to the Trustee shall have been made for the giving of such notice, then, at the election of the Successor Agency, and notwithstanding that any such Bonds shall not have been surrendered for payment, the pledge of the Pledged Tax Revenues and other funds provided for in this Indenture and all other obligations of the Trustee and the Successor Agency under this Indenture with respect to such Bonds shall cease and terminate, except only (A) the obligations of the Successor Agency under

Section 5.11, (B) the obligation of the Trustee to transfer and exchange Bonds hereunder, (C) the obligation of the Successor Agency to pay or cause to be paid to the Owners of such Bonds, from the amounts so deposited with the Trustee, all sums due thereon, and (D) the obligations of the Successor Agency to compensate and indemnify the Trustee pursuant to Section 6.06. Notice of such election shall be filed with the Trustee. In the event the Successor Agency shall, pursuant to the foregoing provisions, pay and discharge any portion or all of the Bonds then Outstanding, the Trustee shall be authorized to take such actions and execute and deliver to the Successor Agency all such instruments as may be necessary or desirable to evidence such discharge, including without limitation, selection by lot of Bonds of any maturity of the Bonds that the Successor Agency has determined to pay and discharge in part. Any funds thereafter held by the Trustee, which are not required for said purpose, shall be paid over to the Successor Agency.

Section 9.04. Execution of Documents and Proof of Ownership by Owners. Any request, declaration or other instrument which this Indenture may require or permit to be executed by any Owner may be in one or more instruments of similar tenor, and shall be executed by such Owner in person or by their attorneys appointed in writing.

Except as otherwise herein expressly provided, the fact and date of the execution by any Owner or his attorney of such request, declaration or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the person signing such request, declaration or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

The ownership of Bonds and the amount, maturity, number and date of ownership thereof shall be proved by the Registration Books.

Any request, declaration or other instrument or writing of the Owner of any Bond shall bind all future Owners of such Bond in respect of anything done or suffered to be done by the Successor Agency or the Trustee in good faith and in accordance therewith.

Section 9.05. Disqualified Bonds. In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are owned or held by or for the account of the Successor Agency (but excluding Bonds held in any employees' retirement fund) shall be disregarded and deemed not to be Outstanding for the purpose of any such determination, provided however that the Trustee shall not be deemed to have knowledge that any Bond is owned or held by or for the account of the Successor Agency unless the Successor Agency is the registered Owner or the Trustee has received written notice that any other registered Owner is the owner or is holding for the account of the Successor Agency.

Section 9.06. Waiver of Personal Liability. No member, officer, agent or employee of the Successor Agency shall be individually or personally liable for the payment of the principal of or interest or any premium on the Bonds; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law.

Section 9.07. Destruction of Canceled Bonds. Whenever in this Indenture provision is made for the surrender to the Successor Agency of any Bonds which have been paid or canceled pursuant to the provisions of this Indenture, upon receipt by the Trustee of the Request of the Successor Agency a certificate of destruction duly executed by the Trustee shall be deemed to be the equivalent of the surrender of such canceled Bonds and the Successor Agency shall be entitled to rely upon any statement of fact contained in any certificate with respect to the destruction of any such Bonds therein referred to.

Section 9.08. Notices. All written notices to be given under this Indenture shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other party in writing from time to time. Notice shall be effective either (a) upon transmission by facsimile transmission or other form of telecommunication, with prompt written confirmation by mail, (b) 48 hours after deposit in the United States mail, postage prepaid, or (c) in any other case, upon actual receipt. The Successor Agency or the Trustee may, by written notice to the other parties, from time to time modify the address or number to which communications are to be given hereunder.

If to the Successor Agency: Successor Agency to the San Marcos Redevelopment
Agency
One Civic Center Drive
San Marcos, CA
Attention: Executive Director
Fax: (760) 744-9520

If to the Trustee: MUFG Union Bank, N.A.
120 South San Pedro Street, Suite 400
Los Angeles, California 90012
Attention: Corporate Trust Division
Fax: (213) 972-5694

Section 9.09. Partial Invalidity. If any Section, paragraph, sentence, clause or phrase of this Indenture shall for any reason be held illegal, invalid or unenforceable, such holding shall not affect the validity of the remaining portions of this Indenture. The Successor Agency and the Trustee hereby declare that they would have entered into this Indenture and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issue of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Indenture may be held illegal, invalid or unenforceable.

Section 9.10. Unclaimed Moneys. Anything contained herein to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of the interest or premium (if any) on or principal of the Bonds which remains unclaimed for two (2) years after the date when the payments of such interest, premium and principal have become payable, if such money was held by the Trustee at such date, or for two (2) years after the date of deposit of such money if deposited with the Trustee after the date when the interest and premium (if any) on and principal of such Bonds have become payable, shall be repaid by the Trustee to the Successor Agency as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owners shall look only to the Successor

Agency for the payment of the principal of and interest and redemption premium (if any) on such Bonds.

Section 9.11. Payment on Non-Business Days. In the event any payment is required to be made hereunder on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day.

Section 9.12. Execution in Counterparts. This Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 9.13. Governing Law. This Indenture shall be construed and governed in accordance with the laws of the State.

IN WITNESS WHEREOF, the SUCCESSOR AGENCY TO THE SAN MARCOS REDEVELOPMENT AGENCY has caused this Indenture to be signed in its name by its Executive Director and attested to by its Secretary, and MUFG UNION BANK, N.A., in token of its acceptance of the trusts created hereunder, has caused this Indenture to be signed in its corporate name by its officer thereunto duly authorized, all as of the day and year first above written.

SUCCESSOR AGENCY TO THE SAN
MARCOS REDEVELOPMENT AGENCY

By: _____
Executive Director

ATTEST:

Secretary

MUFG UNION BANK, N.A.,
as Trustee

By: _____
Authorized Officer

EXHIBIT A

FORM OF SERIES 2015A BOND

No. _____

\$ _____

UNITED STATES OF AMERICA
STATE OF CALIFORNIA

**SUCCESSOR AGENCY TO THE
SAN MARCOS REDEVELOPMENT AGENCY
Tax Allocation Refunding, Series 2015A**

RATE OF
INTEREST

MATURITY DATE:

ORIGINAL ISSUE
DATE:
[Closing Date]

[CUSIP:]

REGISTERED OWNER:

PRINCIPAL AMOUNT:

DOLLARS

The SUCCESSOR AGENCY TO THE SAN MARCOS REDEVELOPMENT AGENCY, a public entity duly existing under the laws of the State of California (the "Agency"), for value received, hereby promises to pay (but only out of the Pledged Tax Revenues and other moneys and securities hereinafter referred to) to the Registered Owner identified above or registered assigns (the "Registered Owner"), on the Maturity Date identified above, the Principal Amount identified above in lawful money of the United States of America; and to pay interest thereon at the Rate of Interest identified above in like lawful money from the date hereof, which date shall be the Interest Payment Date (as hereinafter defined) next preceding the date of authentication of this Bond (unless this Bond is authenticated on or before an Interest Payment Date and after the fifteenth calendar day of the month preceding such Interest Payment Date (a "Record Date"), in which event it shall bear interest from such Interest Payment Date, or unless this Bond is authenticated on or prior to _____, 2015, in which event it shall bear interest from the Original Issue Date identified above; *provided, however*, that if, at the time of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the Interest Payment Date to which interest hereon has previously been paid or made available for payment), payable semiannually on April 1 and October 1 in each year, commencing October 1, 2015 (the "Interest Payment Dates"), until payment of such Principal Amount in full. The Principal Amount hereof is payable upon presentation hereof at the principal corporate trust office of MUFG Union Bank, N.A., as trustee (the "Trustee"), in Los Angeles, California or such other location as the trustee may designate. Interest hereon is payable by check of the Trustee mailed by first class mail on each Interest Payment Date to the Registered Owner hereof at the address of such Registered Owner as it appears on the registration books of the Trustee as of the preceding Record Date; provided that at the written request of the owner of at least \$1,000,000

aggregate principal amount of Bonds, which written request is on file with the Trustee prior to any Record Date, interest on such Bonds shall be paid on the succeeding Interest Payment Date by wire transfer to an account of a financial institution within the United States of America as shall be specified in such written request.

This Bond is one of a duly authorized issue of bonds of the Successor Agency designated as the "Successor Agency to the San Marcos Redevelopment Agency Tax Allocation Refunding Bonds, Series 2015A" (the "Series 2015A Bonds" or "Bonds") of an aggregate principal amount of _____ Dollars (\$ _____) all of like tenor and date (except for such variation, if any, as may be required to designate varying numbers, maturities, interest rates or redemption provisions) and all issued pursuant to the provisions of the 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") and the Community Redevelopment Law, constituting Part 1 of Division 24 of the California Health and Safety Code (the "Redevelopment Law"), and pursuant to an Indenture of Trust, dated as of _____, 2015, by and between the Successor Agency and the Trustee (the "Indenture"). Simultaneously with the issuance of the Bonds, the Successor Agency is also issuing its Successor Agency to the San Marcos Redevelopment Agency Taxable Tax Allocation Refunding Bonds, Series 2015B (the "Series 2015B Bonds"). The Successor Agency may issue or incur additional obligations on a parity with the Bonds and the Series 2015B Bonds, but only subject to the terms of the Indenture. Reference is hereby made to the Indenture (copies of which are on file at the office of the Successor Agency) and all supplements thereto and to the Refunding Law and the Redevelopment Law for a description of the terms on which the Bonds are issued, the provisions with regard to the nature and extent of the Pledged Tax Revenues, as that term is defined in the Indenture, and the rights thereunder of the owners of the Bonds and the rights, duties and immunities of the Trustee and the rights and obligations of the Successor Agency thereunder, to all of the provisions of which the Registered Owner of this Bond, by acceptance hereof, assents and agrees.

The Series 2015A Bonds have been issued by the Successor Agency to finance and refinance redevelopment activities of the Successor Agency. This Bond and the interest hereon and all other parity obligations and the interest thereon (to the extent set forth in the Indenture) are payable from, and are secured by a charge and lien on the Pledged Tax Revenues derived by the Successor Agency from the Project Areas, duly designated redevelopment projects under the laws of the State of California, under and in accordance with the Indenture. As and to the extent set forth in the Indenture, all of the Pledged Tax Revenues are exclusively and irrevocably pledged in accordance with the terms hereof and the provisions of the Indenture and the Redevelopment Law, to the payment of the principal of and interest and premium (if any) on the Bonds, the Series 2015B Bonds and any such parity obligations. The Bonds, the Series 2015B Bonds and any such parity obligations are secured by a pledge on, security interest in and lien on the Pledged Tax Revenues which is subordinate to or on a parity with the pledge, security interest and lien on the Pledged Tax Revenues in favor of certain outstanding obligations of the Successor Agency, as provided in the Indenture. Notwithstanding the foregoing, certain amounts out of Pledged Tax Revenues may be applied for other purposes as provided in the Indenture.

This Series 2015A Bond is not a debt of the County of San Diego, the State of California, or any of its political subdivisions, other than the Successor Agency, and neither said County, said State, nor any of its political subdivisions, is liable hereon nor in any event shall this Bond be payable out of any funds or properties other than the Pledged Tax Revenues.

The rights and obligations of the Successor Agency and the owners of the Bonds may be modified or amended at any time in the manner, to the extent and upon the terms provided in the Indenture, but no such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the redemption price thereof or in the rate of interest thereon without the consent of the owner of such Bond, or shall reduce the percentages of the Bond owners required to effect any such modification or amendment.

The Series 2015A Bonds maturing on or before October 1, 20__, are not subject to optional redemption prior to maturity. The Bonds maturing on and after October 1, 201_, are subject to redemption, at the option of the Successor Agency on any date on or after October 1, 20__, as a whole or in part, by such maturities as shall be determined by the Successor Agency, and by lot within a maturity, from any available source of funds, at a redemption price equal to the principal amount of the Series 2015A Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

The Series 2015A Bonds maturing on October 1, 20__, are subject to mandatory sinking account redemption in part by lot, on October 1 in each of the years as set forth in the following tables, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium; *provided, however*, that if some but not all of such Bonds have been optionally redeemed pursuant to the preceding paragraph, the total amount of all Bonds to be redeemed thereafter from mandatory sinking account payments shall be reduced on a pro rata basis in integral multiples of \$5,000.

Term Bonds Maturing October 1, 20__

Sinking Account Redemption Date (October 1)	Principal Amount To be Redeemed or Purchased
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(maturity)

As provided in the Indenture, notice of redemption shall be mailed by the Trustee by first class mail not less than thirty (30) nor more than sixty (60) days prior to the redemption date to the respective owners of any Bonds designated for redemption at their addresses appearing on the Bond registration books of the Trustee, but neither failure to receive such notice nor any defect in the notice so mailed shall affect the sufficiency of the proceedings for redemption.

The Successor Agency has the right to rescind any optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. Any such notice of optional redemption shall be canceled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under the Indenture. The Successor Agency and the Trustee shall have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee shall mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent.

If this Bond is called for redemption and payment is duly provided therefor as specified in the Indenture, interest shall cease to accrue hereon from and after the date fixed for redemption.

In lieu of redemption of Series 2015A Bonds amounts on deposit in the Debt Service Fund (as defined in the Indenture) may be withdrawn and used at the direction of the Successor Agency at any time to purchase such Series 2015A Bonds at public or private sale at such prices (including brokerage and other charges and including accrued interest) as the Successor Agency may in its discretion determine. The par amount of any such 2015A Bonds so purchased by the Successor Agency in any twelve-month period ending on July 1 will be credited toward, and will reduce the par amount of, Series 2015A Bonds required to be redeemed pursuant to the Indenture on the next succeeding October 1 of such year.

If an Event of Default, as defined in the Indenture, shall occur, the principal of all outstanding Series 2015A Bonds may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture, but such declaration and its consequences may be rescinded and annulled as further provided in the Indenture.

This Bond is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at said corporate trust office of the Trustee in Los Angeles, California or such other place as designated by the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon registration of such transfer a new Bond or Bonds, of authorized denomination or denominations, for the same aggregate principal amount and of the same maturity will be issued to the transferee in exchange herefor.

The Successor Agency and the Trustee may treat the Registered Owner hereof as the absolute owner hereof for all purposes, and the Successor Agency and the Trustee shall not be affected by any notice to the contrary.

It is hereby certified that all of the things, conditions and acts required to exist, to have happened or to have been performed precedent to and in the issuance of this Bond do exist, have happened or have been performed in due and regular time, form and manner as required by the Redevelopment Law and the laws of the State of California and that the amount of this Bond, together with all other indebtedness of the Successor Agency, does not exceed any limit prescribed by the Redevelopment Law or any laws of the State of California, and is not in excess of the amount of Bonds permitted to be issued under the Indenture.

This Bond shall not be entitled to any benefit under the Indenture or become valid or obligatory for any purpose until the Trustee's Certificate of Authentication hereon endorsed shall have been manually signed by the Trustee.

IN WITNESS WHEREOF, the SUCCESSOR AGENCY TO THE SAN MARCOS REDEVELOPMENT AGENCY has caused this Bond to be executed in its name and on its behalf with the facsimile signature of its _____ and attested to by the facsimile signature of its Secretary, all as of the Original Issue Date specified above.

SUCCESSOR AGENCY TO THE SAN
MARCOS REDEVELOPMENT AGENCY

By: _____

ATTEST:

Secretary

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Indenture.

Dated: _____

MUFG UNION BANK, N.A., *as Trustee*

By: _____
Authorized Signatory

ASSIGNMENT

For value received the undersigned do(es) hereby sell, assign and transfer unto

(Name, Address and Tax Identification or Social Security Number of Assignee)

the within Bond and do(es) hereby irrevocably constitute and appoint

_____ attorney,
to transfer the same on the books of the Trustee, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: Signature guarantee shall be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee.

NOTICE: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

EXHIBIT B

FORM OF SERIES 2015B BOND

No. _____

\$ _____

UNITED STATES OF AMERICA
STATE OF CALIFORNIA

**SUCCESSOR AGENCY TO THE
SAN MARCOS REDEVELOPMENT AGENCY
TAXABLE TAX ALLOCATION REFUNDING, SERIES 2015B**

RATE OF INTEREST: MATURITY DATE: ORIGINAL ISSUE [CUSIP:]
DATE:
[Closing Date]

REGISTERED OWNER:

PRINCIPAL AMOUNT: DOLLARS

The SUCCESSOR AGENCY TO THE SAN MARCOS REDEVELOPMENT AGENCY, a public entity duly existing under the laws of the State of California (the "Agency"), for value received, hereby promises to pay (but only out of the Pledged Tax Revenues and other moneys and securities hereinafter referred to) to the Registered Owner identified above or registered assigns (the "Registered Owner"), on the Maturity Date identified above, the Principal Amount identified above in lawful money of the United States of America; and to pay interest thereon at the Rate of Interest identified above in like lawful money from the date hereof, which date shall be the Interest Payment Date (as hereinafter defined) next preceding the date of authentication of this Bond (unless this Bond is authenticated on or before an Interest Payment Date and after the fifteenth calendar day of the month preceding such Interest Payment Date (a "Record Date"), in which event it shall bear interest from such Interest Payment Date, or unless this Bond is authenticated on or prior to _____, 2015, in which event it shall bear interest from the Original Issue Date identified above; *provided, however*, that if, at the time of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the Interest Payment Date to which interest hereon has previously been paid or made available for payment), payable semiannually on April 1 and October 1 in each year, commencing October 1, 2015 (the "Interest Payment Dates"), until payment of such Principal Amount in full. The Principal Amount hereof is payable upon presentation hereof at the principal corporate trust office of MUFG Union Bank, N.A., as trustee (the "Trustee"), in Los Angeles, California or such other location as the trustee may designate. Interest hereon is payable by check of the Trustee mailed by first class mail on each Interest Payment Date to the Registered Owner hereof at the address of such Registered Owner as it appears on the registration books of the Trustee as of the preceding Record Date; provided that at the written request of the owner of at least \$1,000,000 aggregate principal amount of Bonds, which written request is on file with the Trustee prior to

any Record Date, interest on such Bonds shall be paid on the succeeding Interest Payment Date by wire transfer to an account of a financial institution within the United States of America as shall be specified in such written request.

This Bond is one of a duly authorized issue of bonds of the Successor Agency designated as the "Successor Agency to the San Marcos Redevelopment Agency Taxable Tax Allocation Refunding Bonds, Series 2015B" (the "Series 2015B Bonds" or "Bonds") of an aggregate principal amount of _____ Dollars (\$_____) all of like tenor and date (except for such variation, if any, as may be required to designate varying numbers, maturities, interest rates or redemption provisions) and all issued pursuant to the provisions of the 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") and the Community Redevelopment Law, constituting Part 1 of Division 24 of the California Health and Safety Code (the "Redevelopment Law"), and pursuant to an Indenture of Trust, dated as of _____, 2015, by and between the Successor Agency and the Trustee (the "Indenture"). Simultaneously with the issuance of the Bonds, the Successor Agency is also issuing its Successor Agency to the San Marcos Redevelopment Agency Tax Allocation Refunding Bonds, Series 2015A (the "Series 2015A Bonds"). The Successor Agency may issue or incur additional obligations on a parity with the Bonds and the Series 2015A Bonds, but only subject to the terms of the Indenture. Reference is hereby made to the Indenture (copies of which are on file at the office of the Successor Agency) and all supplements thereto and to the Refunding Law and the Redevelopment Law for a description of the terms on which the Bonds are issued, the provisions with regard to the nature and extent of the Pledged Tax Revenues, as that term is defined in the Indenture, and the rights thereunder of the owners of the Bonds and the rights, duties and immunities of the Trustee and the rights and obligations of the Successor Agency thereunder, to all of the provisions of which the Registered Owner of this Bond, by acceptance hereof, assents and agrees.

The Series 2015B Bonds have been issued by the Successor Agency to finance and refinance redevelopment activities of the Successor Agency. This Bond and the interest hereon and all other parity obligations and the interest thereon (to the extent set forth in the Indenture) are payable from, and are secured by a charge and lien on the Pledged Tax Revenues derived by the Successor Agency from the Project Areas, duly designated redevelopment projects under the laws of the State of California, under and in accordance with the Indenture. As and to the extent set forth in the Indenture, all of the Pledged Tax Revenues are exclusively and irrevocably pledged in accordance with the terms hereof and the provisions of the Indenture and the Redevelopment Law, to the payment of the principal of and interest and premium (if any) on the Bonds, the Series 2015A Bonds and any such parity obligations. The Bonds, the Series 2015A Bonds and any such parity obligations are secured by a pledge on, security interest in and lien on the Pledged Tax Revenues which is subordinate to or on a parity with the pledge, security interest and lien on the Pledged Tax Revenues in favor of certain outstanding obligations of the Successor Agency, as provided in the Indenture. Notwithstanding the foregoing, certain amounts out of Pledged Tax Revenues may be applied for other purposes as provided in the Indenture.

This Series 2015B Bond is not a debt of the County of San Diego, the State of California, or any of its political subdivisions, other than the Successor Agency, and neither said County, said State, nor any of its political subdivisions, is liable hereon nor in any event shall this Bond be payable out of any funds or properties other than the Pledged Tax Revenues.

The rights and obligations of the Successor Agency and the owners of the Bonds may be modified or amended at any time in the manner, to the extent and upon the terms provided in the Indenture, but no such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the redemption price thereof or in the rate of interest thereon without the consent of the owner of such Bond, or shall reduce the percentages of the Bond owners required to effect any such modification or amendment.

The Series 2015B Bonds maturing on or before October 1, 20__, are not subject to optional redemption prior to maturity. The Bonds maturing on and after October 1, 201_, are subject to redemption, at the option of the Successor Agency on any date on or after October 1, 20__, as a whole or in part, by such maturities as shall be determined by the Successor Agency, and by lot within a maturity, from any available source of funds, at a redemption price equal to the principal amount of the Series 2015B Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

The Series 2015B Bonds maturing on October 1, 20__, are subject to mandatory sinking account redemption in part by lot, on October 1 in each of the years as set forth in the following tables, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium; *provided, however*, that if some but not all of such Bonds have been optionally redeemed pursuant to the preceding paragraph, the total amount of all Bonds to be redeemed thereafter from mandatory sinking account payments shall be reduced on a pro rata basis in integral multiples of \$5,000.

Term Bonds Maturing October 1, 20__

Sinking Account Redemption Date (October 1)	Principal Amount To be Redeemed or Purchased
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(maturity)

As provided in the Indenture, notice of redemption shall be mailed by the Trustee by first class mail not less than thirty (30) nor more than sixty (60) days prior to the redemption date to the respective owners of any Bonds designated for redemption at their addresses appearing on the Bond registration books of the Trustee, but neither failure to receive such notice nor any defect in the notice so mailed shall affect the sufficiency of the proceedings for redemption.

The Successor Agency has the right to rescind any optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. Any such notice of optional redemption shall be canceled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under the Indenture. The Successor Agency and the Trustee shall have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee shall mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent.

If this Bond is called for redemption and payment is duly provided therefor as specified in the Indenture, interest shall cease to accrue hereon from and after the date fixed for redemption.

In lieu of redemption of Series 2015B Bonds amounts on deposit in the Debt Service Fund (as defined in the Indenture) may be withdrawn and used at the direction of the Successor Agency at any time to purchase such Series 2015B Bonds at public or private sale at such prices (including brokerage and other charges and including accrued interest) as the Successor Agency may in its discretion determine. The par amount of any such 2015B Bonds so purchased by the Successor Agency in any twelve-month period ending on July 1 will be credited toward, and will reduce the par amount of, Series 2015B Bonds required to be redeemed pursuant to the Indenture on the next succeeding October 1 of such year.

If an Event of Default, as defined in the Indenture, shall occur, the principal of all outstanding Series 2015B Bonds may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture, but such declaration and its consequences may be rescinded and annulled as further provided in the Indenture.

This Bond is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at said corporate trust office of the Trustee in Los Angeles, California or such other place as designated by the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon registration of such transfer a new Bond or Bonds, of authorized denomination or denominations, for the same aggregate principal amount and of the same maturity will be issued to the transferee in exchange herefor.

The Successor Agency and the Trustee may treat the Registered Owner hereof as the absolute owner hereof for all purposes, and the Successor Agency and the Trustee shall not be affected by any notice to the contrary.

It is hereby certified that all of the things, conditions and acts required to exist, to have happened or to have been performed precedent to and in the issuance of this Bond do exist, have happened or have been performed in due and regular time, form and manner as required by the Redevelopment Law and the laws of the State of California and that the amount of this Bond, together with all other indebtedness of the Successor Agency, does not exceed any limit prescribed by the Redevelopment Law or any laws of the State of California, and is not in excess of the amount of Bonds permitted to be issued under the Indenture.

This Bond shall not be entitled to any benefit under the Indenture or become valid or obligatory for any purpose until the Trustee's Certificate of Authentication hereon endorsed shall have been manually signed by the Trustee.

IN WITNESS WHEREOF, the SUCCESOR AGENCY TO THE SAN MARCOS REDEVELOPMENT AGENCY has caused this Bond to be executed in its name and on its behalf with the facsimile signature of its _____ and attested to by the facsimile signature of its Secretary, all as of the Original Issue Date specified above.

SUCCESSOR AGENCY TO THE SAN
MARCOS REDEVELOPMENT AGENCY

By: _____

ATTEST:

Secretary

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Indenture.

Dated: _____

MUFG UNION BANK, N.A., *as Trustee*

By: _____
Authorized Signatory

ASSIGNMENT

For value received the undersigned do(es) hereby sell, assign and transfer unto

(Name, Address and Tax Identification or Social Security Number of Assignee)

the within Bond and do(es) hereby irrevocably constitute and appoint

_____ attorney,
to transfer the same on the books of the Trustee, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: Signature guarantee shall be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee.

NOTICE: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

\$[_____]
**SUCCESSOR AGENCY TO THE
SAN MARCOS REDEVELOPMENT AGENCY
Tax Allocation Refunding Bonds, Series 2015A**

\$[_____]
**SUCCESSOR AGENCY TO THE
SAN MARCOS REDEVELOPMENT AGENCY
Taxable Tax Allocation Refunding Bonds, Series 2015B**

BOND PURCHASE AGREEMENT

[____], 2015

Successor Agency to the San Marcos Redevelopment Agency
One Civic Center Drive, 2nd Fl.
San Marcos, CA 92069

Ladies and Gentlemen:

Stifel, Nicolaus & Company, Incorporated (the “**Representative**”) as representative of Piper Jaffray & Company (collectively, the “**Underwriters**”), offers to enter into this Bond Purchase Agreement (the “**Bond Purchase Agreement**”) with the Successor Agency to the San Marcos Redevelopment Agency (the “**Successor Agency**”), which will be binding upon the Successor Agency and the Underwriters upon the acceptance hereof by the Successor Agency. This offer is made subject to its acceptance by the Successor Agency by execution of this Bond Purchase Agreement and its delivery to the Underwriters on or before 5:00 P.M., California time, on the date hereof.

The Successor Agency acknowledges and agrees that: (i) the purchase and sale of the Bonds (as hereinafter defined) pursuant to this Bond Purchase Agreement is an arm’s-length commercial transaction between the Successor Agency and the Underwriters; (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriters are and have been acting solely as principal and are not acting as Municipal Advisors (as defined in Section 15B of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”)), and have not assumed a fiduciary responsibility in favor of the Successor Agency with respect to the offering of the Bonds or the process leading thereto (whether or not the Underwriters have advised or are currently advising the Successor Agency on other matters); (iii) the only obligations the Underwriters have to the Successor Agency with respect to the transaction contemplated hereby expressly are set forth in this Bond Purchase Agreement; (iv) the Successor Agency has consulted its own legal, financial and other advisors to the extent it has deemed appropriate; (v) the Underwriters have financial interests that may differ from and be adverse to those of the Successor Agency; and (vi) the Underwriters have provided the Successor Agency with certain disclosures required under the rules of the Municipal Securities Rulemaking Board (the “**MSRB**”).

The Successor Agency hereby acknowledges receipt from the Underwriters of disclosures required by the Municipal Securities Rulemaking Board ("**MSRB**") Rule G-17, relating to disclosures concerning the Underwriters' role in the transaction, disclosures concerning the Underwriters' compensation, conflict disclosures, if any, and disclosures concerning complex municipal securities financing, if any.

Terms not otherwise defined herein shall have the same meanings as set forth in the Indenture, described below.

1. *Purchase and Sale; Use of Proceeds.* Upon the terms and conditions and in reliance upon the representations, warranties and covenants herein, the Successor Agency hereby agrees to sell to the Underwriters and the Underwriters hereby agree to purchase from the Successor Agency for offering to the public, all (but not less than all) of the following:

(a) the \$[] Successor Agency to the San Marcos Redevelopment Agency Tax Allocation Refunding Bonds, Series 2015A (the "**Series A Bonds**"), at the purchase price of \$[] (the "**Series A Purchase Price**") (being the principal amount of the Series A Bonds of \$[], less an Underwriters' discount of \$[], and [plus/less] an original issue [premium/discount] of \$[]), and

(b) the \$[] Successor Agency to the San Marcos Redevelopment Agency Taxable Tax Allocation Refunding Bonds, Series 2015B (the "**Series B Bonds**" and, with the Series A Bonds, the "**Bonds**"), at the purchase price of \$[] (the "**Series B Purchase Price**") (being the principal amount of the Series B Bonds of \$[], less an Underwriters' discount of \$[], and [plus/less] an original issue [premium/discount] of \$[]).

As an accommodation to the Successor Agency, the Underwriters will pay, from the purchase price of the Bonds, the sum of \$[] to [] (the "**Municipal Bond Insurer**") as the premium for its municipal bond insurance policy (the "**Municipal Bond Insurance Policy**") issued for the (i) Series A Bonds maturing on October 1, 20[] and on October 1 of each year thereafter up to and including October 20[] (the "Insured Series A Bonds) and (ii) Series B Bonds maturing on October 1, 20[] and on October 1 of each year thereafter up to and including October 1, 20[] (the "Insured Series B Bonds" and together with the Insured Series A Bonds, the "**Insured Bonds**") and the sum of \$[] to the Municipal Bond Insurer as the premium for its reserve fund municipal bond insurance policy issued for the Bonds (the "**Reserve Fund Municipal Bond Insurance Policy**").

The amount of \$[] (which is the Series A Purchase Price net of the amounts set forth in the preceding paragraph regarding the premiums on the Municipal Bond Insurance Policy and the Reserve Fund Municipal Bond Insurance Policy attributable to the Series A Bonds) will be delivered to MUFG Union Bank, N.A., as trustee (the "**Trustee**"), on behalf of the Successor Agency. The Series B Purchase Price in the amount of \$[] (which is the Series B Purchase Price net of the amounts set forth in the preceding paragraph regarding the premiums on the Municipal Bond Insurance Policy and the Reserve Fund Municipal Bond Insurance Policy attributable to the Series B Bonds) will be delivered to the Trustee, on behalf of the Successor Agency.

The Series A Purchase Price and the Series B Purchase Price are to be paid on the Closing Date (as defined in Section 6 below). The Bonds shall be dated the Closing Date, and shall bear interest at the rates, shall mature on the dates and in the principal amounts and shall be subject to redemption, all as set forth in the attached Exhibit A.

The Bonds are being issued for the purpose of providing funds to the Successor Agency for the following purposes:

(a) to defease and redeem the following outstanding bonds (the “**Former Agency Bonds**”) issued by the former Redevelopment Agency of the City of San Marcos (the “**Former Agency**”), payable from tax increment revenue generated in the Former Agency’s San Marcos Redevelopment Project Area No. 1, San Marcos Redevelopment Project Area No. 2, and San Marcos Redevelopment Project Area No. 3 (collectively, the “**Project Areas**”):

- (i) Redevelopment Agency of the City of San Marcos Tax Allocation Bonds (1997 Affordable Housing Project) Series 1997A (the “**1997A Bonds**”) pursuant to an Indenture of Trust, by and between the Former Agency and the Trustee, dated as of July 1, 1997 (the “**1997A Indenture**”),
- (ii) Redevelopment Agency of the City of San Marcos Tax Allocation Bonds (1998 Affordable Housing Project) Series 1998A (the “**1998A Bonds**”) pursuant to an Indenture of Trust by and between the Agency and The Bank of New York Mellon Trust Company, N.A. as trustee, dated as of April 1, 1998 (the “**1998A Indenture**”).

(b) to prepay the following outstanding lease agreements (collectively, the “**Outstanding Leases**”), and, as a result, cause a discharge of a Reimbursement Agreement, dated as of November 1, 2001 (the “**2001 Reimbursement Agreement**”), and a defeasance and redemption of the San Marcos Public Facilities Authority 2001 Public Improvement Refunding Revenue Bonds, Series A (Civic Center/Public Works Yard) (the “**2001 Authority Bonds**”):

- (i) that certain Lease Agreement (Civic Center), dated as of November 1, 2001, by and between the San Marcos Public Facilities Authority (the “**Authority**”) and the City, and
- (ii) that certain Lease Agreement (Public Works Yard), dated as of November 1, 2001, by and between the Authority and the City.

(c) to prepay the following outstanding loans incurred by the Former Agency (collectively, the “**Former Agency Loans**”), payable from tax increment revenue generated in the Project Areas, which will result in the defeasance and redemption of the following series of bonds issued by the Authority to fund the loans:

- (i) that certain Loan Agreement (Project Area No. 1 - Loan No. 1), dated as of May 1, 2003, by and among the Authority, the Former Agency and U.S. Bank National Association, Loan Agreement (Project Area No. 2) dated as of May 1, 2003, by and among the Authority, the Former Agency, and U.S. Bank National Association, and Loan Agreement (Project Area No. 3), dated as of May 1, 2003, by and among the Authority, the Former Agency, and U.S. Bank National Association, securing the San Marcos Public Facilities Authority, 2003 Tax Allocation Revenue Bonds (Project Areas No. 1, No. 2, and No. 3 Refunding and Financing Project), Series A (the “**2003A Authority Bonds**”),
- (ii) that certain Loan Agreement (Project Area No. 1 - Loan No. 2), dated as of May 1, 2003, by and among the Authority, the Former Agency, and U.S. Bank National Association, securing the San Marcos Public Facilities Authority, 2003 Tax Allocation Revenue Bonds (Project Area No. 1 Refunding and Financing Project), Taxable Series B (the “**2003B Taxable Authority Bonds**”),

- (iii) that certain Loan Agreement (Project Area No. 1 - Loan No. 2005-1), dated as of May 1, 2005, by and among the Authority, the Agency, and the Trustee, and the Loan Agreement (Project Area No. 3 - Loan No. 2005-1), dated as of May 1, 2005, by and among the Authority, the Former Agency, and the Trustee, securing the San Marcos Public Facilities Authority, 2005 Tax Allocation Revenue Bonds (Project Areas No. 1 and No. 3 Refunding Project), Series A (the “**2005A Authority Bonds**”),
- (iv) that certain Loan Agreement (Project Area No. 1 - Loan No. 2005-2), dated as of May 1, 2005, by and among the Authority, the Former Agency, and the Trustee, securing the San Marcos Public Facilities Authority, 2005 Tax Allocation Revenue Bonds (Project Area No. 1 Refunding and Financing Project), Taxable Series B (the “**2005B Taxable Authority Bonds**”),
- (v) that certain Loan Agreement (Project Area No. 2 - Loan No. 2005-1), dated as of June 1, 2005, by and among the Authority, the Agency, and the Trustee, and the Loan Agreement (Project Area No. 3 - Loan No. 2005-2), dated as of June 1, 2005, by and among the Authority, the Former Agency, and the Trustee, securing the San Marcos Public Facilities Authority, 2005 Tax Allocation Revenue Bonds (Project Areas No. 2 and No. 3 Financing Projects), Series C (the “**2005C Authority Bonds**”), and
- (vi) that certain Loan Agreement (Project Area No. 3 - Loan No. 2006-1), dated as of March 1, 2006, by and among the Authority, the Former Agency, and the Trustee, securing the San Marcos Public Facilities Authority, 2006 Tax Allocation Revenue Bonds (Project Area No. 3 Financing Project), Series A (the “**2006A Authority Bonds**,” and together with the 2001 Authority Bonds, the 2003A Authority Bonds, the 2003B Taxable Authority Bonds, the 2005A Authority Bonds, the 2005B Taxable Authority Bonds and the 2005C Authority Bonds, the “**Former Authority Bonds**”).

The Bonds are also being issued to fund a reserve fund for the Bonds and pay the costs of issuing the Bonds.

The Bonds are special, limited obligations of the Successor Agency, payable from, and secured by a lien on Pledged Tax Revenues, as such term is defined in that certain Indenture of Trust, dated as of [____] 1, 2015 (the “**Indenture**”), by and between the Successor Agency and the Trustee.

[The payment of principal of and interest on the Bonds, when due, will be insured by the Municipal Bond Insurance Policy issued by the Municipal Bond Insurer concurrently with the delivery of the Bonds.]

The defeasance, redemption and prepayments described above will be accomplished pursuant to separate escrow deposit and trust agreements (each, an “**Escrow Agreement**”; together, the “**Escrow Agreements**”) with various entities acting as escrow bank (each, an “**Escrow Bank**”; together, the “**Escrow Banks**”).

Issuance of the Bonds was authorized by a resolution of the Successor Agency, adopted on April 14, 2015 (the “**Successor Agency Resolution**”), and a resolution of the Oversight Board of the Successor Agency to the San Marcos Redevelopment Agency, adopted on April 16, 2015 (the “**Oversight Board Resolution**”).

2. *Bona Fide Public Offering.* The Underwriters agree to make a bona fide public offering of all of the Bonds, at prices not in excess of the initial public offering yields or prices set forth on the cover page of the Official Statement.

3. *Official Statement.* The Successor Agency shall deliver or cause to be delivered to the Underwriters promptly after acceptance of this Bond Purchase Agreement copies of the Official Statement relating to the Bonds, dated the date hereof (which, together with all exhibits and appendices included therein or attached thereto and with such amendments or supplements thereto which shall be approved by the Representative, the “**Official Statement**”). The Successor Agency authorizes the Official Statement, including the cover page and Appendices thereto and the information contained therein, to be used in connection with the sale of the Bonds and ratifies, confirms and approves the use and distribution by the Underwriters for such purpose, prior to the date hereof, of the Preliminary Official Statement dated _____, 2015 (the “**Preliminary Official Statement**”). The Successor Agency deems such Preliminary Official Statement final as of its date for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (“**Rule 15c2-12**”), except for information allowed to be omitted by Rule 15c2-12. The Successor Agency also agrees to deliver to the Underwriters, at the Successor Agency’s sole cost and at such address as the Underwriters shall specify, as many copies of the Official Statement as the Underwriters shall reasonably request as necessary to comply with paragraph (b)(4) of Rule 15c2-12 with Rule G-32 and all other applicable rules of the Municipal Securities Rulemaking Council. The Successor Agency agrees to deliver such copies of the Official Statement within seven (7) business days after the date hereof. Such Official Statement shall contain all information previously permitted to be omitted by Rule 15c2-12. The Representative agrees to give written notice to the Successor Agency of the date after which the Underwriters shall no longer be obligated to deliver Official Statements pursuant to paragraph (b)(4) of Rule 15c2-12 which shall be no later than 25 days after the end of the Underwriting Period (as such term is defined in 4(q) below).

The Representative agrees to promptly file a copy of the final Official Statement, including any supplements prepared by the Successor Agency, in compliance with MSRB Rule G-32, and to take any and all other actions necessary to comply with applicable Securities and Exchange Commission rules and Municipal Securities Rulemaking Council rules governing the offering, sale and delivery of the Bonds to the ultimate purchasers thereof.

4. *Representations, Warranties and Agreements of the Successor Agency.* The Successor Agency represents and warrants to the Underwriters that, as of the Closing Date:

(a) The Successor Agency is a public entity existing under the laws of the State of California (the “**State**”), and is authorized, among other things, (i) to issue the Bonds, and (ii) to secure the Bonds in the manner contemplated by the Indenture.

