EXHIBIT C

CITY OF HOLLISTER
COMMUNITY FACILITIES DISTRICT No. 4

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

Special Taxes applicable to each Assessor’s Parcel in the City of Hollister Community Facilities District No. 4 (“CFD”) shall be levied and collected according to the tax liability determined by the Administrator through the application of the appropriate amount or rate for Taxable Property as described below. All of the property in CFD No. 4, unless exempted by law or by the provisions of Section E, below, shall be taxed for the purposes, to the extent and in the manner herein provided, including property subsequently annexed to the CFD unless a separate Rate and Method of Apportionment of Special Tax is adopted for the annexation area.

A. DEFINITIONS
The terms hereinafter set forth have the following meanings:

“Accessory Unit” means a second residential unit of limited size e.g. granny cottage second unit that shares a Parcel with a single-family detached unit.

“Acre or Acreage” means the land area of an Assessor’s Parcel as shown on an Assessor’s Parcel Map or if the land area is not shown on an Assessor’s Parcel Map, the land area shown on the applicable Final Map or other recorded County parcel map.


“Administrative Expenses” means the following actual or reasonably estimated costs directly related to the formation and administration of CFD No. 4 including but not limited to the costs of computing the Special Tax and preparing the annual Special Tax collection schedules (whether by the City or any designee thereof or both); the costs of collecting the Special Taxes; the costs to the City or CFD or any designee thereof of complying with CFD or obligated persons disclosure requirements associated with the Act, the costs associated with preparing Special Tax disclosure statements; the costs associated with responding to public inquiries, protests or appeals regarding the Special Taxes; the costs of the City annual administration fees and third party expenses. Administrative Expenses shall also include amounts estimated or advanced by the City or CFD for any other administrative purposes of the CFD including attorney’s fees and other costs related to commencing and pursuing any foreclosure of delinquent Special Taxes.
“Administrator” means an official of the City, firm designated by the City, or any designee thereof responsible for determining the Special Tax Requirement and providing for the levy and collection of the Special Tax.

“Affordable Housing” means housing as defined in Section 16.64.025 of the City municipal code (or as amended).

“Assessor” means the County assessor.

“Assessor’s Parcel” or “Parcel” means a lot or parcel shown on an Assessor’s Parcel Map with an assigned Assessor’s Parcel Number.

“Assessor’s Parcel Map” means an official map of the County Assessor designating parcels by Assessor’s Parcel Number.

“Assessor’s Parcel Number” or “APN” means a unique number assigned to an Assessor’s Parcel by the Assessor for purposes of identifying a property.

“Authorized Services” means the public services authorized to be funded by the CFD as set forth in the documents adopted by the Council when the CFD was formed.

“Building Permit” means a single permit or set of permits required to construct an entire residential or non-residential structure.

“CFD” or “CFD No. 4” means the City of Hollister Community Facilities District No. 4.

“CFD Formation” means the date on which the Resolution of Formation to form CFD No. 4 was adopted by the City Council.

“City” means the City of Hollister.

“Consumer Price Index” means the Consumer Price Index published by the U.S. Bureau of Labor Statistics for “All Items” in the San Francisco / Oakland / San Jose Area Urban Wage Earners and Clerical Workers, measured each calendar year. If this index ceases to be published, the Consumer Price Index will be another index as determined by the CFD Administrator or City that is reasonably comparable to the Consumer Price Index for the San Francisco Bay Area.

“Council” means the City Council of the City acting as the legislative body of CFD No. 4.
“County” means the County of San Benito.

“County Recorder” means the County of San Benito’s Office of the Recorder.

“Developed Property” means in any Fiscal Year all Parcels of Taxable Property for which Building Permits have been issued on or prior to June 1 of the preceding Fiscal Year.

“Final Subdivision Map” or “Final Map” means a recorded subdivision map or recorded parcel map pursuant to the Subdivision Map Act (California Government Code Section 66410, et seq.).

