



**FISCAL YEAR 2023-24**  
**ANNUAL REPORT OF THE ISSUER**  
(Pursuant to Rule 15c2-12)

April 1, 2025

Relating to:

**\$39,815,000**

**Successor Agency to the San Marcos Redevelopment Agency**  
**2018 Pass-Through Tax Revenue Refunding Bonds**  
**(Project Area No. 3 – San Marcos Unified School District)**

**This report is applicable to the following CUSIP Numbers:**

79876BAF7	79876BAG5	79876BAH3	79876BAJ9	79876BAK6	79876BAL4
79876BAM2	79876BAN0	79876BAP5	79876BAQ3	79876BAR1	79876BAS9
79876BAT7	79876BAU4	79876BAV2	79876BAW0		



## INTRODUCTION

This Annual Report is filed pursuant to the Continuing Disclosure Certificate (the “Disclosure Certificate”), dated as of October 18, 2018, as executed and delivered by the Successor Agency to the San Marcos Redevelopment Agency (the “Issuer” and the “Agency”) in connection with the issuance of its \$39,815,000 Pass-Through Tax Allocation Revenue Refunding Bonds, Series 2018 (the “2018 Bonds”). The 2018 Bonds were issued pursuant to an Indenture of Trust (the “Indenture”), dated as of October 1, 2018 by and between the Successor Agency to the San Marcos Redevelopment Agency and MUFG Union Bank, N.A., as trustee (the “Trustee”). **[Note:** On March 15, 2021, U.S. Bank National Association (“U.S. Bank”) became the successor trustee by operation of law following the sale of MUFG Union Bank, N.A.’s debt servicing and securities custody products portfolio to U.S. Bank and after receiving the necessary regulatory approvals. On January 29, 2022, U.S. Bank Trust Company, National Association (the “Trust Company”) succeeded U.S. Bank when U.S. Bank transferred substantially all of its corporate trust business to its affiliate, the Trust Company.] This Annual Report relates to the above captioned bonds. The 2018 Bonds are described in the Official Statement relating to the bonds, dated October 4, 2018 (the “Official Statement”).

While the financial statements of the City for Fiscal Year 2023-24 have been incorporated herein by reference pursuant to the Disclosure Certificate, the Bonds are not a debt, obligation or liability of the City of San Marcos and neither the City of San Marcos or the San Marcos Fire Protection District is liable on the Bonds.

The information in this Annual Report is provided by the Agency in order to comply with the Agency’s commitment established by the Disclosure Certificate to provide the information specified therein. The Agency makes no representation that this Annual Report contains all information material to a decision to purchase or sell the 2018 Bonds.

The information set forth herein has been furnished by the Agency and includes information obtained from other sources, which are believed to be reliable, but no representation or guarantee as to the accuracy or completeness of any such information is made by the Agency. Any statement herein involving matters of opinion or estimates, whether or not so expressly stated, is set forth as such and not as representations of fact, and no representation is made that such opinions or estimates will be realized. The information and expressions of opinion contained in this Annual Report are provided as of the respective dates specified herein and are subject to change without notice, and the filing of this Annual Report shall not, under any circumstances, create any implication that there has been no change in the affairs of the Agency or in the other matters described herein since the date as of which such information is provided.



## **BONDS**

The Former Agency, the City, and San Marcos Unified School District (“SMUSD”) entered into an agreement for cooperation dated June 13, 1989 (“1989 Agreement for Cooperation”), wherein they agreed that the Former Agency would receive and allocate a portion of SMUSD’s Project Area No. 3 pass-through revenues to finance projects for SMUSD’s benefit.

On March 14, 2000, the Former Agency, the City, and SMUSD reaffirmed and modified certain terms of the 1989 Agreement for Cooperation by entering into another agreement for cooperation (“2000 Agreement for Cooperation”). The 2000 Agreement for Cooperation included a provision under which the Former Agency could issue bonds for SMUSD’s benefit secured by SMUSD’s pass-through revenues, which were previously used for SMUSD’s benefit without being pledged toward bonds.

A loan agreement (“Authority Loan”) by and between the Former Agency and the Authority for the benefit of SMUSD and secured by SMUSD’s Project Area No. 3 pass-through revenues was entered into in February 2006. The Authority Loan provided the security for revenue bonds issued by the Authority, known as the \$56,860,000 San Marcos Public Facilities Authority Tax Increment Pass-Through Revenue Refunding Bonds (Project Area No. 3 – San Marcos Unified School District) 2006 Series A (“Original Bonds”). The Authority issued the Original Bonds in 2006 and loaned the proceeds to the Former Agency to advance refund bonds previously issued by the Authority on behalf of SMUSD and to finance additional school facilities on behalf of SMUSD pursuant to the Authority Loan. The Authority Loan is repaid using SMUSD’s Project Area No. 3 pass-through revenues. Loan payments were used to pay the Original Bonds.