(b) The Successor Agency has the full right, power and authority (i) to enter into the Indenture, the Escrow Agreements and this Bond Purchase Agreement, (ii) to issue, sell and deliver the Bonds to the Underwriters as provided herein, and (iii) to carry out and consummate all other transactions on its part contemplated by each of the aforesaid documents, and the Successor Agency has complied with all provisions of applicable law in all matters relating to such transactions.

(c) The Successor Agency has duly authorized (i) the execution and delivery of the Bonds and the execution, delivery and due performance by the Successor Agency of the Escrow Agreements, this Bond Purchase Agreement and the Indenture, (ii) the distribution and use of the “deemed final” Preliminary Official Statement and the execution, delivery and distribution of the final Official Statement, and (iii) the taking of any and all such action as may be required on the part of the Successor Agency to carry out, give effect to and consummate the transactions on its part contemplated by such instruments. All consents or approvals necessary to be obtained by the Successor

Agency in connection with the foregoing have been received, and the consents or approvals so received are still in full force and effect.

(d) The information contained in the Preliminary Official Statement (excluding therefrom for any information relating to the Municipal Bond Insurer, the Municipal Bond Insurance Policy, the Reserve Fund Municipal Bond Insurance Policy, DTC and its book-entry system included therein and the information therein under the caption "[UNDERWRITING]") is true and correct in all material respects, and the Preliminary Official Statement did not on the date thereof contain any untrue or misleading statement of a material fact relating to the Successor Agency or the City or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(e) The information contained in the Official Statement (excluding therefrom for any information relating to the Municipal Bond Insurer, the Municipal Bond Insurance Policy, the Reserve Fund Municipal Bond Insurance Policy, DTC and its book-entry system included therein and the information therein under the caption "[UNDERWRITING]") is true and correct in all material respects, and the Official Statement does not contain any untrue or misleading statement of a material fact relating to the Successor Agency or the City or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(f) Neither the execution and delivery by the Successor Agency of the Indenture, the Escrow Agreements, this Bond Purchase Agreement and of the Bonds nor the consummation of the transactions on the part of the Successor Agency contemplated herein or therein or the compliance with the provisions hereof or thereof will conflict with, or constitute on the part of the Successor Agency a violation of, or a breach of or default under, (i) any statute, indenture, mortgage, note or other agreement or instrument to which the Successor Agency is a party or by which it is bound, (ii) any provision of the State Constitution, or (iii) any existing law, rule, regulation, ordinance, judgment, order or decree to which the Successor Agency (or the members of the Successor Agency or any of its officers in their respective capacities as such) is subject.

(g) The Successor Agency has never been in default at any time, as to principal of or interest on any obligation which it has issued except as otherwise specifically disclosed in the Official Statement; and the Successor Agency has not entered into any contract or arrangement of any kind which might give rise to any lien or encumbrance on the Pledged Tax Revenues (as defined in the Indenture) pledged to the payment of the Bonds except as is specifically disclosed in the Official Statement.

(h) Except as will be specifically disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, which has been served on the Successor Agency or, to the best knowledge of the Successor Agency, threatened, which in any way questions the powers of the Successor Agency referred to in paragraph (b) above, or the validity of any proceeding taken by the Successor Agency in connection with the issuance of the Bonds, or wherein an unfavorable decision, ruling or finding could materially adversely affect the transactions contemplated by the Escrow Agreements, this Bond Purchase Agreement or the Indenture, or which, in any way, could adversely affect the validity or enforceability of the Indenture, the Bonds, the Escrow Agreements or this Bond Purchase Agreement or, to the knowledge of the Successor Agency, which in any way questions the exclusion from gross income of the recipients thereof the interest on the

Bonds for federal income tax purposes or in any other way questions the status of the Bonds under federal or state tax laws or regulations or which in any way could materially adversely affect the availability of Pledged Tax Revenues.

(i) Any certificate signed by any official of the Successor Agency and delivered to the Underwriters in connection with the offer or sale of the Bonds shall be deemed a representation and warranty by the Successor Agency to the Underwriters as to the truth of the statements therein contained.

(j) The Successor Agency has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that it is a bond issuer whose arbitrage certifications may not be relied upon.

(k) The Successor Agency will furnish such information, execute such instruments and take such other action in cooperation with the Underwriters and at the expense of the Underwriters as the Underwriters may reasonably request in order (i) to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriters may designate and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualifications in effect so long as required for the distribution of the Bonds, provided; however, that the Successor Agency will not be required to execute a special or general consent to service of process or qualify as a foreign corporation in connection with any such qualification in any jurisdiction.

(l) All authorizations, approvals, licenses, permits, consents, elections, and orders of or filings with any governmental authority, legislative body, board, agency or commission having jurisdiction in the matters which are required by the Closing Date for the due authorization of, which would constitute a condition precedent to or the absence of which would adversely affect the due performance by the Successor Agency of, its obligations in connection with the Indenture have been duly obtained or made and are in full force and effect.

(m) Between the date of this Bond Purchase Agreement and the Closing Date, the Successor Agency will not offer or issue any bonds, notes or other obligations for borrowed money not previously disclosed to the Underwriters.

(n) The Successor Agency will apply the proceeds of the Bonds in accordance with the Indenture.

(o) Except as otherwise described in the Official Statement, as of the Closing Date, the Successor Agency will not have outstanding any indebtedness which indebtedness is secured by a lien on the Pledged Tax Revenues of the Successor Agency on a parity with or senior to the lien provided for in the Indenture on the Pledged Tax Revenues.

(p) Except as described in the Official Statement, neither the Former Agency nor the Successor Agency has failed, within the last five years, to comply in all material respects with any undertaking of the Successor Agency pursuant to Rule 15c2-12.

(q) If between the date hereof and the date which is 25 days after the End of the Underwriting Period, as defined herein, for the Bonds, an event occurs which would cause the information contained in the Official Statement, as then supplemented or

amended, to contain an untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make such information herein, in the light of the circumstances under which it was presented, not misleading, the Successor Agency will notify the Representative, and, if in the opinion of the Representative or the Successor Agency, or respective counsel, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Successor Agency will cooperate in the preparation of an amendment or supplement to the Official Statement in a form and manner approved by the Representative, and shall pay all expenses thereby incurred. For the purposes of this subsection, between the date hereof and the date which is 25 days after the End of the Underwriting Period for the Bonds, the Successor Agency will furnish such information with respect to itself as the Underwriters may from time to time reasonably request. As used herein, the term "End of the Underwriting Period" means the later of such time as: (i) the Successor Agency delivers the Bonds to the Underwriters; or (ii) the Underwriters do not retain, directly or as a member of an underwriting syndicate, an unsold balance of the Bonds for sale to the public. Notwithstanding the foregoing, unless the Representative gives notice to the contrary, the "End of the Underwriting Period" shall be the Closing Date.

(r) If the information contained in the Official Statement is amended or supplemented pursuant to paragraph (q) hereof, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such subparagraph) at all times subsequent thereto up to and including the date which is 25 days after the End of the Underwriting Period for the Bonds, the portions of the Official Statement so supplemented or amended (including any financial and statistical data contained therein) will not contain any untrue statement of a material fact required to be stated therein or necessary to make such information therein in the light of the circumstances under which it was presented, not misleading.

(s) The Oversight Board has duly adopted the Oversight Board Resolutions approving the issuance of the Bonds and no further Oversight Board approval or consent is required for the issuing of the Bonds or the consummation of the transactions described in the Preliminary Official Statement.

(t) The Department of Finance of the State (the "**Department of Finance**") has issued a letter, dated [____], 2015, approving the issuance of the Bonds. No further Department of Finance approval or consent is required for the issuance of the Bonds or the consummation of the transactions described in the Preliminary Official Statement. The Successor Agency has received its Finding of Completion from the Department of Finance. Except as disclosed in the Official Statement, the Successor Agency is not aware of the Department of Finance directing or having any basis to direct the County Auditor-Controller to deduct unpaid unencumbered funds from future allocations of property tax to the Successor Agency pursuant to Section 34183 of the Dissolution Act.

(u) As of the time of acceptance hereof and as of the date of the Closing, the Successor Agency has complied with the filing requirements of the Law, including, without limitation, the filing of all Recognized Obligation Payment Schedules, as required by the Law.

5. *Covenants of the Successor Agency.* The Successor Agency covenants with the Underwriters as of the Closing Date as follows:

(a) The Successor Agency covenants and agrees that it will execute a continuing disclosure certificate, constituting an undertaking to provide ongoing disclosure about

the Successor Agency, for the benefit of the owners of the Bonds as required by Section (b)(5)(i) of Rule 15c2-12, substantially in the form attached to the Preliminary Official Statement (the “**Disclosure Certificate**”).

(b) The Successor Agency agrees to cooperate with the Underwriters in the preparation of any supplement or amendment to the Official Statement deemed necessary by the Underwriters to comply with the Rule and any applicable rule of the Municipal Securities Rulemaking Board.

(c) If at any time prior to the Closing Date, any event occurs with respect to the Successor Agency as a result of which the Official Statement, as then amended or supplemented, might include an untrue statement of a material fact, or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the Successor Agency shall promptly notify the Underwriters in writing of such event. Any information supplied by the Successor Agency for inclusion in any amendments or supplements to the Official Statement will not contain any untrue or misleading statement of a material fact relating to the Successor Agency or omit to state any such fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(d) The Successor Agency will not knowingly take or omit to take any action, which action or omission will in any way cause the proceeds from the sale of the tax-exempt Bonds to be applied in a manner other than as provided in the Indenture or which would cause the interest on the Bonds to be includable in gross income for federal income tax purposes.

6. *Closing.* On [July 23, 2015], or at such other date and times as shall have been mutually agreed upon by the Successor Agency and the Underwriters (the “**Closing Date**”), the Successor Agency will deliver or cause to be delivered the Bonds to the Underwriters, and the Successor Agency shall deliver or cause to be delivered to the Underwriters the certificates, opinions and documents hereinafter mentioned, each of which shall be dated as of the Closing Date. The activities relating to the execution and delivery of the Bonds, opinions and other instruments as described in Section 7 of this Bond Purchase Agreement shall occur on the Closing Date. The delivery of the certificates, opinions and documents as described herein shall be made at the offices Best Best & Krieger LLP, in San Diego, California (“**Bond Counsel**”), or at such other place as shall have been mutually agreed upon by the Successor Agency and the Underwriters. Such delivery is herein called the “**Closing**.”

The Bonds will be prepared and physically delivered to the Trustee on the Closing Date in the form of a separate single fully registered bond for each of the maturities of the Bonds. The Bonds shall be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company (“**DTC**”), New York, New York. The Bonds will be authenticated by the Trustee in accordance with the terms and provisions of the Indenture and shall be delivered to DTC prior to the Closing Date as required by DTC to assure delivery of the Bonds on the Closing Date. It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such number on any Bonds nor any error with respect thereto shall constitute cause for a failure or refusal by the Underwriters to accept delivery of and pay for the Bonds in accordance with the terms of this Bond Purchase Agreement.

At or before 8:00 a.m., Daylight Savings time, on the Closing Date, the Successor Agency will deliver, or cause to be delivered, the Bonds to DTC, in definitive form duly executed and authenticated by the Trustee, and the Underwriters will pay the Purchase Price of the

Bonds by delivering to the Trustee, for the account of the Successor Agency a wire transfer in federal funds of the Purchase Price payable to the order of the Trustee.

7. *Closing Conditions.* The obligations of the Underwriters hereunder shall be subject to the performance by the Successor Agency of its obligations hereunder at or prior to the Closing Date and are also subject to the following conditions:

(a) the representations, warranties and covenants of the Successor Agency contained herein shall be true and correct in all material respects as of the Closing Date;

(b) as of the Closing Date, there shall have been no material adverse change in the financial condition of the Successor Agency that is not disclosed in the Preliminary Official Statement or the Official Statement;

(c) as of the Closing Date, all official action of the Successor Agency relating to this Bond Purchase Agreement, the Disclosure Certificate and the Indenture shall be in full force and effect;

(d) as of the Closing Date, the Underwriters shall receive the following certificates, opinions and documents, in each case satisfactory in form and substance to the Underwriters:

(i) a copy of the Indenture, as duly executed and delivered by the Successor Agency and the Trustee;

(ii) a copy of the Disclosure Certificate, as duly executed and delivered by the Successor Agency;

(iii) copies of the Successor Agency Escrow Agreements (as defined below), duly executed and delivered by the Successor Agency and the Escrow Banks, and copies of the Authority Escrow Agreements (as defined below), duly executed and delivered by the Authority and the Escrow Banks;

(iv) an opinion of Bond Counsel, dated the Closing Date and addressed to the Underwriters, in the form attached as [Appendix ___] to the Official Statement;

(v) a certificate, dated the Closing Date, of the Successor Agency executed by the Executive Director (or other duly appointed officer of the Successor Agency authorized by the Successor Agency by resolution of the Successor Agency) to the effect that (A) there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body which has been served on the Successor Agency or, to the knowledge of the Successor Agency, threatened against or affecting the Successor Agency to restrain or enjoin the Successor Agency's participation in, or in any way contesting the existence of the Successor Agency or the powers of the Successor Agency with respect to, the transactions contemplated by the Escrow Agreements, this Bond Purchase Agreement or the Indenture, and consummation of such transactions; (B) the representations and warranties of the Successor Agency contained in this Bond Purchase Agreement are true and correct in all material respects, and the Successor Agency has complied with all agreements and covenants and satisfied all conditions to be satisfied at or prior to the Closing Date as contemplated by the Indenture and this Bond Purchase Agreement; (C) no event affecting the Successor Agency has occurred since the

date of the Official Statement which has not been disclosed therein or in any supplement or amendment thereto which event should be disclosed in the Official Statement in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and (D) no further consent is required to be obtained for the inclusion of the financial statement with respect to the Successor Agency Trust for Assets of Former Redevelopment Agency for the Fiscal Year Ending June 30, 2014, which is excerpted from the audited City of San Marcos, California, Year End June 30, 2014 Comprehensive Annual Financial Report, as [Exhibit ___] to the Official Statement.

(vi) an opinion of the City Attorney, as counsel to the Successor Agency, dated the Closing Date and addressed to the Successor Agency and the Underwriters to the effect that:

(A) the Successor Agency is a public body, organized and existing under the laws of the State;

(B) the Successor Agency has full legal power and lawful authority to enter into the Indenture, the Escrow Agreements to which the Successor Agency is a party (the “**Successor Agency Escrow Agreements**”) and this Bond Purchase Agreement, and to execute and deliver the Disclosure Certificate;

(C) the Successor Agency Resolution approving and authorizing the execution and delivery of the Bonds, the Indenture, the Successor Agency Escrow Agreements, the Disclosure Certificate, this Bond Purchase Agreement and the Official Statement has been duly adopted at a meeting of the governing body of the Successor Agency, which was called and held pursuant to the law and with all public notice required by law and at which a quorum was present and acting throughout and the Successor Agency Resolution is in full force and effect and has not been modified, amended or rescinded;

(D) the Indenture, the Successor Agency Escrow Agreements, the Disclosure Certificate, and this Bond Purchase Agreement have been duly authorized, executed and delivered by the Successor Agency and, assuming due authorization, execution and delivery by the other parties thereof, constitute the valid, legal and binding agreements of the Successor Agency enforceable in accordance with their terms;

(E) The information in the Official Statement under the captions [“SECURITY FOR THE BONDS,” “THE SUCCESSOR AGENCY TO THE SAN MARCOS REDEVELOPMENT AGENCY,” “SAN MARCOS REDEVELOPMENT PROJECT AREA NO. 1,” “SAN MARCOS REDEVELOPMENT PROJECT AREA NO. 2,” and “SAN MARCOS REDEVELOPMENT PROJECT AREA NO. 3,”] insofar as such statements purport to summarize information with respect to the Successor Agency and its tax sharing obligations, fairly and accurately summarizes the information presented therein; and

(F) Except as otherwise disclosed in the Official Statement, there is no litigation, action, suit, proceeding or investigation (or any basis therefor) at law or in equity before or by any court, governmental agency

or body, pending by way of a summons served against the Successor Agency or, to our knowledge, threatened against the Successor Agency, challenging the creation, organization or existence of the Successor Agency, or the validity of the Indenture, the Successor Agency Escrow Agreements or this Bond Purchase Agreement or seeking to restrain or enjoin any of the transactions referred to therein or contemplated thereby or contesting the authority of the Successor Agency to enter into or perform its obligations under the Indenture, the Successor Agency Escrow Agreements or this Bond Purchase Agreement, or under which a determination adverse to the Successor Agency would have a material adverse effect upon the availability of Pledged Tax Revenues, or which, in any manner, questions the right of the Successor Agency to enter into, and perform under, the Indenture, the Successor Agency Escrow Agreements or this Bond Purchase Agreement;

(vii) an opinion of counsel to the Trustee, dated the Closing Date and addressed to the Successor Agency and the Underwriters, to the effect that:

(A) The Trustee is a national banking association organized and existing under the laws of the United States of America, having full power to enter into, accept and administer the trust created under the Indenture;

(B) The Indenture has been duly authorized, executed and delivered by the Trustee and the Indenture constitutes a legal, valid and binding obligation of the Trustee enforceable in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles, if equitable remedies are sought; and

(C) No consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Trustee that has not been obtained is or will be required for the execution and delivery of the Indenture or the consummation of the transactions contemplated by the Indenture;

(viii) an opinion or opinions of counsel to the Escrow Banks, dated the Closing Date and addressed to the Successor Agency, the Authority, and the Underwriters, to the effect that:

(A) The Escrow Bank is a national banking association organized and existing under the laws of the United States of America, having full power to enter into, accept and administer the trusts created under the Escrow Agreements;

(B) The Escrow Agreements have been duly authorized, executed and delivered by the Escrow Bank and the Escrow Agreements constitute the legal, valid and binding obligations of the Escrow Banks enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles, if equitable remedies are sought; and

(C) No consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Escrow Bank that has not been obtained is or will be required for the execution and delivery of the Escrow Agreements or the consummation of the transactions on the part of the Escrow Bank with respect to the Escrow Agreements contemplated by the Escrow Agreements;

(ix) the opinion of counsel to the Authority, dated the Closing Date, addressed to the Successor Agency and the Underwriters, to the effect that:

(A) the Authority is a joint powers authority, organized and existing under the laws of the State of California;

(B) the resolution of the Board of Directors of the Authority (the “**Authority Resolution**”) approving and authorizing the execution and delivery of the Escrow Agreements to which the Authority is a party (collectively, the “**Authority Escrow Agreements**”) was duly adopted at a meeting of the Board of Directors of the Authority which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting through, and the Authority Resolution is in full force and effect and has not been modified, amended or rescinded as of the Closing Date;

(C) the Authority has full legal power and authority to enter into the Authority Escrow Agreements and to carry on its business as then conducted;

(D) the Authority Escrow Agreements have been duly authorized, executed and delivered by the Authority and constitute legal, valid and binding agreements of the Authority, enforceable in accordance with their terms;

(E) no consent, approval, authorization or order of any court or governmental body is required for the consummation by the Authority of the transactions contemplated by the Official Statement, except such as have been obtained and except such as may be required under state securities or blue sky laws in connection with the purchase and distribution of the Bonds by the Underwriters;

(F) except as disclosed in the Official Statement, there is to such counsel’s knowledge no litigation pending or threatened in any court (i) in any way questioning the existence of the Authority or the titles of the officers of the Authority to their respective offices; (ii) in any way contesting or affecting the validity of any of the Authority Escrow Agreements; (iii) contesting the powers of the Authority to cause the execution and delivery of the Authority Escrow Agreements and the performance of its obligations contained therein; or (iv) which would be likely to have a material adverse effect on the ability of the Authority to meet its obligations under the Authority Escrow Agreements or on the consummation of the transactions contemplated hereby; or (v) asserting that the Official Statement contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or

necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and

(G) the execution and delivery of the Authority Escrow Agreements by the Authority, and performance by the Authority of its obligations thereunder, do not and will not (i) violate any provision of any law, rule, regulation, order, writ, judgment, injunction, decree, determination or award presently in effect having applicability to the Authority or (ii) result in a breach of or constitute a default under any indenture or loan or credit agreement, lease or instrument to which it is a party or by which it or its properties may be bound or affected, and all consents, approvals, authorizations and orders of a governmental or regulatory authority, if any, which are required to be obtained by the Authority for the consummation of the transactions contemplated thereby or as conditions precedent to the execution and delivery of the Bonds have been obtained (provided no opinion need be expressed as to any action required under state securities or blue sky laws in connection with the purchase or distribution of the Bonds by the Underwriters);

(x) a certificate, dated the Closing Date, of the Trustee, signed by a duly authorized officer of the Trustee, to the effect that (A) the Trustee is duly organized and validly existing as a national banking association, with full corporate power to undertake the trust of the Indenture; (B) the Trustee has duly authorized, executed and delivered the Indenture and by all proper corporate action has authorized the acceptance of the trust of the Indenture; and (C) to the best of such officer's knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body which has been served on the Trustee (either in state or federal courts), or to the knowledge of the Trustee which would restrain or enjoin the execution or delivery of the Indenture, or which would affect the validity or enforceability of the Indenture, or the Trustee's participation in, or in any way contesting the powers or the authority of the Trustee with respect to, the transactions contemplated by the Indenture, or any other agreement, document or certificate related to such transactions;

(xi) a certificate of an authorized officer of the Authority, dated the Closing Date, to the effect that

(A) the Authority is a joint powers authority, organized and existing under the laws of the State of California.

(B) The Authority has (i) full legal right, power and authority to adopt the Authority Resolution authorizing the Authority Escrow Agreements and to enter into the Authority Escrow Agreements; (ii) duly authorized and approved the execution and delivery of the Authority Escrow Agreements and the performance of its obligations contained herein and therein; and (iii) duly authorized the consummation by it of all transactions contemplated by the Authority Escrow Agreements and the Official Statement, all in accordance with applicable law, and the Authority is and will be in compliance with the provisions thereof in all material respects.

(C) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency

or commission having jurisdiction of the matter that are required for the due authorization by or that would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by the Authority of its obligations under the Authority Escrow Agreements or in connection with the execution and delivery of the Bonds under the Indenture have been duly obtained, except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Certificates; and, except as described in or contemplated by the Official Statement, all authorizations, approvals, licenses, permits, consents and orders of any governmental authority, board, agency or commission having jurisdiction of the matter that are required for the due authorization by or that would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by the Authority of its obligations under the Authority Escrow Agreements or in connection with the Bonds have been duly obtained;

(D) The execution and delivery of the Authority Escrow Agreements and the performance of its obligations contained in the Authority Escrow Agreements do not and will not in any material respect conflict with or constitute a breach of or default under any law, administrative regulation, court decree, resolution or agreement to which the Authority is subject or by which it is bound;

(E) Except as disclosed in the Official Statement, no litigation is pending or, to the knowledge of the Authority, threatened in any court (i) in any way questioning the corporate existence of the Authority or the titles of the officers of the Authority to their respective offices; (ii) contesting the powers of the Authority for the execution and delivery of the Authority Escrow Agreements or the performance of its obligations contained therein or with respect thereto, (iii) which would be likely to have a material adverse effect on the ability of the Authority to meet its obligations under the Authority Escrow Agreements; or (iv) asserting that the Official Statement contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and

(F) The information relating to the Authority, its functions, duties and responsibilities contained in the Official Statement does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(xii) a certificate or certificates, dated the Closing Date, of the Escrow Banks, signed by a duly authorized officer of the Escrow Banks, to the effect that (A) the Escrow Bank is duly organized and validly existing as a national banking association, with full corporate power to undertake the trust of the Escrow Agreements; (B) the Escrow Bank has duly authorized, executed and delivered the Escrow Agreements and by all proper corporate action has authorized the acceptance of the trusts of the Escrow Agreements; and (C) to the best of such officer's knowledge, there is no action, suit, proceeding or investigation at law or

in equity before or by any court, public board or body which has been served on the Escrow Bank (either in state or federal courts), or to the knowledge of the Escrow Bank which would restrain or enjoin the execution or delivery of the Escrow Agreements, or which would affect the validity or enforceability of the Escrow Agreements or the Escrow Bank's participation in, or in any way contesting the powers or the authority of the Escrow Bank with respect to, the transactions contemplated by the Escrow Agreements, or any other agreement, document or certificate related to such transactions;

(xiii) a supplemental opinion of Bond Counsel, dated the Closing Date and addressed to the Successor Agency and the Underwriters, to the effect that:

(A) this Bond Purchase Agreement and the Escrow Agreements have been duly authorized, executed and delivered by the Successor Agency, and assuming the valid execution and delivery by the other parties thereto, are valid and binding upon the Successor Agency, subject to the laws relating to bankruptcy, insolvency, reorganization of creditors' rights generally and to the application of equitable principles;

(B) the Bonds are exempt from registration pursuant to Section 3(a)(2) of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended; and

(C) the statements contained in the Official Statement under the captions ["THE BONDS," "SECURITY FOR THE BONDS," "TAX MATTERS" and "APPENDIX A—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE"] thereto are accurate insofar as such statements purport to expressly summarize certain provisions of the Bonds, the Indenture and Bond Counsel's opinion concerning federal tax matters relating to the Bonds;

(xiv) an opinion of Stradling Yocca Carlson & Rauth, Newport Beach, California, as disclosure counsel to the Successor Agency, dated the Closing Date and addressed to the Successor Agency and the Underwriters stating that based upon its participation in the preparation of the Official Statement and without having undertaken to determine independently the fairness, accuracy or completeness of the statements contained in the Official Statement, such counsel has no reason to believe that, as of the date of the Closing, the Official Statement (excluding therefrom any information relating to DTC and its book-entry system included therein, and the reports, financial and statistical data and forecasts therein, the information included in the Appendices thereto, as to which no opinion need be expressed) contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(xv) the opinion of Underwriters' counsel satisfactory to the Underwriters;

(xvi) a tax certificate related to the Series A Bonds in the form satisfactory to Bond Counsel;

(xvii) the final Official Statement executed by an authorized officer of the Successor Agency;

(xviii) certified copies of the Successor Agency Resolution, the Authority Resolution and the Oversight Board Resolution;

(xix) specimen Bonds;

(xx) evidence that the federal tax information form 8038-G with respect to the Series A Bonds has been prepared by Bond Counsel for filing;

(xxi) a verification report of Grant Thornton LLP (the “**Verification Agent**”) as to the sufficiency of the moneys and the investment earnings and maturing escrow securities, if any, in the Escrow Agreements;

(xxii) [a copy of the Municipal Bond Insurance Policy;]

(xxiii) [a copy of the Reserve Fund Municipal Bond Insurance Policy;]

(xxiv) [an opinion of counsel to the Municipal Bond Insurer, addressed to the Successor Agency and the Underwriters to the effect that:

(A) the descriptions of the Municipal Bond Insurer, the Municipal Bond Insurance Policy and the Reserve Fund Municipal Bond Insurance Policy included in the Official Statement are accurate;

(B) the Municipal Bond Insurance Policy and the Reserve Fund Municipal Bond Insurance Policy constitute legal, valid and binding obligations of the Bond Insurer, enforceable in accordance with their respective terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditor’s rights generally and by the application of equitable principles if equitable remedies are sought, and

(C) as to such other matters as the Successor Agency or the Underwriters may reasonably request;]

[(xxv) a certificate of the Municipal Bond Insurer, signed by an authorized officer of the Municipal Bond Insurer, to the effect that:

(A) the information contained in the Official Statement relating to the Municipal Bond Insurer, the Municipal Bond Insurance Policy and the Reserve Fund Municipal Bond Insurance Policy is true and accurate and

(B) as to such other matters as the Successor Agency or the Underwriters may reasonably request;]

(xxvi) satisfactory evidence that the Bonds have been assigned the ratings disclosed in the Official Statement;

(xxvii) a certificate of an officer of RSG, Inc., dated the date of the Closing, addressed to the Successor Agency and the Underwriters, to the effect

that, to the best of its knowledge, the assessed valuations and other fiscal information contained in the Official Statement, including such firm's Fiscal Consultant's Report attached thereto as Appendix [], are presented fairly and accurately, and consenting to the use of their report as Appendix [] to the Preliminary Official Statement and the Official Statement;

(xxviii) evidence of required filings with the California Debt and Investment Advisory Commission;

(xxix) defeasance opinions of Bond Counsel with respect to the Former Agency Bonds, the Former Agency Loans, the Outstanding Leases, the 2001 Reimbursement Agreement, the Former Authority Bonds and the related indentures, each dated the Closing Date and addressed to the Successor Agency, the Trustee, the Escrow Banks and the Underwriters, in form and substance satisfactory to the Underwriters;

(xxx) a copy of the Letter of the Department of Finance, dated [], 2015, approving the issuance of the Bonds and a copy of the Finding of Completion from the Department of Finance.

(xxxi) A certificate, dated the Closing Date, signed by a duly authorized official of Fieldman, Rolapp & Associates, the Agency's Financial Advisor (the "**Financial Advisor**") addressed to the Underwriters and the Successor Agency to the effect, that, in connection with its participation in the preparation of the Official Statement and without undertaking any independent investigation and without having undertaken to determine independently the fairness, accuracy or completeness of the statements contained in the Official Statement, nothing has come to the attention of the Financial Advisor that would lead it to believe that the statements and information contained in the Official Statement as of the date thereof and the Closing Date contains an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading;

(xxxii) a certificate, dated the Closing Date, of the Successor Agency, the City of San Marcos, and other related entities, as to compliance with their continuing disclosure undertakings in the preceding five years; and

(xxxiii) such additional legal opinions, certificates, instruments and other documents as the Underwriters may reasonably deem necessary to evidence the truth and accuracy as of the time of the Closing Date of the representations and warranties of the Successor Agency contained in this Bond Purchase Agreement and the due performance or satisfaction by the Successor Agency at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Successor Agency pursuant to this Bond Purchase Agreement.

8. *Termination.* The Underwriters shall have the right to cancel its obligations to purchase the Bonds if between the date hereof and the Closing Date:

(a) a decision with respect to legislation shall be reached by a committee of the House of Representatives or the Senate of the Congress of the United States, or legislation shall be favorably reported by such a committee or be introduced, by amendment or otherwise, in or be passed by the House of Representatives or the

Senate, or recommended to the Congress of the United States for passage by the President of the United States, or be enacted or a decision by a federal court of the United States or the United States Tax Court shall have been rendered, or a ruling, release, order, regulation or offering circular by or on behalf of the United States Treasury Department, the Internal Revenue Service or other governmental agency shall have been made or proposed to be made, or an executive order of the President of the United States of America has been issued, having the purpose or effect, or any other action or event shall have occurred which has the purpose or effect, directly or indirectly, of adversely affecting the federal income tax consequences of owning the Bonds, including causing interest on the Series A Bonds to be included in gross income for purposes of federal income taxation, or imposing federal income taxation upon revenues or other income of the general character to be derived by the Successor Agency or by any similar body under the Indenture or similar documents or upon interest received on obligations of the general character of the Bonds which, in the reasonable opinion of the Underwriters, materially adversely affects the market price of or market for the Bonds; or

(b) legislation shall have been enacted, or considered for enactment with an effective date prior to the Closing Date, or a decision by a court of the United States shall have been rendered, the effect of which is that of the Bonds, including any underlying obligations, or the Indenture, as the case may be, are not exempt from the registration, qualification or other requirements of the Securities Act of 1933, as amended and as then in effect, the Securities Exchange Act of 1934, as amended and as then in effect, or the Trust Indenture Act of 1939, as amended and as then in effect; or

(c) a stop order, ruling, regulation or offering circular by the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall have been issued or made or any other event occurs, the effect of which is that the issuance, offering or sale of the Bonds, including any underlying obligations, or the execution of the Indenture, as contemplated hereby or by the Official Statement, is or would be in violation of any provisions of the federal securities laws, including the Securities Act of 1933, as amended and as then in effect, the Securities Exchange Act of 1934, as amended and as then in effect, or the Trust Indenture Act of 1939, as amended and as then in effect; or

(d) any event shall have occurred or any information shall have become known to the Underwriters which causes the Underwriters to reasonably believe that the Official Statement as then amended or supplemented includes an untrue statement of a material fact, or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; or

(e) there shall have occurred any outbreak of hostilities or any national or international calamity or crisis, including a financial crisis, the effect of which on the financial markets of the United States is such as, in the reasonable judgment of the Underwriters, would materially adversely affect the market for or market price of the Bonds; or

(f) there shall be in force a general suspension of trading on the New York Stock Exchange, the effect of which on the financial markets of the United States is such as, in the reasonable judgment of the Underwriters, would materially adversely affect the market for or market price of the Bonds; or

(g) a general banking moratorium shall have been declared by federal, New York or California authorities; or

(h) any proceeding shall be pending or threatened by the Securities and Exchange Commission against the Successor Agency; or

(i) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange; or

(j) the New York Stock Exchange or other national securities exchange, or any governmental or regulatory authority, shall impose, as to the Bonds or obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of the Underwriters; or

(k) any rating of the Bonds shall have been downgraded, suspended or withdrawn by a national rating service, which, in the Underwriters' reasonable opinion, materially adversely affects the marketability or market price of the Bonds;

(l) any change, which in the reasonable opinion of the Underwriters, materially adversely affects the marketability of the Bonds or, the financial condition of the Successor Agency.

9. *Contingency of Obligations.* The obligations of the Successor Agency hereunder are subject to the performance by the Underwriters of their obligations hereunder.

10. *Duration of Representations, Warranties, Agreements and Covenants.* All representations, warranties, agreements and covenants of the Successor Agency shall remain operative and in full force and effect, regardless of any investigations made by or on behalf of the Underwriters or the Successor Agency and shall survive the Closing Date.

11. *Expenses.* The Successor Agency will pay or cause to be paid all reasonable expenses incident to the performance of its obligations under this Bond Purchase Agreement, including, but not limited to, mailing or delivery of the Bonds, costs of printing the Bonds, printing, distribution and delivery of the Preliminary Official Statement, the Official Statement and any amendment or supplement thereto, the fees and disbursements of Bond Counsel, Disclosure Counsel, and counsel to the Successor Agency, the fees and expenses of the Successor Agency's accountants and fiscal consultants, fees of the Financial Advisor, any fees charged by investment rating agencies for the rating of the Bonds and fees of the Trustee, and fees and expenses related to the Successor Agency's staff time. In the event this Bond Purchase Agreement shall terminate because of the default of the Underwriters, the Successor Agency will, nevertheless, pay, or cause to be paid, all of the expenses specified above.

The Underwriters shall pay the fees and expenses of any counsel retained by it, all advertising expenses incurred in connection with the public offering of the Bonds, CDIAAC fees, CUSIP fees and all other expenses incurred by it in connection with the public offering and distribution of the Bonds (including out-of-pocket expenses and related regulatory expenses).

12. *Notices.* Any notice or other communication to be given to the Successor Agency under this Bond Purchase Agreement may be given by delivering the same in writing to the Executive Director, Successor Agency to the San Marcos Redevelopment Agency, One Civic Center Drive, 2nd Floor, San Marcos, CA 92069, and any notice or other communication to be

given to the Underwriters under this Bond Purchase Agreement may be given by delivering the same in writing to Stifel, Nicolaus & Company, Incorporated, One Montgomery Street, 35th Floor, San Francisco, California 94104 Attention: Sara Brown.

13. *Parties in Interest.* This Bond Purchase Agreement is made solely for the benefit of the Successor Agency and the Underwriters (including the successors or assigns of the Underwriters) and no other person, including any purchaser of the Bonds, shall acquire or have any right hereunder or by virtue hereof.

14. *Governing Law.* This Bond Purchase Agreement shall be governed by and construed in accordance with the laws of the State of California applicable to contracts made and performed in California.

15. *Headings.* The headings of the paragraphs of this Bond Purchase Agreement are inserted for convenience of reference only and shall not be deemed to be a part hereof.

16. *Severability.* In case any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof.

17. *Effectiveness.* This Bond Purchase Agreement shall become effective upon acceptance hereof by the Successor Agency.

18. *Counterparts.* This Bond Purchase Agreement may be executed in several counterparts which together shall constitute one and the same instrument.

Very truly yours,

STIFEL, NICOLAUS & COMPANY,
INCORPORATED, AS REPRESENTATIVE
OF THE UNDERWRITERS

By: _____
Authorized Officer

Accepted and agreed to as of
the date first above written, and the time
identified below:

SUCCESSOR AGENCY TO THE SAN
MARCOS REDEVELOPMENT AGENCY

By _____
Name _____
Title _____

Time of Execution: _____

**EXHIBIT A TO THE
BOND PURCHASE AGREEMENT**

\$[_____]
**SUCCESSOR AGENCY TO THE
SAN MARCOS REDEVELOPMENT AGENCY
Tax Allocation Refunding Bonds, Series 2015A**

MATURITY SCHEDULE

Uninsured Serial Bonds

Maturity Date (October 1)	Principal Amount	Interest Rate	Yield	Reoffering Price
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[Insured Serial Bonds]

Maturity Date (October 1)	Principal Amount	Interest Rate	Yield	Reoffering Price
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C = Priced to first optional par call date of October 1, 20[___].

REDEMPTION PROVISIONS

Optional Redemption. The Series A Bonds maturing on or before October 1, 20[___], are not subject to optional redemption prior to maturity. The Series A Bonds maturing on or after October 1, 20[___], are subject to redemption, at the option of the Successor Agency on any date on or after October 1, 20[___], as a whole or in part, by such maturities as shall be determined by the Successor Agency, and

by lot within a maturity, from any available source of funds, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium.

Sinking Fund Redemption. The Series A Bonds maturing on October 1, 20[___], are also subject to mandatory sinking fund redemption in part by lot on October 1, 20[___], and on each October 1 thereafter, to and including October 1, 20[___], from Mandatory Sinking Account Payments made by the Successor Agency at a redemption price equal to the principal amount thereof, without premium, in the aggregate respective amounts and on the respective dates as set forth in the following table.

Sinking Account Redemption Date (October 1)	Mandatory Sinking <u>Account Payments</u>
---	--

†Maturity

\$[_____]]
**SUCCESSOR AGENCY TO THE
SAN MARCOS REDEVELOPMENT AGENCY**
Taxable Tax Allocation Refunding Bonds, Series 2015B

MATURITY SCHEDULE

Uninsured Serial Bonds

Maturity Date (October 1)	Principal Amount	Interest Rate	Yield	Reoffering Price
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[Insured Serial Bonds]

Maturity Date (October 1)	Principal Amount	Interest Rate	Yield	Reoffering Price
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REDEMPTION PROVISIONS

Optional Redemption. The Series B Bonds maturing on or before October 1, 20[___], are not subject to optional redemption prior to maturity. The Series B Bonds maturing on or after October 1, 20[___], are subject to redemption, at the option of the Successor Agency on any date on or after October 1, 20[___], as a whole or in part, by such maturities as shall be determined by the Successor Agency, and by lot within a maturity, from any available source of funds, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium.

Sinking Fund Redemption. The Series B Bonds maturing on October 1, 20[___], are also subject to mandatory sinking fund redemption in part by lot on October 1, 20[___], and on each October 1 thereafter, to and including October 1, 20[___], from Mandatory Sinking Account Payments made by the Successor Agency at a redemption price equal to the principal amount thereof, without premium, in the aggregate respective amounts and on the respective dates as set forth in the following table.

Sinking Account
Redemption Date
(October 1)

Mandatory Sinking
Account Payments

†Maturity

ESCROW DEPOSIT AND TRUST AGREEMENT
(Series 1997A Bonds)

by and between

THE SUCCESSOR AGENCY TO THE SAN MARCOS REDEVELOPMENT AGENCY

and

MUFG UNION BANK, N.A.