“Fiscal Year” means the period starting on July 1 and ending on the following June 30.

“Homeowners Association Property” or “HOA Property” means a property within the boundaries of the CFD that is owned by, or irrevocable dedicated as indicated in an instrument recorded with the County Recorder to, a property owner association, including any master or sub-association.


“Maximum Special Tax” means the maximum Special Tax determined in accordance with Section C, that can be levied in any Fiscal Year.

“Multi-Family Property” means in any Fiscal Year, all Parcels of Developed Property for which Building Permits were issued for construction of a residential structure consisting of two or more Residential Units that share a common wall.

“Non-Residential Property” means in any Fiscal Year, all Parcels of Developed Property which are not Single-Family Detached Property or Multi-Family Property. Notwithstanding the foregoing, if a Building Permit is issued for a structure that will include both Residential Units and non-residential uses, the Administrator shall delineate the Land Use Categories on the Parcel in order to calculate Special Taxes pursuant to Section C, below.

“Proportionately” means for Developed Property that the ratio of the actual annual Special Tax levied in any Fiscal Year to the Maximum Special Tax authorized to be levied in that Fiscal Year is equal for all Assessor’s Parcels of Developed Property. For Undeveloped Property Proportionately means that the ratio of the actual annual Special Tax levied in any Fiscal Year to the Maximum Special Tax authorized to be levied in that Fiscal Year is equal for all Assessor’s Parcels of Undeveloped Property.
“Public Property” means for each Fiscal Year (i) any property within the boundaries of the CFD that is owned by or irrevocably offered for dedication to the federal government, the State of California, the City or any other public agency provided however that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act, (as such section may be amended or replaced), shall be taxed and classified in accordance with its use or (ii) any property within the boundaries of the CFD that is encumbered by an unmanned utility easement making impractical its utilization for other than the purpose set forth in the easement.

“Residential Property” or “Residential Unit” means (i) Single-Family Detached Property and (ii) Multi-Family Property. An Accessory Unit that shares a Parcel with a single-family detached unit shall not be considered a Residential Unit for purposes of this RMA.

“RMA” means this Rate and Method of Apportionment of Special Tax.

“Single-Family Detached Property” means in any Fiscal Year, all Parcels of Developed Property for which a Building Permit(s) was issued for construction of a Residential Unit that does not share a common wall with another Residential Unit.

“Special Tax” means any tax levied within the CFD to pay the Special Tax Requirement.

“Special Tax Requirement” means the amount of revenue needed in any Fiscal Year to pay for the following (i) Authorized Services, (ii) Administrative Expenses and (iii) if the Special Tax is not collected and apportioned under the Teeter Plan, amounts needed to cure any delinquencies in the payment of Special Taxes which have occurred or based on delinquency rates in prior years which may be expected to occur in the Fiscal Year in which the Special Tax will be collected, (iv) less a credit for the amount of the prior’s years tax delinquencies plus penalties and interest collected and apportioned to the City for the Special Tax.

“Taxable Property” means all Assessor’s Parcels within the boundaries of CFD No. 4 that are not exempt from the Special Tax pursuant to law or Section E. below.

“Tax Zone” means a mutually exclusive geographic area within which the Special Tax may be levied pursuant to this RMA. All of the property within CFD No. 4 at the time of CFD Formation is within Tax Zone 1. Additional Tax Zones may be created when property is annexed to the CFD and a separate Maximum Special Tax shall be identified for property within the new Tax Zone at the time of such annexation. The Assessor’s Parcels included within a new Tax Zone established when such Parcels are annexed to the CFD shall be identified by
Assessor’s Parcel Number in the Unanimous Approval Form that is signed by the owners of the Parcels at the time of annexation.

“Teeter Plan” means the alternative procedure for the distribution of property tax levies on the secured roll made by the County pursuant to Revenue and Taxation Code Sections 4701-4717.