The 2018 Bonds were issued by the Agency on October 18, 2018, to (i) refund the San Marcos Public Facilities Authority Tax Increment Pass-Through Revenue Refunding Bonds (Project Area No. 3 – San Marcos Unified School District) 2006 Series A; (ii) to purchase a municipal bond debt service reserve insurance policy issued by Assured Guaranty Municipal Corp. for deposit in a sub-account of the Reserve Account in satisfaction of the Reserve Requirement for the 2018 Bonds; and (iii) to pay costs of issuance with respect to the 2018 Bonds.

### **Outstanding Bonded Debt**

The table on the following page shows the outstanding principal amount for the 2018 Bonds.



OUTSTANDING 2018 BONDS  
AS OF JUNE 30, 2024

Bond Issue	Debt Service Payment Dates	Amount Outstanding As of June 30, 2024
\$39,815,000 Pass-Through Tax Allocation Revenue Refunding Bonds, Series 2018 (Project Area No. 3 – SMUSD)	April/October	\$33,645,000

Issuance of Parity Debt

No additional debt payable from or secured by a pledge of Pledged Pass-Through Tax Revenues (as such term is defined in the Indenture) has been issued.

Assessed Valuations and Pass-Through Revenues

Under the Dissolution Act, county auditor-controllers throughout California are legally required to calculate and pay all pass-through payments to taxing entities. Prior to redevelopment dissolution in February 2012, these payments for Project Area No. 3 were calculated and paid by the Former Agency. This allowed the Former Agency to deposit SMUSD’s Project Area No. 3 pass-through revenues immediately with the Original Bonds’ fiscal agent, crediting the Authority Loan in the process.

Following dissolution, the San Diego County Auditor-Controller (“County Auditor-Controller”) distributed pass-through payments directly to SMUSD rather than to the trustee for the Original Bonds as required by the indenture and the associated loan agreement related to the Original Bonds. Accordingly, SMUSD, the Agency and the Trustee entered into a Pledge Acknowledgement Agreement, dated as of October 1, 2018 (the “Pledge Acknowledgement”). If the County transfers District Pass-Through Revenues (as such term is defined in the Official Statement) to SMUSD, the Pledge Acknowledgement requires SMUSD to hold such funds in trust for the benefit of the owners of the 2018 Bonds until such time as SMUSD transfers the District Pass-Through Revenues to the Trustee as described in the Pledge Acknowledgement. SMUSD has covenanted (in connection with the issuance of the 2018 Bonds) to send such pass-through payments to the trustee on or before the last day of February and August in each year.

The table on the following page summarizes for the past four years, as well as the current fiscal year (i) the assessed valuation and changes in incremental valuations, (ii) the Agency’s Redevelopment Property Tax Trust Fund (the “RPTTF”) estimated and actual gross tax increment revenues before administrative fees and pass-through distributions but after interest disbursements, and (iii) SMUSD Pass-Through Revenues for Project Area No. 3. The assessed valuations in the Fiscal Year 2024-25 equalized tax roll reflect property values as of January 1, 2024, but do not reflect any changes in property values that have occurred since then. The assessed valuation for sales activity during 2024 will be reflected in the Fiscal Year 2025-26 tax roll. The Fiscal Year 2024-25 incremental value for Project Area No. 3 increased by 5.84% compared to last year’s increase of 6.24%.

**SUCCESSOR AGENCY TO THE SAN MARCOS REDEVELOPMENT AGENCY**  
**PROJECT AREA NO. 3**  
**SCHEDULE OF HISTORIC ASSESSED VALUATIONS AND DISTRICT PASS-THROUGH**