Dated as of _____, 2015

Relating to

REDEVELOPMENT AGENCY OF THE
CITY OF SAN MARCOS
TAX ALLOCATION BONDS
(1997 AFFORDABLE HOUSING PROJECT)
SERIES 1997A

ESCROW DEPOSIT AND TRUST AGREEMENT
(Series 1997A Bonds)

This ESCROW DEPOSIT AND TRUST AGREEMENT (this “Agreement”), dated as of _____, 2015, by and between the SUCCESSOR AGENCY TO THE SAN MARCOS REDEVELOPMENT AGENCY, a public entity existing under the laws of the State of California (the “Successor Agency”), as successor agency to the SAN MARCOS REDEVELOPMENT AGENCY (the “Former Agency”), also known as the Redevelopment Agency of the City of San Marcos, and MUFG UNION BANK, N.A., a national banking association organized and existing under the laws of the United States of America, acting as successor trustee for the Series 1997A Bonds and as escrow bank hereunder (as applicable, the “1997 Trustee” and the “Escrow Bank”);

WITNESSETH

WHEREAS, the Former Agency has previously issued its \$9,465,000 Redevelopment Agency of the City of San Marcos Tax Allocation Bonds (1997 Affordable Housing Project), Series 1997A (the “Series 1997A Bonds”) for the purpose of financing the acquisition and construction of affordable housing, pursuant to an Indenture of Trust, dated as of July 1, 1997, between the Former Agency and the 1997 Trustee, formerly known as Union Bank of California, N.A. (the “1997 Indenture”); and

WHEREAS, by implementation of California Assembly Bill X1 26, which amended provisions of the California Redevelopment Law, (found at Health and Safety Code Section 33000, et.seq.) and the California Supreme Court’s decision in California Redevelopment Association v. Matosantos, the Former Agency was dissolved on February 1, 2012 in accordance with California Assembly Bill X1 26 approved by the Governor of the State of California on June 28, 2011 (“AB 26”), and on February 1, 2012, the Successor Agency, in accordance with and pursuant to AB 26, assumed the duties and obligations set forth in AB 26 for the Former Agency, including, without limitation, the obligations of the Former Agency under the 1997 Indenture and related documents to which the Former Agency was a party; and

WHEREAS, the Successor Agency has determined that it is in the best financial interests of the Successor Agency to refund, at this time, the Series 1997A Bonds; and

WHEREAS, in order to provide funds for such purpose, the Successor Agency is issuing the Successor Agency of the San Marcos Redevelopment Agency Taxable Tax Allocation Refunding Bonds, Series 2015B (the “Refunding Bonds”) and applying a portion of the proceeds thereof, together with certain other moneys, for the purpose of redeeming the Series 1997A Bonds on August 1, 2015 (the “Redemption Date”) at a redemption price of 100% (the “Redemption Price”) of par plus accrued interest to the Redemption Date as required under the 1997 Indenture; and

WHEREAS, the Refunding Bonds are being issued pursuant to an Indenture of Trust, dated as of _____ 1, 2015, between the Successor Agency and MUFG Union Bank N.A., as trustee (the "Trustee"); and

WHEREAS, the Successor Agency and the Escrow Bank wish to enter into this Agreement for the purpose of providing the terms and conditions relating to the deposit and application of moneys to provide for the redemption of the Series 1997A Bonds in full, pursuant to and in accordance with the provisions of the 1997 Indenture.

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

Section 1. Establishment of Escrow Fund. There is hereby created the Escrow Fund (Series 1997A Bonds) (the "Escrow Fund") to be held by the Escrow Bank as an irrevocable escrow securing the payment of the Series 1997A Bonds as hereinafter set forth until the Redemption Price of the Series 1997A Bonds plus accrued interest has been paid in full. All cash in the Escrow Fund is hereby irrevocably pledged as a special fund for the payment of Redemption Price plus accrued interest on the Series 1997A Bonds on the Redemption Date in accordance with the provisions of the 1997 Indenture and this Escrow Agreement. If at any time the Escrow Bank shall receive actual knowledge that the cash in the Escrow Fund will not be sufficient to make any payments required by Section 3 hereof, the Escrow Bank shall notify the Successor Agency of such fact and the Successor Agency shall immediately cure such deficiency from any source of legally available funds.

Section 2. Deposit into Escrow Fund. On _____, 2015 (the "Closing Date"), MUFG Union Bank, N.A. acting in its capacity as the 1997 Trustee for the Series 1997A Bonds, shall withdraw the amount of \$_____ from the Reserve Fund established under the 1997 Indenture and transfer such amount to the Escrow Bank for deposit into the Escrow Fund.

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

The Escrow Bank shall hold all moneys deposited into the Escrow Fund in cash uninvested (the "Cash").

The Cash shall be deposited with and held by the Escrow Bank in the Escrow Fund therein solely for the uses and purposes set forth herein. The Escrow Bank shall have no lien upon or right of set-off against the Cash at any time on deposit in the Escrow Fund.

Section 3. Instructions as to Application of Deposit. The total amount of Cash deposited in the Escrow Fund pursuant to Section 2 shall be applied by the Escrow Bank to the payment on the Redemption Date of the Redemption Price of the Series 1997A Bonds, together with interest thereon to the Redemption Date.

Section 4. Application of Certain Terms of Prior Issuance Documents. Except as may be modified herein, all of the terms of the 1997 Indenture relating to the redemption of the Series 1997A Bonds are incorporated in this Agreement as if set forth in full herein.

Section 5. Proceedings for Redemption of the Series 1997A Bonds. The Successor Agency hereby irrevocably elects to redeem the Series 1997A Bonds in full pursuant to the 1997 Indenture on the Redemption Date at the Redemption Price, together with interest to the Redemption Date.

The Successor Agency hereby irrevocably instructs MUFG Union Bank, N.A. as the 1997 Trustee, to give a conditional notice of redemption with respect to the Series 1997A Bonds to the Owners (as defined in the 1997 Indenture) thereof by no later than _____, 2015 at the expense of the Successor Agency.

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

Section 7. Liabilities and Obligations of Escrow Bank. The Escrow Bank shall have no obligation to make any payment or disbursement of any type or incur any financial liability in the performance of its duties under this Agreement unless the Successor Agency shall have deposited sufficient funds therefor with the Escrow Bank. The Escrow Bank may rely and shall be protected in acting upon the written instructions of the Successor Agency or its agents relating to any matter or action as Escrow Bank under this Agreement.

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

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

The Escrow Bank shall not be liable for the accuracy of any calculations provided as to the sufficiency of the moneys deposited with it to pay the principal and interest on the Series 1997A Bonds.

The Escrow Bank shall not be liable for any action or omission of the Successor Agency under this Agreement or the Series 1997A Bonds.

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

or willful misconduct on the part of the Escrow Bank, be full warrant to the Escrow Bank for any action taken or suffered by it under the provisions of this Agreement upon the faith thereof.

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

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

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

Section 8. Amendment. This Agreement may be amended by the parties hereto, but only if there shall have been filed with the Successor Agency and the Escrow Bank a written opinion of Bond Counsel stating that such amendment will not materially adversely affect the interests of the owners of the Series 1997A Bonds, and that such amendment will not cause interest on the Series 1997A Bonds to become includable in the gross incomes of the owners thereof for federal income tax purposes; and the Owners of all of the Series 1997A Bonds have consented to such amendment.

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

Section 10. Execution in Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

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

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

[Remainder of this page intentionally left blank.]

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

SUCCESSOR AGENCY TO THE SAN MARCOS
REDEVELOPMENT AGENCY

By:_____

MUFG UNION BANK, N.A.,
as Escrow Bank, Trustee and 1997 Trustee

By:_____

Authorized Officer

ESCROW DEPOSIT AND TRUST AGREEMENT
(Series 1998A Bonds)

by and between

THE SUCCESSOR AGENCY TO THE SAN MARCOS REDEVELOPMENT AGENCY

and

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.

Dated as of _____, 2015

Relating to

REDEVELOPMENT AGENCY OF THE
CITY OF SAN MARCOS
TAX ALLOCATION BONDS
(1998 AFFORDABLE HOUSING PROJECT)
SERIES 1998A

ESCROW DEPOSIT AND TRUST AGREEMENT
(Series 1998A Bonds)

This ESCROW DEPOSIT AND TRUST AGREEMENT (this “Agreement”), dated as of _____, 2015, by and between the SUCCESSOR AGENCY TO THE SAN MARCOS REDEVELOPMENT AGENCY, a public entity existing under the laws of the State of California (the “Successor Agency”), as successor agency to the SAN MARCOS REDEVELOPMENT AGENCY (the “Former Agency”), also known as the Redevelopment Agency of the City of San Marcos, and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association organized and existing under the laws of the United States of America, acting as successor trustee for the Series 1998A Bonds and as escrow bank hereunder (as applicable, the “1998 Trustee” and the “Escrow Bank”);

WITNESSETH

WHEREAS, the Former Agency has previously issued its \$7,490,000 Redevelopment Agency of the City of San Marcos Tax Allocation Bonds (1998 Affordable Housing Project), Series 1998A (the “Series 1998A Bonds”) for the purpose of financing the acquisition and construction of affordable housing, pursuant to an Indenture of Trust, dated as of April 1, 1998, between the Former Agency and the 1998 Trustee, formerly known as BNY Western Trust Company (the “1998 Indenture”); and

WHEREAS, by implementation of California Assembly Bill X1 26, which amended provisions of the California Redevelopment Law, (found at Health and Safety Code Section 33000, et. seq.) and the California Supreme Court’s decision in California Redevelopment Association v. Matosantos, the Former Agency was dissolved on February 1, 2012 in accordance with California Assembly Bill X1 26 approved by the Governor of the State of California on June 28, 2011 (“AB 26”), and on February 1, 2012, the Successor Agency, in accordance with and pursuant to AB 26, assumed the duties and obligations set forth in AB 26 for the Former Agency, including, without limitation, the obligations of the Former Agency under the 1998 Indenture and related documents to which the Former Agency was a party; and

WHEREAS, the Successor Agency has determined that it is in the best financial interests of the Successor Agency to refund, at this time, the Series 1998A Bonds; and

WHEREAS, in order to provide funds for such purpose, the Successor Agency is issuing the Successor Agency of the San Marcos Redevelopment Agency Taxable Tax Allocation Refunding Bonds, Series 2015B (the “Refunding Bonds”) and applying a portion of the proceeds thereof, together with certain other moneys, for the purpose of redeeming the Series 1998A Bonds on August 1, 2015 (the “Redemption Date”) at a redemption price of 100% (the “Redemption Price”) of par plus accrued interest to the Redemption Date as required under the 1998 Indenture; and

WHEREAS, the Refunding Bonds are being issued pursuant to an Indenture of Trust dated as of _____ 1, 2015, between the Successor Agency and MUFG Union Bank, N.A., as trustee (the "Trustee"); and

WHEREAS, the Successor Agency and the Escrow Bank wish to enter into this Agreement for the purpose of providing the terms and conditions relating to the deposit and application of moneys to provide for the redemption of the Series 1998A Bonds in full, pursuant to and in accordance with the provisions of the 1998 Indenture.

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

Section 1. Establishment of Escrow Fund. There is hereby created the Escrow Fund (Series 1998A Bonds) (the "Escrow Fund") to be held by the Escrow Bank as an irrevocable escrow securing the payment of the Series 1998A Bonds as hereinafter set forth until the Redemption Price of the Series 1998A Bonds plus accrued interest has been paid in full. All cash in the Escrow Fund is hereby irrevocably pledged as a special fund for the payment of the Redemption Price plus accrued interest on the Series 1998A Bonds on the Redemption Date in accordance with the provisions of the 1998 Indenture and this Escrow Agreement. If at any time the Escrow Bank shall receive actual knowledge that the cash in the Escrow Fund will not be sufficient to make any payments required by Section 3 hereof, the Escrow Bank shall notify the Successor Agency of such fact and the Successor Agency shall immediately cure such deficiency from any source of legally available funds.

Section 2. Deposit into Escrow Fund. On _____, 2015 (the "Closing Date"), the Bank of New York Mellon Trust Company N.A., acting in its capacity as the 1998 Trustee for the Series 1998A Bonds, shall withdraw the amount of \$_____ from the Reserve Fund established under the 1998 Indenture and transfer such amount to the Escrow Bank for deposit into the Escrow Fund.

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

The Escrow Bank shall hold all moneys deposited into the Escrow Fund in cash uninvested (the "Cash").

The Cash shall be deposited with and held by the Escrow Bank in the Escrow Fund therein solely for the uses and purposes set forth herein. The Escrow Bank shall have no lien upon or right of set-off against the Cash at any time on deposit in the Escrow Fund.

Section 3. Instructions as to Application of Deposit. The total amount of Cash deposited in the Escrow Fund pursuant to Section 2 shall be applied by the Escrow Bank to the payment on the Redemption Date of the Redemption Price of the Series 1998A Bonds, together with interest thereon to the Redemption Date.

Section 4. Application of Certain Terms of Prior Issuance Documents. Except as may be modified herein, all of the terms of the 1998 Indenture relating to the redemption of the Series 1998A Bonds are incorporated in this Agreement as if set forth in full herein.

Section 5. Proceedings for Redemption of the Series 1998A Bonds. The Successor Agency hereby irrevocably elects to redeem the Series 1998A Bonds in full pursuant to the 1998 Indenture on the Redemption Date at the Redemption Price, together with interest to the Redemption Date.

The Successor Agency hereby irrevocably instructs the Bank of New York Mellon Trust Company, N.A., as the 1998 Trustee, to give a conditional notice of redemption with respect to the Series 1998A Bonds to the Owners (as defined in the 1998 Indenture) thereof by no later than _____, 2015 at the expense of the Successor Agency.

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

Section 7. Liabilities and Obligations of Escrow Bank. The Escrow Bank shall have no obligation to make any payment or disbursement of any type or incur any financial liability in the performance of its duties under this Agreement unless the Successor Agency shall have deposited sufficient funds therefor with the Escrow Bank. The Escrow Bank may rely and shall be protected in acting upon the written instructions of the Successor Agency or its agents relating to any matter or action as Escrow Bank under this Agreement.

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

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

The Escrow Bank shall not be liable for the accuracy of any calculations provided as to the sufficiency of the moneys deposited with it to pay the principal and interest on the Series 1998A Bonds.

The Escrow Bank shall not be liable for any action or omission of the Successor Agency under this Agreement or the Series 1998A Bonds.

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

or willful misconduct on the part of the Escrow Bank, be full warrant to the Escrow Bank for any action taken or suffered by it under the provisions of this Agreement upon the faith thereof.

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

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

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

Section 8. Amendment. This Agreement may be amended by the parties hereto, but only if there shall have been filed with the Successor Agency and the Escrow Bank a written opinion of Bond Counsel stating that such amendment will not materially adversely affect the interests of the owners of the Series 1998A Bonds, and that such amendment will not cause interest on the Series 1998A Bonds to become includable in the gross incomes of the owners thereof for Federal income tax purposes; and the Owners of all of the Series 1998A Bonds have consented to such amendment.

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

Section 10. Execution in Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

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

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

[Remainder of this page intentionally left blank.]

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

SUCCESSOR AGENCY TO THE SAN MARCOS
REDEVELOPMENT AGENCY

By:_____

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A.,
as Escrow Bank and 1998 Trustee

By:_____

Authorized Officer

**FIRST AMENDMENT
TO
REIMBURSEMENT AGREEMENT**

**by and between
SUCCESSOR AGENCY TO THE SAN MARCOS REDEVELOPMENT AGENCY
and
CITY OF SAN MARCOS**

Dated as of _____ 1, 2015

**Relating to:
San Marcos Public Facilities Authority
2001 Public Improvement Refunding Revenue Bonds, Series A
(Civic Center/Public Works Yard)**

**FIRST AMENDMENT
TO
REIMBURSEMENT AGREEMENT**

THIS FIRST AMENDMENT TO REIMBURSEMENT AGREEMENT (the “First Amendment”), dated as of _____ 1, 2015, is made and entered into by and between the Successor Agency to the San Marcos Redevelopment Agency (the “Successor Agency”), as successor to the Redevelopment Agency of the City of San Marcos (the “Former Agency”), and the City of San Marcos (the “City”) to amend that certain Reimbursement Agreement (the “Agreement”) made and entered into as of November 1, 2001, by and between the Former Agency and the City.

WITNESSETH:

WHEREAS, the San Marcos Public Facilities Authority (the “Authority”) issued its 2001 Public Improvement Refunding Revenue Bonds, Series A (Civic Center/Public Works Yard), (the “Series 2001A Bonds”) pursuant to an Indenture of Trust, dated as of November 1, 2001 (the “2001 Indenture”) which are secured by certain revenues consisting principally of rental payment payable by the City under certain lease agreements pertaining to the public improvements financed from the proceeds of the Series 2001A Bonds; and

WHEREAS, the Former Agency and the City entered into the Agreement, pursuant to which the Former Agency affirmed and agreed to reimburse the City for any and all such lease payments made by the City under such lease agreements, agreed that such obligation of the Former Agency shall be a direct and general obligation of the Former Agency and pledged tax revenues to the extent required to pay the reimbursement obligation of the Former Agency;

WHEREAS, as a result of favorable conditions in the municipal bond market the Successor Agency to the San Marcos Redevelopment Agency, has determined that it will achieve savings by the issuance of its Successor Agency to the San Marcos Redevelopment Agency Tax Allocation Refunding Bonds, Series 2015A (the “Series 2015A Bonds”) and its Successor Agency to the San Marcos Redevelopment Agency Taxable Tax Allocation Refunding Bonds, Series 2015B (the “Series 2015B Bonds” and together with the Series 2015A Bonds the “Refunding Bonds”) for the purpose, in part, of defeasing the Series 2001A Bonds pursuant to the provisions of the 2001 Indenture; and

WHEREAS, such savings will result from the fact that the debt service on that portion of the Refunding Bonds allocable to the redemption of the Series 2001A Bonds will be less than the reimbursement obligations that the Successor Agency would otherwise be required to pay pursuant to the Reimbursement Agreement; and

WHEREAS, the provisions of the Agreement regarding the discharge of the Agreement are defective in that such provisions do not provide for the termination of the obligations of the Successor Agency under the Agreement or termination of tax revenues under the Agreement pursuant to a defeasance of the Series 2001A Bonds; and

WHEREAS, the Successor Agency and the City desire to amend the Agreement to provide that the defeasance of the Series 2001A Bonds will cause the termination of the Agreement and the discharge of the obligations of the Successor Agency under the Agreement; and

WHEREAS, pursuant to Section 9 of the Agreement, the City and the Successor Agency may amend, alter, modify or cancel, or agree to consent to amend, alter, modify or cancel the Agreement by a writing executed by both of them at any time, for any reason and in any respect.

NOW, THEREFORE, the Successor Agency and the City hereby agree as follows:

Section 1. **Definitions.** Unless the context otherwise requires, the terms defined in Section 1 of the Agreement shall, for purposes of this First Amendment, have the meanings specified in such Section 1.

Section 2. **Amendment of Section 7 of the Agreement.** The following shall be added to the end of Section 7 of the Agreement:

“Notwithstanding the foregoing, the defeasance of the San Marcos Public Facilities Authority 2001 Public Improvement Refunding Revenue Bonds, Series A (Civic Center/Public Works Yard) will cause the termination of this Agreement and the discharge of the obligations of the Agency under this Agreement.”

Section 3. **Effective Date of Amendment.** This First Amendment shall become effective as of the date of execution thereof by the parties hereto.

Section 4. **Counterparts.** This First Amendment may be executed in counterparts, each of which shall be deemed an original.

IN WITNESS WHEREOF, the Successor Agency has caused this First Amendment to be executed in its name and the City has caused this First Amendment to be executed in its name, all as of _____ 1, 2015.

SUCCESSOR AGENCY TO THE SAN
MARCOS REDEVELOPMENT AGENCY

By: _____
Authorized Officer

CITY OF SAN MARCOS

By: _____
Authorized Officer

FIRST AMENDMENT
TO
LOAN AGREEMENT
(PROJECT AREA NO. 1 – LOAN NO. 1)
by and among
SAN MARCOS PUBLIC FACILITIES AUTHORITY,
SUCCESSOR AGENCY TO THE SAN MARCOS REDEVELOPMENT AGENCY
and
U.S. BANK NATIONAL ASSOCIATION,
as Trustee
Dated _____ 1, 2015
Relating to:
\$69,740,000
San Marcos Public Facilities Authority
2003 Tax Allocation Revenue Bonds
(Project Areas No. 1, No. 2 and No. 3 Refunding and Financing Project),
Series A

**FIRST AMENDMENT
TO
LOAN AGREEMENT
(PROJECT AREA NO. 1 – LOAN NO. 1)**

THIS FIRST AMENDMENT TO LOAN AGREEMENT (the “First Amendment”), dated as of _____ 1, 2015, is made and entered into by and among the San Marcos Public Facilities Authority (the “Authority”), a joint powers authority organized and existing under the laws of the State of California, the Successor Agency to the San Marcos Redevelopment Agency (the “Successor Agency”), as successor to the Redevelopment Agency of the City of San Marcos (the “Former Agency”), a public body and corporate duly organized and existing under the laws of the State of California and U.S. Bank National Association, a national banking association organized and existing under the laws of the United States of America, as trustee (the “Trustee”) to amend that certain Loan Agreement (Project Area No. 1 – Loan No. 1) (the “Loan Agreement”) made and entered into as of May 1, 2003, by and between the Authority, the Former Agency and the Trustee.

W I T N E S S E T H:

WHEREAS, the Authority issued its \$69,740,000 San Marcos Public Facilities Authority 2003 Tax Allocation Revenue Bonds (Project Area No. 1, No. 2 and No. 3 Refunding and Financing Project), Series A (the “Series 2003A Bonds”) for the purpose of making a loan of \$33,435,000 to the Former Agency pursuant to the Loan Agreement for the purpose of financing a portion of the Redevelopment Plan, as defined in the Loan Agreement and secured on a parity with any Parity Debt as defined in the Loan Agreement by a first pledge of and lien on all of the Tax Revenues as defined in the Loan Agreement; and

WHEREAS, as a result of favorable conditions in the municipal bond market the Successor Agency, has determined that it will achieve savings by the issuance of its Successor Agency to the San Marcos Redevelopment Agency Tax Allocation Refunding Bonds, Series 2015A (the “Series 2015A Bonds” or the “Refunding Bonds”) for the purpose, in part, of defeasing and redeeming the Series 2003A Bonds; and

WHEREAS, such savings will be realized from the fact that the debt service payment on the portion of the Refunding Bonds allocable to the Series 2003A Bonds will be less than the loan payments that the Successor Agency would otherwise be required to make under the Loan Agreement; and

WHEREAS, the Successor Agency desires to amend the Loan Agreement to provide that the defeasance of the Series 2003A Bonds will cause the discharge of the Loan Agreement and all other obligations of the Trustee, the Authority and the Successor Agency under the Loan Agreement will be terminated upon the defeasance of the Series 2003A Bonds; and

WHEREAS, pursuant to Section 6.04 of the Loan Agreement, the Loan Agreement may be amended under the circumstances set forth in the Indenture and Section 5.08 of the Indenture provides that the Authority, the Trustee and the Successor Agency may at any time amend or

modify the Loan Agreement without consent of the Bond Owners if such amendment is made for the purpose of correcting any defective provision and such amendment shall not materially adversely affect the interests of the Owners of the Bonds; and

WHEREAS, the provisions of the Loan Agreement regarding the discharge of the Loan Agreement are defective in that such provision do not provide for the termination of the Loan Agreement and discharge of the obligations of the Successor Agency under the Loan Agreement upon the defeasance of the Series 2003A Bonds pursuant to the terms of the 2003A Indenture; and

WHEREAS, this First Amendment shall not materially adversely affect the interests of the Owners of the Series 2003A Bonds inasmuch as such Owners will not have any interests in the Series 2003A Bonds and the Loan Agreement from and after the redemption of the Series 2003A Bonds.

NOW, THEREFORE, the Authority, the Successor Agency and the Trustee hereby agree as follows:

Section 1. **Definitions.** Unless the context otherwise requires, the terms defined in Section 1.01 of the Loan Agreement shall, for purposes of this First Amendment, have the meanings specified in such Section 1.01.

Section 2. **Amendment of Section 6.03 of the Loan Agreement.** The following shall be added to the end of Section 6.03 of the Loan Agreement:

“Notwithstanding the foregoing, the entire indebtedness on the Loan shall be discharged and the pledge of the liens upon the Tax Revenues and other funds provided for in the Loan Agreement and all other obligations of the Trustee, the Authority and the Successor Agency under this Agreement will terminate upon the defeasance of the Series A Bonds, except as expressly provided for in this Section 6.03.”

Section 3. **Effective Date of Amendment.** This First Amendment shall become effective as of the date of execution thereof by the parties hereto.

Section 4. **Counterparts.** This First Amendment may be executed in counterparts, each of which shall be deemed an original.

IN WITNESS WHEREOF, the Successor Agency has caused this First Amendment to be executed in its name, the Authority has caused this First Amendment to be executed in its name and the Trustee has caused this First Amendment to be executed in its name, all as of _____ 1, 2015.

SUCCESSOR AGENCY TO THE SAN
MARCOS REDEVELOPMENT AGENCY

By: _____

SAN MARCOS PUBLIC FACILITIES
AUTHORITY

By: _____

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____
Authorized Officer

FIRST AMENDMENT
TO
LOAN AGREEMENT
(PROJECT AREA NO. 2)
by and among
SAN MARCOS PUBLIC FACILITIES AUTHORITY,
SUCCESSOR AGENCY TO THE SAN MARCOS REDEVELOPMENT AGENCY
and
U.S. BANK NATIONAL ASSOCIATION,
as Trustee
Dated _____ 1, 2015
Relating to:
\$69,740,000
San Marcos Public Facilities Authority
2003 Tax Allocation Revenue Bonds
(Project Areas No. 1, No. 2 and No. 3 Refunding and Financing Project),
Series A

**FIRST AMENDMENT
TO
LOAN AGREEMENT
(PROJECT AREA NO. 2)**

THIS FIRST AMENDMENT TO LOAN AGREEMENT (the “First Amendment”), dated as of _____ 1, 2015, is made and entered into by and among the San Marcos Public Facilities Authority (the “Authority”), a joint powers authority organized and existing under the laws of the State of California, the Successor Agency to the San Marcos Redevelopment Agency (the “Successor Agency”), as successor to the Redevelopment Agency of the City of San Marcos (the “Former Agency”), a public body and corporate duly organized and existing under the laws of the State of California and U.S. Bank National Association, a national banking association organized and existing under the laws of the United States of America, as trustee (the “Trustee”) to amend that certain Loan Agreement (Project Area No. 2) (the “Loan Agreement”) made and entered into as of May 1, 2003, by and between the Authority, the Former Agency and the Trustee.

W I T N E S S E T H:

WHEREAS, the Authority issued its \$69,740,000 San Marcos Public Facilities Authority 2003 Tax Allocation Revenue Bonds (Project Areas No. 1, No. 2 and No. 3 Refunding and Financing Project), Series A (the “Series 2003A Bonds”) for the purpose of making a loan of \$9,155,000 to the Former Agency pursuant to the Loan Agreement for the purpose of financing a portion of the Redevelopment Plan, as defined in the Loan Agreement and secured on a parity with any Parity Debt as defined in the Loan Agreement by a first pledge of and lien on all of the Tax Revenues as defined in the Loan Agreement; and

WHEREAS, as a result of favorable conditions in the municipal bond market the Successor Agency, has determined that it will achieve savings by the issuance of its Successor Agency to the San Marcos Redevelopment Agency Tax Allocation Refunding Bonds, Series 2015A (the “Series 2015A Bonds” or the “Refunding Bonds”) for the purpose, in part, of defeasing and redeeming the Series 2003A Bonds; and

WHEREAS, such savings will be realized from the fact that the debt service payment on the portion of the Refunding Bonds allocable to the Series 2003A Bonds will be less than the loan payments that the Successor Agency would otherwise be required to make under the Loan Agreement; and

WHEREAS, the Successor Agency desires to amend the Loan Agreement to provide that the defeasance of the Series 2003A Bonds will cause the discharge of the Loan Agreement and all other obligations of the Trustee, the Authority and the Successor Agency under the Loan Agreement will be terminated upon the defeasance of the Series 2003A Bonds; and

WHEREAS, pursuant to Section 6.04 of the Loan Agreement, the Loan Agreement may be amended under the circumstances set forth in the Indenture and Section 5.08 of the Indenture provides that the Authority, the Trustee and the Successor Agency may at any time amend or

modify the Loan Agreement without consent of the Bond Owners if such amendment is made for the purpose of correcting any defective provision and such amendment shall not materially adversely affect the interests of the Owners of the Bonds; and

WHEREAS, the provisions of the Loan Agreement regarding the discharge of the Loan Agreement are defective in that such provision do not provide for the termination of the Loan Agreement and discharge of the obligations of the Successor Agency under the Loan Agreement upon the defeasance of the Series 2003A Bonds pursuant to the terms of the 2003A Indenture; and

WHEREAS, this First Amendment shall not materially adversely affect the interests of the Owners of the Series 2003A Bonds inasmuch as such Owners will not have any interests in the Series 2003A Bonds and the Loan Agreement from and after the redemption of the Series 2003A Bonds.

NOW, THEREFORE, the Authority, the Successor Agency and the Trustee hereby agree as follows:

Section 1. **Definitions.** Unless the context otherwise requires, the terms defined in Section 1.01 of the Loan Agreement shall, for purposes of this First Amendment, have the meanings specified in such Section 1.01.

Section 2. **Amendment of Section 6.03 of the Loan Agreement.** The following shall be added to the end of Section 6.03 of the Loan Agreement:

“Notwithstanding the foregoing, the entire indebtedness on the Loan shall be discharged and the pledge of the liens upon the Tax Revenues and other funds provided for in the Loan Agreement and all other obligations of the Trustee, the Authority and the Successor Agency under this Agreement will terminate upon the defeasance of the Series A Bonds, except as expressly provided for in this Section 6.03.”

Section 3. **Effective Date of Amendment.** This First Amendment shall become effective as of the date of execution thereof by the parties hereto.

Section 4. **Counterparts.** This First Amendment may be executed in counterparts, each of which shall be deemed an original.

IN WITNESS WHEREOF, the Successor Agency has caused this First Amendment to be executed in its name, the Authority has caused this First Amendment to be executed in its name and the Trustee has caused this First Amendment to be executed in its name, all as of _____ 1, 2015.

SUCCESSOR AGENCY TO THE SAN
MARCOS REDEVELOPMENT AGENCY

By: _____

SAN MARCOS PUBLIC FACILITIES
AUTHORITY

By: _____

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____
Authorized Officer

FIRST AMENDMENT
TO
LOAN AGREEMENT
(PROJECT AREA NO. 3)
by and among
SAN MARCOS PUBLIC FACILITIES AUTHORITY,
SUCCESSOR AGENCY TO THE SAN MARCOS REDEVELOPMENT AGENCY
and
U.S. BANK NATIONAL ASSOCIATION,
as Trustee
Dated _____ 1, 2015
Relating to:
\$69,740,000
San Marcos Public Facilities Authority
2003 Tax Allocation Revenue Bonds
(Project Areas No. 1, No. 2 and No. 3 Refunding and Financing Project),
Series A

**FIRST AMENDMENT
TO
LOAN AGREEMENT
(PROJECT AREA NO. 3)**

THIS FIRST AMENDMENT TO LOAN AGREEMENT (the “First Amendment”), dated as of _____ 1, 2015, is made and entered into by and among the San Marcos Public Facilities Authority (the “Authority”), a joint powers authority organized and existing under the laws of the State of California, the Successor Agency to the San Marcos Redevelopment Agency (the “Successor Agency”), as successor to the Redevelopment Agency of the City of San Marcos (the “Former Agency”), a public body and corporate duly organized and existing under the laws of the State of California and U.S. Bank National Association, a national banking association organized and existing under the laws of the United States of America, as trustee (the “Trustee”) to amend that certain Loan Agreement (Project Area No. 3) (the “Loan Agreement”) made and entered into as of May 1, 2003, by and between the Authority, the Former Agency and the Trustee.

W I T N E S S E T H:

WHEREAS, the Authority issued its \$69,740,000 San Marcos Public Facilities Authority 2003 Tax Allocation Revenue Bonds (Project Areas No. 1, No. 2 and No. 3 Refunding and Financing Project), Series A (the “Series 2003A Bonds”) for the purpose of making a loan of \$27,150,000 to the Former Agency pursuant to the Loan Agreement for the purpose of financing a portion of the Redevelopment Plan, as defined in the Loan Agreement and secured on a parity with any Parity Debt as defined in the Loan Agreement by a first pledge of and lien on all of the Tax Revenues as defined in the Loan Agreement; and

WHEREAS, as a result of favorable conditions in the municipal bond market the Successor Agency, has determined that it will achieve savings by the issuance of its Successor Agency to the San Marcos Redevelopment Agency Tax Allocation Refunding Bonds, Series 2015A (the “Series 2015A Bonds” or the “Refunding Bonds”) for the purpose, in part, of defeasing and redeeming the Series 2003A Bonds; and

WHEREAS, such savings will be realized from the fact that the debt service payment on the portion of the Refunding Bonds allocable to the Series 2003A Bonds will be less than the loan payments that the Successor Agency would otherwise be required to make under the Loan Agreement; and

WHEREAS, the Successor Agency desires to amend the Loan Agreement to provide that the defeasance of the Series 2003A Bonds will cause the discharge of the Loan Agreement and all other obligations of the Trustee, the Authority and the Successor Agency under the Loan Agreement will be terminated upon the defeasance of the Series 2003A Bonds; and

WHEREAS, pursuant to Section 6.04 of the Loan Agreement, the Loan Agreement may be amended under the circumstances set forth in the Indenture and Section 5.08 of the Indenture provides that the Authority, the Trustee and the Successor Agency may at any time amend or

modify the Loan Agreement without consent of the Bond Owners if such amendment is made for the purpose of correcting any defective provision and such amendment shall not materially adversely affect the interests of the Owners of the Bonds; and

WHEREAS, the provisions of the Loan Agreement regarding the discharge of the Loan Agreement are defective in that such provision do not provide for the termination of the Loan Agreement and discharge of the obligations of the Successor Agency under the Loan Agreement upon the defeasance of the Series 2003A Bonds pursuant to the terms of the 2003A Indenture; and

WHEREAS, this First Amendment shall not materially adversely affect the interests of the Owners of the Series 2003A Bonds inasmuch as such Owners will not have any interests in the Series 2003A Bonds and the Loan Agreement from and after the redemption of the Series 2003A Bonds.

NOW, THEREFORE, the Authority, the Successor Agency and the Trustee hereby agree as follows:

Section 1. **Definitions.** Unless the context otherwise requires, the terms defined in Section 1.01 of the Loan Agreement shall, for purposes of this First Amendment, have the meanings specified in such Section 1.01.

Section 2. **Amendment of Section 6.03 of the Loan Agreement.** The following shall be added to the end of Section 6.03 of the Loan Agreement:

“Notwithstanding the foregoing, the entire indebtedness on the Loan shall be discharged and the pledge of the liens upon the Tax Revenues and other funds provided for in the Loan Agreement and all other obligations of the Trustee, the Authority and the Successor Agency under this Agreement will terminate upon the defeasance of the Series A Bonds, except as expressly provided for in this Section 6.03.”

Section 3. **Effective Date of Amendment.** This First Amendment shall become effective as of the date of execution thereof by the parties hereto.

Section 4. **Counterparts.** This First Amendment may be executed in counterparts, each of which shall be deemed an original.

IN WITNESS WHEREOF, the Successor Agency has caused this First Amendment to be executed in its name, the Authority has caused this First Amendment to be executed in its name and the Trustee has caused this First Amendment to be executed in its name, all as of _____ 1, 2015.

SUCCESSOR AGENCY TO THE SAN
MARCOS REDEVELOPMENT AGENCY

By: _____

SAN MARCOS PUBLIC FACILITIES
AUTHORITY

By: _____

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____
Authorized Officer

FIRST AMENDMENT
TO
LOAN AGREEMENT
(PROJECT AREA NO. 1 – LOAN NO. 2)
by and among
SAN MARCOS PUBLIC FACILITIES AUTHORITY,
SUCCESSOR AGENCY TO THE SAN MARCOS REDEVELOPMENT AGENCY
and
U.S. BANK NATIONAL ASSOCIATION,
as Trustee
Dated _____ 1, 2015
Relating to:
\$21,360,000
San Marcos Public Facilities Authority
2003 Tax Allocation Revenue Bonds
(Project Area No. 1 Refunding and Financing Project),
Taxable Series B

**FIRST AMENDMENT
TO
LOAN AGREEMENT
(PROJECT AREA NO. 1 – LOAN NO. 2)**

THIS FIRST AMENDMENT TO LOAN AGREEMENT (the “First Amendment”), dated as of _____ 1, 2015, is made and entered into by and among the San Marcos Public Facilities Authority (the “Authority”), a joint powers authority organized and existing under the laws of the State of California, the Successor Agency to the San Marcos Redevelopment Agency (the “Successor Agency”), as successor to the Redevelopment Agency of the City of San Marcos (the “Former Agency”), a public body and corporate duly organized and existing under the laws of the State of California and U.S. Bank National Association, a national banking association organized and existing under the laws of the United States of America, as trustee (the “Trustee”) to amend that certain Loan Agreement (Project Area No. 1 – Loan No. 2) (the “Loan Agreement”) made and entered into as of May 1, 2003, by and between the Authority, the Former Agency and the Trustee.

W I T N E S S E T H:

WHEREAS, the Authority issued its \$21,360,000 San Marcos Public Facilities Authority 2003 Tax Allocation Revenue Bonds (Project Area No. 1 Refunding and Financing Project), Taxable Series B (the “Series 2003B Bonds”) for the purpose of making a loan of \$21,360,000 to the Former Agency pursuant to the Loan Agreement for the purpose of financing a portion of the Redevelopment Plan, as defined in the Loan Agreement and secured on a parity with any Parity Debt as defined in the Loan Agreement by a first pledge of and lien on all of the Tax Revenues as defined in the Loan Agreement; and

WHEREAS, as a result of favorable conditions in the municipal bond market the Successor Agency, has determined that it will achieve savings by the issuance of its Successor Agency to the San Marcos Redevelopment Agency Taxable Tax Allocation Refunding Bonds, Series 2015B (the “Series 2015B Bonds” or the “Refunding Bonds”) for the purpose, in part, of defeasing and redeeming the Series 2003B Bonds; and

WHEREAS, such savings will be realized from the fact that the debt service payment on the portion of the Refunding Bonds allocable to the Series 2003B Bonds will be less than the loan payments that the Successor Agency would otherwise be required to make under the Loan Agreement; and

WHEREAS, the Successor Agency desires to amend the Loan Agreement to provide that the defeasance of the Series 2003B Bonds will cause the discharge of the Loan Agreement and all other obligations of the Trustee, the Authority and the Successor Agency under the Loan Agreement will be terminated upon the defeasance of the Series 2003B Bonds; and

WHEREAS, pursuant to Section 6.04 of the Loan Agreement, the Loan Agreement may be amended under the circumstances set forth in the Indenture and Section 5.06 of the Indenture provides that the Authority, the Trustee and the Successor Agency may at any time amend or

modify the Loan Agreement without consent of the Bond Owners if such amendment is made for the purpose of correcting any defective provision and such amendment shall not materially adversely affect the interests of the Owners of the Bonds; and

WHEREAS, the provisions of the Loan Agreement regarding the discharge of the Loan Agreement are defective in that such provision do not provide for the termination of the Loan Agreement and discharge of the obligations of the Successor Agency under the Loan Agreement upon the defeasance of the Series 2003B Bonds pursuant to the terms of the 2003B Indenture; and

WHEREAS, this First Amendment shall not materially adversely affect the interests of the Owners of the Series 2003B Bonds inasmuch as such Owners will not have any interests in the Series 2003B Bonds and the Loan Agreement from and after the redemption of the Series 2003B Bonds.

NOW, THEREFORE, the Authority, the Successor Agency and the Trustee hereby agree as follows:

Section 1. **Definitions.** Unless the context otherwise requires, the terms defined in Section 1.01 of the Loan Agreement shall, for purposes of this First Amendment, have the meanings specified in such Section 1.01.

Section 2. **Amendment of Section 6.03 of the Loan Agreement.** The following shall be added to the end of Section 6.03 of the Loan Agreement:

“Notwithstanding the foregoing, the entire indebtedness on the Loan shall be discharged and the pledge of the liens upon the Tax Revenues and other funds provided for in the Loan Agreement and all other obligations of the Trustee, the Authority and the Successor Agency under this Agreement will terminate upon the defeasance of the Series B Bonds, except as expressly provided for in this Section 6.03.”

Section 3. **Effective Date of Amendment.** This First Amendment shall become effective as of the date of execution thereof by the parties hereto.

Section 4. **Counterparts.** This First Amendment may be executed in counterparts, each of which shall be deemed an original.

IN WITNESS WHEREOF, the Successor Agency has caused this First Amendment to be executed in its name, the Authority has caused this First Amendment to be executed in its name and the Trustee has caused this First Amendment to be executed in its name, all as of _____ 1, 2015.

SUCCESSOR AGENCY TO THE SAN
MARCOS REDEVELOPMENT AGENCY

By: _____

SAN MARCOS PUBLIC FACILITIES
AUTHORITY

By: _____

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____
Authorized Officer

FIRST AMENDMENT
TO
LOAN AGREEMENT
(PROJECT AREA NO. 1 – LOAN NO. 2005-1)
by and among
SAN MARCOS PUBLIC FACILITIES AUTHORITY,
SUCCESSOR AGENCY TO THE SAN MARCOS REDEVELOPMENT AGENCY
and
MUFG UNION BANK, N.A.
as Trustee
Dated _____ 1, 2015
Relating to:
\$30,235,000
San Marcos Public Facilities Authority
2005 Tax Allocation Revenue Bonds
(Project Areas No. 1 and No. 3 Refunding Project),
Series A

**FIRST AMENDMENT
TO
LOAN AGREEMENT
(PROJECT AREA NO. 1 – LOAN NO. 2005-1)**

THIS FIRST AMENDMENT TO LOAN AGREEMENT (the “First Amendment”), dated as of _____ 1, 2015, is made and entered into by and among the San Marcos Public Facilities Authority (the “Authority”), a joint powers authority organized and existing under the laws of the State of California, the Successor Agency to the San Marcos Redevelopment Agency (the “Successor Agency”), as successor to the Redevelopment Agency of the City of San Marcos (the “Former Agency”), a public body and corporate duly organized and existing under the laws of the State of California and MUFG Union Bank, N.A., a national banking association organized and existing under the laws of the United States of America, as successor trustee (the “Trustee”) to amend that certain Loan Agreement (Project Area No. 1 – Loan No. 2005-1) (the “Loan Agreement”) made and entered into as of May 1, 2005, by and between the Authority, the Former Agency and the Trustee.

WITNESSETH:

WHEREAS, the Authority issued its \$30,235,000 San Marcos Public Facilities Authority 2005 Tax Allocation Revenue Bonds (Project Areas No. 1 and No. 3 Refunding Project), Series A (the “Series 2005A Bonds”) for the purpose of making a loan of \$2,600,000 to the Former Agency pursuant to the Loan Agreement for the purpose of financing a portion of the Redevelopment Plan, as defined in the Loan Agreement and secured on a parity with any Parity Debt as defined in the Loan Agreement by a first pledge of and lien on all of the Tax Revenues as defined in the Loan Agreement; and

WHEREAS, as a result of favorable conditions in the municipal bond market the Successor Agency, has determined that it will achieve savings by the issuance of its Successor Agency to the San Marcos Redevelopment Agency Tax Allocation Refunding Bonds, Series 2015A (the “Series 2015A Bonds” or the “Refunding Bonds”) for the purpose, in part, of defeasing and redeeming the Series 2005A Bonds; and

WHEREAS, such savings will be realized from the fact that the debt service payment on the portion of the Refunding Bonds allocable to the Series 2005A Bonds will be less than the loan payments that the Successor Agency would otherwise be required to make under the Loan Agreement; and

WHEREAS, the Successor Agency desires to amend the Loan Agreement to provide that the defeasance of the Series 2005A Bonds will cause the discharge of the Loan Agreement and all other obligations of the Trustee, the Authority and the Successor Agency under the Loan Agreement will be terminated upon the defeasance of the Series 2005A Bonds; and

WHEREAS, pursuant to Section 6.04 of the Loan Agreement, the Loan Agreement may be amended under the circumstances set forth in the Indenture and Section 5.08 of the Indenture provides that the Authority, the Trustee and the Successor Agency may at any time amend or

modify the Loan Agreement without consent of the Bond Owners if such amendment is made for the purpose of correcting any defective provision and such amendment shall not materially adversely affect the interests of the Owners of the Bonds; and

WHEREAS, the provisions of the Loan Agreement regarding the discharge of the Loan Agreement are defective in that such provision do not provide for the termination of the Loan Agreement and discharge of the obligations of the Successor Agency under the Loan Agreement upon the defeasance of the Series 2005A Bonds pursuant to the terms of the 2005A Indenture; and

WHEREAS, this First Amendment shall not materially adversely affect the interests of the Owners of the Series 2005A Bonds inasmuch as such Owners will not have any interests in the Series 2005A Bonds and the Loan Agreement from and after the redemption of the Series 2005A Bonds.

NOW, THEREFORE, the Authority, the Successor Agency and the Trustee hereby agree as follows:

Section 1. **Definitions.** Unless the context otherwise requires, the terms defined in Section 1.01 of the Loan Agreement shall, for purposes of this First Amendment, have the meanings specified in such Section 1.01.

Section 2. **Amendment of Section 6.03 of the Loan Agreement.** The following shall be added to the end of Section 6.03 of the Loan Agreement:

“Notwithstanding the foregoing, the entire indebtedness on the Loan shall be discharged and the pledge of the liens upon the Tax Revenues and other funds provided for in the Loan Agreement and all other obligations of the Trustee, the Authority and the Successor Agency under this Agreement will terminate upon the defeasance of the Bonds, except as expressly provided for in this Section 6.03.”

Section 3. **Effective Date of Amendment.** This First Amendment shall become effective as of the date of execution thereof by the parties hereto.

Section 4. **Counterparts.** This First Amendment may be executed in counterparts, each of which shall be deemed an original.

IN WITNESS WHEREOF, the Successor Agency has caused this First Amendment to be executed in its name, the Authority has caused this First Amendment to be executed in its name and the Trustee has caused this First Amendment to be executed in its name, all as of _____ 1, 2015.

SUCCESSOR AGENCY TO THE SAN
MARCOS REDEVELOPMENT AGENCY

By: _____

SAN MARCOS PUBLIC FACILITIES
AUTHORITY

By: _____

MUFG UNION BANK, N.A., as Trustee

By: _____
Authorized Officer

FIRST AMENDMENT
TO
LOAN AGREEMENT
(PROJECT AREA NO. 3 – LOAN NO. 2005-1)
by and among
SAN MARCOS PUBLIC FACILITIES AUTHORITY,
SUCCESSOR AGENCY TO THE SAN MARCOS REDEVELOPMENT AGENCY
and
MUFG UNION BANK, N.A.
as Trustee
Dated _____ 1, 2015
Relating to:
\$30,235,000
San Marcos Public Facilities Authority
2005 Tax Allocation Revenue Bonds
(Project Areas No. 1 and No. 3 Refunding Project),
Series A

**FIRST AMENDMENT
TO
LOAN AGREEMENT
(PROJECT AREA NO. 3 – LOAN NO. 2005-1)**

THIS FIRST AMENDMENT TO LOAN AGREEMENT (the “First Amendment”), dated as of _____ 1, 2015, is made and entered into by and among the San Marcos Public Facilities Authority (the “Authority”), a joint powers authority organized and existing under the laws of the State of California, the Successor Agency to the San Marcos Redevelopment Agency (the “Successor Agency”), as successor to the Redevelopment Agency of the City of San Marcos (the “Former Agency”), a public body and corporate duly organized and existing under the laws of the State of California and MUFG Union Bank, N.A., a national banking association organized and existing under the laws of the United States of America, as successor trustee (the “Trustee”) to amend that certain Loan Agreement (Project Area No. 3 – Loan No. 2005-1) (the “Loan Agreement”) made and entered into as of May 1, 2005, by and between the Authority, the Former Agency and the Trustee.

WITNESSETH:

WHEREAS, the Authority issued its \$30,235,000 San Marcos Public Facilities Authority 2005 Tax Allocation Revenue Bonds (Project Areas No. 1 and No. 3 Refunding Project), Series A (the “Series 2005A Bonds”) for the purpose of making a loan of \$27,635,000 to the Former Agency pursuant to the Loan Agreement for the purpose of financing a portion of the Redevelopment Plan, as defined in the Loan Agreement and secured on a parity with any Parity Debt as defined in the Loan Agreement by a first pledge of and lien on all of the Tax Revenues as defined in the Loan Agreement; and

WHEREAS, as a result of favorable conditions in the municipal bond market the Successor Agency, has determined that it will achieve savings by the issuance of its Successor Agency to the San Marcos Redevelopment Agency Tax Allocation Refunding Bonds, Series 2015A (the “Series 2015A Bonds” or the “Refunding Bonds”) for the purpose, in part, of defeasing and redeeming the Series 2005A Bonds; and

WHEREAS, such savings will be realized from the fact that the debt service payment on the portion of the Refunding Bonds allocable to the Series 2005A Bonds will be less than the loan payments that the Successor Agency would otherwise be required to make under the Loan Agreement; and

WHEREAS, the Successor Agency desires to amend the Loan Agreement to provide that the defeasance of the Series 2005A Bonds will cause the discharge of the Loan Agreement and all other obligations of the Trustee, the Authority and the Successor Agency under the Loan Agreement will be terminated upon the defeasance of the Series 2005A Bonds; and

WHEREAS, pursuant to Section 6.04 of the Loan Agreement, the Loan Agreement may be amended under the circumstances set forth in the Indenture and Section 5.08 of the Indenture provides that the Authority, the Trustee and the Successor Agency may at any time amend or

modify the Loan Agreement without consent of the Bond Owners if such amendment is made for the purpose of correcting any defective provision and such amendment shall not materially adversely affect the interests of the Owners of the Bonds; and

WHEREAS, the provisions of the Loan Agreement regarding the discharge of the Loan Agreement are defective in that such provision do not provide for the termination of the Loan Agreement and discharge of the obligations of the Successor Agency under the Loan Agreement upon the defeasance of the Series 2005A Bonds pursuant to the terms of the 2005A Indenture; and

WHEREAS, this First Amendment shall not materially adversely affect the interests of the Owners of the Series 2005A Bonds inasmuch as such Owners will not have any interests in the Series 2005A Bonds and the Loan Agreement from and after the redemption of the Series 2005A Bonds.

NOW, THEREFORE, the Authority, the Successor Agency and the Trustee hereby agree as follows:

Section 1. **Definitions.** Unless the context otherwise requires, the terms defined in Section 1.01 of the Loan Agreement shall, for purposes of this First Amendment, have the meanings specified in such Section 1.01.

Section 2. **Amendment of Section 6.03 of the Loan Agreement.** The following shall be added to the end of Section 6.03 of the Loan Agreement:

“Notwithstanding the foregoing, the entire indebtedness on the Loan shall be discharged and the pledge of the liens upon the Tax Revenues and other funds provided for in the Loan Agreement and all other obligations of the Trustee, the Authority and the Successor Agency under this Agreement will terminate upon the defeasance of the Bonds, except as expressly provided for in this Section 6.03.”

Section 3. **Effective Date of Amendment.** This First Amendment shall become effective as of the date of execution thereof by the parties hereto.

Section 4. **Counterparts.** This First Amendment may be executed in counterparts, each of which shall be deemed an original.

IN WITNESS WHEREOF, the Successor Agency has caused this First Amendment to be executed in its name, the Authority has caused this First Amendment to be executed in its name and the Trustee has caused this First Amendment to be executed in its name, all as of _____ 1, 2015.

SUCCESSOR AGENCY TO THE SAN
MARCOS REDEVELOPMENT AGENCY

By: _____

SAN MARCOS PUBLIC FACILITIES
AUTHORITY

By: _____

MUFG UNION BANK, N.A., as Trustee

By: _____
Authorized Officer

FIRST AMENDMENT
TO
LOAN AGREEMENT
(PROJECT AREA NO. 1 – LOAN NO. 2005-2)
by and among
SAN MARCOS PUBLIC FACILITIES AUTHORITY,
SUCCESSOR AGENCY TO THE SAN MARCOS REDEVELOPMENT AGENCY
and
MUFG UNION BANK, N.A.,
as Trustee
Dated _____ 1, 2015
Relating to:
\$33,265,000
San Marcos Public Facilities Authority
2005 Tax Allocation Revenue Bonds
(Project Area No. 1 Refunding and Financing Project),
Taxable Series B

**FIRST AMENDMENT
TO
LOAN AGREEMENT
(PROJECT AREA NO. 1 – LOAN NO. 2005-2)**

THIS FIRST AMENDMENT TO LOAN AGREEMENT (the “First Amendment”), dated as of _____ 1, 2015, is made and entered into by and among the San Marcos Public Facilities Authority (the “Authority”), a joint powers authority organized and existing under the laws of the State of California, the Successor Agency to the San Marcos Redevelopment Agency (the “Successor Agency”), as successor to the Redevelopment Agency of the City of San Marcos (the “Former Agency”), a public body and corporate duly organized and existing under the laws of the State of California and MUFG Union Bank, N.A., a national banking association organized and existing under the laws of the United States of America, as successor trustee (the “Trustee”) to amend that certain Loan Agreement (Project Area No. 1 – Loan No. 2005-2) (the “Loan Agreement”) made and entered into as of May 1, 2005, by and between the Authority, the Former Agency and the Trustee.

W I T N E S S E T H:

WHEREAS, the Authority issued its \$33,265,000 San Marcos Public Facilities Authority 2005 Tax Allocation Revenue Bonds (Project Area No. 1 Refunding and Financing Project), Taxable Series B (the “Series 2005B Bonds”) for the purpose of making a loan of \$33,265,000 to the Former Agency pursuant to the Loan Agreement for the purpose of financing a portion of the Redevelopment Plan, as defined in the Loan Agreement and secured on a parity with any Parity Debt as defined in the Loan Agreement by a first pledge of and lien on all of the Tax Revenues as defined in the Loan Agreement; and

WHEREAS, as a result of favorable conditions in the municipal bond market the Successor Agency, has determined that it will achieve savings by the issuance of its Successor Agency to the San Marcos Redevelopment Agency Taxable Tax Allocation Refunding Bonds, Series 2015B (the “Series 2015B Bonds” or the “Refunding Bonds”) for the purpose, in part, of defeasing and redeeming the Series 2005B Bonds; and

WHEREAS, such savings will be realized from the fact that the debt service payment on the portion of the Refunding Bonds allocable to the Series 2005B Bonds will be less than the loan payments that the Successor Agency would otherwise be required to make under the Loan Agreement; and

WHEREAS, the Successor Agency desires to amend the Loan Agreement to provide that the defeasance of the Series 2005B Bonds will cause the discharge of the Loan Agreement and all other obligations of the Trustee, the Authority and the Successor Agency under the Loan Agreement will be terminated upon the defeasance of the Series 2005B Bonds; and

WHEREAS, pursuant to Section 6.04 of the Loan Agreement, the Loan Agreement may be amended under the circumstances set forth in the Indenture and Section 5.06 of the Indenture provides that the Authority, the Trustee and the Successor Agency may at any time amend or

modify the Loan Agreement without consent of the Bond Owners if such amendment is made for the purpose of correcting any defective provision and such amendment shall not materially adversely affect the interests of the Owners of the Bonds; and

WHEREAS, the provisions of the Loan Agreement regarding the discharge of the Loan Agreement are defective in that such provision do not provide for the termination of the Loan Agreement and discharge of the obligations of the Successor Agency under the Loan Agreement upon the defeasance of the Series 2005B Bonds pursuant to the terms of the 2005B Indenture; and

WHEREAS, this First Amendment shall not materially adversely affect the interests of the Owners of the Series 2005B Bonds inasmuch as such Owners will not have any interests in the Series 2005B Bonds and the Loan Agreement from and after the redemption of the Series 2005B Bonds.

NOW, THEREFORE, the Authority, the Successor Agency and the Trustee hereby agree as follows:

Section 1. **Definitions.** Unless the context otherwise requires, the terms defined in Section 1.1 of the Loan Agreement shall, for purposes of this First Amendment, have the meanings specified in such Section 1.1.

Section 2. **Amendment of Section 6.3 of the Loan Agreement.** The following shall be added to the end of Section 6.3 of the Loan Agreement:

“Notwithstanding the foregoing, the entire indebtedness on the Loan shall be discharged and the pledge of the liens upon the Tax Revenues and other funds provided for in the Loan Agreement and all other obligations of the Trustee, the Authority and the Successor Agency under this Agreement will terminate upon the defeasance of the Bonds, except as expressly provided for in this Section 6.3.”

Section 3. **Effective Date of Amendment.** This First Amendment shall become effective as of the date of execution thereof by the parties hereto.

Section 4. **Counterparts.** This First Amendment may be executed in counterparts, each of which shall be deemed an original.

IN WITNESS WHEREOF, the Successor Agency has caused this First Amendment to be executed in its name, the Authority has caused this First Amendment to be executed in its name and the Trustee has caused this First Amendment to be executed in its name, all as of _____ 1, 2015.

SUCCESSOR AGENCY TO THE SAN
MARCOS REDEVELOPMENT AGENCY

By: _____

SAN MARCOS PUBLIC FACILITIES
AUTHORITY

By: _____

MUFG UNION BANK, N.A., as Trustee

By: _____
Authorized Officer

FIRST AMENDMENT
TO
LOAN AGREEMENT
(PROJECT AREA NO. 2 – LOAN NO. 2005-1)
by and among
SAN MARCOS PUBLIC FACILITIES AUTHORITY,
SUCCESSOR AGENCY TO THE SAN MARCOS REDEVELOPMENT AGENCY
and
MUFG UNION BANK, N.A.
as Trustee
Dated _____ 1, 2015
Relating to:
\$61,735,000
San Marcos Public Facilities Authority
2005 Tax Allocation Revenue Bonds
(Project Areas No. 2 and No. 3 Financing Project),
Series C

**FIRST AMENDMENT
TO
LOAN AGREEMENT
(PROJECT AREA NO. 2 – LOAN NO. 2005-1)**

THIS FIRST AMENDMENT TO LOAN AGREEMENT (the “First Amendment”), dated as of _____ 1, 2015, is made and entered into by and among the San Marcos Public Facilities Authority (the “Authority”), a joint powers authority organized and existing under the laws of the State of California, the Successor Agency to the San Marcos Redevelopment Agency (the “Successor Agency”), as successor to the Redevelopment Agency of the City of San Marcos (the “Former Agency”), a public body and corporate duly organized and existing under the laws of the State of California and MUFG Union Bank, N.A., a national banking association organized and existing under the laws of the United States of America, as successor trustee (the “Trustee”) to amend that certain Loan Agreement (Project Area No. 2 – Loan No. 2005-1) (the “Loan Agreement”) made and entered into as of June 1, 2005, by and between the Authority, the Former Agency and the Trustee.

W I T N E S S E T H:

WHEREAS, the Authority issued its \$61,735,000 San Marcos Public Facilities Authority 2005 Tax Allocation Revenue Bonds (Project Areas No. 2 and No. 3 Financing Project), Series C (the “Series 2005C Bonds”) for the purpose of making a loan of \$34,100,000 to the Former Agency pursuant to the Loan Agreement for the purpose of financing a portion of the Redevelopment Plan, as defined in the Loan Agreement and secured on a parity with any Parity Debt as defined in the Loan Agreement by a first pledge of and lien on all of the Tax Revenues as defined in the Loan Agreement; and

WHEREAS, as a result of favorable conditions in the municipal bond market the Successor Agency, has determined that it will achieve savings by the issuance of its Successor Agency to the San Marcos Redevelopment Agency Tax Allocation Refunding Bonds, Series 2015A (the “Series 2015A Bonds”) and its Successor Agency to the San Marcos Redevelopment Agency Taxable Tax Allocation Refunding Bonds, Series 2015B (the “Series 2015B Bonds” and together with the Series 2015A Bonds, the “Refunding Bonds”) for the purpose, in part, of defeasing and redeeming the Series 2005C Bonds; and

WHEREAS, such savings will be realized from the fact that the debt service payment on the portion of the Refunding Bonds allocable to the Series 2005C Bonds will be less than the loan payments that the Successor Agency would otherwise be required to make under the Loan Agreement; and

WHEREAS, the Successor Agency desires to amend the Loan Agreement to provide that the defeasance of the Series 2005C Bonds will cause the discharge of the Loan Agreement and all other obligations of the Trustee, the Authority and the Successor Agency under the Loan Agreement will be terminated upon the defeasance of the Series 2005C Bonds; and

WHEREAS, pursuant to Section 6.04 of the Loan Agreement, the Loan Agreement may

be amended under the circumstances set forth in the Indenture and Section 5.08 of the Indenture provides that the Authority, the Trustee and the Successor Agency may at any time amend or modify the Loan Agreement without consent of the Bond Owners if such amendment is made for the purpose of correcting any defective provision and such amendment shall not materially adversely affect the interests of the Owners of the Bonds; and

WHEREAS, the provisions of the Loan Agreement regarding the discharge of the Loan Agreement are defective in that such provision do not provide for the termination of the Loan Agreement and discharge of the obligations of the Successor Agency under the Loan Agreement upon the defeasance of the Series 2005C Bonds pursuant to the terms of the 2005C Indenture; and

WHEREAS, this First Amendment shall not materially adversely affect the interests of the Owners of the Series 2005C Bonds inasmuch as such Owners will not have any interests in the Series 2005C Bonds and the Loan Agreement from and after the redemption of the Series 2005C Bonds.

NOW, THEREFORE, the Authority, the Successor Agency and the Trustee hereby agree as follows:

Section 1. **Definitions.** Unless the context otherwise requires, the terms defined in Section 1.01 of the Loan Agreement shall, for purposes of this First Amendment, have the meanings specified in such Section 1.01.

Section 2. **Amendment of Section 6.03 of the Loan Agreement.** The following shall be added to the end of Section 6.03 of the Loan Agreement:

“Notwithstanding the foregoing, the entire indebtedness on the Loan shall be discharged and the pledge of the liens upon the Tax Revenues and other funds provided for in the Loan Agreement and all other obligations of the Trustee, the Authority and the Successor Agency under this Agreement will terminate upon the defeasance of the Bonds, except as expressly provided for in this Section 6.03.”

Section 3. **Effective Date of Amendment.** This First Amendment shall become effective as of the date of execution thereof by the parties hereto.

Section 4. **Counterparts.** This First Amendment may be executed in counterparts, each of which shall be deemed an original.

IN WITNESS WHEREOF, the Successor Agency has caused this First Amendment to be executed in its name, the Authority has caused this First Amendment to be executed in its name and the Trustee has caused this First Amendment to be executed in its name, all as of _____ 1, 2015.

SUCCESSOR AGENCY TO THE SAN
MARCOS REDEVELOPMENT AGENCY

By: _____

SAN MARCOS PUBLIC FACILITIES
AUTHORITY

By: _____

MUFG UNION BANK, N.A., as Trustee

By: _____
Authorized Officer

FIRST AMENDMENT
TO
LOAN AGREEMENT
(PROJECT AREA NO. 3 – LOAN NO. 2005-2)
by and among
SAN MARCOS PUBLIC FACILITIES AUTHORITY,
SUCCESSOR AGENCY TO THE SAN MARCOS REDEVELOPMENT AGENCY
and
MUFG UNION BANK, N.A.
as Trustee
Dated _____ 1, 2015
Relating to:
\$61,735,000
San Marcos Public Facilities Authority
2005 Tax Allocation Revenue Bonds
(Project Areas No. 2 and No. 3 Financing Project),
Series C

**FIRST AMENDMENT
TO
LOAN AGREEMENT
(PROJECT AREA NO. 3 – LOAN NO. 2005-2)**

THIS FIRST AMENDMENT TO LOAN AGREEMENT (the “First Amendment”), dated as of _____ 1, 2015, is made and entered into by and among the San Marcos Public Facilities Authority (the “Authority”), a joint powers authority organized and existing under the laws of the State of California, the Successor Agency to the San Marcos Redevelopment Agency (the “Successor Agency”), as successor to the Redevelopment Agency of the City of San Marcos (the “Former Agency”), a public body and corporate duly organized and existing under the laws of the State of California and MUFG Union Bank, N.A., a national banking association organized and existing under the laws of the United States of America, as successor trustee (the “Trustee”) to amend that certain Loan Agreement (Project Area No. 3 – Loan No. 2005-2) (the “Loan Agreement”) made and entered into as of June 1, 2005, by and between the Authority, the Former Agency and the Trustee.

W I T N E S S E T H:

WHEREAS, the Authority issued its \$61,735,000 San Marcos Public Facilities Authority 2005 Tax Allocation Revenue Bonds (Project Areas No. 2 and No. 3 Financing Project), Series C (the “Series 2005C Bonds”) for the purpose of making a loan of \$27,635,000 to the Former Agency pursuant to the Loan Agreement for the purpose of financing a portion of the Redevelopment Plan, as defined in the Loan Agreement and secured on a parity with any Parity Debt as defined in the Loan Agreement by a first pledge of and lien on all of the Tax Revenues as defined in the Loan Agreement; and

WHEREAS, as a result of favorable conditions in the municipal bond market the Successor Agency, has determined that it will achieve savings by the issuance of its Successor Agency to the San Marcos Redevelopment Agency Tax Allocation Refunding Bonds, Series 2015A (the “Series 2015A Bonds”) and its Successor Agency to the San Marcos Redevelopment Agency Taxable Tax Allocation Refunding Bonds, Series 2015B (the “Series 2015B Bonds,” and together with the Series 2015A Bonds, the “Refunding Bonds”) for the purpose, in part, of defeasing and redeeming the Series 2005C Bonds; and

WHEREAS, such savings will be realized from the fact that the debt service payment on the portion of the Refunding Bonds allocable to the Series 2005C Bonds will be less than the loan payments that the Successor Agency would otherwise be required to make under the Loan Agreement; and

WHEREAS, the Successor Agency desires to amend the Loan Agreement to provide that the defeasance of the Series 2005C Bonds will cause the discharge of the Loan Agreement and all other obligations of the Trustee, the Authority and the Successor Agency under the Loan Agreement will be terminated upon the defeasance of the Series 2005C Bonds; and

WHEREAS, pursuant to Section 6.04 of the Loan Agreement, the Loan Agreement may

be amended under the circumstances set forth in the Indenture and Section 5.08 of the Indenture provides that the Authority, the Trustee and the Successor Agency may at any time amend or modify the Loan Agreement without consent of the Bond Owners if such amendment is made for the purpose of correcting any defective provision and such amendment shall not materially adversely affect the interests of the Owners of the Bonds; and

WHEREAS, the provisions of the Loan Agreement regarding the discharge of the Loan Agreement are defective in that such provision do not provide for the termination of the Loan Agreement and discharge of the obligations of the Successor Agency under the Loan Agreement upon the defeasance of the Series 2005C Bonds pursuant to the terms of the 2005C Indenture; and

WHEREAS, this First Amendment shall not materially adversely affect the interests of the Owners of the Series 2005C Bonds inasmuch as such Owners will not have any interests in the Series 2005C Bonds and the Loan Agreement from and after the redemption of the Series 2005C Bonds.

NOW, THEREFORE, the Authority, the Successor Agency and the Trustee hereby agree as follows:

Section 1. **Definitions.** Unless the context otherwise requires, the terms defined in Section 1.01 of the Loan Agreement shall, for purposes of this First Amendment, have the meanings specified in such Section 1.01.

Section 2. **Amendment of Section 6.03 of the Loan Agreement.** The following shall be added to the end of Section 6.03 of the Loan Agreement:

“Notwithstanding the foregoing, the entire indebtedness on the Loan shall be discharged and the pledge of the liens upon the Tax Revenues and other funds provided for in the Loan Agreement and all other obligations of the Trustee, the Authority and the Successor Agency under this Agreement will terminate upon the defeasance of the Bonds, except as expressly provided for in this Section 6.03.”

Section 3. **Effective Date of Amendment.** This First Amendment shall become effective as of the date of execution thereof by the parties hereto.

Section 4. **Counterparts.** This First Amendment may be executed in counterparts, each of which shall be deemed an original.

IN WITNESS WHEREOF, the Successor Agency has caused this First Amendment to be executed in its name, the Authority has caused this First Amendment to be executed in its name and the Trustee has caused this First Amendment to be executed in its name, all as of _____ 1, 2015.

SUCCESSOR AGENCY TO THE SAN
MARCOS REDEVELOPMENT AGENCY

By: _____

SAN MARCOS PUBLIC FACILITIES
AUTHORITY

By: _____

MUFG UNION BANK, N.A., as Trustee

By: _____
Authorized Officer

FIRST AMENDMENT
TO
LOAN AGREEMENT
(PROJECT AREA NO. 3 – LOAN NO. 2006-1)
by and among
SAN MARCOS PUBLIC FACILITIES AUTHORITY,
SUCCESSOR AGENCY TO THE SAN MARCOS REDEVELOPMENT AGENCY
and
MUFG UNION BANK, N.A.
as Trustee
Dated _____ 1, 2015

Relating to:
\$36,165,000
San Marcos Public Facilities Authority
2006 Tax Allocation Revenue Bonds
(Project Area No. 3 Financing Project),
Series A

**FIRST AMENDMENT
TO
LOAN AGREEMENT
(PROJECT AREA NO. 3 – LOAN NO. 2006-1)**

THIS FIRST AMENDMENT TO LOAN AGREEMENT (the “First Amendment”), dated as of _____ 1, 2015, is made and entered into by and among the San Marcos Public Facilities Authority (the “Authority”), a joint powers authority organized and existing under the laws of the State of California, the Successor Agency to the San Marcos Redevelopment Agency (the “Successor Agency”), as successor to the Redevelopment Agency of the City of San Marcos (the “Former Agency”), a public body and corporate duly organized and existing under the laws of the State of California and MUFG Union Bank, N.A., a national banking association organized and existing under the laws of the United States of America, as successor trustee (the “Trustee”) to amend that certain Loan Agreement (Project Area No. 3 – Loan No. 2006-1) (the “Loan Agreement”) made and entered into as of March 1, 2006, by and between the Authority, the Former Agency and the Trustee.

W I T N E S S E T H:

WHEREAS, the Authority issued its \$36,165,000 San Marcos Public Facilities Authority 2006 Tax Allocation Revenue Bonds (Project Area No. 3 Financing Project), Series A (the “Series 2006A Bonds”) for the purpose of making a loan of \$36,165,000 to the Former Agency pursuant to the Loan Agreement for the purpose of financing a portion of the Redevelopment Plan, as defined in the Loan Agreement and secured on a parity with any Parity Debt as defined in the Loan Agreement by a first pledge of and lien on all of the Tax Revenues as defined in the Loan Agreement; and

WHEREAS, as a result of favorable conditions in the municipal bond market the Successor Agency, has determined that it will achieve savings by the issuance of its Successor Agency to the San Marcos Redevelopment Agency Tax Allocation Refunding Bonds, Series 2015A (the “Series 2015A Bonds”) and its Successor Agency to the San Marcos Redevelopment Agency Taxable Tax Allocation Refunding Bonds, Series 2015B (the “Series 2015B Bonds” and together with the Series 2015A Bonds, the “Refunding Bonds”) for the purpose, in part, of defeasing and redeeming the Series 2006A Bonds; and

WHEREAS, such savings will be realized from the fact that the debt service payment on the portion of the Refunding Bonds allocable to the Series 2006A Bonds will be less than the loan payments that the Successor Agency would otherwise be required to make under the Loan Agreement; and

WHEREAS, the Successor Agency desires to amend the Loan Agreement to provide that the defeasance of the Series 2006A Bonds will cause the discharge of the Loan Agreement and all other obligations of the Trustee, the Authority and the Successor Agency under the Loan Agreement will be terminated upon the defeasance of the Series 2006A Bonds; and

WHEREAS, pursuant to Section 6.04 of the Loan Agreement, the Loan Agreement may

be amended under the circumstances set forth in the Indenture and Section 5.08 of the Indenture provides that the Authority, the Trustee and the Successor Agency may at any time amend or modify the Loan Agreement without consent of the Bond Owners if such amendment is made for the purpose of correcting any defective provision and such amendment shall not materially adversely affect the interests of the Owners of the Bonds; and

WHEREAS, the provisions of the Loan Agreement regarding the discharge of the Loan Agreement are defective in that such provision do not provide for the termination of the Loan Agreement and discharge of the obligations of the Successor Agency under the Loan Agreement upon the defeasance of the Series 2006A Bonds pursuant to the terms of the 2006A Indenture; and

WHEREAS, this First Amendment shall not materially adversely affect the interests of the Owners of the Series 2006A Bonds inasmuch as such Owners will not have any interests in the Series 2006A Bonds and the Loan Agreement from and after the redemption of the Series 2006A Bonds.

NOW, THEREFORE, the Authority, the Successor Agency and the Trustee hereby agree as follows:

Section 1. **Definitions.** Unless the context otherwise requires, the terms defined in Section 1.01 of the Loan Agreement shall, for purposes of this First Amendment, have the meanings specified in such Section 1.01.

Section 2. **Amendment of Section 6.03 of the Loan Agreement.** The following shall be added to the end of Section 6.03 of the Loan Agreement:

“Notwithstanding the foregoing, the entire indebtedness on the Loan shall be discharged and the pledge of the liens upon the Tax Revenues and other funds provided for in the Loan Agreement and all other obligations of the Trustee, the Authority and the Successor Agency under this Agreement will terminate upon the defeasance of the Bonds, except as expressly provided for in this Section 6.03.”

Section 3. **Effective Date of Amendment.** This First Amendment shall become effective as of the date of execution thereof by the parties hereto.

Section 4. **Counterparts.** This First Amendment may be executed in counterparts, each of which shall be deemed an original.

IN WITNESS WHEREOF, the Successor Agency has caused this First Amendment to be executed in its name, the Authority has caused this First Amendment to be executed in its name and the Trustee has caused this First Amendment to be executed in its name, all as of _____ 1, 2015.

SUCCESSOR AGENCY TO THE SAN
MARCOS REDEVELOPMENT AGENCY

By: _____

SAN MARCOS PUBLIC FACILITIES
AUTHORITY

By: _____

MUFG UNION BANK, N.A., as Trustee

By: _____
Authorized Officer



City of San Marcos

1 Civic Center Drive
San Marcos, CA 92069

Staff Report

File #: TMP-0322

MEETING DATE:

APRIL 14, 2015

SUBJECT:

RESOLUTION NO. 2015-8045 - REQUEST FOR AUTHORIZATION TO AMEND REIMBURSEMENT AGREEMENT AND CERTAIN LEASE AGREEMENTS RELATED TO DEFEASANCE AND REDEMPTION OF SAN MARCOS PUBLIC FACILITIES AUTHORITY 2001 PUBLIC IMPROVEMENT REFUNDING REVENUE BONDS, SERIES A (CIVIC CENTER/PUBLIC WORKS YARD)

Recommendation

ADOPT a resolution authorizing the amendment of a Reimbursement Agreement and certain leases relating to the Civic Center and Public Works Yard.

Board or Commission Action

Not applicable

Relevant Council Strategic Theme

Planning for the Future

Good Governance

Relevant Department Goal

Not applicable

Introduction

Earlier this evening, the City Council, acting in its capacity as the Board of the Successor Agency to the San Marcos Redevelopment Agency (the "Successor Agency") was presented a staff report and accompanying resolution and documentation regarding the proposed refunding of certain outstanding bonds and financial obligations of the Former Redevelopment Agency. Please refer to the staff report to the Successor Agency for additional information.

Said staff report, which by reference is incorporated herein, discusses the need for the City Council, acting on behalf of the City, to authorize the amendment of a Reimbursement Agreement and certain lease agreements for the Civic Center and Public Works Yard as they relate to the \$55,045,000 San Marcos Public Facilities Authority (the "Authority") 2001 Public Improvement Refunding Revenue Bonds, Series A (Civic Center/Public Works Yard) (the "Series 2001A Bonds").

The Series 2001A Bonds are secured by certain revenues consisting primarily of rental payments payable by the City under a Lease Agreement (Civic Center), dated as of November 1, 2001 (the "Civic Center Lease

File #:TMP-0322

agreement”), by and between the Authority and the City and a Lease Agreement (Public Works Yard), dated as of November 1, 2001 (the “Public Works Yard Lease Agreement” and together with the Civic Center Lease Agreement the “Lease Agreements”) by and between the Authority and the City.

In addition, the former San Marcos Redevelopment Agency (the “Former Agency”) and the City entered into a Reimbursement Agreement, dated November 1, 2001 (the “Reimbursement Agreement”), pursuant to which the Former Agency affirmed and agreed to reimburse the City for any and all lease payments made by the City under the Lease Agreements, agreed that such obligation of the Former Agency shall be a direct and general obligation of the Former Agency and pledged certain Tax Revenues to the extent required to pay the reimbursement obligation of the Former Agency.

Discussion

The attached resolution of the City, if adopted, consents to 1) the amendment of the Lease Agreements which will provide for the discharge of the Lease Agreements upon the defeasance of the Series 2001A Bonds; and 2) the amendment of the Reimbursement Agreement which will provide for the discharge of the obligation of the Successor Agency under the Reimbursement Agreement upon the defeasance of the Series 2001A Bonds.

Fiscal Impact

Please refer to the staff report to the Successor Agency for additional information.