Historic Assessed Valuation and SMUSD Pass-Through Revenues										Table 2
San Marcos Redevelopment Agency - Project Area No. 3										
2018 Bonds										
	2020-2021	%Δ	2021-2022	%Δ	2022-2023	%Δ	2023-2024	%Δ	2024-2025	%Δ
Secured	\$5,928,255,551	5.7%	\$6,171,085,290	4.1%	\$6,595,312,764	6.9%	\$6,968,938,782	5.7%	\$7,343,004,401	5.37%
State Utility										
Unsecured	\$65,643,068	(9.3%)	\$46,068,740	(29.8%)	\$71,687,520	55.6%	\$91,793,427	28.0%	\$109,253,923	19.02%
Total Assessed Value <sup>(1)</sup>	\$5,993,898,619	5.5%	\$6,217,154,030	3.7%	\$6,667,000,284	7.2%	\$7,060,732,209	5.9%	\$7,452,258,324	5.55%
Less: Base Year	\$361,417,171		\$361,417,171		\$361,417,171		\$361,417,171		\$361,417,171	
Incremental Assessed Value	\$5,632,481,448	5.83%	\$5,855,736,859	3.96%	\$6,305,583,113	7.68%	\$6,699,315,038	6.24%	\$7,090,841,153	5.84%
Tax Levy Rate	1.00%		1.00%		1.00%		1.00%		1.00%	
Estimated Gross Revenue <sup>(2)</sup>	\$58,320,596	6.7%	\$53,577,881	(8.1%)	\$63,655,667	18.8%	\$68,031,266 <sup>(2)</sup>	6.9%	\$72,587,626	6.70%
Actual Gross Revenue <sup>(3)</sup>	\$58,979,438	8.6%	\$60,881,003	3.2%	\$65,728,685	8.0%	\$70,264,556	6.9%	N/A <sup>(3)</sup>	N/A
SMUSD Pass-Throughs <sup>(2), (3)</sup>	\$9,011,584	8.6%	\$9,316,532	3.4%	\$10,037,400	7.7%	\$10,678,233	6.4%	\$11,053,827	3.52%
Pass-Throughs as a % of Gross Revenue <sup>(3)</sup>	15.28%		15.30%		15.77%		15.70%		15.23%	

(1) Net of non-homeowner exemptions and includes public utility values

(2) Estimated Gross Revenue and SMUSD Pass Throughs for 2024-2025 is based on actuals for the 24-25B ROPS period and preliminary estimates for the 25-26A ROPS period. Estimated Gross Revenue for 2023-2024 has been corrected. In the prior year's report, the FY 2023-2024 amount was inadvertently shown as equal to the FY 2022-2023 amount.

(3) Actual Gross Revenue and SMUSD Pass Throughs based on the January distribution for the current ROPS year and June distribution for the next ROPS year. Actual Gross Revenues may exceed estimated gross revenue due to supplemental revenues and interest earnings. Actual numbers for ROPS period 25-26A have not yet been released. Sources: San Diego County Auditor-Controller - Property Tax Services, Community Redevelopment Assessed Valuations Reports and Redevelopment Property Tax Trust Fund Allocations and Distribution Reports



## Debt Service Coverage

The table on the following page summarizes the debt service coverage for the 2018 Bonds based on San Marcos Unified School District’s (“SMUSD”) share of pass-through revenues in the former Project Area No. 3 for the most recently completed fiscal year. Prior to 1994, Section 33401 of the HSC allowed redevelopment agencies to pay to any other entity collecting property taxes within the redevelopment project area a portion of tax increment revenues to alleviate any financial burden related to the redevelopment project. Most of SMUSD’s pass-through revenues are permitted by HSC Section 33401 and calculated based on both the 1989 and 2000 Agreements for Cooperation.

In addition, the 2% inflationary revenue is tax increment revenue attributable to annual increases not to exceed two percent (2%) in the valuation of real property pursuant to the Revenue and Taxation Code Section 110.1(f). The base year used to calculate the inflationary 2% revenue includes the local secured value only. It does not include state-assessed secured or unsecured value.

The 1989 and 2000 Agreements for Cooperation provide for SMUSD to receive:

- SMUSD’s share (~39.16%) of the incremental inflationary 2% revenue after deduction of a 24.7% housing set-aside (“Inflationary Pass-Throughs”); and
- 50% of SMUSD’s share of the gross tax revenue less the incremental inflationary 2% revenue and after deduction of a 24.7% housing set-aside and 50% of the County’s administrative fees (“Negotiated Pass-Throughs”).

The Authority Loan<sup>1</sup> and the Indenture simplify the calculation of pledged pass-through revenues based on what SMUSD’s share was at the time (estimated at about 38.65%). The pledged Inflationary Pass-Throughs are based on a 29.10% share, incorporating the housing set-aside deduction. The Negotiated Pass-Throughs are based on a 14.55% share, incorporating the housing set-aside deduction and the 50% factor applied to SMUSD’s share and ignoring the deduction of the minimal County administrative fees. Unlike the SMUSD’s actual share (~39.16%) that varies slightly from year to year, the rates for the pledged revenues are frozen by the Authority Loan and the Indenture. The combined funds, based on the simplified calculations, represent revenues pledged to pay debt service on the 2018 Bonds.