Attachment(s)

Resolution

First Amendment to Reimbursement Agreement

2 First Amendment to Lease Agreements

Prepared by: Roque Chiriboga, Manager of Financial Analysis and Debt Administration

Reviewed by: Laura Rocha, Finance Director

Approved by: Jack Griffin, City Manager

RESOLUTION NO. 2015-_____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN MARCOS, CALIFORNIA, AUTHORIZING THE AMENDMENT OF A REIMBURSEMENT AGREEMENT AND CERTAIN LEASE AGREEMENTS RELATED TO THE DEFEASANCE AND REDEMPTION OF THE SAN MARCOS PUBLIC FACILITIES AUTHORITY 2001 PUBLIC IMPROVEMENT REFUNDING REVENUE BONDS, SERIES A (CIVIC CENTER/PUBLIC WORKS YARD)

WHEREAS, the San Marcos Public Facilities Authority (the "Authority") issued its 2001 Public Improvement Refunding Revenue Bonds, Series A (Civic Center/Public Works Yard), (the "Series 2001A Bonds") which are secured by certain revenues consisting principally of rental payments payable by the City under a Lease Agreement (Civic Center), dated as of November 1, 2001 (the "Civic Center Lease Agreement"), by and between the Authority and the City and a Lease Agreement (Public Works Yard), dated as of November 1, 2001 (the "Public Works Yard Lease Agreement" and together with the Civic Center Lease Agreement, the "Lease Agreements") by and between the Authority and the City pertaining to the public improvements refinanced from the proceeds of the Series 2001A Bonds; and

WHEREAS, the former San Marcos Redevelopment Agency (the "Former Agency") and the City entered into a Reimbursement Agreement, dated as of November 1, 2001 (the "Reimbursement Agreement"), pursuant to which the Former Agency affirmed and agreed to reimburse the City for any and all such lease payments made by the City under the Lease Agreements, agreed that such obligation of the Former Agency shall be a direct and general obligation of the Former Agency and pledged the Tax Revenues (as defined in the Reimbursement Agreement) to the extent required to pay the reimbursement obligation of the Former Agency;

WHEREAS, the Former Agency was a public body, corporate and politic, duly established and authorized to transact business and exercise powers under and pursuant to the provisions of the Community Redevelopment Law of the State of California, constituting Part 1 of Division 24 of the Health and Safety Code of the State (the "Redevelopment Law"); and

WHEREAS, pursuant to Section 34172(a) of the California Health and Safety Code (unless otherwise noted, all Section references hereinafter being to such Code), the City Council has elected to assume the activities and obligations of the Former Agency, as the successor entity to the Former Agency (the "Successor Agency"); and

WHEREAS, Section 34177.5 authorizes the Successor Agency to issue refunding bonds to refund bonds or other indebtedness of the Successor Agency for the purpose of achieving the

debt service savings within the parameters set forth in Section 34177.5(a)(1); and

WHEREAS, the Successor Agency has determined that it will achieve debt service savings within such parameters by the issuance of its Successor Agency to the San Marcos Redevelopment Agency Tax Allocation Refunding Bonds, Series 2015A (the "Series 2015A Bonds") and its Successor Agency to the San Marcos Redevelopment Agency Taxable Tax Allocation Refunding Bonds, Series 2015B (the "Series 2015B Bonds" and together with the Series 2015A Bonds the "Refunding Bonds") to refund the Series 2001A Bonds, together with other bonds, in that the debt service on the Refunding Bonds allocable to the refunding of the Series 2001A Bonds will be less than the payments that would otherwise be required to be made by the Successor Agency pursuant to the Reimbursement Agreement; and

WHEREAS, the Successor Agency has requested that the City, as a party to the Lease Agreements, agree to amend each of the Lease Agreements entered into by and between the Authority and the City, to provide that the Lease Agreements shall terminate and the obligations of the City under the Lease Agreements will be discharged upon the defeasance of the Series 2001A Bonds; and

WHEREAS, pursuant to Section 23 of each of the Lease Agreements, the Lease Agreement may be amended, in writing, as may be mutually agreed by the City and the Authority; provided that the requirements of Section 23 have been complied with; and

WHEREAS, the Successor Agency has also requested that the City, as a party to the Reimbursement Agreement, agree to amend the Reimbursement Agreement to provide that the obligations of the Successor Agency under the Reimbursement Agreement and the pledge of the Tax Revenues under the Reimbursement Agreement will be terminated upon the defeasance of the Series 2001A Bonds; and

WHEREAS, pursuant to Section 9 of the Reimbursement Agreement, the City and the Former Agency may amend, alter, modify or cancel or agree to consent to amend, alter, modify or cancel the Reimbursement Agreement by a writing executed by both of them at any time, for any reason and in any respect; and

WHEREAS, there has been prepared and filed with the City Clerk the forms of the following documents:

- A. for each Lease Agreement, a separate First Amendment to Lease Agreement by and between the Authority and the City, to provide for the discharge of such Lease Agreement upon the defeasance of the Series 2001A Bonds (collectively, the "Lease Agreement Amendments"); and

- B. A First Amendment to Reimbursement Agreement by and among the Successor Agency and the City to provide that the obligations of the Successor Agency under the Reimbursement Agreement and the pledge of the Tax Revenues under the Reimbursement Agreement will be terminated upon the defeasance of the Series 2001A Bonds (the “First Amendment to the Reimbursement Agreement”); and

WHEREAS, this City Council has reviewed and considered such Lease Agreement Amendments and First Agreement to Reimbursement Agreement, and finds those documents suitable for consent by the City Council, subject to the conditions set forth in this resolution.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of San Marcos, as follows:

SECTION 1. Recitals. The above recitals are true and correct.

SECTION 2. Consent to Lease Agreement Amendments. The City Council hereby gives its consent to the amendment of each of the Lease Agreements pursuant to the Lease Agreement Amendments and orders and directs the City Manager, the Finance Director or any designee of the City Manager (each, an “Authorized Officer”), acting for and on behalf of the City, to cause the other requirements of Section 23 of the applicable Lease Agreement to be satisfied and take such any and all actions necessary in implementation of the Lease Agreement Amendments as provided for in Section 23, including but not limited to the execution and delivery of such Lease Agreement Amendments for and in the name of the City, in substantially the forms on file with the City Clerk, with such changes therein, deletions therefrom and additions thereto as the Authorized Officer executing the same shall approve, such approval to be conclusively evidenced by the execution and delivery of the Lease Agreement Amendments.

SECTION 4. Consent to the First Amendment to Reimbursement Agreement. The City Council hereby gives its consent to the amendment of the Reimbursement Agreement pursuant to the First Amendment to Reimbursement Agreement and orders and directs any Authorized Officer, acting for and on behalf of the City to cause the requirements of Section 9 of the Reimbursement Agreement to be met, including but not limited to, the execution and delivery of First Amendment to Reimbursement Agreement for and in the name of the City, in substantially the form on file with the City Clerk, with such changes therein, deletions therefrom and additions thereto as the Authorized Officer executing the same shall approve, such approval to be conclusively evidenced by the execution and delivery of the First Amendment to Reimbursement Agreement.

SECTION 5. Official Action. The Mayor, the Vice Mayor, the City Clerk, the Authorized Officers and any and all other officers of the City Council are hereby authorized and directed, jointly and severally, for and in the name of the City, to do any and all things and take any and all actions, including without limitation, the execution and delivery of any and all certificates, agreements, consents, and other documents which they, or any of them, may deem necessary and advisable in order to consummate the transactions contemplated by the documents approved or consented to pursuant to this Resolution and any such actions previously taken by such officers are hereby ratified and confirmed. In the event any such officer is unavailable or unable to execute and deliver any of the above-referenced documents, any other officer of the City may validly execute and deliver such document.

Section 6. This resolution shall become effective upon its adoption.

PASSED, APPROVED AND ADOPTED by the Council of the City of San Marcos, California, this _____ day of _____, 2015, by the following vote:

AYES: COUNCILMEMBERS:
NOES: COUNCILMEMBERS:
ABSENT: COUNCILMEMBERS:

James M. Desmond, Mayor
City of San Marcos

ATTEST:

Phillip Scollick, City Clerk
City of San Marcos

FIRST AMENDMENT

TO

**LEASE AGREEMENT
(Civic Center)**

by and between

SAN MARCOS PUBLIC FACILITIES AUTHORITY

and

CITY OF SAN MARCOS

Dated as of _____ 1, 2015

Relating to:

**San Marcos Public Facilities Authority
2001 Public Improvement Refunding Revenue Bonds, Series A
(Civic Center/Public Works Yard)**

**FIRST AMENDMENT
TO
LEASE AGREEMENT
(Civic Center)**

THIS FIRST AMENDMENT TO LEASE AGREEMENT (the “First Amendment”), dated as of _____ 1, 2015, is made and entered into by and between the San Marcos Public Facilities Authority, a joint powers authority duly organized and existing under and by virtue of the laws of the State of California (the “Authority”), and the City of San Marcos, a charter city and municipal corporation duly organized and existing under and by virtue of the Constitution and the laws of the State of California (the “City”), to amend that certain Lease Agreement (Civic Center) (the “Lease Agreement”) made and entered into as of November 1, 2001, by and between the Authority and the City.

W I T N E S S E T H:

WHEREAS, the Authority and the City entered into the Lease Agreement to provide for the Authority to assist the City in prepaying the Base Rental Payments as defined in and payable under the Refunding Lease Agreement (Civic Center) dated as of August 1, 1993, by and between the Authority and the City and in financing the construction of certain Additional Facilities (defined in the Lease Agreement); and

WHEREAS, the Authority has previously issued its \$54,055,000 San Marcos Public Facilities Authority 2001 Public Improvement Refunding Revenue Bonds, Series A (Civic Center/Public Works Yard) (the “Series 2001A Bonds”) pursuant to an Indenture of Trust, dated as of November 1, 2001 (the “2001 Indenture”), by and between the Authority and MUFG Union Bank, N.A., formerly known as Union Bank of California, N.A., as the trustee (the “2001 Trustee”); and

WHEREAS, the Series 2001A Bonds are secured by a pledge of certain revenues which include all Base Rental Payments payable by the City under the Lease Agreement; and

WHEREAS, the former San Marcos Redevelopment Agency (the “Former Agency”) and the City entered into a Reimbursement Agreement, dated as of November 1, 2001 (the “Reimbursement Agreement”), pursuant to which the Former Agency affirmed and agreed to reimburse the City for any and all such lease payments made by the City under the Lease Agreements, agreed that such obligation of the Former Agency shall be a direct and general obligation of the Former Agency and pledged the Tax Revenues (as defined in the Reimbursement Agreement) to the extent required to pay the reimbursement obligation of the Former Agency; and

WHEREAS, as a result of favorable conditions in the municipal bond market the City Council of the City, acting as the successor entity to the Former Agency (the “Successor Agency”), has determined that it will achieve savings by the issuance of its Successor Agency to the San Marcos Redevelopment Agency Tax Allocation Refunding Bonds, Series 2015A (the “Series 2015A Bonds”) and its Successor Agency to the San Marcos Redevelopment Agency

Taxable Tax Allocation Refunding Bonds, Series 2015B (the “Series 2015B Bonds” and together with the Series 2015A Bonds the “Refunding Bonds”) for the purpose, in part, of defeasing and redeeming the Series 2001A Bonds pursuant to the provisions of the 2001 Indenture and discharging the Authority’s liability with respect to the Series 2001A Bonds and thereby also discharging the City’s liability with respect to the Series 2001A Bonds; and

WHEREAS, such savings will result from the fact that the debt service on that portion of the Refunding Bonds allocable to the redemption of the Series 2001A Bonds will be less than the reimbursement obligations that the Successor Agency would otherwise be required to pay pursuant to the Reimbursement Agreement; and

WHEREAS, the provisions of the Lease Agreement regarding the discharge of the Lease Agreement are defective in that such provisions do not provide for the termination of the Lease Agreement and discharge of the obligations of the City under the Lease Agreement upon the defeasance of the Series 2001A Bonds pursuant to the terms of the 2001 Indenture; and

WHEREAS, the Authority and the City desire to amend the Lease Agreement to provide that the defeasance and redemption of the Series 2001A Bonds will cause the termination of the Lease Agreement and the discharge of the obligations of the City under the Lease Agreement; and

WHEREAS, pursuant to Section 23 of the Lease Agreement, MBIA Insurance Corporation as the Bond Insurer, has consented to such an amendment.

NOW, THEREFORE, the Authority and the City hereby agree as follows:

Section 1. **Definitions.** Unless the context otherwise requires, the terms defined in Section 1 of the Agreement shall, for purposes of this First Amendment, have the meanings specified in such Section 1.

Section 2. **Amendment of Section 3 of the Lease Agreement.** The following shall be added to the end of Section 3 of the Lease Agreement:

“Notwithstanding the foregoing, the defeasance of the San Marcos Public Facilities Authority 2001 Public Improvement Refunding Revenue Bonds, Series A (Civic Center/Public Works Yard) will cause the termination of this Agreement and the discharge of the obligations of the City under this Agreement.”

Section 3. **Effective Date of Amendment.** This First Amendment shall become effective as of the date of execution thereof by the parties hereto.

Section 4. **Counterparts.** This First Amendment may be executed in counterparts, each of which shall be deemed an original.

IN WITNESS WHEREOF, the Authority has caused this First Amendment to be executed in its name and the City has caused this First Amendment to be executed in its name, all as of _____ 1, 2015.

SAN MARCOS PUBLIC FACILITIES
AUTHORITY

By: _____
Authorized Officer

CITY OF SAN MARCOS

By: _____
Authorized Officer

FIRST AMENDMENT

TO

**LEASE AGREEMENT
(Public Works Yard)**

by and between

SAN MARCOS PUBLIC FACILITIES AUTHORITY

and

CITY OF SAN MARCOS

Dated as of _____ 1, 2015

Relating to:

**San Marcos Public Facilities Authority
2001 Public Improvement Refunding Revenue Bonds, Series A
(Civic Center/Public Works Yard)**

**FIRST AMENDMENT
TO
LEASE AGREEMENT
(Public Works Yard)**

THIS FIRST AMENDMENT TO LEASE AGREEMENT (the “First Amendment”), dated as of _____ 1, 2015, is made and entered into by and between the San Marcos Public Facilities Authority, a joint powers authority duly organized and existing under and by virtue of the laws of the State of California (the “Authority”), and the City of San Marcos, a charter city and municipal corporation duly organized and existing under and by virtue of the Constitution and the laws of the State of California (the “City”) to amend that certain Lease Agreement (Public Works Yard) (the “Lease Agreement”) made and entered into as of November 1, 2001, by and between the Authority and the City.

W I T N E S S E T H:

WHEREAS, the Authority and the City entered into the Lease Agreement to provide for the Authority to assist the City in prepaying the Base Rental Payments as defined in and payable under the Refunding Lease Agreement (Public Works Yard) dated as of August 1, 1993, by and between the Authority and the City and in financing the construction of certain Additional Facilities (defined in the Lease Agreement); and

WHEREAS, the Authority has previously issued its \$54,055,000 San Marcos Public Facilities Authority 2001 Public Improvement Refunding Revenue Bonds, Series A (Civic Center/Public Works Yard) (the “Series 2001A Bonds”) pursuant to an Indenture of Trust, dated as of November 1, 2001 (the “2001 Indenture”), by and between the Authority and MUFG Union Bank, N.A., formerly known as Union Bank of California, N.A., as the trustee (the “2001 Trustee”); and

WHEREAS, the Series 2001A Bonds are secured by a pledge of certain revenues which include all Base Rental Payments payable by the City under the Lease Agreement; and

WHEREAS, the former San Marcos Redevelopment Agency (the “Former Agency”) and the City entered into a Reimbursement Agreement, dated as of November 1, 2001 (the “Reimbursement Agreement”), pursuant to which the Former Agency affirmed and agreed to reimburse the City for any and all such lease payments made by the City under the Lease Agreements, agreed that such obligation of the Former Agency shall be a direct and general obligation of the Former Agency and pledged the Tax Revenues (as defined in the Reimbursement Agreement) to the extent required to pay the reimbursement obligation of the Former Agency; and

WHEREAS, as a result of favorable conditions in the municipal bond market the City Council of the City, acting as the successor entity to the Former Agency (the “Successor Agency”) has determined that it will achieve savings by the issuance of its Successor Agency to the San Marcos Redevelopment Agency Tax Allocation Refunding Bonds, Series 2015A (the “Series 2015A Bonds”) and its Successor Agency to the San Marcos Redevelopment Agency Taxable Tax Allocation Refunding Bonds, Series 2015B (the “Series 2015B Bonds” and together

with the Series 2015A Bonds the “Refunding Bonds”) for the purpose, in part, of defeasing and redeeming the Series 2001A Bonds pursuant to the provisions of the 2001 Indenture and discharging the Authority’s liability with respect to the Series 2001A Bonds and thereby also discharging the City’s liability with respect to the Series 2001A Bonds; and

WHEREAS, such savings will result from the fact that the debt service on that portion of the Refunding Bonds allocable to the redemption of the Series 2001A Bonds will be less than the reimbursement obligations that the Successor Agency would otherwise be required to pay pursuant to the Reimbursement Agreement; and

WHEREAS, the provisions of the Lease Agreement regarding the discharge of the Lease Agreement are defective in that such provisions do not provide for the termination of the Lease Agreement and discharge of the obligations of the City under the Lease Agreement upon the defeasance of the Series 2001A Bonds pursuant to the terms of the 2001 Indenture; and

WHEREAS, the Authority and the City desire to amend the Lease Agreement to provide that the defeasance of the Series 2001A Bonds will cause the termination of the Lease Agreement and the discharge of the obligations of the City under the Lease Agreement; and

WHEREAS, pursuant to Section 23 of the Lease Agreement, MBIA Insurance Corporation as the Bond Insurer, has consented to such an amendment.

NOW, THEREFORE, the Authority and the City hereby agree as follows:

Section 1. **Definitions.** Unless the context otherwise requires, the terms defined in Section 1 of the Lease Agreement shall, for purposes of this First Amendment, have the meanings specified in such Section 1.

Section 2. **Amendment of Section 3 of the Lease Agreement.** The following shall be added to the end of Section 3 of the Lease Agreement:

“Notwithstanding the foregoing, the defeasance of the San Marcos Public Facilities Authority 2001 Public Improvement Refunding Revenue Bonds, Series A (Civic Center/Public Works Yard) will cause the termination of this Agreement and the discharge of the obligations of the City under this Agreement.”

Section 3. **Effective Date of Amendment.** This First Amendment shall become effective as of the date of execution thereof by the parties hereto.

Section 4. **Counterparts.** This First Amendment may be executed in counterparts, each of which shall be deemed an original.

IN WITNESS WHEREOF, the Authority has caused this First Amendment to be executed in its name and the City has caused this First Amendment to be executed in its name, all as of _____ 1, 2015.

SAN MARCOS PUBLIC FACILITIES
AUTHORITY

By: _____
Authorized Officer

CITY OF SAN MARCOS

By: _____
Authorized Officer

**FIRST AMENDMENT
TO
REIMBURSEMENT AGREEMENT**

**by and between
SUCCESSOR AGENCY TO THE SAN MARCOS REDEVELOPMENT AGENCY
and
CITY OF SAN MARCOS**

Dated as of _____ 1, 2015

**Relating to:
San Marcos Public Facilities Authority
2001 Public Improvement Refunding Revenue Bonds, Series A
(Civic Center/Public Works Yard)**

**FIRST AMENDMENT
TO
REIMBURSEMENT AGREEMENT**

THIS FIRST AMENDMENT TO REIMBURSEMENT AGREEMENT (the “First Amendment”), dated as of _____ 1, 2015, is made and entered into by and between the Successor Agency to the San Marcos Redevelopment Agency (the “Successor Agency”), as successor to the Redevelopment Agency of the City of San Marcos (the “Former Agency”), and the City of San Marcos (the “City”) to amend that certain Reimbursement Agreement (the “Agreement”) made and entered into as of November 1, 2001, by and between the Former Agency and the City.

WITNESSETH:

WHEREAS, the San Marcos Public Facilities Authority (the “Authority”) issued its 2001 Public Improvement Refunding Revenue Bonds, Series A (Civic Center/Public Works Yard), (the “Series 2001A Bonds”) pursuant to an Indenture of Trust, dated as of November 1, 2001 (the “2001 Indenture”) which are secured by certain revenues consisting principally of rental payment payable by the City under certain lease agreements pertaining to the public improvements financed from the proceeds of the Series 2001A Bonds; and

WHEREAS, the Former Agency and the City entered into the Agreement, pursuant to which the Former Agency affirmed and agreed to reimburse the City for any and all such lease payments made by the City under such lease agreements, agreed that such obligation of the Former Agency shall be a direct and general obligation of the Former Agency and pledged tax revenues to the extent required to pay the reimbursement obligation of the Former Agency;

WHEREAS, as a result of favorable conditions in the municipal bond market the Successor Agency to the San Marcos Redevelopment Agency, has determined that it will achieve savings by the issuance of its Successor Agency to the San Marcos Redevelopment Agency Tax Allocation Refunding Bonds, Series 2015A (the “Series 2015A Bonds”) and its Successor Agency to the San Marcos Redevelopment Agency Taxable Tax Allocation Refunding Bonds, Series 2015B (the “Series 2015B Bonds” and together with the Series 2015A Bonds the “Refunding Bonds”) for the purpose, in part, of defeasing the Series 2001A Bonds pursuant to the provisions of the 2001 Indenture; and

WHEREAS, such savings will result from the fact that the debt service on that portion of the Refunding Bonds allocable to the redemption of the Series 2001A Bonds will be less than the reimbursement obligations that the Successor Agency would otherwise be required to pay pursuant to the Reimbursement Agreement; and

WHEREAS, the provisions of the Agreement regarding the discharge of the Agreement are defective in that such provisions do not provide for the termination of the obligations of the Successor Agency under the Agreement or termination of tax revenues under the Agreement pursuant to a defeasance of the Series 2001A Bonds; and

WHEREAS, the Successor Agency and the City desire to amend the Agreement to provide that the defeasance of the Series 2001A Bonds will cause the termination of the Agreement and the discharge of the obligations of the Successor Agency under the Agreement; and

WHEREAS, pursuant to Section 9 of the Agreement, the City and the Successor Agency may amend, alter, modify or cancel, or agree to consent to amend, alter, modify or cancel the Agreement by a writing executed by both of them at any time, for any reason and in any respect.

NOW, THEREFORE, the Successor Agency and the City hereby agree as follows:

Section 1. **Definitions.** Unless the context otherwise requires, the terms defined in Section 1 of the Agreement shall, for purposes of this First Amendment, have the meanings specified in such Section 1.

Section 2. **Amendment of Section 7 of the Agreement.** The following shall be added to the end of Section 7 of the Agreement:

“Notwithstanding the foregoing, the defeasance of the San Marcos Public Facilities Authority 2001 Public Improvement Refunding Revenue Bonds, Series A (Civic Center/Public Works Yard) will cause the termination of this Agreement and the discharge of the obligations of the Agency under this Agreement.”

Section 3. **Effective Date of Amendment.** This First Amendment shall become effective as of the date of execution thereof by the parties hereto.

Section 4. **Counterparts.** This First Amendment may be executed in counterparts, each of which shall be deemed an original.

IN WITNESS WHEREOF, the Successor Agency has caused this First Amendment to be executed in its name and the City has caused this First Amendment to be executed in its name, all as of _____ 1, 2015.

SUCCESSOR AGENCY TO THE SAN
MARCOS REDEVELOPMENT AGENCY

By: _____
Authorized Officer

CITY OF SAN MARCOS

By: _____
Authorized Officer



Staff Report

File #: TMP-0323

MEETING DATE:

APRIL 14, 2015

SUBJECT:

RESOLUTION NO. PFA 2015-010 - APPROVING THE FORM OF ESCROW DEPOSIT AND TRUST AGREEMENTS PERTAINING TO THE DEFEASANCE AND REDEMPTION OF VARIOUS BONDS ISSUED BY THE AUTHORITY AND CONSENTING TO THE AMENDMENT OF VARIOUS AGREEMENTS RELATED THERETO

Recommendation

ADOPT a resolution approving the form of Escrow Deposit and Trust Agreements and consenting to the amendment of various agreements relating to outstanding bonds issued by the San Marcos Public Facilities Authority (the "Authority").

Board or Commission Action

Not applicable

Relevant Council Strategic Theme

Planning for the Future

Good Governance

Relevant Department Goal

Not applicable

Introduction

Earlier this evening, the City Council, acting in its capacity as the Board of the Successor Agency to the San Marcos Redevelopment Agency (the "Successor Agency") was presented a staff report and accompanying resolution and documentation regarding the proposed refunding of certain outstanding bonds and financial obligations of the Former Redevelopment Agency.

Please refer to the staff report to the Successor Agency for additional information.

Discussion

Said staff report, which by reference is incorporated herein, discusses the need for the City Council, acting on behalf of the Authority to:

- 1) approve the form of certain Escrow Agreements relating to the Prior Authority Bonds (as defined in the Staff Report to the Successor Agency);

File #: TMP-0323

- 2) consent to the amendment of the Lease Agreements relating to the Series 2001A Bonds (as defined in the Staff Report to the Successor Agency); and
- 3) consent to the amendment of each of the Prior Loan Agreements relating to the Series 2003A Bonds, Series 2003B Bonds, Series 2005A Bonds, Series 2005B Bonds, Series 2005C Bonds, and Series 2006A Bonds (as defined in Staff Report to the Successor Agency).

Fiscal Impact

Please refer to the staff report to the Successor Agency for additional information.

Attachment(s)

Resolution

7 Escrow Deposit and Trust Agreements

2 First Amendment to Lease Agreements

10 Loan Agreement Amendments

Prepared by: Roque Chiriboga, Manager of Financial Analysis and Debt Administration

Reviewed by: Laura Rocha, Finance Director

Approved by: Jack Griffin, City Manager

RESOLUTION NO. PFA 2015 - _____

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN MARCOS
PUBLIC FACILITIES AUTHORITY APPROVING THE FORM OF ESCROW
DEPOSIT AND TRUST AGREEMENTS PERTAINING TO THE
DEFEASANCE AND REDEMPTION OF VARIOUS BONDS ISSUED BY THE
AUTHORITY AND CONSENTING TO THE AMENDMENT OF VARIOUS
AGREEMENTS RELATED THERETO

WHEREAS, the San Marcos Public Facilities Authority (the "Authority") has previously issued
its:

(a). \$54,055,000 San Marcos Public Facilities Authority 2001 Public Improvement Refunding Revenue Bonds, Series A (Civic Center/Public Works Yard) (the "Series 2001A Bonds") pursuant to an Indenture of Trust, dated as of November 1, 2001 (the "2001 Indenture"), by and between the Authority and MUFG Union Bank, N.A., formerly known as Union Bank of California, N.A., as the trustee (the "2001 Trustee"), a Lease Agreement (Civic Center), dated as of November 1, 2001 (the "Civic Center Lease Agreement"), by and between the Authority and the City of San Marcos (the "City") and a Lease Agreement (Public Works Yard), dated as of November 1, 2001 (the "Public Works Yard Lease Agreement" and together with the Civic Center Lease Agreement, the "Lease Agreements" and individually, each a "Lease Agreement"), by and between the Authority and the City.

(b). \$69,740,000 San Marcos Public Facilities Authority 2003 Tax Allocation Revenue Bonds (Project Areas No. 1, No. 2 and No. 3 Refunding and Financing Project), Series A (the "Series 2003A Bonds") pursuant to an Indenture of Trust, dated as of May 1, 2003 (the "2003A Indenture"), by and between the Authority and U.S. Bank National Association, as the trustee (the "2003A Trustee"), a Loan Agreement (Project Area No. 1 – Loan No. 1), dated as of May 1, 2003 (the "Project Area No. 1 – Loan No. 1 Agreement") by and among the Authority, the San Marcos Redevelopment Agency (the "Former Agency") and the 2003A Trustee, a Loan Agreement (Project Area No. 2), dated as of May 1, 2003 (the "Project Area No. 2 Loan Agreement") by and among the Authority, the Former Agency and the 2003A Trustee and a Loan Agreement (Project Area No. 3), dated as of May 1, 2003 (the "Project Area No. 3 Loan Agreement") by and among the Authority, the Former Agency and the 2003A Trustee; and

(c). \$21,360,000 San Marcos Public Facilities Authority 2003 Tax Allocation Revenue Bonds (Project Area No. 1 Refunding and Financing Project), Taxable Series B (the "Series 2003B Bonds") pursuant to an Indenture of Trust, dated as of May 1, 2003 (the "2003A Indenture"), by and between the Authority and U.S. Bank National Association, as

the trustee (the “2003B Trustee”) and a Loan Agreement (Project Area No. 1 – Loan No. 2), dated as of May 1, 2003 (the “Project Area No. 1 – Loan No. 2 Agreement”) by and among the Authority, the Former Agency and the 2003B Trustee; and

(d). \$30,235,000 San Marcos Public Facilities Authority 2005 Tax Allocation Revenue Bonds (Project Areas No. 1 and No. 3 Refunding Project), Series A (the “Series 2005A Bonds”) pursuant to an Indenture of Trust, dated as of May 1, 2005 (the “2005A Indenture”), by and between the Authority and MUFG Union Bank, N.A., formerly known as Union Bank of California, N.A., as the trustee (the “2005A Trustee”), a Loan Agreement (Project Area No. 1 – Loan No. 2005-1), dated as of May 1, 2005 (the “Project Area No. 1 – Loan No. 2005-1 Agreement”) by and among the Authority, the Former Agency and the 2005A Trustee, and a Loan Agreement (Project Area No. 3 – Loan No. 2005-1), dated as of May 1, 2005 (the “Project Area No. 3 – Loan No. 2005-1 Agreement”) by and among the Authority, the Former Agency and the 2005A Trustee; and

(e). \$33,265,000 San Marcos Public Facilities Authority 2005 Tax Allocation Revenue Bonds (Project Area No. 1), Taxable Series B (the “Series 2005B Bonds”) pursuant to an Indenture of Trust, dated as of May 1, 2005 (the “2005B Indenture”), by and between the Authority and MUFG Union Bank, N.A., formerly known as Union Bank of California, N.A., as the trustee (the “2005B Trustee”) and a Loan Agreement (Project Area No. 1 – Loan No. 2005-2), dated as of May 1, 2005 (the “Project Area No. 1 – Loan No. 2005-2 Agreement”) by and among the Authority, the Former Agency and the 2005B Trustee; and

(f). \$61,735,000 San Marcos Public Facilities Authority 2005 Tax Allocation Revenue Bonds (Project Areas No. 2 and No. 3 Financing Project), Series C (the “Series 2005C Bonds”) pursuant to an Indenture of Trust, dated as of June 1, 2005 (the “2005C Indenture”), by and between the Authority and MUFG Union Bank, N.A., formerly known as Union Bank of California, N.A., as the trustee (the “2005C Trustee”), a Loan Agreement (Project Area No. 2 – Loan No. 2005-1), dated as of June 1, 2005 (the “Project Area No. 2 – Loan No. 2005-1 Agreement”) by and among the Authority, the Former Agency and the 2005C Trustee and a Loan Agreement (Project Area No. 3 – Loan No. 2005-2), dated as of June 1, 2005 (the “Project Area No. 3 – Loan No. 2005-2 Agreement”) by and among the Authority, the Former Agency and the 2005C Trustee; and

(g). \$36,165,000 San Marcos Public Facilities Authority 2006 Tax Allocation Revenue Bonds (Project Area No. 3 Financing Project), Series A (the “Series 2006A Bonds” and collectively with the Series 2001A Bonds, the Series 2003A Bonds, the Series 2003B Bonds, the Series 2005A Bonds, the Series 2005B Bonds and the Series 2005C Bonds, the

“Prior Authority Bonds”) pursuant to an Indenture of Trust, dated as of March 1, 2006 (the “2006 Indenture” and collectively with the 2001 Indenture, the 2003A Indenture, the 2003B Indenture, the 2005A Indenture, the 2005B Indenture and the 2005C Indenture, the “Prior Indentures” and individually, each a “Prior Indenture”), by and between the Authority and MUFG Union Bank, N.A. formerly known as Union Bank of California, N.A., as the trustee (the “2006 Trustee” and collectively with the 2001 Trustee, the 2003A Trustee, the 2003B Trustee, the 2005A Trustee, the 2005B Trustee and the 2005C Trustee, the “Prior Trustees” and individually, each a “Prior Trustee”) and a Loan Agreement (Project Area No. 3 – Loan No. 2006-1), dated as of March 1, 2006 (the “Project Area No. 3 – Loan No. 2006-1 Agreement” and collectively with the Project Area No. 1 – Loan No. 1 Agreement, the Project Area No. 1 – Loan No. 2 Agreement, the Project Area No. 2 Loan Agreement, the Project Area No. 3 Loan Agreement, the Project Area No. 1 – Loan No. 2005-1 Agreement, the Project Area No. 1 – Loan No. 2005-2 Agreement, the Project Area No. 2 – Loan No. 2005-1 Agreement, the Project Area No. 3 – Loan No. 2005-1 Agreement and the Project Area No. 3 – Loan No. 2005-2 Agreement, the “Prior Loan Agreements” and individually, each a “Loan Agreement”) by and among the Former Agency and the 2006 Trustee; and

WHEREAS, pursuant to Section 34172(a) of the California Health and Safety Code (unless otherwise noted, all Section references hereinafter being to such Code), the City Council of the City of San Marcos elected to assume the activities and obligations of the Former Agency, as the successor entity to the Former Agency (the “Successor Agency”); and

WHEREAS, Section 34177.5 authorizes the Successor Agency to issue refunding bonds to refund bonds or other indebtedness of the Successor Agency for the purpose of achieving the debt service savings within the parameters set forth in Section 34177.5(a)(1); and

WHEREAS, the Successor Agency has determined that it will achieve debt service savings within such parameters by the issuance of its Successor Agency to the San Marcos Redevelopment Agency Tax Allocation Refunding Bonds, Series 2015A (the “Series 2015A Bonds”) and its Successor Agency to the San Marcos Redevelopment Agency Taxable Tax Allocation Refunding Bonds, Series 2015B (the “Series 2015B Bonds” and together with the Series 2015A Bonds the “Refunding Bonds”) in order to refund the Prior Authority Bonds, together with other bonds; and

WHEREAS, the Successor Agency has requested that the Authority enter into an Escrow Deposit and Trust Agreement with the respective Prior Trustee as escrow bank for each such agreement to establish the terms and conditions pertaining to the administration of the defeasance and redemption of each series of the Prior Authority Bonds; and

WHEREAS, the Successor Agency has requested that the Authority, as a party to the Lease Agreements, consent to an amendment to each of the Lease Agreements entered into by and between the Authority and the City, to provide that the Lease Agreements shall terminate and the obligations of the City under the Lease Agreements will be discharged upon the defeasance of the 2001A Bonds; and

WHEREAS, pursuant to Section 23 of each of the Lease Agreements, the Lease Agreement may be amended, in writing, as may be mutually agreed by the City and the Authority; provided that the requirements of Section 23 have been complied with; and

WHEREAS, the Successor Agency desires to approve and has requested that the Authority, as a party to the Prior Loan Agreements, consent to an amendment to each of the Prior Loan Agreements entered into by and among the Authority, the Successor Agency and the applicable Prior Trustee, to provide that each of the Prior Loan Agreements will be discharged upon the defeasance of the applicable series of the Prior Authority Bonds; and

WHEREAS, pursuant to Section 5.08 of each of the applicable Prior Indentures and Section 6.04 of each of the applicable Prior Loan Agreements, the Authority, the Successor Agency, as successor to the Former Agency and the applicable Prior Trustee may, at any time, consent to the amendment, or modification of any of the Prior Loan Agreements pursuant to the terms thereof provided that the requirements of Section 5.08 have been complied with; and

WHEREAS, there has been prepared and filed with the Secretary of this Board of Directors the forms of the following documents:

- A. for each series of Prior Authority Bonds, a separate Escrow Deposit and Trust Agreement by and between the Authority and the respective Prior Trustee, as escrow bank, to provide for the defeasance and redemption of the Prior Authority Bonds (the “Escrow Agreements”); and
- B. for each Lease Agreement, a separate First Amendment to Lease Agreement by and between the Authority and the City, to provide for the discharge of such Lease Agreement upon the defeasance of the Series 2001A Bonds (collectively, the “Lease Agreement Amendments”); and
- C. for each Loan Agreement, a separate First Amendment to Loan Agreement by and among the Authority, the Successor Agency and the applicable Prior Trustee to provide for the discharge of such Prior Loan Agreement upon the defeasance of the Prior Authority Bonds (collectively, the “Loan Agreement Amendments”);

WHEREAS, this Board has reviewed and considered such Escrow Agreements and the form of such Lease Agreement Amendments and Loan Agreement Amendments, and finds those documents suitable for approval or consent by the Authority, as applicable, subject to the conditions set forth in this resolution.

NOW, THEREFORE, BE IT RESOLVED, AND DETERMINED:

SECTION 1. Recitals. The above recitals are true and correct.

SECTION 2. Escrow Agreements. The form of the Escrow Agreements on file in the office of the Clerk is hereby approved. The Executive Director, the Treasurer or an authorized designee of the Executive Director (each, an "Authorized Officer"), acting for and on behalf of the Authority, are, and each of them individually is, hereby authorized and directed to execute and deliver the Escrow Agreements in substantially the form approved hereby, with such changes, insertions and omissions as the Authorized Officer executing the same may require or approve as being in the best interests of the Authority, and as approved as to form by the legal advisor to the Authority or her specified designee and Best Best & Krieger LLP, as bond counsel, such approval to be conclusively evidenced by the execution and delivery thereof by such Authorized Officer.

SECTION 3. Consent to Lease Agreement Amendments. The Board of Directors hereby gives its consent to the amendment of each of the Lease Agreements pursuant to the Lease Agreement Amendments and orders and directs any Authorized Officer, acting for and on behalf of the Authority, to cause the other requirements of Section 23 of the applicable Lease Agreement to be satisfied and take such any and all actions necessary in implementation of the Lease Agreement Amendments as provided for in Section 23, including but not limited to the execution and delivery of such Lease Agreement Amendments for and in the name of the Authority, in substantially the forms on file with the Clerk, with such changes therein, deletions therefrom and additions thereto as the Authorized Officer executing the same shall approve, such approval to be conclusively evidenced by the execution and delivery of the Lease Agreement Amendments.

SECTION 4. Consent to the Loan Agreement Amendments. The Board of Directors hereby gives its consent to the amendment of each of the Prior Loan Agreements pursuant to the Loan Agreement Amendments and orders and directs any Authorized Officer, acting for and on behalf of the Authority, to cause the other requirements of Section 5.08 of the applicable Prior Loan Agreement to be satisfied and direct that the applicable Prior Trustee take such actions as shall be directed by the Successor Agency or the Authority in implementation of the Loan Agreement Amendments as provided for in Section 5.08, including but not limited to the execution and delivery of such Loan Agreement Amendments for and in the name of the Authority, in

substantially the forms on file with the Secretary, with such changes therein, deletions therefrom and additions thereto as the Authorized Officer executing the same shall approve, such approval to be conclusively evidenced by the execution and delivery of the Loan Agreement Amendments.

SECTION 5. Official Action. The Chairperson, the Vice-Chairperson, the Executive Director, the Treasurer, the Clerk, the Authorized Officers and any and all other officers of the Authority are hereby authorized and directed, jointly and severally, for and in the name of the Authority, to do any and all things and take any and all actions, including without limitation, the execution and delivery of any and all certificates, agreements, consents, and other documents which they, or any of them, may deem necessary and advisable in order to consummate the transactions contemplated by the documents approved or consented to pursuant to this Resolution and any such actions previously taken by such officers are hereby ratified and confirmed. In the event any such officer is unavailable or unable to execute and deliver any of the above-referenced documents, any other officer of the Authority may validly execute and deliver such document.

SECTION 6. Effective Date. This Resolution shall take effect immediately upon its passage and adoption.

PASSED, APPROVED AND ADOPTED by the Board of Directors of the San Marcos Public Facilities Authority this _____ day of _____, 2015 by the following roll call votes:

AYES: DIRECTORS:
NOES: DIRECTORS:
ABSENT: DIRECTORS:

James M. Desmond, Chairman
San Marcos Public Facilities Authority

ATTEST:

Phillip Scollick, Clerk
San Marcos Public Facilities Authority

ESCROW DEPOSIT AND TRUST AGREEMENT
(Series 2001A Bonds)

by and between

SAN MARCOS PUBLIC FACILITIES AUTHORITY

and

MUFG UNION BANK, N.A.

Dated as of _____, 2015

Relating to

SAN MARCOS PUBLIC FACILITIES AUTHORITY
2001 PUBLIC IMPROVEMENT REFUNDING REVENUE BONDS, SERIES A
(CIVIC CENTER/PUBLIC WORKS YARD)

ESCROW DEPOSIT AND TRUST AGREEMENT
(Series 2001A Bonds)

This ESCROW DEPOSIT AND TRUST AGREEMENT (this "Agreement"), dated as of _____, 2015, by and between the SAN MARCOS PUBLIC FACILITIES AUTHORITY a joint powers authority organized and existing under the laws of the State of California (the "Authority") and MUFG UNION BANK, N.A., a national banking association organized and existing under the laws of the United States of America, acting as successor trustee for the Series 2001A Bonds and as escrow bank hereunder (as applicable, the "2001 Trustee," and the "Escrow Bank");

W I T N E S S E T H

WHEREAS, the Authority has previously issued its \$54,055,000 San Marcos Public Facilities Authority 2001 Public Improvement Refunding Revenue Bonds, Series A (Civic Center/Public Works Yard) (the "Series 2001A Bonds"), pursuant to an Indenture of Trust, dated as of November 1, 2001, between the Authority and the 2001 Trustee, formerly known as Union Bank of California, N.A. (the "2001 Indenture"); and

WHEREAS, by implementation of California Assembly Bill X1 26, which amended provisions of the California Redevelopment Law, (found at Health and Safety Code Section 33000, et.seq.) and the California Supreme Court's decision in California Redevelopment Association v. Matosantos, the San Marcos Redevelopment Agency (the "Former Agency"), also known as the Redevelopment Agency of the City of San Marcos was dissolved on February 1, 2012 in accordance with California Assembly Bill X1 26 approved by the Governor of the State of California on June 28, 2011 ("AB 26"), and on February 1, 2012, the Successor Agency to the San Marcos Redevelopment Agency (the "Successor Agency"), in accordance with and pursuant to AB 26, assumed the duties and obligations set forth in AB 26 for the Former Agency, including, without limitation, the obligations of the Former Agency under the 2001 Indenture and related documents to which the Former Agency was a party; and

WHEREAS, the Successor Agency has determined that it is in the best financial interests of the Successor Agency to refund, at this time, the Series 2001A Bonds; and

WHEREAS, in order to provide funds for such purpose, the Successor Agency is issuing its Successor Agency to the San Marcos Redevelopment Agency Tax Allocation Refunding Bonds, Series 2015A (the "Series 2015A Bonds") and its Successor Agency to the San Marcos Redevelopment Agency Taxable Tax Allocation Refunding Bonds, Series 2015B (the "Series 2015B Bonds" and together with the 2015A Bonds, the "Refunding Bonds") and applying a portion of the proceeds thereof, together with certain other moneys, for the purpose of redeeming the Series 2001A Bonds on August 1, 2015 (the "Redemption Date") at a redemption price of 100% (the "Redemption Price") of par plus accrued interest to the Redemption Date as required under the 2001 Indenture; and

WHEREAS, the Refunding Bonds are being issued pursuant to an Indenture of Trust, dated as of _____ 1, 2015, between the Successor Agency and MUFG Union Bank N.A., as trustee (the "Trustee"); and

WHEREAS, the Authority and the Escrow Bank wish to enter into this Agreement for the purpose of providing the terms and conditions relating to the deposit and application of moneys to provide for the redemption of the Series 2001A Bonds in full, pursuant to and in accordance with the provisions of the 2001 Indenture.

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

Section 1. Establishment of Escrow Fund. There is hereby created the Escrow Fund (Series 2001A Bonds) (the "Escrow Fund") to be held by the Escrow Bank as an irrevocable escrow securing the payment of the Series 2001A Bonds as hereinafter set forth until the Redemption Price of the Series 2001A Bonds plus accrued interest has been paid in full. All cash in the Escrow Fund is hereby irrevocably pledged as a special fund for the payment of the principal of and interest on the Series 2001A Bonds due and payable on August 1, 2015 in accordance with the provisions of the 2001 Indenture and the Redemption Price on the Series 2001A to be redeemed on the Redemption Date and accrued interest on such Series 2001A Bonds to the Redemption Date. If at any time the Escrow Bank shall receive actual knowledge that the cash in the Escrow Fund will not be sufficient to make any payments required by Section 3 hereof, the Escrow Bank shall notify the Authority of such fact and the Authority shall immediately cure such deficiency from any source of legally available funds.

Section 2. Deposit into Escrow Fund. On _____, 2015 (the "Closing Date"), the Trustee shall be directed by the Authority to transfer \$_____ of the proceeds of the Refunding Bonds to the Escrow Bank for deposit into the Escrow Fund.

The Escrow Bank shall hold all moneys deposited into the Escrow Fund in cash uninvested (the "Cash").

The Cash shall be deposited with and held by the Escrow Bank in the Escrow Fund therein solely for the uses and purposes set forth herein. The Escrow Bank shall have no lien upon or right of set-off against the Cash at any time on deposit in the Escrow Fund.

Section 3. Instructions as to Application of Deposit. The total amount of Cash deposited in the Escrow Fund pursuant to Section 2 shall be applied by the Escrow Bank to the payment on the Redemption Date of the Redemption Price of the Series 2001A Bonds, together with interest thereon to the Redemption Date.

Section 4. Application of Certain Terms of Prior Issuance Documents. Except as may be modified herein, all of the terms of the 2001 Indenture relating to the redemption of the Series 2001A Bonds are incorporated in this Agreement as if set forth in full herein.

Section 5. Proceedings for Redemption of the Series 2001A Bonds. The Authority hereby irrevocably elects to redeem the Series 2001A Bonds in full pursuant to the 2001

Indenture on the Redemption Date at the Redemption Price, together with interest to the Redemption Date.

The Authority hereby irrevocably instructs MUFG Union Bank, N.A. as the 2001 Trustee, to give a conditional notice of redemption with respect to the Series 2001A Bonds to the Owners (as defined in the 2001 Indenture) thereof by no later than _____, 2015 at the expense of the Authority.

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

Section 7. Liabilities and Obligations of Escrow Bank. The Escrow Bank shall have no obligation to make any payment or disbursement of any type or incur any financial liability in the performance of its duties under this Agreement unless the Authority shall have deposited sufficient funds therefor with the Escrow Bank. The Escrow Bank may rely and shall be protected in acting upon the written instructions of the Authority or its agents relating to any matter or action as Escrow Bank under this Agreement.

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

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

The Escrow Bank shall not be liable for the accuracy of any calculations provided as to the sufficiency of the moneys deposited with it to pay the principal and interest on the Series 2001A Bonds.

The Escrow Bank shall not be liable for any action or omission of the Authority under this Agreement or the Series 2001A Bonds.

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

The Escrow Bank may conclusively rely, as to the truth and accuracy of the statements and correctness of the opinions and the calculations provided, and shall be protected and indemnified, in action, or refraining from acting, upon any written notice, instruction,

request, certificate, document or opinion furnished to the Escrow Bank which the Escrow Bank in good faith believes was signed or presented by the proper party, and it need not investigate any fact or matter stated in such notice, instruction, request, certificate or opinion.

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

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

Section 8. Amendment. This Agreement may be amended by the parties hereto, but only if there shall have been filed with the Authority and the Escrow Bank a written opinion of Bond Counsel stating that such amendment will not materially adversely affect the interests of the owners of the Series 2001A Bonds, and that such amendment will not cause interest on the Series 2001A Bonds or the Refunding Bonds to become includable in the gross incomes of the owners thereof for federal income tax purposes; and the Owners of all of the Series 2001A Bonds have consented to such amendment.

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

Section 10. Execution in Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

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

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

[Remainder of this page intentionally left blank.]

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

SAN MARCOS PUBLIC FACILITIES
AUTHORITY

By:_____

MUFG UNION BANK, N.A.,
as Escrow Bank, Trustee and 2001 Trustee

By:_____

Authorized Officer

ESCROW DEPOSIT AND TRUST AGREEMENT
(Series 2003A Bonds)

by and between

SAN MARCOS PUBLIC FACILITIES AUTHORITY

and

U.S. BANK NATIONAL ASSOCIATION

Dated as of _____, 2015

Relating to

SAN MARCOS PUBLIC FACILITIES AUTHORITY
2003 TAX ALLOCATION REVENUE BONDS
(PROJECT AREAS NO. 1, NO. 2 AND NO. 3 REFUNDING AND FINANCING PROJECT)
SERIES A

ESCROW DEPOSIT AND TRUST AGREEMENT
(Series 2003A Bonds)

This ESCROW DEPOSIT AND TRUST AGREEMENT (this “Agreement”), dated as of _____, 2015, by and between the SAN MARCOS PUBLIC FACILITIES AUTHORITY (the “Authority”), a joint powers authority organized and existing under the laws of the State of California (the “Authority”) and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, acting as trustee for the Series 2003A Bonds and as escrow bank hereunder (as applicable, the “2003A Trustee,” and the “Escrow Bank”);

W I T N E S S E T H

WHEREAS, the Authority has previously issued its \$69,740,000 San Marcos Public Facilities Authority 2003 Tax Allocation Revenue Bonds (Project Areas No. 1, No. 2 and No. 3 Refunding and Financing Project), Series A (the “Series 2003A Bonds”), pursuant to an Indenture of Trust, dated as of May 1, 2003, between the Authority and the 2003A Trustee (the “2003A Indenture”); and

WHEREAS, by implementation of California Assembly Bill X1 26, which amended provisions of the California Redevelopment Law, (found at Health and Safety Code Section 33000, et. seq.) and the California Supreme Court’s decision in California Redevelopment Association v. Matosantos, the San Marcos Redevelopment Agency (the “Former Agency”), also known as the Redevelopment Agency of the City of San Marcos was dissolved on February 1, 2012 in accordance with California Assembly Bill X1 26 approved by the Governor of the State of California on June 28, 2011 (“AB 26”), and on February 1, 2012, the Successor Agency to the San Marcos Redevelopment Agency (the “Successor Agency”), in accordance with and pursuant to AB 26, assumed the duties and obligations set forth in AB 26 for the Former Agency, including, without limitation, the obligations of the Former Agency under the 2003A Indenture and related documents to which the Former Agency was a party; and

WHEREAS, the Successor Agency has determined that it is in the best financial interests of the Successor Agency to refund, at this time, the Series 2003A Bonds; and

WHEREAS, in order to provide funds for such purpose, the Successor Agency is issuing the Successor Agency of the San Marcos Redevelopment Agency Tax Allocation Refunding Bonds, Series 2015A (the “Refunding Bonds”) and applying a portion of the proceeds thereof, together with certain other moneys, for the purpose of redeeming the Series 2003A Bonds on August 1, 2015 (the “Redemption Date”) at a redemption price of 100% (the “Redemption Price”) of par plus accrued interest to the Redemption Date as required under the 2003A Indenture; and

WHEREAS, the Refunding Bonds are being issued pursuant to an Indenture of Trust dated as of _____1, 2015, between the Successor Agency and MUFG Union Bank, N.A., as trustee (the "Trustee"); and

WHEREAS, the Authority and the Escrow Bank wish to enter into this Agreement for the purpose of providing the terms and conditions relating to the deposit and application of moneys to provide for the redemption of the Series 2003A Bonds in full, pursuant to and in accordance with the provisions of the 2003A Indenture.

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

Section 1. Establishment of Escrow Fund. There is hereby created the Escrow Fund (Series 2003A Bonds) (the "Escrow Fund") to be held by the Escrow Bank as an irrevocable escrow securing the payment of the Series 2003A Bonds as hereinafter set forth until the Redemption Price of the Series 2003A Bonds plus accrued interest has been paid in full. All cash in the Escrow Fund is hereby irrevocably pledged as a special fund for the payment of the principal of and interest on the Series 2003A Bonds due and payable on August 1, 2015 in accordance with the provisions of the 2003A Indenture and the Redemption Price on the Series 2003A Bonds to be redeemed on the Redemption Date and accrued interest on such Series 2003A Bonds to the Redemption Date. If at any time the Escrow Bank shall receive actual knowledge that the cash in the Escrow Fund will not be sufficient to make any payments required by Section 3 hereof, the Escrow Bank shall notify the Authority of such fact and the Authority shall immediately cure such deficiency from any source of legally available funds.

Section 2. Deposit into Escrow Fund. On _____, 2015 (the "Closing Date"), U.S. Bank National Association, acting in its capacity as the 2003A Trustee for the Series 2003A Bonds, shall withdraw the amount of \$_____ from the Project No. 1 Account, \$_____ from the Project No. 2 Account and \$_____ from the Project No. 3 Account of the Reserve Fund, established under the 2003A Indenture and transfer such amount to the Escrow Bank for deposit into the Escrow Fund.

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

The Escrow Bank shall hold all moneys deposited into the Escrow Fund in cash uninvested (the "Cash").

The Cash shall be deposited with and held by the Escrow Bank in the Escrow Fund therein solely for the uses and purposes set forth herein. The Escrow Bank shall have no lien upon or right of set-off against the Cash at any time on deposit in the Escrow Fund.

Section 3. Instructions as to Application of Deposit. The total amount of Cash deposited in the Escrow Fund pursuant to Section 2 shall be applied by the Escrow Bank to the payment on the Redemption Date of the Redemption Price of the Series 2003A Bonds, together with interest thereon to the Redemption Date.

Section 4. Application of Certain Terms of Prior Issuance Documents. Except as may be modified herein, all of the terms of the 2003A Indenture relating to the redemption of the Series 2003A Bonds are incorporated in this Agreement as if set forth in full herein.

Section 5. Proceedings for Redemption of the Series 2003A Bonds. The Authority hereby irrevocably elects to redeem the Series 2003A Bonds in full pursuant to the 2003A Indenture on the Redemption Date at the Redemption Price, together with interest to the Redemption Date.

The Authority hereby irrevocably instructs U.S. Bank National Association, as the 2003A Trustee, to give a conditional notice of redemption with respect to the Series 2003A Bonds to the Owners (as defined in the 2003A Indenture) thereof by no later than _____, 2015 at the expense of the Authority.

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

Section 7. Liabilities and Obligations of Escrow Bank. The Escrow Bank shall have no obligation to make any payment or disbursement of any type or incur any financial liability in the performance of its duties under this Agreement unless the Authority shall have deposited sufficient funds therefor with the Escrow Bank. The Escrow Bank may rely and shall be protected in acting upon the written instructions of the Authority or its agents relating to any matter or action as Escrow Bank under this Agreement.

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

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

The Escrow Bank shall not be liable for the accuracy of any calculations provided as to the sufficiency of the moneys deposited with it to pay the principal and interest on the Series 2003A Bonds.

The Escrow Bank shall not be liable for any action or omission of the Authority under this Agreement or the Series 2003A Bonds.

Whenever in the administration of this Agreement the Escrow Bank shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or willful misconduct on the part of the Escrow Bank, be deemed to be conclusively proved and established by a certificate of an authorized representative of the Authority, and such certificate shall, in the absence of negligence or willful

misconduct on the part of the Escrow Bank, be full warrant to the Escrow Bank for any action taken or suffered by it under the provisions of this Agreement upon the faith thereof.

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

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

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

Section 8. Amendment. This Agreement may be amended by the parties hereto, but only if there shall have been filed with the Authority and the Escrow Bank a written opinion of Bond Counsel stating that such amendment will not materially adversely affect the interests of the owners of the Series 2003A Bonds, and that such amendment will not cause interest on the Series 2003A Bonds or the Refunding Bonds to become includable in the gross incomes of the owners thereof for Federal income tax purposes; and the Owners of all of the Series 2003A Bonds have consented to such amendment.

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

Section 10. Execution in Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

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

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

[Remainder of this page intentionally left blank.]

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

SAN MARCOS PUBLIC FACILITIES
AUTHORITY

By:_____

U.S. BANK NATIONAL ASSOCIATION
as Escrow Bank and 2003A Trustee

By:_____

Authorized Officer

ESCROW DEPOSIT AND TRUST AGREEMENT
(Series 2003B Bonds)

by and between

SAN MARCOS PUBLIC FACILITIES AUTHORITY

and

U.S. BANK NATIONAL ASSOCIATION

Dated as of _____, 2015

Relating to

SAN MARCOS PUBLIC FACILITIES AUTHORITY
2003 TAX ALLOCATION REVENUE BONDS
(PROJECT AREA NO. 1 REFUNDING AND FINANCING PROJECT),
TAXABLE SERIES B

ESCROW DEPOSIT AND TRUST AGREEMENT
(Series 2003B Bonds)

This ESCROW DEPOSIT AND TRUST AGREEMENT (this “Agreement”), dated as of _____, 2015, by and between the SAN MARCOS PUBLIC FACILITIES AUTHORITY (the “Authority”), a joint powers authority organized and existing under the laws of the State of California (the “Authority”) and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, acting as trustee for the Series 2003B Bonds and as escrow bank hereunder (as applicable, the “2003B Trustee,” and the “Escrow Bank”);

W I T N E S S E T H

WHEREAS, the Authority has previously issued its \$21,360,000 San Marcos Public Facilities Authority 2003 Tax Allocation Revenue Bonds (Project Area No. 1 Refunding and Financing Project), Taxable Series B (the “Series 2003B Bonds”), pursuant to an Indenture of Trust, dated as of May 1, 2003, between the Authority and the 2003B Trustee (the “2003B Indenture”); and

WHEREAS, by implementation of California Assembly Bill X1 26, which amended provisions of the California Redevelopment Law, (found at Health and Safety Code Section 33000, et. seq.) and the California Supreme Court’s decision in California Redevelopment Association v. Matosantos, the San Marcos Redevelopment Agency (the “Former Agency”), also known as the Redevelopment Agency of the City of San Marcos was dissolved on February 1, 2012 in accordance with California Assembly Bill X1 26 approved by the Governor of the State of California on June 28, 2011 (“AB 26”), and on February 1, 2012, the Successor Agency to the San Marcos Redevelopment Agency (the “Successor Agency”), in accordance with and pursuant to AB 26, assumed the duties and obligations set forth in AB 26 for the Former Agency, including, without limitation, the obligations of the Former Agency under the 2003B Indenture and related documents to which the Former Agency was a party; and

WHEREAS, the Successor Agency has determined that it is in the best financial interests of the Successor Agency to refund, at this time, the Series 2003B Bonds; and

WHEREAS, in order to provide funds for such purpose, the Successor Agency is issuing its Successor Agency of the San Marcos Redevelopment Agency Taxable Tax Allocation Refunding Bonds, Series 2015B (the “Refunding Bonds”) and applying a portion of the proceeds thereof, together with certain other moneys, for the purpose of redeeming the Series 2003B Bonds on August 1, 2015 (the “Redemption Date”) at a redemption price of 100% (the “Redemption Price”) of par plus accrued interest to the Redemption Date as required under the 2003B Indenture; and

WHEREAS, the Refunding Bonds are being issued pursuant to an Indenture of Trust dated as of _____ 1, 2015, between the Successor Agency and MUFG Union Bank, N.A., as trustee (the "Trustee"); and

WHEREAS, the Authority and the Escrow Bank wish to enter into this Agreement for the purpose of providing the terms and conditions relating to the deposit and application of moneys to provide for the redemption of the Series 2003B Bonds in full, pursuant to and in accordance with the provisions of the 2003B Indenture.

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

Section 1. Establishment of Escrow Fund. There is hereby created the Escrow Fund (Series 2003B Bonds) (the "Escrow Fund") to be held by the Escrow Bank as an irrevocable escrow securing the payment of the Series 2003B Bonds as hereinafter set forth until the Redemption Price of the Series 2003B Bonds plus accrued interest has been paid in full. All cash in the Escrow Fund is hereby irrevocably pledged as a special fund for the payment of the principal of and interest on the Series 2003B Bonds due and payable on August 1, 2015 in accordance with the provisions of the 2003B Indenture and the Redemption Price on the Series 2003B Bond to be redeemed on the Redemption Date and accrued interest on such Series 2003B Bonds to the Redemption Date. If at any time the Escrow Bank shall receive actual knowledge that the cash in the Escrow Fund will not be sufficient to make any payments required by Section 3 hereof, the Escrow Bank shall notify the Authority of such fact and the Authority shall immediately cure such deficiency from any source of legally available funds.

Section 2. Deposit into Escrow Fund. On _____, 2015 (the "Closing Date"), U.S. Bank National Association, acting in its capacity as the 2003B Trustee for the Series 2003B Bonds, shall withdraw the amount of \$_____ from the Reserve Fund established under the 2003B Indenture and transfer such amount to the Escrow Bank for deposit into the Escrow Fund.

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

The Escrow Bank shall hold all moneys deposited into the Escrow Fund in cash uninvested (the "Cash").

The Cash shall be deposited with and held by the Escrow Bank in the Escrow Fund therein solely for the uses and purposes set forth herein. The Escrow Bank shall have no lien upon or right of set-off against the Cash at any time on deposit in the Escrow Fund.

Section 3. Instructions as to Application of Deposit. The total amount of Cash deposited in the Escrow Fund pursuant to Section 2 shall be applied by the Escrow Bank to the payment on the Redemption Date of the Redemption Price of the Series 2003B Bonds, together with interest thereon to the Redemption Date.

Section 4. Application of Certain Terms of Prior Issuance Documents. Except as may be modified herein, all of the terms of the 2003B Indenture relating to the redemption of the Series 2003B Bonds are incorporated in this Agreement as if set forth in full herein.

Section 5. Proceedings for Redemption of the Series 2003B Bonds. The Authority hereby irrevocably elects to redeem the Series 2003B Bonds in full pursuant to the 2003B Indenture on the Redemption Date at the Redemption Price, together with interest to the Redemption Date.

The Authority hereby irrevocably instructs U.S. Bank National Association, as the 2003B Trustee, to give a conditional notice of redemption with respect to the Series 2003B Bonds to the Owners (as defined in the 2003B Indenture) thereof by no later than _____, 2015 at the expense of the Authority.

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

Section 7. Liabilities and Obligations of Escrow Bank. The Escrow Bank shall have no obligation to make any payment or disbursement of any type or incur any financial liability in the performance of its duties under this Agreement unless the Authority shall have deposited sufficient funds therefor with the Escrow Bank. The Escrow Bank may rely and shall be protected in acting upon the written instructions of the Authority or its agents relating to any matter or action as Escrow Bank under this Agreement.

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

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

The Escrow Bank shall not be liable for the accuracy of any calculations provided as to the sufficiency of the moneys deposited with it to pay the principal and interest on the Series 2003B Bonds.

The Escrow Bank shall not be liable for any action or omission of the Authority under this Agreement or the Series 2003B Bonds.

Whenever in the administration of this Agreement the Escrow Bank shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or willful misconduct on the part of the Escrow Bank, be deemed to be conclusively proved and established by a certificate of an authorized representative of the Authority, and such certificate shall, in the absence of negligence or willful

misconduct on the part of the Escrow Bank, be full warrant to the Escrow Bank for any action taken or suffered by it under the provisions of this Agreement upon the faith thereof.

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

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

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

Section 8. Amendment. This Agreement may be amended by the parties hereto, but only if the Owners of all of the Series 2003B Bonds have consented to such amendment.

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

Section 10. Execution in Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

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

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

[Remainder of this page intentionally left blank.]

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

SAN MARCOS PUBLIC FACILITIES
AUTHORITY

By:_____

U.S. BANK NATIONAL ASSOCIATION
as Escrow Bank and 2003B Trustee

By:_____

Authorized Officer

ESCROW DEPOSIT AND TRUST AGREEMENT
(Series 2005A Bonds)

by and between

SAN MARCOS PUBLIC FACILITIES AUTHORITY

and

MUFG UNION BANK, N.A.

Dated as of _____, 2015

Relating to

SAN MARCOS PUBLIC FACILITIES AUTHORITY
2005 TAX ALLOCATION REVENUE BONDS
(PROJECT AREAS NO. 1 AND NO. 3 REFUNDING PROJECT),
SERIES A

ESCROW DEPOSIT AND TRUST AGREEMENT
(Series 2005A Bonds)

This ESCROW DEPOSIT AND TRUST AGREEMENT (this "Agreement"), dated as of _____, 2015, by and between the SAN MARCOS PUBLIC FACILITIES AUTHORITY a joint powers authority organized and existing under the laws of the State of California (the "Authority") and MUFG UNION BANK, N.A., a national banking association organized and existing under the laws of the United States of America, acting as successor trustee for the Series 2005A Bonds and as escrow bank hereunder (as applicable, the "2005A Trustee," and the "Escrow Bank");

W I T N E S S E T H

WHEREAS, the Authority has previously issued its \$30,235,000 San Marcos Public Facilities Authority 2005 Tax Allocation Revenue Bonds (Project Areas No. 1 and No. 3 Refunding Project), Series A (the "Series 2005A Bonds"), pursuant to an Indenture of Trust, dated as of May 1, 2005, between the Authority and the 2005A Trustee, formerly known as Union Bank of California, N.A. (the "2005A Indenture"); and

WHEREAS, by implementation of California Assembly Bill X1 26, which amended provisions of the California Redevelopment Law, (found at Health and Safety Code Section 33000, et.seq.) and the California Supreme Court's decision in California Redevelopment Association v. Matosantos, the San Marcos Redevelopment Agency (the "Former Agency"), also known as the Redevelopment Agency of the City of San Marcos was dissolved on February 1, 2012 in accordance with California Assembly Bill X1 26 approved by the Governor of the State of California on June 28, 2011 ("AB 26"), and on February 1, 2012, the Successor Agency to the San Marcos Redevelopment Agency (the "Successor Agency"), in accordance with and pursuant to AB 26, assumed the duties and obligations set forth in AB 26 for the Former Agency, including, without limitation, the obligations of the Former Agency under the 2005A Indenture and related documents to which the Former Agency was a party; and

WHEREAS, the Successor Agency has determined that it is in the best financial interests of the Successor Agency to refund, at this time, the Series 2005A Bonds; and

WHEREAS, in order to provide funds for such purpose, the Successor Agency is issuing its Successor Agency to the San Marcos Redevelopment Agency Tax Allocation Refunding Bonds, Series 2015A (the "Refunding Bonds") and applying a portion of the proceeds thereof, together with certain other moneys, for the purpose of redeeming the Series 2005A Bonds on August 1, 2015 (the "Redemption Date") at a redemption price of 102% (the "Redemption Price") of par plus accrued interest to the Redemption Date as required under the 2005A Indenture; and

WHEREAS, the Refunding Bonds are being issued pursuant to an Indenture of Trust, dated as of _____ 1, 2015, between the Successor Agency and MUFG Union Bank, N.A., as trustee (the "Trustee"); and

WHEREAS, the Authority and the Escrow Bank wish to enter into this Agreement for the purpose of providing the terms and conditions relating to the deposit and application of moneys to provide for the redemption of the Series 2005A Bonds in full, pursuant to and in accordance with the provisions of the 2005A Indenture.

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

Section 1. Establishment of Escrow Fund. There is hereby created the Escrow Fund (Series 2005A Bonds) (the "Escrow Fund") to be held by the Escrow Bank as an irrevocable escrow securing the payment of the Series 2005A Bonds as hereinafter set forth until the Redemption Price of the Series 2005A Bonds plus accrued interest has been paid in full. All cash in the Escrow Fund is hereby irrevocably pledged as a special fund for the payment of the principal of and interest on the Series 2005A Bonds due and payable on August 1, 2015 in accordance with the provisions of the 2005A Indenture and the Redemption Price on the Series 2005A Bonds to be redeemed on the Redemption Date and accrued interest on such Series 2005A Bonds to the Redemption Date. If at any time the Escrow Bank shall receive actual knowledge that the cash in the Escrow Fund will not be sufficient to make any payments required by Section 3 hereof, the Escrow Bank shall notify the Authority of such fact and the Authority shall immediately cure such deficiency from any source of legally available funds.

Section 2. Deposit into Escrow Fund. On _____, 2015 (the "Closing Date"), MUFG Union Bank, N.A. acting in its capacity as the 2005A Trustee for the Series 2005A Bonds, shall withdraw the amount of \$_____ from the Project No. 1 Account and \$_____ from the Project No. 3 Account of Reserve Fund established under the 2005A Indenture and transfer such amount to the Escrow Bank for deposit into the Escrow Fund.

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

The Escrow Bank shall hold all moneys deposited into the Escrow Fund in cash uninvested (the "Cash").

The Cash shall be deposited with and held by the Escrow Bank in the Escrow Fund therein solely for the uses and purposes set forth herein. The Escrow Bank shall have no lien upon or right of set-off against the Cash at any time on deposit in the Escrow Fund.

Section 3. Instructions as to Application of Deposit. The total amount of Cash deposited in the Escrow Fund pursuant to Section 2 shall be applied by the Escrow Bank to the payment on the Redemption Date of the Redemption Price of the Series 2005A Bonds, together with interest thereon to the Redemption Date.

Section 4. Application of Certain Terms of Prior Issuance Documents. Except as may be modified herein, all of the terms of the 2005A Indenture relating to the redemption of the Series 2005A Bonds are incorporated in this Agreement as if set forth in full herein.

Section 5. Proceedings for Redemption of the Series 2005A Bonds. The Successor Agency hereby irrevocably elects to redeem the Series 2005A Bonds in full pursuant to the 2005A Indenture on the Redemption Date at the Redemption Price, together with interest to the Redemption Date.

The Authority hereby irrevocably instructs MUFG Union Bank, N.A. as the 2005A Trustee, to give a conditional notice of redemption with respect to the Series 2005A Bonds to the Owners (as defined in the 2005A Indenture) thereof by no later than _____, 2015 at the expense of the Authority.

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

Section 7. Liabilities and Obligations of Escrow Bank. The Escrow Bank shall have no obligation to make any payment or disbursement of any type or incur any financial liability in the performance of its duties under this Agreement unless the Authority shall have deposited sufficient funds therefor with the Escrow Bank. The Escrow Bank may rely and shall be protected in acting upon the written instructions of the Authority or its agents relating to any matter or action as Escrow Bank under this Agreement.

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

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

The Escrow Bank shall not be liable for the accuracy of any calculations provided as to the sufficiency of the moneys deposited with it to pay the principal and interest on the Series 2005A Bonds.

The Escrow Bank shall not be liable for any action or omission of the Authority under this Agreement or the Series 2005A Bonds.

Whenever in the administration of this Agreement the Escrow Bank shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or willful misconduct on the part of the Escrow Bank, be deemed to be conclusively proved and established by a certificate of an authorized representative of the Authority, and such certificate shall, in the absence of negligence or willful

misconduct on the part of the Escrow Bank, be full warrant to the Escrow Bank for any action taken or suffered by it under the provisions of this Agreement upon the faith thereof.

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

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

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

Section 8. Amendment. This Agreement may be amended by the parties hereto, but only if there shall have been filed with the Authority and the Escrow Bank a written opinion of Bond Counsel stating that such amendment will not materially adversely affect the interests of the owners of the Series 2005A Bonds, and that such amendment will not cause interest on the Series 2005A Bonds or the Refunding Bonds to become includable in the gross incomes of the owners thereof for federal income tax purposes; and the Owners of all of the Series 2005A Bonds have consented to such amendment.

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

Section 10. Execution in Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

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

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

[Remainder of this page intentionally left blank.]

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

SAN MARCOS PUBLIC FACILITIES
AUTHORITY

By:_____

MUFG UNION BANK, N.A.,
as Escrow Bank, Trustee and 2005A Trustee

By:_____

Authorized Officer

ESCROW DEPOSIT AND TRUST AGREEMENT
(Series 2005B Bonds)

by and between

SAN MARCOS PUBLIC FACILITIES AUTHORITY

and

MUFG UNION BANK, N.A.

Dated as of _____, 2015

Relating to

SAN MARCOS PUBLIC FACILITIES AUTHORITY
2005 TAX ALLOCATION REVENUE BONDS
(PROJECT AREA NO. 1 REFUNDING AND FINANCING PROEJCT),
TAXABLE SERIES B

ESCROW DEPOSIT AND TRUST AGREEMENT
(Series 2005B Bonds)

This ESCROW DEPOSIT AND TRUST AGREEMENT (this “Agreement”), dated as of _____, 2015, by and between the SAN MARCOS PUBLIC FACILITIES AUTHORITY a joint powers authority organized and existing under the laws of the State of California (the “Authority”) and MUFG UNION BANK, N.A., a national banking association organized and existing under the laws of the United States of America, acting as successor trustee for the Series 2005B Bonds and as escrow bank hereunder (as applicable, the “2005B Trustee” and the “Escrow Bank”);

W I T N E S S E T H

WHEREAS, the Authority has previously issued its \$33,265,000 San Marcos Public Facilities Authority 2005 Tax Allocation Revenue Bonds (Project Area No. 1 Refunding and Financing Project), Taxable Series B (the “Series 2005B Bonds”), pursuant to an Indenture of Trust, dated as of May 1, 2005, between the Authority and the 2005B Trustee, formerly known as Union Bank of California, N.A. (the “2005B Indenture”); and

WHEREAS, by implementation of California Assembly Bill X1 26, which amended provisions of the California Redevelopment Law, (found at Health and Safety Code Section 33000, et.seq.) and the California Supreme Court’s decision in California Redevelopment Association v. Matosantos, the San Marcos Redevelopment Agency (the “Former Agency”), also known as the Redevelopment Agency of the City of San Marcos was dissolved on February 1, 2012 in accordance with California Assembly Bill X1 26 approved by the Governor of the State of California on June 28, 2011 (“AB 26”), and on February 1, 2012, the Successor Agency to the San Marcos Redevelopment Agency (the “Successor Agency”), in accordance with and pursuant to AB 26, assumed the duties and obligations set forth in AB 26 for the Former Agency, including, without limitation, the obligations of the Former Agency under the 2005B Indenture and related documents to which the Former Agency was a party; and

WHEREAS, the Successor Agency has determined that it is in the best financial interests of the Successor Agency to refund, at this time, the Series 2005B Bonds; and

WHEREAS, in order to provide funds for such purpose, the Successor Agency is issuing its Successor Agency to the San Marcos Redevelopment Agency Taxable Tax Allocation Refunding Bonds, Series 2015B (the “Refunding Bonds”) and applying a portion of the proceeds thereof, together with certain other moneys, for the purpose of redeeming the Series 2005B Bonds on August 1, 2015 (the “Redemption Date”) at a redemption price of 102% (the “Redemption Price”) of par plus accrued interest to the Redemption Date as required under the 2005B Indenture; and

WHEREAS, the Refunding Bonds are being issued pursuant to an Indenture of Trust, dated as of _____ 1, 2015, between the Successor Agency and MUFG Union Bank N.A., as trustee (the "Trustee"); and

WHEREAS, the Authority and the Escrow Bank wish to enter into this Agreement for the purpose of providing the terms and conditions relating to the deposit and application of moneys to provide for the redemption of the Series 2005B Bonds in full, pursuant to and in accordance with the provisions of the 2005B Indenture.

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

Section 1. Establishment of Escrow Fund. There is hereby created the Escrow Fund (Series 2005B Bonds) (the "Escrow Fund") to be held by the Escrow Bank as an irrevocable escrow securing the payment of the Series 2005B Bonds as hereinafter set forth until the Redemption Price of the Series 2005B Bonds plus accrued interest has been paid in full. All cash in the Escrow Fund is hereby irrevocably pledged as a special fund for the payment of the principal of and interest on the Series 2005B Bonds due and payable on August 1, 2015 in accordance with the provisions of the 2005B Indenture and the Redemption Price on the Series 2005B Bonds to be redeemed on the Redemption Date and accrued interest on such Series 2005B Bonds to the Redemption Date. If at any time the Escrow Bank shall receive actual knowledge that the cash in the Escrow Fund will not be sufficient to make any payments required by Section 3 hereof, the Escrow Bank shall notify the Authority of such fact and the Authority shall immediately cure such deficiency from any source of legally available funds.

Section 2. Deposit into Escrow Fund. On _____, 2015 (the "Closing Date"), MUFG Union Bank, N.A. acting in its capacity as the 2005B Trustee for the Series 2005B Bonds, shall withdraw the amount of \$_____ from the Reserve Fund established under the 2005B Indenture and transfer such amount to the Escrow Bank for deposit into the Escrow Fund.

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

The Escrow Bank shall hold all moneys deposited into the Escrow Fund in cash uninvested (the "Cash").

The Cash shall be deposited with and held by the Escrow Bank in the Escrow Fund therein solely for the uses and purposes set forth herein. The Escrow Bank shall have no lien upon or right of set-off against the Cash at any time on deposit in the Escrow Fund.

Section 3. Instructions as to Application of Deposit. The total amount of Cash deposited in the Escrow Fund pursuant to Section 2 shall be applied by the Escrow Bank to the payment on the Redemption Date of the Redemption Price of the Series 2005B Bonds, together with interest thereon to the Redemption Date.

Section 4. Application of Certain Terms of Prior Issuance Documents. Except as may be modified herein, all of the terms of the 2005B Indenture relating to the redemption of the Series 2005B Bonds are incorporated in this Agreement as if set forth in full herein.

Section 5. Proceedings for Redemption of the Series 2005B Bonds. The Authority hereby irrevocably elects to redeem the Series 2005B Bonds in full pursuant to the 2005B Indenture on the Redemption Date at the Redemption Price, together with interest to the Redemption Date.

The Authority hereby irrevocably instructs MUFG Union Bank, N.A. as the 2005B Trustee, to give a conditional notice of redemption with respect to the Series 2005B Bonds to the Owners (as defined in the 2005B Indenture) thereof by no later than _____, 2015 at the expense of the Authority.

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

Section 7. Liabilities and Obligations of Escrow Bank. The Escrow Bank shall have no obligation to make any payment or disbursement of any type or incur any financial liability in the performance of its duties under this Agreement unless the Authority shall have deposited sufficient funds therefor with the Escrow Bank. The Escrow Bank may rely and shall be protected in acting upon the written instructions of the Authority or its agents relating to any matter or action as Escrow Bank under this Agreement.

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

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

The Escrow Bank shall not be liable for the accuracy of any calculations provided as to the sufficiency of the moneys deposited with it to pay the principal and interest on the Series 2005B Bonds.

The Escrow Bank shall not be liable for any action or omission of the Authority under this Agreement or the Series 2005B Bonds.

Whenever in the administration of this Agreement the Escrow Bank shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or willful misconduct on the part of the Escrow Bank, be deemed to be conclusively proved and established by a certificate of an authorized representative of the Authority, and such certificate shall, in the absence of negligence or willful

misconduct on the part of the Escrow Bank, be full warrant to the Escrow Bank for any action taken or suffered by it under the provisions of this Agreement upon the faith thereof.

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

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

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

Section 8. Amendment. This Agreement may be amended by the parties hereto, but only if the Owners of all of the Series 2005B Bonds have consented to such amendment.

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

Section 10. Execution in Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

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

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

[Remainder of this page intentionally left blank.]

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

SAN MARCOS PUBLIC FACILITIES
AUTHORITY

By:_____

MUFG UNION BANK, N.A.,
as Escrow Bank, Trustee and 2005B Trustee

By:_____

Authorized Officer

ESCROW DEPOSIT AND TRUST AGREEMENT
(Series 2005C Bonds)

by and between

SAN MARCOS PUBLIC FACILITIES AUTHORITY

and

MUFG UNION BANK, N.A.

Dated as of _____, 2015

Relating to

SAN MARCOS PUBLIC FACILITIES AUTHORITY
2005 TAX ALLOCATION REVENUE BONDS
(PROJECT AREAS NO. 2 AND NO. 3 FINANCING PROJECT),
SERIES C

ESCROW DEPOSIT AND TRUST AGREEMENT
(Series 2005C Bonds)

This ESCROW DEPOSIT AND TRUST AGREEMENT (this “Agreement”), dated as of _____, 2015, by and between the SAN MARCOS PUBLIC FACILITIES AUTHORITY a joint powers authority organized and existing under the laws of the State of California (the “Authority”) and MUFG UNION BANK, N.A., a national banking association organized and existing under the laws of the United States of America, acting as successor trustee for the Series 2005C Bonds and as escrow bank hereunder (as applicable, the “2005C Trustee,” and the “Escrow Bank”);

W I T N E S S E T H

WHEREAS, the Authority has previously issued its \$61,735,000 San Marcos Public Facilities Authority 2005 Tax Allocation Revenue Bonds (Project Areas No. 2 and No. 3 Financing Project), Series C (the “Series 2005C Bonds”), pursuant to an Indenture of Trust, dated as of June 1, 2005, between the Authority and the 2005C Trustee, formerly known as Union Bank of California, N.A. (the “2005C Indenture”); and

WHEREAS, by implementation of California Assembly Bill X1 26, which amended provisions of the California Redevelopment Law, (found at Health and Safety Code Section 33000, et.seq.) and the California Supreme Court’s decision in California Redevelopment Association v. Matosantos, the San Marcos Redevelopment Agency (the “Former Agency”), also known as the Redevelopment Agency of the City of San Marcos was dissolved on February 1, 2012 in accordance with California Assembly Bill X1 26 approved by the Governor of the State of California on June 28, 2011 (“AB 26”), and on February 1, 2012, the Successor Agency to the San Marcos Redevelopment Agency (the “Successor Agency”), in accordance with and pursuant to AB 26, assumed the duties and obligations set forth in AB 26 for the Former Agency, including, without limitation, the obligations of the Former Agency under the 2005C Indenture and related documents to which the Former Agency was a party; and

WHEREAS, the Successor Agency has determined that it is in the best financial interests of the Successor Agency to refund, at this time, the Series 2005C Bonds; and

WHEREAS, in order to provide funds for such purpose, the Successor Agency is issuing its Successor Agency to the San Marcos Redevelopment Agency Tax Allocation Refunding Bonds, Series 2015A (the “Series 2015A Bonds”) and its Successor Agency to the San Marcos Redevelopment Agency Taxable Tax Allocation Refunding Bonds, Series 2015B (the “Series 2015B Bonds” and together with the Series 2015A Bonds, the “Refunding Bonds”) and applying a portion of the proceeds thereof, together with certain other moneys, for the purpose of redeeming the Series 2005C Bonds on August 1, 2015 (the “Redemption Date”) at a redemption price of 100% (the “Serial Bonds Redemption Price”) for the Bonds maturing on or after August 1, 2016 and prior to August 1, 2038 and at a redemption price of 102% (the “Term Bonds Redemption Price” and together with the Serial Bonds Redemption Price, the

“Redemption Price”) for the Bonds maturing on August 1, 2038 of par plus accrued interest to the Redemption Date as required under the 2005C Indenture; and

WHEREAS, the Refunding Bonds are being issued pursuant to an Indenture of Trust, dated as of _____ 1, 2015, between the Successor Agency and MUFG Union Bank N.A., as trustee (the “Trustee”); and

WHEREAS, the Authority and the Escrow Bank wish to enter into this Agreement for the purpose of providing the terms and conditions relating to the deposit and application of moneys to provide for the redemption of the Series 2005C Bonds in full, pursuant to and in accordance with the provisions of the 2005C Indenture.