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<sup>1</sup> The loan agreement by and between the San Marcos Redevelopment Agency (the “Former Agency”) and the San Marcos Public Facilities Authority (the “Authority”) for the benefit of the SMUSD and secured by SMUSD’s Project Area No. 3 pass-through revenues was entered into in February 2006.



SUCCESSOR AGENCY TO THE SAN MARCOS REDEVELOPMENT AGENCY

PROJECT AREA NO. 3

ESTIMATED DEBT SERVICE COVERAGE

Fiscal Year	Total District Pass-Through Revenues (1)	Pledged District Pass-Through Revenues (2)	2018 Bonds Debt Service (3)	Debt Service Coverage (4)
2023-2024	\$10,678,233	\$10,576,794	\$3,015,063	3.51
<div>(1) Based on January 2024 and June 2024 distributions made by the San Diego County Auditor-Controller</div> <div>(2) Based on the simplified calculation of pledged pass-through revenues identified in the Authority Loan and the Indenture. See discussion under "Debt Service Coverage" above for more information.</div> <div>(3) Sum of April 1 and October 1 debt service payments, which were or will be paid from the January and June Revenues.</div> <div>(4) Pledged revenues divided by 2018 bonds debt service.</div> <div>Source: Official Statement and San Diego County Auditor-Controller - Property Tax Services, Redevelopment Property Tax Trust Fund Allocations and Distribution Reports.</div>				

Bond Rating

At the time the 2018 Bonds were issued, the 2018 Bonds were rated “AA-” by Standard and Poor’s Rating Services (“S&P”). **As of the date of this report, the 2018 Bonds are rated “AA-” with a stable outlook by S&P<sup>2</sup>.** Reference is made to [S&P's](#) website for current rating information.

Bonds Outstanding

The 2018 Bonds were issued on October 18, 2018. The initial amount of the 2018 Bonds was \$39,815,000 with interest rates ranging from 3.75% to 5.00%. As of June 30, 2024, there were \$33,645,000 of 2018 Bonds outstanding, \$1,405,000 of which were scheduled to mature on October 1, 2024.

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<sup>2</sup> Please note that there was a typographical error in the FY 2018-19, FY 2019-20, and FY 2020-21 reports indicating a rating of “AA” instead of “AA-.”

**Debt Service Payment History**

The following table summarizes the debt service schedule with a payment history as of June 30, 2024. To date, all payments have been made in a timely manner.

**DEBT SERVICE SCHEDULE WITH PAYMENT HISTORY  
AS OF JUNE 30, 2024**

Date	Series 2018 Bonds			Payments Made
	Principal	Interest	Semi-Annual Debt Service	
04/01/2019		\$868,682.47	\$868,682.47	\$868,682.46
10/01/2019	\$1,185,000	959,281.25	2,144,281.25	2,144,281.25
04/01/2020		929,656.25	929,656.25	929,656.25
10/01/2020	1,155,000	929,656.25	2,084,656.25	2,084,656.25
04/01/2021		900,781.25	900,781.25	900,781.25
10/01/2021	1,210,000	900,781.25	2,110,781.25	2,110,781.25
04/01/2022		870,531.25	870,531.25	870,531.25
10/01/2022	1,275,000	870,531.25	2,145,531.25	2,145,531.25
04/01/2023		838,656.25	838,656.25	838,656.25
10/01/2023	1,345,000	838,656.25	2,183,656.25	2,183,656.25
04/01/2024		805,031.25	805,031.25	805,031.25
10/01/2024	1,405,000	805,031.25	2,210,031.25	
04/01/2025		769,906.25	769,906.25	
10/01/2025	1,485,000	769,906.25	2,254,906.25	
04/01/2026		732,781.25	732,781.25	
10/01/2026	1,555,000	732,781.25	2,287,781.25	
04/01/2027		693,906.25	693,906.25	
10/01/2027	1,640,000	693,906.25	2,333,906.25	
04/01/2028		652,906.25	652,906.25	
10/01/2028	1,725,000	652,906.25	2,377,906.25	
04/01/2029		609,781.25	609,781.25	
10/01/2029	1,815,000	609,781.25	2,424,781.25	
04/01/2030		564,406.25	564,406.25	
10/01/2030	1,905,000	564,406.25	2,469,406.25	
04/01/2031		516,781.25	516,781.25	
10/01/2031	2,005,000	516,781.25	2,521,781.25	
04/01/2032		466,656.25	466,656.25	
10/01/2032	2,100,000	466,656.25	2,566,656.25	
04/01/2033		414,156.25	414,156.25	
10/01/2033	2,210,000	414,156.25	2,624,156.25	
04/01/2034		358,906.25	358,906.25	
10/01/2034	2,315,000	358,906.25	2,673,906.25	
04/01/2035		301,031.25	301,031.25	
10/01/2035	2,440,000	301,031.25	2,741,031.25	
04/01/2036		240,031.25	240,031.25	
10/01/2036	2,570,000	240,031.25	2,810,031.25	
04/01/2037		175,781.25	175,781.25	
10/01/2037	2,700,000	175,781.25	2,875,781.25	
04/01/2038		108,281.25	108,281.25	
10/01/2038	2,830,000	108,281.25	2,938,281.25	
04/01/2039		55,218.75	55,218.75	
10/01/2039	2,945,000	55,218.75	3,000,218.75	
<b>Totals <sup>(1)</sup></b>	<b>\$39,815,000.00</b>	<b>\$23,838,338.72</b>	<b>\$63,653,338.72</b>	<b>\$15,882,244.96</b>

(1) Totals may vary due to rounding.





## FINANCIAL STATEMENTS

When available, the audited financial statements for the Agency for Fiscal Year 2024-25 will be posted on the [City of San Marcos](#) website and submitted under separate cover to the Municipal Securities Rulemaking Board's [Electronic Municipal Market Access](#) (EMMA) website for the [Series 2018 Bonds](#).

## TOP TEN TAXPAYERS

Set forth in the following table are the top ten taxpayers within Project Area No. 3 for Fiscal Year 2024-25.

### PROJECT AREA NO. 3 TOP TEN TAXPAYERS FISCAL YEAR 2024-25

Taxpayer	Number of Parcels	Primary Land Use	Assessed Value	% of Total AV
Hunter Industries Inc	9	Industrial	\$114,051,197	1.53%
GKI San Diego LLC	4	Industrial	39,560,479	0.53
La Costa BC LLC	2	Industrial	35,955,000	0.48
Alva Gardens LP	1	Residential	31,693,017	0.43
Lennar Homes of California LLC	1	Vacant	30,500,000	0.41
830 RSF Road LLC	1	Residential	30,002,616	0.40
Northwoods Apartments Homes LP	2	Residential	24,619,942	0.33
Albertsons Stores Sub LLC	1	Commercial	20,523,806	0.28
Gershman Properties LLC	1	Commercial	17,155,230	0.23
Vista North County No 168 Limited	1	Residential	17,066,463	0.23
Totals	23		\$361,127,750	4.85%
Total Project Area Assessed Value			\$7,452,258,324	
Sources: San Diego County Assessor's Office, 2024-25 Equalized Assessment Roll and San Diego County-Auditor Controller Property Tax Services, Community Redevelopment Assessed Valuations				

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## WEBSITE LINKS

Throughout this Annual Report reference is made to certain websites for additional information. The information on such websites is included for convenience of reference and is not incorporated herein. The following is a list of these links with their corresponding URLs.

S&P's webpage can be located at the following URL:

<http://www.standardandpoors.com/home/en/us>

The City of San Marcos's webpage can be located at the following URL:

<http://www.san-marcos.net>

The MSRB's EMMA website can be located at the following URL:

<http://www.emma.msrb.org>

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### **SIGNIFICANT EVENTS**

The following events, as set forth in Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, are considered material by the Agency.

1.	Principal and interest payment delinquencies	Not Applicable
2.	Unscheduled draws on debt service reserves reflecting financial difficulties	Not Applicable
3.	Unscheduled draws on credit enhancements reflecting financial difficulties	Not Applicable
4.	Substitution of credit or liquidity providers, or their failure to perform	Not Applicable
5.	Issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue	Not Applicable
6.	Tender Offers	Not Applicable
7.	Defeasances	Not Applicable
8.	Rating changes	Not Applicable
9.	Bankruptcy, insolvency, receivership, or similar proceedings	Not Applicable
10.	Other material events affecting the tax status of the 2018 Bonds	Not Applicable
11.	Modifications to rights of bondholders	Not Applicable
12.	Bond Calls	Not Applicable
13.	Release, substitution, or sale of property securing repayment of the 2018 Bonds	Not Applicable
14.	Non-payment related defaults	Not Applicable
15.	A merger, consolidation, or acquisition involving the Agency or a sale of substantially all of the assets of the Agency	Not Applicable
16.	Appointment of a successor or additional Trustee or the change of the name of the Trustee	Successor Trustee notices filed March 26, 2021 and February 11, 2022
17.	Failure to provide annual financial information as required	Not Applicable