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

Section 1. Establishment of Escrow Fund. There is hereby created the Escrow Fund (Series 2005C Bonds) (the “Escrow Fund”) to be held by the Escrow Bank as an irrevocable escrow securing the payment of the Series 2005C Bonds as hereinafter set forth until the Redemption Price of the Series 2005C Bonds plus accrued interest has been paid in full . All cash in the Escrow Fund is hereby irrevocably pledged as a special fund for the payment of the principal of and interest on the Series 2005C Bonds due and payable on August 1, 2015 in accordance with the provisions of the 2005C Indenture and the Redemption Price on the Series 2005C Bonds to be redeemed on the Redemption Date and accrued interest on such Series 2005C Bonds to the Redemption Date. If at any time the Escrow Bank shall receive actual knowledge that the cash in the Escrow Fund will not be sufficient to make any payments required by Section 3 hereof, the Escrow Bank shall notify the Authority of such fact and the Authority shall immediately cure such deficiency from any source of legally available funds.

Section 2. Deposit into Escrow Fund. On _____, 2015 (the “Closing Date”), the Trustee shall be directed by the Authority to transfer \$_____ of the proceeds of the Refunding Bonds to the Escrow Bank for deposit into the Escrow Fund.

The Escrow Bank shall hold all moneys deposited into the Escrow Fund in cash uninvested (the “Cash”).

The Cash shall be deposited with and held by the Escrow Bank in the Escrow Fund therein solely for the uses and purposes set forth herein. The Escrow Bank shall have no lien upon or right of set-off against the Cash at any time on deposit in the Escrow Fund.

Section 3. Instructions as to Application of Deposit. The total amount of Cash deposited in the Escrow Fund pursuant to Section 2 shall be applied by the Escrow Bank to the payment on the Redemption Date of the Redemption Price of the Series 2005C Bonds, together with interest thereon to the Redemption Date.

Section 4. Application of Certain Terms of Prior Issuance Documents. Except as may be modified herein, all of the terms of the 2005C Indenture relating to the redemption of the Series 2005C Bonds are incorporated in this Agreement as if set forth in full herein.

Section 5. Proceedings for Redemption of the Series 2005C Bonds. The Authority hereby irrevocably elects to redeem the Series 2005C Bonds in full pursuant to the 2005C Indenture on the Redemption Date at the Redemption Price, together with interest to the Redemption Date.

The Authority hereby irrevocably instructs MUFG Union Bank, N.A. as the 2005C Trustee, to give a conditional notice of redemption with respect to the Series 2005C Bonds to the Owners (as defined in the 2005C Indenture) thereof by no later than _____, 2015 at the expense of the Authority.

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

Section 7. Liabilities and Obligations of Escrow Bank. The Escrow Bank shall have no obligation to make any payment or disbursement of any type or incur any financial liability in the performance of its duties under this Agreement unless the Authority shall have deposited sufficient funds therefor with the Escrow Bank. The Escrow Bank may rely and shall be protected in acting upon the written instructions of the Authority or its agents relating to any matter or action as Escrow Bank under this Agreement.

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

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

The Escrow Bank shall not be liable for the accuracy of any calculations provided as to the sufficiency of the moneys deposited with it to pay the principal and interest on the Series 2005C Bonds.

The Escrow Bank shall not be liable for any action or omission of the Authority under this Agreement or the Series 2005C Bonds.

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

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

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

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

Section 8. Amendment. This Agreement may be amended by the parties hereto, but only if there shall have been filed with the Authority and the Escrow Bank a written opinion of Bond Counsel stating that such amendment will not materially adversely affect the interests of the owners of the Series 2005C Bonds, and that such amendment will not cause interest on the 2005C Bonds or the Refunding Bonds to become includable in the gross incomes of the owners thereof for federal income tax purposes; and the Owners of all of the Series 2005C Bonds have consented to such amendment.

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

Section 10. Execution in Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 11. Headings. Any heading preceding the text of the several Sections hereof, any table of contents appended to copies hereof, shall be solely for convenience of reference and

shall not constitute a part of this Escrow Agreement, nor shall they affect its meaning, construction or effect.

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

[Remainder of this page intentionally left blank.]

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

SAN MARCOS PUBLIC FACILITIES
AUTHORITY

By:_____

MUFG UNION BANK, N.A.,
as Escrow Bank, Trustee and 2005C Trustee

By:_____

Authorized Officer

ESCROW DEPOSIT AND TRUST AGREEMENT
(Series 2006A Bonds)

by and between

SAN MARCOS PUBLIC FACILITIES AUTHORITY

and

MUFG UNION BANK, N.A.

Dated as of _____, 2015

Relating to

SAN MARCOS PUBLIC FACILITIES AUTHORITY
2006 TAX ALLOCATION REVENUE BONDS
(PROJECT AREA NO. 3 FINANCING PROJECT),
SERIES A

ESCROW DEPOSIT AND TRUST AGREEMENT
(Series 2006A Bonds)

This ESCROW DEPOSIT AND TRUST AGREEMENT (this "Agreement"), dated as of _____, 2015, by and between the SAN MARCOS PUBLIC FACILITIES AUTHORITY a joint powers authority organized and existing under the laws of the State of California (the "Authority") and MUFG UNION BANK, N.A., a national banking association organized and existing under the laws of the United States of America, acting as successor trustee for the Series 2006A Bonds and as escrow bank hereunder (as applicable, the "2006 Trustee," and the "Escrow Bank");

W I T N E S S E T H

WHEREAS, the Authority has previously issued its \$36,165,000 San Marcos Public Facilities Authority 2006 Tax Allocation Revenue Bonds (Project Area No. 3 Financing Project), Series A (the "Series 2006A Bonds"), pursuant to an Indenture of Trust, dated as of March 1, 2006, between the Authority and the 2006 Trustee, formerly known as Union Bank of California, N.A. (the "2006 Indenture"); and

WHEREAS, by implementation of California Assembly Bill X1 26, which amended provisions of the California Redevelopment Law, (found at Health and Safety Code Section 33000, et.seq.) and the California Supreme Court's decision in California Redevelopment Association v. Matosantos, the San Marcos Redevelopment Agency (the "Former Agency"), also known as the Redevelopment Agency of the City of San Marcos was dissolved on February 1, 2012 in accordance with California Assembly Bill X1 26 approved by the Governor of the State of California on June 28, 2011 ("AB 26"), and on February 1, 2012, the Successor Agency to the San Marcos Redevelopment Agency (the "Successor Agency"), in accordance with and pursuant to AB 26, assumed the duties and obligations set forth in AB 26 for the Former Agency, including, without limitation, the obligations of the Former Agency under the 2006 Indenture and related documents to which the Former Agency was a party; and

WHEREAS, the Successor Agency has determined that it is in the best financial interests of the Successor Agency to refund, at this time, the Series 2006A Bonds; and

WHEREAS, in order to provide funds for such purpose, the Successor Agency is issuing its Successor Agency to the San Marcos Redevelopment Agency Tax Allocation Refunding Bonds, Series 2015A (the "Series 2015A Bonds") and its Successor Agency to the San Marcos Redevelopment Agency Taxable Tax Allocation Refunding Bonds, Series 2015B (the "Series 2015B Bonds" and together with the Series 2015A Bonds, the "Refunding Bonds") and applying a portion of the proceeds thereof, together with certain other moneys, for the purpose of redeeming the Series 2006A Bonds on August 1, 2016 (the "Redemption Date") at a redemption price of 100% (the "Redemption Price") of par plus accrued interest to the Redemption Date as required under the 2006 Indenture; and

WHEREAS, the Refunding Bonds are being issued pursuant to an Indenture of Trust, dated as of _____ 1, 2015, between the Successor Agency and MUFG Union Bank N.A., as trustee (the “Trustee”); and

WHEREAS, the Authority and the Escrow Bank wish to enter into this Agreement for the purpose of providing the terms and conditions relating to the deposit and application of moneys to provide for the redemption of the Series 2006A Bonds in full, pursuant to and in accordance with the provisions of the 2006 Indenture.

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

Section 1. Definition of Defeasance Securities. As used herein, the term “Defeasance Securities” means those Permitted Investments described in subparagraph A of the definition of Permitted Investments in the 2006 Indenture, fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America.

Section 2. Establishment of Escrow Fund. There is hereby created the Escrow Fund (Series 2006A Bonds) (the “Escrow Fund”) to be held by the Escrow Bank as an irrevocable escrow securing the payment of the Series 2006A Bonds as hereinafter set forth until the Redemption Price of the Series 2006A Bonds plus accrued interest has been paid in full. All moneys and Defeasance Securities in the Escrow Fund are hereby irrevocably pledged as a special fund for the payment of the principal of and interest on the Series 2006A Bonds due and payable on the Interest Payment Dates (as defined in the 2006 Indenture) occurring on August 1, 2015, February 1, 2016 and August 1, 2016 in accordance with the provisions of the 2006 Indenture and the Redemption Price on the Series 2006A to be redeemed on the Redemption Date and accrued interest on such Series 2006A Bonds to the Redemption Date. If at any time the Escrow Bank shall receive actual knowledge that the moneys or Defeasance Securities in the Escrow Fund will not be sufficient to make any payments required by Section 4 hereof, the Escrow Bank shall notify the Authority of such fact and the Authority shall immediately cure such deficiency from any source of legally available funds.

Section 3. Deposit into Escrow Fund. On _____, 2015 (the “Closing Date”), the Trustee shall be directed by the Authority to transfer \$_____ of the proceeds of the Refunding Bonds to the Escrow Bank for deposit into the Escrow Fund.

The Escrow Bank shall acquire \$_____ in Defeasance Securities in the form of [United States Treasury Obligations – State and Local Government Securities acquired directly from the United States Treasury (“SLGS”) or open market Defeasance Securities]. The remainder in the Escrow Fund (\$0.____) shall be held in cash uninvested (the “Cash”).

The Defeasance Securities and the Cash shall be deposited with and held by the Escrow Bank in the Escrow Fund therein solely for the uses and purposes set forth herein. The Escrow Bank shall have no lien upon or right of set-off against the Cash at any time on deposit in the Escrow Fund.

Section 4. Instructions as to Application of Deposit. The total amount of Cash and Defeasance Securities deposited in the Escrow Fund pursuant to Section 3 shall be applied by the Escrow Bank to the payment on the Series 2006A Bonds due and payable on the Interest Payment Dates occurring on August 1, 2015, February 1, 2016 and August 1, 2016 of scheduled debt service on the Redemption Date of the Redemption Price of the Series 2006A Bonds, together with interest thereon to the Redemption Date.

Section 5. Application of Certain Terms of Prior Issuance Documents. Except as may be modified herein, all of the terms of the 2006 Indenture relating to the redemption of the Series 2006A Bonds are incorporated in this Agreement as if set forth in full herein.

Section 6. Proceedings for Redemption of the Series 2006A Bonds. The Authority hereby irrevocably elects to redeem the Series 2006A Bonds in full pursuant to the 2006 Indenture on the Redemption Date at the Redemption Price, together with interest to the Redemption Date.

The Authority hereby irrevocably instructs MUFG Union Bank, N.A. as the 2006 Trustee, to give a notice of redemption with respect to the Series 2006A Bonds to the Owners (as defined in the 2006 Indenture) thereof by no later than _____, 2016 at the expense of the Authority.

Section 7. Compensation to Escrow Bank. The Authority shall pay the Escrow Bank full compensation for its duties under this Agreement, including out-of-pocket costs such as publication costs, redemption expenses, legal fees and other costs and expenses relating hereto. Under no circumstances shall amounts deposited in or credited to the Escrow Fund be deemed to be available for said purposes.

Section 8. Liabilities and Obligations of Escrow Bank. The Escrow Bank shall have no obligation to make any payment or disbursement of any type or incur any financial liability in the performance of its duties under this Agreement unless the Authority shall have deposited sufficient funds therefor with the Escrow Bank. The Escrow Bank may rely and shall be protected in acting upon the written instructions of the Authority or its agents relating to any matter or action as Escrow Bank under this Agreement.

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

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

The Escrow Bank shall not be liable for the accuracy of any calculations provided as to the sufficiency of the moneys deposited with it to pay the principal and interest on the Series 2006A Bonds.

The Escrow Bank shall not be liable for any action or omission of the Authority under this Agreement or the Series 2006A Bonds.

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

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

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

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

Section 9. Amendment. This Agreement may be amended by the parties hereto, but only if there shall have been filed with the Authority and the Escrow Bank a written opinion of Bond Counsel stating that such amendment will not materially adversely affect the interests of the owners of the Series 2006A Bonds, and that such amendment will not cause interest on the Series 2006A Bonds or the Refunding Bonds to become includable in the gross incomes of the owners thereof for federal income tax purposes; and the Owners of all of the Series 2006A Bonds have consented to such amendment.

Section 10. Merger or Consolidation. Any company into which the Escrow Bank may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Escrow Bank may sell or transfer all or substantially all of its corporate trust business, shall be the successor to the Escrow Bank and vested with all of the title to the trust estate and all of the trusts, powers, discretion, immunities, privileges and all other matters as was its predecessor,

without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

Section 11. Execution in Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 12. Headings. Any heading preceding the text of the several Sections hereof, any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Escrow Agreement, nor shall they affect its meaning, construction or effect.

Section 13. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

[Remainder of this page intentionally left blank.]

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

SAN MARCOS PUBLIC FACILITIES
AUTHORITY

By:_____

MUFG UNION BANK, N.A.,
as Escrow Bank, Trustee and 2006 Trustee

By:_____

Authorized Officer

FIRST AMENDMENT

TO

**LEASE AGREEMENT
(Civic Center)**

by and between

SAN MARCOS PUBLIC FACILITIES AUTHORITY

and

CITY OF SAN MARCOS

Dated as of _____ 1, 2015

Relating to:

**San Marcos Public Facilities Authority
2001 Public Improvement Refunding Revenue Bonds, Series A
(Civic Center/Public Works Yard)**

**FIRST AMENDMENT
TO
LEASE AGREEMENT
(Civic Center)**

THIS FIRST AMENDMENT TO LEASE AGREEMENT (the “First Amendment”), dated as of _____ 1, 2015, is made and entered into by and between the San Marcos Public Facilities Authority, a joint powers authority duly organized and existing under and by virtue of the laws of the State of California (the “Authority”), and the City of San Marcos, a charter city and municipal corporation duly organized and existing under and by virtue of the Constitution and the laws of the State of California (the “City”), to amend that certain Lease Agreement (Civic Center) (the “Lease Agreement”) made and entered into as of November 1, 2001, by and between the Authority and the City.

W I T N E S S E T H:

WHEREAS, the Authority and the City entered into the Lease Agreement to provide for the Authority to assist the City in prepaying the Base Rental Payments as defined in and payable under the Refunding Lease Agreement (Civic Center) dated as of August 1, 1993, by and between the Authority and the City and in financing the construction of certain Additional Facilities (defined in the Lease Agreement); and

WHEREAS, the Authority has previously issued its \$54,055,000 San Marcos Public Facilities Authority 2001 Public Improvement Refunding Revenue Bonds, Series A (Civic Center/Public Works Yard) (the “Series 2001A Bonds”) pursuant to an Indenture of Trust, dated as of November 1, 2001 (the “2001 Indenture”), by and between the Authority and MUFG Union Bank, N.A., formerly known as Union Bank of California, N.A., as the trustee (the “2001 Trustee”); and

WHEREAS, the Series 2001A Bonds are secured by a pledge of certain revenues which include all Base Rental Payments payable by the City under the Lease Agreement; and

WHEREAS, the former San Marcos Redevelopment Agency (the “Former Agency”) and the City entered into a Reimbursement Agreement, dated as of November 1, 2001 (the “Reimbursement Agreement”), pursuant to which the Former Agency affirmed and agreed to reimburse the City for any and all such lease payments made by the City under the Lease Agreements, agreed that such obligation of the Former Agency shall be a direct and general obligation of the Former Agency and pledged the Tax Revenues (as defined in the Reimbursement Agreement) to the extent required to pay the reimbursement obligation of the Former Agency; and

WHEREAS, as a result of favorable conditions in the municipal bond market the City Council of the City, acting as the successor entity to the Former Agency (the “Successor Agency”), has determined that it will achieve savings by the issuance of its Successor Agency to the San Marcos Redevelopment Agency Tax Allocation Refunding Bonds, Series 2015A (the “Series 2015A Bonds”) and its Successor Agency to the San Marcos Redevelopment Agency

Taxable Tax Allocation Refunding Bonds, Series 2015B (the “Series 2015B Bonds” and together with the Series 2015A Bonds the “Refunding Bonds”) for the purpose, in part, of defeasing and redeeming the Series 2001A Bonds pursuant to the provisions of the 2001 Indenture and discharging the Authority’s liability with respect to the Series 2001A Bonds and thereby also discharging the City’s liability with respect to the Series 2001A Bonds; and

WHEREAS, such savings will result from the fact that the debt service on that portion of the Refunding Bonds allocable to the redemption of the Series 2001A Bonds will be less than the reimbursement obligations that the Successor Agency would otherwise be required to pay pursuant to the Reimbursement Agreement; and

WHEREAS, the provisions of the Lease Agreement regarding the discharge of the Lease Agreement are defective in that such provisions do not provide for the termination of the Lease Agreement and discharge of the obligations of the City under the Lease Agreement upon the defeasance of the Series 2001A Bonds pursuant to the terms of the 2001 Indenture; and

WHEREAS, the Authority and the City desire to amend the Lease Agreement to provide that the defeasance and redemption of the Series 2001A Bonds will cause the termination of the Lease Agreement and the discharge of the obligations of the City under the Lease Agreement; and

WHEREAS, pursuant to Section 23 of the Lease Agreement, MBIA Insurance Corporation as the Bond Insurer, has consented to such an amendment.

NOW, THEREFORE, the Authority and the City hereby agree as follows:

Section 1. **Definitions.** Unless the context otherwise requires, the terms defined in Section 1 of the Agreement shall, for purposes of this First Amendment, have the meanings specified in such Section 1.

Section 2. **Amendment of Section 3 of the Lease Agreement.** The following shall be added to the end of Section 3 of the Lease Agreement:

“Notwithstanding the foregoing, the defeasance of the San Marcos Public Facilities Authority 2001 Public Improvement Refunding Revenue Bonds, Series A (Civic Center/Public Works Yard) will cause the termination of this Agreement and the discharge of the obligations of the City under this Agreement.”

Section 3. **Effective Date of Amendment.** This First Amendment shall become effective as of the date of execution thereof by the parties hereto.

Section 4. **Counterparts.** This First Amendment may be executed in counterparts, each of which shall be deemed an original.

IN WITNESS WHEREOF, the Authority has caused this First Amendment to be executed in its name and the City has caused this First Amendment to be executed in its name, all as of _____ 1, 2015.

SAN MARCOS PUBLIC FACILITIES
AUTHORITY

By: _____
Authorized Officer

CITY OF SAN MARCOS

By: _____
Authorized Officer

FIRST AMENDMENT

TO

**LEASE AGREEMENT
(Public Works Yard)**

by and between

SAN MARCOS PUBLIC FACILITIES AUTHORITY

and

CITY OF SAN MARCOS

Dated as of _____ 1, 2015

Relating to:

**San Marcos Public Facilities Authority
2001 Public Improvement Refunding Revenue Bonds, Series A
(Civic Center/Public Works Yard)**

**FIRST AMENDMENT
TO
LEASE AGREEMENT
(Public Works Yard)**

THIS FIRST AMENDMENT TO LEASE AGREEMENT (the “First Amendment”), dated as of _____ 1, 2015, is made and entered into by and between the San Marcos Public Facilities Authority, a joint powers authority duly organized and existing under and by virtue of the laws of the State of California (the “Authority”), and the City of San Marcos, a charter city and municipal corporation duly organized and existing under and by virtue of the Constitution and the laws of the State of California (the “City”) to amend that certain Lease Agreement (Public Works Yard) (the “Lease Agreement”) made and entered into as of November 1, 2001, by and between the Authority and the City.

WITNESSETH:

WHEREAS, the Authority and the City entered into the Lease Agreement to provide for the Authority to assist the City in prepaying the Base Rental Payments as defined in and payable under the Refunding Lease Agreement (Public Works Yard) dated as of August 1, 1993, by and between the Authority and the City and in financing the construction of certain Additional Facilities (defined in the Lease Agreement); and

WHEREAS, the Authority has previously issued its \$54,055,000 San Marcos Public Facilities Authority 2001 Public Improvement Refunding Revenue Bonds, Series A (Civic Center/Public Works Yard) (the “Series 2001A Bonds”) pursuant to an Indenture of Trust, dated as of November 1, 2001 (the “2001 Indenture”), by and between the Authority and MUFG Union Bank, N.A., formerly known as Union Bank of California, N.A., as the trustee (the “2001 Trustee”); and

WHEREAS, the Series 2001A Bonds are secured by a pledge of certain revenues which include all Base Rental Payments payable by the City under the Lease Agreement; and

WHEREAS, the former San Marcos Redevelopment Agency (the “Former Agency”) and the City entered into a Reimbursement Agreement, dated as of November 1, 2001 (the “Reimbursement Agreement”), pursuant to which the Former Agency affirmed and agreed to reimburse the City for any and all such lease payments made by the City under the Lease Agreements, agreed that such obligation of the Former Agency shall be a direct and general obligation of the Former Agency and pledged the Tax Revenues (as defined in the Reimbursement Agreement) to the extent required to pay the reimbursement obligation of the Former Agency; and

WHEREAS, as a result of favorable conditions in the municipal bond market the City Council of the City, acting as the successor entity to the Former Agency (the “Successor Agency”) has determined that it will achieve savings by the issuance of its Successor Agency to the San Marcos Redevelopment Agency Tax Allocation Refunding Bonds, Series 2015A (the “Series 2015A Bonds”) and its Successor Agency to the San Marcos Redevelopment Agency Taxable Tax Allocation Refunding Bonds, Series 2015B (the “Series 2015B Bonds” and together

with the Series 2015A Bonds the “Refunding Bonds”) for the purpose, in part, of defeasing and redeeming the Series 2001A Bonds pursuant to the provisions of the 2001 Indenture and discharging the Authority’s liability with respect to the Series 2001A Bonds and thereby also discharging the City’s liability with respect to the Series 2001A Bonds; and

WHEREAS, such savings will result from the fact that the debt service on that portion of the Refunding Bonds allocable to the redemption of the Series 2001A Bonds will be less than the reimbursement obligations that the Successor Agency would otherwise be required to pay pursuant to the Reimbursement Agreement; and

WHEREAS, the provisions of the Lease Agreement regarding the discharge of the Lease Agreement are defective in that such provisions do not provide for the termination of the Lease Agreement and discharge of the obligations of the City under the Lease Agreement upon the defeasance of the Series 2001A Bonds pursuant to the terms of the 2001 Indenture; and

WHEREAS, the Authority and the City desire to amend the Lease Agreement to provide that the defeasance of the Series 2001A Bonds will cause the termination of the Lease Agreement and the discharge of the obligations of the City under the Lease Agreement; and

WHEREAS, pursuant to Section 23 of the Lease Agreement, MBIA Insurance Corporation as the Bond Insurer, has consented to such an amendment.

NOW, THEREFORE, the Authority and the City hereby agree as follows:

Section 1. **Definitions.** Unless the context otherwise requires, the terms defined in Section 1 of the Lease Agreement shall, for purposes of this First Amendment, have the meanings specified in such Section 1.

Section 2. **Amendment of Section 3 of the Lease Agreement.** The following shall be added to the end of Section 3 of the Lease Agreement:

“Notwithstanding the foregoing, the defeasance of the San Marcos Public Facilities Authority 2001 Public Improvement Refunding Revenue Bonds, Series A (Civic Center/Public Works Yard) will cause the termination of this Agreement and the discharge of the obligations of the City under this Agreement.”

Section 3. **Effective Date of Amendment.** This First Amendment shall become effective as of the date of execution thereof by the parties hereto.

Section 4. **Counterparts.** This First Amendment may be executed in counterparts, each of which shall be deemed an original.

IN WITNESS WHEREOF, the Authority has caused this First Amendment to be executed in its name and the City has caused this First Amendment to be executed in its name, all as of _____ 1, 2015.

SAN MARCOS PUBLIC FACILITIES
AUTHORITY

By: _____
Authorized Officer

CITY OF SAN MARCOS

By: _____
Authorized Officer

FIRST AMENDMENT
TO
LOAN AGREEMENT
(PROJECT AREA NO. 1 – LOAN NO. 1)
by and among
SAN MARCOS PUBLIC FACILITIES AUTHORITY,
SUCCESSOR AGENCY TO THE SAN MARCOS REDEVELOPMENT AGENCY
and
U.S. BANK NATIONAL ASSOCIATION,
as Trustee
Dated _____ 1, 2015
Relating to:
\$69,740,000
San Marcos Public Facilities Authority
2003 Tax Allocation Revenue Bonds
(Project Areas No. 1, No. 2 and No. 3 Refunding and Financing Project),
Series A

**FIRST AMENDMENT
TO
LOAN AGREEMENT
(PROJECT AREA NO. 1 – LOAN NO. 1)**

THIS FIRST AMENDMENT TO LOAN AGREEMENT (the “First Amendment”), dated as of _____ 1, 2015, is made and entered into by and among the San Marcos Public Facilities Authority (the “Authority”), a joint powers authority organized and existing under the laws of the State of California, the Successor Agency to the San Marcos Redevelopment Agency (the “Successor Agency”), as successor to the Redevelopment Agency of the City of San Marcos (the “Former Agency”), a public body and corporate duly organized and existing under the laws of the State of California and U.S. Bank National Association, a national banking association organized and existing under the laws of the United States of America, as trustee (the “Trustee”) to amend that certain Loan Agreement (Project Area No. 1 – Loan No. 1) (the “Loan Agreement”) made and entered into as of May 1, 2003, by and between the Authority, the Former Agency and the Trustee.

W I T N E S S E T H:

WHEREAS, the Authority issued its \$69,740,000 San Marcos Public Facilities Authority 2003 Tax Allocation Revenue Bonds (Project Area No. 1, No. 2 and No. 3 Refunding and Financing Project), Series A (the “Series 2003A Bonds”) for the purpose of making a loan of \$33,435,000 to the Former Agency pursuant to the Loan Agreement for the purpose of financing a portion of the Redevelopment Plan, as defined in the Loan Agreement and secured on a parity with any Parity Debt as defined in the Loan Agreement by a first pledge of and lien on all of the Tax Revenues as defined in the Loan Agreement; and

WHEREAS, as a result of favorable conditions in the municipal bond market the Successor Agency, has determined that it will achieve savings by the issuance of its Successor Agency to the San Marcos Redevelopment Agency Tax Allocation Refunding Bonds, Series 2015A (the “Series 2015A Bonds” or the “Refunding Bonds”) for the purpose, in part, of defeasing and redeeming the Series 2003A Bonds; and

WHEREAS, such savings will be realized from the fact that the debt service payment on the portion of the Refunding Bonds allocable to the Series 2003A Bonds will be less than the loan payments that the Successor Agency would otherwise be required to make under the Loan Agreement; and

WHEREAS, the Successor Agency desires to amend the Loan Agreement to provide that the defeasance of the Series 2003A Bonds will cause the discharge of the Loan Agreement and all other obligations of the Trustee, the Authority and the Successor Agency under the Loan Agreement will be terminated upon the defeasance of the Series 2003A Bonds; and

WHEREAS, pursuant to Section 6.04 of the Loan Agreement, the Loan Agreement may be amended under the circumstances set forth in the Indenture and Section 5.08 of the Indenture provides that the Authority, the Trustee and the Successor Agency may at any time amend or

modify the Loan Agreement without consent of the Bond Owners if such amendment is made for the purpose of correcting any defective provision and such amendment shall not materially adversely affect the interests of the Owners of the Bonds; and

WHEREAS, the provisions of the Loan Agreement regarding the discharge of the Loan Agreement are defective in that such provision do not provide for the termination of the Loan Agreement and discharge of the obligations of the Successor Agency under the Loan Agreement upon the defeasance of the Series 2003A Bonds pursuant to the terms of the 2003A Indenture; and

WHEREAS, this First Amendment shall not materially adversely affect the interests of the Owners of the Series 2003A Bonds inasmuch as such Owners will not have any interests in the Series 2003A Bonds and the Loan Agreement from and after the redemption of the Series 2003A Bonds.

NOW, THEREFORE, the Authority, the Successor Agency and the Trustee hereby agree as follows:

Section 1. **Definitions.** Unless the context otherwise requires, the terms defined in Section 1.01 of the Loan Agreement shall, for purposes of this First Amendment, have the meanings specified in such Section 1.01.

Section 2. **Amendment of Section 6.03 of the Loan Agreement.** The following shall be added to the end of Section 6.03 of the Loan Agreement:

“Notwithstanding the foregoing, the entire indebtedness on the Loan shall be discharged and the pledge of the liens upon the Tax Revenues and other funds provided for in the Loan Agreement and all other obligations of the Trustee, the Authority and the Successor Agency under this Agreement will terminate upon the defeasance of the Series A Bonds, except as expressly provided for in this Section 6.03.”

Section 3. **Effective Date of Amendment.** This First Amendment shall become effective as of the date of execution thereof by the parties hereto.

Section 4. **Counterparts.** This First Amendment may be executed in counterparts, each of which shall be deemed an original.

IN WITNESS WHEREOF, the Successor Agency has caused this First Amendment to be executed in its name, the Authority has caused this First Amendment to be executed in its name and the Trustee has caused this First Amendment to be executed in its name, all as of _____ 1, 2015.

SUCCESSOR AGENCY TO THE SAN
MARCOS REDEVELOPMENT AGENCY

By: _____

SAN MARCOS PUBLIC FACILITIES
AUTHORITY

By: _____

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____
Authorized Officer

FIRST AMENDMENT
TO
LOAN AGREEMENT
(PROJECT AREA NO. 2)
by and among
SAN MARCOS PUBLIC FACILITIES AUTHORITY,
SUCCESSOR AGENCY TO THE SAN MARCOS REDEVELOPMENT AGENCY
and
U.S. BANK NATIONAL ASSOCIATION,
as Trustee
Dated _____ 1, 2015
Relating to:
\$69,740,000
San Marcos Public Facilities Authority
2003 Tax Allocation Revenue Bonds
(Project Areas No. 1, No. 2 and No. 3 Refunding and Financing Project),
Series A

**FIRST AMENDMENT
TO
LOAN AGREEMENT
(PROJECT AREA NO. 2)**

THIS FIRST AMENDMENT TO LOAN AGREEMENT (the “First Amendment”), dated as of _____ 1, 2015, is made and entered into by and among the San Marcos Public Facilities Authority (the “Authority”), a joint powers authority organized and existing under the laws of the State of California, the Successor Agency to the San Marcos Redevelopment Agency (the “Successor Agency”), as successor to the Redevelopment Agency of the City of San Marcos (the “Former Agency”), a public body and corporate duly organized and existing under the laws of the State of California and U.S. Bank National Association, a national banking association organized and existing under the laws of the United States of America, as trustee (the “Trustee”) to amend that certain Loan Agreement (Project Area No. 2) (the “Loan Agreement”) made and entered into as of May 1, 2003, by and between the Authority, the Former Agency and the Trustee.

W I T N E S S E T H:

WHEREAS, the Authority issued its \$69,740,000 San Marcos Public Facilities Authority 2003 Tax Allocation Revenue Bonds (Project Areas No. 1, No. 2 and No. 3 Refunding and Financing Project), Series A (the “Series 2003A Bonds”) for the purpose of making a loan of \$9,155,000 to the Former Agency pursuant to the Loan Agreement for the purpose of financing a portion of the Redevelopment Plan, as defined in the Loan Agreement and secured on a parity with any Parity Debt as defined in the Loan Agreement by a first pledge of and lien on all of the Tax Revenues as defined in the Loan Agreement; and

WHEREAS, as a result of favorable conditions in the municipal bond market the Successor Agency, has determined that it will achieve savings by the issuance of its Successor Agency to the San Marcos Redevelopment Agency Tax Allocation Refunding Bonds, Series 2015A (the “Series 2015A Bonds” or the “Refunding Bonds”) for the purpose, in part, of defeasing and redeeming the Series 2003A Bonds; and

WHEREAS, such savings will be realized from the fact that the debt service payment on the portion of the Refunding Bonds allocable to the Series 2003A Bonds will be less than the loan payments that the Successor Agency would otherwise be required to make under the Loan Agreement; and

WHEREAS, the Successor Agency desires to amend the Loan Agreement to provide that the defeasance of the Series 2003A Bonds will cause the discharge of the Loan Agreement and all other obligations of the Trustee, the Authority and the Successor Agency under the Loan Agreement will be terminated upon the defeasance of the Series 2003A Bonds; and

WHEREAS, pursuant to Section 6.04 of the Loan Agreement, the Loan Agreement may be amended under the circumstances set forth in the Indenture and Section 5.08 of the Indenture provides that the Authority, the Trustee and the Successor Agency may at any time amend or

modify the Loan Agreement without consent of the Bond Owners if such amendment is made for the purpose of correcting any defective provision and such amendment shall not materially adversely affect the interests of the Owners of the Bonds; and

WHEREAS, the provisions of the Loan Agreement regarding the discharge of the Loan Agreement are defective in that such provision do not provide for the termination of the Loan Agreement and discharge of the obligations of the Successor Agency under the Loan Agreement upon the defeasance of the Series 2003A Bonds pursuant to the terms of the 2003A Indenture; and

WHEREAS, this First Amendment shall not materially adversely affect the interests of the Owners of the Series 2003A Bonds inasmuch as such Owners will not have any interests in the Series 2003A Bonds and the Loan Agreement from and after the redemption of the Series 2003A Bonds.

NOW, THEREFORE, the Authority, the Successor Agency and the Trustee hereby agree as follows:

Section 1. **Definitions.** Unless the context otherwise requires, the terms defined in Section 1.01 of the Loan Agreement shall, for purposes of this First Amendment, have the meanings specified in such Section 1.01.

Section 2. **Amendment of Section 6.03 of the Loan Agreement.** The following shall be added to the end of Section 6.03 of the Loan Agreement:

“Notwithstanding the foregoing, the entire indebtedness on the Loan shall be discharged and the pledge of the liens upon the Tax Revenues and other funds provided for in the Loan Agreement and all other obligations of the Trustee, the Authority and the Successor Agency under this Agreement will terminate upon the defeasance of the Series A Bonds, except as expressly provided for in this Section 6.03.”

Section 3. **Effective Date of Amendment.** This First Amendment shall become effective as of the date of execution thereof by the parties hereto.

Section 4. **Counterparts.** This First Amendment may be executed in counterparts, each of which shall be deemed an original.

IN WITNESS WHEREOF, the Successor Agency has caused this First Amendment to be executed in its name, the Authority has caused this First Amendment to be executed in its name and the Trustee has caused this First Amendment to be executed in its name, all as of _____ 1, 2015.

SUCCESSOR AGENCY TO THE SAN
MARCOS REDEVELOPMENT AGENCY

By: _____

SAN MARCOS PUBLIC FACILITIES
AUTHORITY

By: _____

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____
Authorized Officer

FIRST AMENDMENT
TO
LOAN AGREEMENT
(PROJECT AREA NO. 3)
by and among
SAN MARCOS PUBLIC FACILITIES AUTHORITY,
SUCCESSOR AGENCY TO THE SAN MARCOS REDEVELOPMENT AGENCY
and
U.S. BANK NATIONAL ASSOCIATION,
as Trustee
Dated _____ 1, 2015
Relating to:
\$69,740,000
San Marcos Public Facilities Authority
2003 Tax Allocation Revenue Bonds
(Project Areas No. 1, No. 2 and No. 3 Refunding and Financing Project),
Series A

**FIRST AMENDMENT
TO
LOAN AGREEMENT
(PROJECT AREA NO. 3)**

THIS FIRST AMENDMENT TO LOAN AGREEMENT (the “First Amendment”), dated as of _____ 1, 2015, is made and entered into by and among the San Marcos Public Facilities Authority (the “Authority”), a joint powers authority organized and existing under the laws of the State of California, the Successor Agency to the San Marcos Redevelopment Agency (the “Successor Agency”), as successor to the Redevelopment Agency of the City of San Marcos (the “Former Agency”), a public body and corporate duly organized and existing under the laws of the State of California and U.S. Bank National Association, a national banking association organized and existing under the laws of the United States of America, as trustee (the “Trustee”) to amend that certain Loan Agreement (Project Area No. 3) (the “Loan Agreement”) made and entered into as of May 1, 2003, by and between the Authority, the Former Agency and the Trustee.

W I T N E S S E T H:

WHEREAS, the Authority issued its \$69,740,000 San Marcos Public Facilities Authority 2003 Tax Allocation Revenue Bonds (Project Areas No. 1, No. 2 and No. 3 Refunding and Financing Project), Series A (the “Series 2003A Bonds”) for the purpose of making a loan of \$27,150,000 to the Former Agency pursuant to the Loan Agreement for the purpose of financing a portion of the Redevelopment Plan, as defined in the Loan Agreement and secured on a parity with any Parity Debt as defined in the Loan Agreement by a first pledge of and lien on all of the Tax Revenues as defined in the Loan Agreement; and

WHEREAS, as a result of favorable conditions in the municipal bond market the Successor Agency, has determined that it will achieve savings by the issuance of its Successor Agency to the San Marcos Redevelopment Agency Tax Allocation Refunding Bonds, Series 2015A (the “Series 2015A Bonds” or the “Refunding Bonds”) for the purpose, in part, of defeasing and redeeming the Series 2003A Bonds; and

WHEREAS, such savings will be realized from the fact that the debt service payment on the portion of the Refunding Bonds allocable to the Series 2003A Bonds will be less than the loan payments that the Successor Agency would otherwise be required to make under the Loan Agreement; and

WHEREAS, the Successor Agency desires to amend the Loan Agreement to provide that the defeasance of the Series 2003A Bonds will cause the discharge of the Loan Agreement and all other obligations of the Trustee, the Authority and the Successor Agency under the Loan Agreement will be terminated upon the defeasance of the Series 2003A Bonds; and

WHEREAS, pursuant to Section 6.04 of the Loan Agreement, the Loan Agreement may be amended under the circumstances set forth in the Indenture and Section 5.08 of the Indenture provides that the Authority, the Trustee and the Successor Agency may at any time amend or

modify the Loan Agreement without consent of the Bond Owners if such amendment is made for the purpose of correcting any defective provision and such amendment shall not materially adversely affect the interests of the Owners of the Bonds; and

WHEREAS, the provisions of the Loan Agreement regarding the discharge of the Loan Agreement are defective in that such provision do not provide for the termination of the Loan Agreement and discharge of the obligations of the Successor Agency under the Loan Agreement upon the defeasance of the Series 2003A Bonds pursuant to the terms of the 2003A Indenture; and

WHEREAS, this First Amendment shall not materially adversely affect the interests of the Owners of the Series 2003A Bonds inasmuch as such Owners will not have any interests in the Series 2003A Bonds and the Loan Agreement from and after the redemption of the Series 2003A Bonds.

NOW, THEREFORE, the Authority, the Successor Agency and the Trustee hereby agree as follows:

Section 1. **Definitions.** Unless the context otherwise requires, the terms defined in Section 1.01 of the Loan Agreement shall, for purposes of this First Amendment, have the meanings specified in such Section 1.01.

Section 2. **Amendment of Section 6.03 of the Loan Agreement.** The following shall be added to the end of Section 6.03 of the Loan Agreement:

“Notwithstanding the foregoing, the entire indebtedness on the Loan shall be discharged and the pledge of the liens upon the Tax Revenues and other funds provided for in the Loan Agreement and all other obligations of the Trustee, the Authority and the Successor Agency under this Agreement will terminate upon the defeasance of the Series A Bonds, except as expressly provided for in this Section 6.03.”

Section 3. **Effective Date of Amendment.** This First Amendment shall become effective as of the date of execution thereof by the parties hereto.

Section 4. **Counterparts.** This First Amendment may be executed in counterparts, each of which shall be deemed an original.

IN WITNESS WHEREOF, the Successor Agency has caused this First Amendment to be executed in its name, the Authority has caused this First Amendment to be executed in its name and the Trustee has caused this First Amendment to be executed in its name, all as of _____ 1, 2015.

SUCCESSOR AGENCY TO THE SAN
MARCOS REDEVELOPMENT AGENCY

By: _____

SAN MARCOS PUBLIC FACILITIES
AUTHORITY

By: _____

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____
Authorized Officer

FIRST AMENDMENT
TO
LOAN AGREEMENT
(PROJECT AREA NO. 1 – LOAN NO. 2)
by and among
SAN MARCOS PUBLIC FACILITIES AUTHORITY,
SUCCESSOR AGENCY TO THE SAN MARCOS REDEVELOPMENT AGENCY
and
U.S. BANK NATIONAL ASSOCIATION,
as Trustee
Dated _____ 1, 2015
Relating to:
\$21,360,000
San Marcos Public Facilities Authority
2003 Tax Allocation Revenue Bonds
(Project Area No. 1 Refunding and Financing Project),
Taxable Series B

**FIRST AMENDMENT
TO
LOAN AGREEMENT
(PROJECT AREA NO. 1 – LOAN NO. 2)**

THIS FIRST AMENDMENT TO LOAN AGREEMENT (the “First Amendment”), dated as of _____ 1, 2015, is made and entered into by and among the San Marcos Public Facilities Authority (the “Authority”), a joint powers authority organized and existing under the laws of the State of California, the Successor Agency to the San Marcos Redevelopment Agency (the “Successor Agency”), as successor to the Redevelopment Agency of the City of San Marcos (the “Former Agency”), a public body and corporate duly organized and existing under the laws of the State of California and U.S. Bank National Association, a national banking association organized and existing under the laws of the United States of America, as trustee (the “Trustee”) to amend that certain Loan Agreement (Project Area No. 1 – Loan No. 2) (the “Loan Agreement”) made and entered into as of May 1, 2003, by and between the Authority, the Former Agency and the Trustee.

W I T N E S S E T H:

WHEREAS, the Authority issued its \$21,360,000 San Marcos Public Facilities Authority 2003 Tax Allocation Revenue Bonds (Project Area No. 1 Refunding and Financing Project), Taxable Series B (the “Series 2003B Bonds”) for the purpose of making a loan of \$21,360,000 to the Former Agency pursuant to the Loan Agreement for the purpose of financing a portion of the Redevelopment Plan, as defined in the Loan Agreement and secured on a parity with any Parity Debt as defined in the Loan Agreement by a first pledge of and lien on all of the Tax Revenues as defined in the Loan Agreement; and

WHEREAS, as a result of favorable conditions in the municipal bond market the Successor Agency, has determined that it will achieve savings by the issuance of its Successor Agency to the San Marcos Redevelopment Agency Taxable Tax Allocation Refunding Bonds, Series 2015B (the “Series 2015B Bonds” or the “Refunding Bonds”) for the purpose, in part, of defeasing and redeeming the Series 2003B Bonds; and

WHEREAS, such savings will be realized from the fact that the debt service payment on the portion of the Refunding Bonds allocable to the Series 2003B Bonds will be less than the loan payments that the Successor Agency would otherwise be required to make under the Loan Agreement; and

WHEREAS, the Successor Agency desires to amend the Loan Agreement to provide that the defeasance of the Series 2003B Bonds will cause the discharge of the Loan Agreement and all other obligations of the Trustee, the Authority and the Successor Agency under the Loan Agreement will be terminated upon the defeasance of the Series 2003B Bonds; and

WHEREAS, pursuant to Section 6.04 of the Loan Agreement, the Loan Agreement may be amended under the circumstances set forth in the Indenture and Section 5.06 of the Indenture provides that the Authority, the Trustee and the Successor Agency may at any time amend or

modify the Loan Agreement without consent of the Bond Owners if such amendment is made for the purpose of correcting any defective provision and such amendment shall not materially adversely affect the interests of the Owners of the Bonds; and

WHEREAS, the provisions of the Loan Agreement regarding the discharge of the Loan Agreement are defective in that such provision do not provide for the termination of the Loan Agreement and discharge of the obligations of the Successor Agency under the Loan Agreement upon the defeasance of the Series 2003B Bonds pursuant to the terms of the 2003B Indenture; and

WHEREAS, this First Amendment shall not materially adversely affect the interests of the Owners of the Series 2003B Bonds inasmuch as such Owners will not have any interests in the Series 2003B Bonds and the Loan Agreement from and after the redemption of the Series 2003B Bonds.

NOW, THEREFORE, the Authority, the Successor Agency and the Trustee hereby agree as follows:

Section 1. **Definitions.** Unless the context otherwise requires, the terms defined in Section 1.01 of the Loan Agreement shall, for purposes of this First Amendment, have the meanings specified in such Section 1.01.

Section 2. **Amendment of Section 6.03 of the Loan Agreement.** The following shall be added to the end of Section 6.03 of the Loan Agreement:

“Notwithstanding the foregoing, the entire indebtedness on the Loan shall be discharged and the pledge of the liens upon the Tax Revenues and other funds provided for in the Loan Agreement and all other obligations of the Trustee, the Authority and the Successor Agency under this Agreement will terminate upon the defeasance of the Series B Bonds, except as expressly provided for in this Section 6.03.”

Section 3. **Effective Date of Amendment.** This First Amendment shall become effective as of the date of execution thereof by the parties hereto.

Section 4. **Counterparts.** This First Amendment may be executed in counterparts, each of which shall be deemed an original.

IN WITNESS WHEREOF, the Successor Agency has caused this First Amendment to be executed in its name, the Authority has caused this First Amendment to be executed in its name and the Trustee has caused this First Amendment to be executed in its name, all as of _____ 1, 2015.

SUCCESSOR AGENCY TO THE SAN
MARCOS REDEVELOPMENT AGENCY

By: _____

SAN MARCOS PUBLIC FACILITIES
AUTHORITY

By: _____

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____
Authorized Officer

FIRST AMENDMENT
TO
LOAN AGREEMENT
(PROJECT AREA NO. 1 – LOAN NO. 2005-1)
by and among
SAN MARCOS PUBLIC FACILITIES AUTHORITY,
SUCCESSOR AGENCY TO THE SAN MARCOS REDEVELOPMENT AGENCY
and
MUFG UNION BANK, N.A.
as Trustee
Dated _____ 1, 2015
Relating to:
\$30,235,000
San Marcos Public Facilities Authority
2005 Tax Allocation Revenue Bonds
(Project Areas No. 1 and No. 3 Refunding Project),
Series A

**FIRST AMENDMENT
TO
LOAN AGREEMENT
(PROJECT AREA NO. 1 – LOAN NO. 2005-1)**

THIS FIRST AMENDMENT TO LOAN AGREEMENT (the “First Amendment”), dated as of _____ 1, 2015, is made and entered into by and among the San Marcos Public Facilities Authority (the “Authority”), a joint powers authority organized and existing under the laws of the State of California, the Successor Agency to the San Marcos Redevelopment Agency (the “Successor Agency”), as successor to the Redevelopment Agency of the City of San Marcos (the “Former Agency”), a public body and corporate duly organized and existing under the laws of the State of California and MUFG Union Bank, N.A., a national banking association organized and existing under the laws of the United States of America, as successor trustee (the “Trustee”) to amend that certain Loan Agreement (Project Area No. 1 – Loan No. 2005-1) (the “Loan Agreement”) made and entered into as of May 1, 2005, by and between the Authority, the Former Agency and the Trustee.

W I T N E S S E T H:

WHEREAS, the Authority issued its \$30,235,000 San Marcos Public Facilities Authority 2005 Tax Allocation Revenue Bonds (Project Areas No. 1 and No. 3 Refunding Project), Series A (the “Series 2005A Bonds”) for the purpose of making a loan of \$2,600,000 to the Former Agency pursuant to the Loan Agreement for the purpose of financing a portion of the Redevelopment Plan, as defined in the Loan Agreement and secured on a parity with any Parity Debt as defined in the Loan Agreement by a first pledge of and lien on all of the Tax Revenues as defined in the Loan Agreement; and

WHEREAS, as a result of favorable conditions in the municipal bond market the Successor Agency, has determined that it will achieve savings by the issuance of its Successor Agency to the San Marcos Redevelopment Agency Tax Allocation Refunding Bonds, Series 2015A (the “Series 2015A Bonds” or the “Refunding Bonds”) for the purpose, in part, of defeasing and redeeming the Series 2005A Bonds; and

WHEREAS, such savings will be realized from the fact that the debt service payment on the portion of the Refunding Bonds allocable to the Series 2005A Bonds will be less than the loan payments that the Successor Agency would otherwise be required to make under the Loan Agreement; and

WHEREAS, the Successor Agency desires to amend the Loan Agreement to provide that the defeasance of the Series 2005A Bonds will cause the discharge of the Loan Agreement and all other obligations of the Trustee, the Authority and the Successor Agency under the Loan Agreement will be terminated upon the defeasance of the Series 2005A Bonds; and

WHEREAS, pursuant to Section 6.04 of the Loan Agreement, the Loan Agreement may be amended under the circumstances set forth in the Indenture and Section 5.08 of the Indenture provides that the Authority, the Trustee and the Successor Agency may at any time amend or

modify the Loan Agreement without consent of the Bond Owners if such amendment is made for the purpose of correcting any defective provision and such amendment shall not materially adversely affect the interests of the Owners of the Bonds; and

WHEREAS, the provisions of the Loan Agreement regarding the discharge of the Loan Agreement are defective in that such provision do not provide for the termination of the Loan Agreement and discharge of the obligations of the Successor Agency under the Loan Agreement upon the defeasance of the Series 2005A Bonds pursuant to the terms of the 2005A Indenture; and

WHEREAS, this First Amendment shall not materially adversely affect the interests of the Owners of the Series 2005A Bonds inasmuch as such Owners will not have any interests in the Series 2005A Bonds and the Loan Agreement from and after the redemption of the Series 2005A Bonds.

NOW, THEREFORE, the Authority, the Successor Agency and the Trustee hereby agree as follows:

Section 1. **Definitions.** Unless the context otherwise requires, the terms defined in Section 1.01 of the Loan Agreement shall, for purposes of this First Amendment, have the meanings specified in such Section 1.01.

Section 2. **Amendment of Section 6.03 of the Loan Agreement.** The following shall be added to the end of Section 6.03 of the Loan Agreement:

“Notwithstanding the foregoing, the entire indebtedness on the Loan shall be discharged and the pledge of the liens upon the Tax Revenues and other funds provided for in the Loan Agreement and all other obligations of the Trustee, the Authority and the Successor Agency under this Agreement will terminate upon the defeasance of the Bonds, except as expressly provided for in this Section 6.03.”

Section 3. **Effective Date of Amendment.** This First Amendment shall become effective as of the date of execution thereof by the parties hereto.

Section 4. **Counterparts.** This First Amendment may be executed in counterparts, each of which shall be deemed an original.

IN WITNESS WHEREOF, the Successor Agency has caused this First Amendment to be executed in its name, the Authority has caused this First Amendment to be executed in its name and the Trustee has caused this First Amendment to be executed in its name, all as of _____ 1, 2015.

SUCCESSOR AGENCY TO THE SAN
MARCOS REDEVELOPMENT AGENCY

By: _____

SAN MARCOS PUBLIC FACILITIES
AUTHORITY

By: _____

MUFG UNION BANK, N.A., as Trustee

By: _____
Authorized Officer

FIRST AMENDMENT
TO
LOAN AGREEMENT
(PROJECT AREA NO. 3 – LOAN NO. 2005-1)
by and among
SAN MARCOS PUBLIC FACILITIES AUTHORITY,
SUCCESSOR AGENCY TO THE SAN MARCOS REDEVELOPMENT AGENCY
and
MUFG UNION BANK, N.A.
as Trustee
Dated _____ 1, 2015
Relating to:
\$30,235,000
San Marcos Public Facilities Authority
2005 Tax Allocation Revenue Bonds
(Project Areas No. 1 and No. 3 Refunding Project),
Series A

**FIRST AMENDMENT
TO
LOAN AGREEMENT
(PROJECT AREA NO. 3 – LOAN NO. 2005-1)**

THIS FIRST AMENDMENT TO LOAN AGREEMENT (the “First Amendment”), dated as of _____ 1, 2015, is made and entered into by and among the San Marcos Public Facilities Authority (the “Authority”), a joint powers authority organized and existing under the laws of the State of California, the Successor Agency to the San Marcos Redevelopment Agency (the “Successor Agency”), as successor to the Redevelopment Agency of the City of San Marcos (the “Former Agency”), a public body and corporate duly organized and existing under the laws of the State of California and MUFG Union Bank, N.A., a national banking association organized and existing under the laws of the United States of America, as successor trustee (the “Trustee”) to amend that certain Loan Agreement (Project Area No. 3 – Loan No. 2005-1) (the “Loan Agreement”) made and entered into as of May 1, 2005, by and between the Authority, the Former Agency and the Trustee.

W I T N E S S E T H:

WHEREAS, the Authority issued its \$30,235,000 San Marcos Public Facilities Authority 2005 Tax Allocation Revenue Bonds (Project Areas No. 1 and No. 3 Refunding Project), Series A (the “Series 2005A Bonds”) for the purpose of making a loan of \$27,635,000 to the Former Agency pursuant to the Loan Agreement for the purpose of financing a portion of the Redevelopment Plan, as defined in the Loan Agreement and secured on a parity with any Parity Debt as defined in the Loan Agreement by a first pledge of and lien on all of the Tax Revenues as defined in the Loan Agreement; and

WHEREAS, as a result of favorable conditions in the municipal bond market the Successor Agency, has determined that it will achieve savings by the issuance of its Successor Agency to the San Marcos Redevelopment Agency Tax Allocation Refunding Bonds, Series 2015A (the “Series 2015A Bonds” or the “Refunding Bonds”) for the purpose, in part, of defeasing and redeeming the Series 2005A Bonds; and

WHEREAS, such savings will be realized from the fact that the debt service payment on the portion of the Refunding Bonds allocable to the Series 2005A Bonds will be less than the loan payments that the Successor Agency would otherwise be required to make under the Loan Agreement; and

WHEREAS, the Successor Agency desires to amend the Loan Agreement to provide that the defeasance of the Series 2005A Bonds will cause the discharge of the Loan Agreement and all other obligations of the Trustee, the Authority and the Successor Agency under the Loan Agreement will be terminated upon the defeasance of the Series 2005A Bonds; and

WHEREAS, pursuant to Section 6.04 of the Loan Agreement, the Loan Agreement may be amended under the circumstances set forth in the Indenture and Section 5.08 of the Indenture provides that the Authority, the Trustee and the Successor Agency may at any time amend or

modify the Loan Agreement without consent of the Bond Owners if such amendment is made for the purpose of correcting any defective provision and such amendment shall not materially adversely affect the interests of the Owners of the Bonds; and

WHEREAS, the provisions of the Loan Agreement regarding the discharge of the Loan Agreement are defective in that such provision do not provide for the termination of the Loan Agreement and discharge of the obligations of the Successor Agency under the Loan Agreement upon the defeasance of the Series 2005A Bonds pursuant to the terms of the 2005A Indenture; and

WHEREAS, this First Amendment shall not materially adversely affect the interests of the Owners of the Series 2005A Bonds inasmuch as such Owners will not have any interests in the Series 2005A Bonds and the Loan Agreement from and after the redemption of the Series 2005A Bonds.

NOW, THEREFORE, the Authority, the Successor Agency and the Trustee hereby agree as follows:

Section 1. **Definitions.** Unless the context otherwise requires, the terms defined in Section 1.01 of the Loan Agreement shall, for purposes of this First Amendment, have the meanings specified in such Section 1.01.

Section 2. **Amendment of Section 6.03 of the Loan Agreement.** The following shall be added to the end of Section 6.03 of the Loan Agreement:

“Notwithstanding the foregoing, the entire indebtedness on the Loan shall be discharged and the pledge of the liens upon the Tax Revenues and other funds provided for in the Loan Agreement and all other obligations of the Trustee, the Authority and the Successor Agency under this Agreement will terminate upon the defeasance of the Bonds, except as expressly provided for in this Section 6.03.”

Section 3. **Effective Date of Amendment.** This First Amendment shall become effective as of the date of execution thereof by the parties hereto.

Section 4. **Counterparts.** This First Amendment may be executed in counterparts, each of which shall be deemed an original.

IN WITNESS WHEREOF, the Successor Agency has caused this First Amendment to be executed in its name, the Authority has caused this First Amendment to be executed in its name and the Trustee has caused this First Amendment to be executed in its name, all as of _____ 1, 2015.

SUCCESSOR AGENCY TO THE SAN
MARCOS REDEVELOPMENT AGENCY

By: _____

SAN MARCOS PUBLIC FACILITIES
AUTHORITY

By: _____

MUFG UNION BANK, N.A., as Trustee

By: _____
Authorized Officer

FIRST AMENDMENT
TO
LOAN AGREEMENT
(PROJECT AREA NO. 1 – LOAN NO. 2005-2)
by and among
SAN MARCOS PUBLIC FACILITIES AUTHORITY,
SUCCESSOR AGENCY TO THE SAN MARCOS REDEVELOPMENT AGENCY
and
MUFG UNION BANK, N.A.,
as Trustee
Dated _____ 1, 2015
Relating to:
\$33,265,000
San Marcos Public Facilities Authority
2005 Tax Allocation Revenue Bonds
(Project Area No. 1 Refunding and Financing Project),
Taxable Series B

**FIRST AMENDMENT
TO
LOAN AGREEMENT
(PROJECT AREA NO. 1 – LOAN NO. 2005-2)**

THIS FIRST AMENDMENT TO LOAN AGREEMENT (the “First Amendment”), dated as of _____ 1, 2015, is made and entered into by and among the San Marcos Public Facilities Authority (the “Authority”), a joint powers authority organized and existing under the laws of the State of California, the Successor Agency to the San Marcos Redevelopment Agency (the “Successor Agency”), as successor to the Redevelopment Agency of the City of San Marcos (the “Former Agency”), a public body and corporate duly organized and existing under the laws of the State of California and MUFG Union Bank, N.A., a national banking association organized and existing under the laws of the United States of America, as successor trustee (the “Trustee”) to amend that certain Loan Agreement (Project Area No. 1 – Loan No. 2005-2) (the “Loan Agreement”) made and entered into as of May 1, 2005, by and between the Authority, the Former Agency and the Trustee.

W I T N E S S E T H:

WHEREAS, the Authority issued its \$33,265,000 San Marcos Public Facilities Authority 2005 Tax Allocation Revenue Bonds (Project Area No. 1 Refunding and Financing Project), Taxable Series B (the “Series 2005B Bonds”) for the purpose of making a loan of \$33,265,000 to the Former Agency pursuant to the Loan Agreement for the purpose of financing a portion of the Redevelopment Plan, as defined in the Loan Agreement and secured on a parity with any Parity Debt as defined in the Loan Agreement by a first pledge of and lien on all of the Tax Revenues as defined in the Loan Agreement; and

WHEREAS, as a result of favorable conditions in the municipal bond market the Successor Agency, has determined that it will achieve savings by the issuance of its Successor Agency to the San Marcos Redevelopment Agency Taxable Tax Allocation Refunding Bonds, Series 2015B (the “Series 2015B Bonds” or the “Refunding Bonds”) for the purpose, in part, of defeasing and redeeming the Series 2005B Bonds; and

WHEREAS, such savings will be realized from the fact that the debt service payment on the portion of the Refunding Bonds allocable to the Series 2005B Bonds will be less than the loan payments that the Successor Agency would otherwise be required to make under the Loan Agreement; and

WHEREAS, the Successor Agency desires to amend the Loan Agreement to provide that the defeasance of the Series 2005B Bonds will cause the discharge of the Loan Agreement and all other obligations of the Trustee, the Authority and the Successor Agency under the Loan Agreement will be terminated upon the defeasance of the Series 2005B Bonds; and

WHEREAS, pursuant to Section 6.04 of the Loan Agreement, the Loan Agreement may be amended under the circumstances set forth in the Indenture and Section 5.06 of the Indenture provides that the Authority, the Trustee and the Successor Agency may at any time amend or

modify the Loan Agreement without consent of the Bond Owners if such amendment is made for the purpose of correcting any defective provision and such amendment shall not materially adversely affect the interests of the Owners of the Bonds; and

WHEREAS, the provisions of the Loan Agreement regarding the discharge of the Loan Agreement are defective in that such provision do not provide for the termination of the Loan Agreement and discharge of the obligations of the Successor Agency under the Loan Agreement upon the defeasance of the Series 2005B Bonds pursuant to the terms of the 2005B Indenture; and

WHEREAS, this First Amendment shall not materially adversely affect the interests of the Owners of the Series 2005B Bonds inasmuch as such Owners will not have any interests in the Series 2005B Bonds and the Loan Agreement from and after the redemption of the Series 2005B Bonds.

NOW, THEREFORE, the Authority, the Successor Agency and the Trustee hereby agree as follows:

Section 1. **Definitions.** Unless the context otherwise requires, the terms defined in Section 1.1 of the Loan Agreement shall, for purposes of this First Amendment, have the meanings specified in such Section 1.1.

Section 2. **Amendment of Section 6.3 of the Loan Agreement.** The following shall be added to the end of Section 6.3 of the Loan Agreement:

“Notwithstanding the foregoing, the entire indebtedness on the Loan shall be discharged and the pledge of the liens upon the Tax Revenues and other funds provided for in the Loan Agreement and all other obligations of the Trustee, the Authority and the Successor Agency under this Agreement will terminate upon the defeasance of the Bonds, except as expressly provided for in this Section 6.3.”

Section 3. **Effective Date of Amendment.** This First Amendment shall become effective as of the date of execution thereof by the parties hereto.

Section 4. **Counterparts.** This First Amendment may be executed in counterparts, each of which shall be deemed an original.

IN WITNESS WHEREOF, the Successor Agency has caused this First Amendment to be executed in its name, the Authority has caused this First Amendment to be executed in its name and the Trustee has caused this First Amendment to be executed in its name, all as of _____ 1, 2015.

SUCCESSOR AGENCY TO THE SAN
MARCOS REDEVELOPMENT AGENCY

By: _____

SAN MARCOS PUBLIC FACILITIES
AUTHORITY

By: _____

MUFG UNION BANK, N.A., as Trustee

By: _____
Authorized Officer

FIRST AMENDMENT
TO
LOAN AGREEMENT
(PROJECT AREA NO. 2 – LOAN NO. 2005-1)
by and among
SAN MARCOS PUBLIC FACILITIES AUTHORITY,
SUCCESSOR AGENCY TO THE SAN MARCOS REDEVELOPMENT AGENCY
and
MUFG UNION BANK, N.A.
as Trustee
Dated _____ 1, 2015
Relating to:
\$61,735,000
San Marcos Public Facilities Authority
2005 Tax Allocation Revenue Bonds
(Project Areas No. 2 and No. 3 Financing Project),
Series C

**FIRST AMENDMENT
TO
LOAN AGREEMENT
(PROJECT AREA NO. 2 – LOAN NO. 2005-1)**

THIS FIRST AMENDMENT TO LOAN AGREEMENT (the “First Amendment”), dated as of _____ 1, 2015, is made and entered into by and among the San Marcos Public Facilities Authority (the “Authority”), a joint powers authority organized and existing under the laws of the State of California, the Successor Agency to the San Marcos Redevelopment Agency (the “Successor Agency”), as successor to the Redevelopment Agency of the City of San Marcos (the “Former Agency”), a public body and corporate duly organized and existing under the laws of the State of California and MUFG Union Bank, N.A., a national banking association organized and existing under the laws of the United States of America, as successor trustee (the “Trustee”) to amend that certain Loan Agreement (Project Area No. 2 – Loan No. 2005-1) (the “Loan Agreement”) made and entered into as of June 1, 2005, by and between the Authority, the Former Agency and the Trustee.

W I T N E S S E T H:

WHEREAS, the Authority issued its \$61,735,000 San Marcos Public Facilities Authority 2005 Tax Allocation Revenue Bonds (Project Areas No. 2 and No. 3 Financing Project), Series C (the “Series 2005C Bonds”) for the purpose of making a loan of \$34,100,000 to the Former Agency pursuant to the Loan Agreement for the purpose of financing a portion of the Redevelopment Plan, as defined in the Loan Agreement and secured on a parity with any Parity Debt as defined in the Loan Agreement by a first pledge of and lien on all of the Tax Revenues as defined in the Loan Agreement; and

WHEREAS, as a result of favorable conditions in the municipal bond market the Successor Agency, has determined that it will achieve savings by the issuance of its Successor Agency to the San Marcos Redevelopment Agency Tax Allocation Refunding Bonds, Series 2015A (the “Series 2015A Bonds”) and its Successor Agency to the San Marcos Redevelopment Agency Taxable Tax Allocation Refunding Bonds, Series 2015B (the “Series 2015B Bonds” and together with the Series 2015A Bonds, the “Refunding Bonds”) for the purpose, in part, of defeasing and redeeming the Series 2005C Bonds; and

WHEREAS, such savings will be realized from the fact that the debt service payment on the portion of the Refunding Bonds allocable to the Series 2005C Bonds will be less than the loan payments that the Successor Agency would otherwise be required to make under the Loan Agreement; and

WHEREAS, the Successor Agency desires to amend the Loan Agreement to provide that the defeasance of the Series 2005C Bonds will cause the discharge of the Loan Agreement and all other obligations of the Trustee, the Authority and the Successor Agency under the Loan Agreement will be terminated upon the defeasance of the Series 2005C Bonds; and

WHEREAS, pursuant to Section 6.04 of the Loan Agreement, the Loan Agreement may

be amended under the circumstances set forth in the Indenture and Section 5.08 of the Indenture provides that the Authority, the Trustee and the Successor Agency may at any time amend or modify the Loan Agreement without consent of the Bond Owners if such amendment is made for the purpose of correcting any defective provision and such amendment shall not materially adversely affect the interests of the Owners of the Bonds; and

WHEREAS, the provisions of the Loan Agreement regarding the discharge of the Loan Agreement are defective in that such provision do not provide for the termination of the Loan Agreement and discharge of the obligations of the Successor Agency under the Loan Agreement upon the defeasance of the Series 2005C Bonds pursuant to the terms of the 2005C Indenture; and

WHEREAS, this First Amendment shall not materially adversely affect the interests of the Owners of the Series 2005C Bonds inasmuch as such Owners will not have any interests in the Series 2005C Bonds and the Loan Agreement from and after the redemption of the Series 2005C Bonds.

NOW, THEREFORE, the Authority, the Successor Agency and the Trustee hereby agree as follows:

Section 1. **Definitions.** Unless the context otherwise requires, the terms defined in Section 1.01 of the Loan Agreement shall, for purposes of this First Amendment, have the meanings specified in such Section 1.01.

Section 2. **Amendment of Section 6.03 of the Loan Agreement.** The following shall be added to the end of Section 6.03 of the Loan Agreement:

“Notwithstanding the foregoing, the entire indebtedness on the Loan shall be discharged and the pledge of the liens upon the Tax Revenues and other funds provided for in the Loan Agreement and all other obligations of the Trustee, the Authority and the Successor Agency under this Agreement will terminate upon the defeasance of the Bonds, except as expressly provided for in this Section 6.03.”

Section 3. **Effective Date of Amendment.** This First Amendment shall become effective as of the date of execution thereof by the parties hereto.

Section 4. **Counterparts.** This First Amendment may be executed in counterparts, each of which shall be deemed an original.

IN WITNESS WHEREOF, the Successor Agency has caused this First Amendment to be executed in its name, the Authority has caused this First Amendment to be executed in its name and the Trustee has caused this First Amendment to be executed in its name, all as of _____ 1, 2015.

SUCCESSOR AGENCY TO THE SAN
MARCOS REDEVELOPMENT AGENCY

By: _____

SAN MARCOS PUBLIC FACILITIES
AUTHORITY

By: _____

MUFG UNION BANK, N.A., as Trustee

By: _____
Authorized Officer

FIRST AMENDMENT
TO
LOAN AGREEMENT
(PROJECT AREA NO. 3 – LOAN NO. 2005-2)
by and among
SAN MARCOS PUBLIC FACILITIES AUTHORITY,
SUCCESSOR AGENCY TO THE SAN MARCOS REDEVELOPMENT AGENCY
and
MUFG UNION BANK, N.A.
as Trustee
Dated _____ 1, 2015
Relating to:
\$61,735,000
San Marcos Public Facilities Authority
2005 Tax Allocation Revenue Bonds
(Project Areas No. 2 and No. 3 Financing Project),
Series C

**FIRST AMENDMENT
TO
LOAN AGREEMENT
(PROJECT AREA NO. 3 – LOAN NO. 2005-2)**

THIS FIRST AMENDMENT TO LOAN AGREEMENT (the “First Amendment”), dated as of _____ 1, 2015, is made and entered into by and among the San Marcos Public Facilities Authority (the “Authority”), a joint powers authority organized and existing under the laws of the State of California, the Successor Agency to the San Marcos Redevelopment Agency (the “Successor Agency”), as successor to the Redevelopment Agency of the City of San Marcos (the “Former Agency”), a public body and corporate duly organized and existing under the laws of the State of California and MUFG Union Bank, N.A., a national banking association organized and existing under the laws of the United States of America, as successor trustee (the “Trustee”) to amend that certain Loan Agreement (Project Area No. 3 – Loan No. 2005-2) (the “Loan Agreement”) made and entered into as of June 1, 2005, by and between the Authority, the Former Agency and the Trustee.

W I T N E S S E T H:

WHEREAS, the Authority issued its \$61,735,000 San Marcos Public Facilities Authority 2005 Tax Allocation Revenue Bonds (Project Areas No. 2 and No. 3 Financing Project), Series C (the “Series 2005C Bonds”) for the purpose of making a loan of \$27,635,000 to the Former Agency pursuant to the Loan Agreement for the purpose of financing a portion of the Redevelopment Plan, as defined in the Loan Agreement and secured on a parity with any Parity Debt as defined in the Loan Agreement by a first pledge of and lien on all of the Tax Revenues as defined in the Loan Agreement; and

WHEREAS, as a result of favorable conditions in the municipal bond market the Successor Agency, has determined that it will achieve savings by the issuance of its Successor Agency to the San Marcos Redevelopment Agency Tax Allocation Refunding Bonds, Series 2015A (the “Series 2015A Bonds”) and its Successor Agency to the San Marcos Redevelopment Agency Taxable Tax Allocation Refunding Bonds, Series 2015B (the “Series 2015B Bonds,” and together with the Series 2015A Bonds, the “Refunding Bonds”) for the purpose, in part, of defeasing and redeeming the Series 2005C Bonds; and

WHEREAS, such savings will be realized from the fact that the debt service payment on the portion of the Refunding Bonds allocable to the Series 2005C Bonds will be less than the loan payments that the Successor Agency would otherwise be required to make under the Loan Agreement; and

WHEREAS, the Successor Agency desires to amend the Loan Agreement to provide that the defeasance of the Series 2005C Bonds will cause the discharge of the Loan Agreement and all other obligations of the Trustee, the Authority and the Successor Agency under the Loan Agreement will be terminated upon the defeasance of the Series 2005C Bonds; and

WHEREAS, pursuant to Section 6.04 of the Loan Agreement, the Loan Agreement may

be amended under the circumstances set forth in the Indenture and Section 5.08 of the Indenture provides that the Authority, the Trustee and the Successor Agency may at any time amend or modify the Loan Agreement without consent of the Bond Owners if such amendment is made for the purpose of correcting any defective provision and such amendment shall not materially adversely affect the interests of the Owners of the Bonds; and

WHEREAS, the provisions of the Loan Agreement regarding the discharge of the Loan Agreement are defective in that such provision do not provide for the termination of the Loan Agreement and discharge of the obligations of the Successor Agency under the Loan Agreement upon the defeasance of the Series 2005C Bonds pursuant to the terms of the 2005C Indenture; and

WHEREAS, this First Amendment shall not materially adversely affect the interests of the Owners of the Series 2005C Bonds inasmuch as such Owners will not have any interests in the Series 2005C Bonds and the Loan Agreement from and after the redemption of the Series 2005C Bonds.

NOW, THEREFORE, the Authority, the Successor Agency and the Trustee hereby agree as follows:

Section 1. **Definitions.** Unless the context otherwise requires, the terms defined in Section 1.01 of the Loan Agreement shall, for purposes of this First Amendment, have the meanings specified in such Section 1.01.

Section 2. **Amendment of Section 6.03 of the Loan Agreement.** The following shall be added to the end of Section 6.03 of the Loan Agreement:

“Notwithstanding the foregoing, the entire indebtedness on the Loan shall be discharged and the pledge of the liens upon the Tax Revenues and other funds provided for in the Loan Agreement and all other obligations of the Trustee, the Authority and the Successor Agency under this Agreement will terminate upon the defeasance of the Bonds, except as expressly provided for in this Section 6.03.”

Section 3. **Effective Date of Amendment.** This First Amendment shall become effective as of the date of execution thereof by the parties hereto.

Section 4. **Counterparts.** This First Amendment may be executed in counterparts, each of which shall be deemed an original.

IN WITNESS WHEREOF, the Successor Agency has caused this First Amendment to be executed in its name, the Authority has caused this First Amendment to be executed in its name and the Trustee has caused this First Amendment to be executed in its name, all as of _____ 1, 2015.

SUCCESSOR AGENCY TO THE SAN
MARCOS REDEVELOPMENT AGENCY

By: _____

SAN MARCOS PUBLIC FACILITIES
AUTHORITY

By: _____

MUFG UNION BANK, N.A., as Trustee

By: _____
Authorized Officer

FIRST AMENDMENT
TO
LOAN AGREEMENT
(PROJECT AREA NO. 3 – LOAN NO. 2006-1)
by and among
SAN MARCOS PUBLIC FACILITIES AUTHORITY,
SUCCESSOR AGENCY TO THE SAN MARCOS REDEVELOPMENT AGENCY
and
MUFG UNION BANK, N.A.
as Trustee
Dated _____ 1, 2015
Relating to:
\$36,165,000
San Marcos Public Facilities Authority
2006 Tax Allocation Revenue Bonds
(Project Area No. 3 Financing Project),
Series A

**FIRST AMENDMENT
TO
LOAN AGREEMENT
(PROJECT AREA NO. 3 – LOAN NO. 2006-1)**

THIS FIRST AMENDMENT TO LOAN AGREEMENT (the “First Amendment”), dated as of _____ 1, 2015, is made and entered into by and among the San Marcos Public Facilities Authority (the “Authority”), a joint powers authority organized and existing under the laws of the State of California, the Successor Agency to the San Marcos Redevelopment Agency (the “Successor Agency”), as successor to the Redevelopment Agency of the City of San Marcos (the “Former Agency”), a public body and corporate duly organized and existing under the laws of the State of California and MUFG Union Bank, N.A., a national banking association organized and existing under the laws of the United States of America, as successor trustee (the “Trustee”) to amend that certain Loan Agreement (Project Area No. 3 – Loan No. 2006-1) (the “Loan Agreement”) made and entered into as of March 1, 2006, by and between the Authority, the Former Agency and the Trustee.

W I T N E S S E T H:

WHEREAS, the Authority issued its \$36,165,000 San Marcos Public Facilities Authority 2006 Tax Allocation Revenue Bonds (Project Area No. 3 Financing Project), Series A (the “Series 2006A Bonds”) for the purpose of making a loan of \$36,165,000 to the Former Agency pursuant to the Loan Agreement for the purpose of financing a portion of the Redevelopment Plan, as defined in the Loan Agreement and secured on a parity with any Parity Debt as defined in the Loan Agreement by a first pledge of and lien on all of the Tax Revenues as defined in the Loan Agreement; and

WHEREAS, as a result of favorable conditions in the municipal bond market the Successor Agency, has determined that it will achieve savings by the issuance of its Successor Agency to the San Marcos Redevelopment Agency Tax Allocation Refunding Bonds, Series 2015A (the “Series 2015A Bonds”) and its Successor Agency to the San Marcos Redevelopment Agency Taxable Tax Allocation Refunding Bonds, Series 2015B (the “Series 2015B Bonds” and together with the Series 2015A Bonds, the “Refunding Bonds”) for the purpose, in part, of defeasing and redeeming the Series 2006A Bonds; and

WHEREAS, such savings will be realized from the fact that the debt service payment on the portion of the Refunding Bonds allocable to the Series 2006A Bonds will be less than the loan payments that the Successor Agency would otherwise be required to make under the Loan Agreement; and

WHEREAS, the Successor Agency desires to amend the Loan Agreement to provide that the defeasance of the Series 2006A Bonds will cause the discharge of the Loan Agreement and all other obligations of the Trustee, the Authority and the Successor Agency under the Loan Agreement will be terminated upon the defeasance of the Series 2006A Bonds; and

WHEREAS, pursuant to Section 6.04 of the Loan Agreement, the Loan Agreement may

be amended under the circumstances set forth in the Indenture and Section 5.08 of the Indenture provides that the Authority, the Trustee and the Successor Agency may at any time amend or modify the Loan Agreement without consent of the Bond Owners if such amendment is made for the purpose of correcting any defective provision and such amendment shall not materially adversely affect the interests of the Owners of the Bonds; and

WHEREAS, the provisions of the Loan Agreement regarding the discharge of the Loan Agreement are defective in that such provision do not provide for the termination of the Loan Agreement and discharge of the obligations of the Successor Agency under the Loan Agreement upon the defeasance of the Series 2006A Bonds pursuant to the terms of the 2006A Indenture; and

WHEREAS, this First Amendment shall not materially adversely affect the interests of the Owners of the Series 2006A Bonds inasmuch as such Owners will not have any interests in the Series 2006A Bonds and the Loan Agreement from and after the redemption of the Series 2006A Bonds.

NOW, THEREFORE, the Authority, the Successor Agency and the Trustee hereby agree as follows:

Section 1. **Definitions.** Unless the context otherwise requires, the terms defined in Section 1.01 of the Loan Agreement shall, for purposes of this First Amendment, have the meanings specified in such Section 1.01.

Section 2. **Amendment of Section 6.03 of the Loan Agreement.** The following shall be added to the end of Section 6.03 of the Loan Agreement:

“Notwithstanding the foregoing, the entire indebtedness on the Loan shall be discharged and the pledge of the liens upon the Tax Revenues and other funds provided for in the Loan Agreement and all other obligations of the Trustee, the Authority and the Successor Agency under this Agreement will terminate upon the defeasance of the Bonds, except as expressly provided for in this Section 6.03.”

Section 3. **Effective Date of Amendment.** This First Amendment shall become effective as of the date of execution thereof by the parties hereto.

Section 4. **Counterparts.** This First Amendment may be executed in counterparts, each of which shall be deemed an original.

IN WITNESS WHEREOF, the Successor Agency has caused this First Amendment to be executed in its name, the Authority has caused this First Amendment to be executed in its name and the Trustee has caused this First Amendment to be executed in its name, all as of _____ 1, 2015.

SUCCESSOR AGENCY TO THE SAN
MARCOS REDEVELOPMENT AGENCY

By: _____

SAN MARCOS PUBLIC FACILITIES
AUTHORITY

By: _____

MUFG UNION BANK, N.A., as Trustee

By: _____
Authorized Officer