“Unanimous Approval Form” means that form executed by the record owner of fee title to a Parcel or Parcels annexed into the CFD that constitutes the property owner’s approval and unanimous vote in favor of annexing into the CFD and the levy of the Special Tax against his/her Parcel or Parcels pursuant to this RMA.

“Undeveloped Property” means in any Fiscal Year all Parcels of Taxable Property in CFD No. 4 that are not Developed Property.

B. ADMINISTRATION OF ANNUAL TAX LEVY
Each Fiscal Year, the Administrator shall identify the current Assessor’s Parcel Numbers for all Parcels of Taxable Property within the CFD. The Administrator shall also determine: (i) whether each Assessor’s Parcel of Taxable Property is Developed Property or Undeveloped Property, (ii) which Tax Zone each Assessor’s Parcel is located in, and (iii) the Special Tax Requirement for the then-current Fiscal Year. In any Fiscal Year if it is determined that: (i) a Final Map or parcel map for a portion of property in CFD No. 4 was recorded after the last date upon which the Assessor will incorporate the newly-created parcels into the then current tax roll, (ii) because of the date the Final Map or parcel map was recorded the Assessor does not yet recognize the new parcels created by the Final Map or parcel map, and (iii) one or more of the newly-created parcels meets the definition of Developed Property, the Administrator shall calculate the Special Tax for the property affected by recordation of the Final Map or parcel map by determining the Special Tax that applies separately to each newly-created Parcel then applying the sum of the individual Special Taxes to the parcel that was subdivided by recordation of the Final Map or parcel map.

C. MAXIMUM SPECIAL TAX
1. Developed Property
   The Maximum Special Tax for Fiscal Year 2014-15 for all Parcels of Developed Property within Tax Zone 1 shall be:
   - Residential Property $205 per Unit
   - Non-Residential Property $1,430 per Acre

2. Undeveloped Property
   The Maximum Special Tax for Fiscal Year 2014-15 for all Parcels of Undeveloped Property within Tax Zone 1 shall be: $1,430 per Acre
3. **Escalation of Maximum Special Tax**
   On July 1, 2015 and each July 1 thereafter the Maximum Special Tax for Developed Property and Undeveloped Property shall be increased by an amount equal to the percentage change in the Consumer Price Index. The maximum increase in any Fiscal Year may not exceed 4.0%.

D. **METHOD OF LEVY AND COLLECTION OF SPECIAL TAXES**
   Each Fiscal Year the Administrator shall determine the Special Tax Requirement for that Fiscal Year and levy the Special Tax on all Parcels of Taxable Property as follows:

   **Step 1:** The Special Tax shall be levied proportionately on each Parcel of Developed Property up to 100% of the Maximum Special Tax for each Parcel for such Fiscal Year until the amount levied is equal to the Special Tax Requirement.

   **Step 2:** If additional revenue is needed after Step 1, the Special Tax shall be levied proportionately on each Parcel of Undeveloped Property up to 100% of the Maximum Special Tax for each Parcel for such Fiscal Year until the amount levied when combined with the amount levied pursuant to Step 1 is equal to the Special Tax Requirement.

   The Special Tax for the CFD shall be collected at the same time and in the same manner as ordinary ad valorem property taxes provided, however; that the City may (under the authority of Government Code Section 53340) collect Special Taxes at a different time or in a different manner if necessary to meet the financial obligations of the CFD, and the Special Tax shall be equally subject to foreclosure if delinquent.

E. **EXEMPTIONS**
   Notwithstanding any other provision of this RMA no Special Tax shall be levied on Parcels of Public Property except as otherwise provided in the Act.

F. **INTERPRETATION OF SPECIAL TAX FORMULA**
   The City reserves the right to make minor administrative and technical changes to this document that do not materially affect the rate and method of apportioning Special Taxes. In addition the interpretation and application of any section of this document shall be left to the City’s discretion. Interpretations may be made by the City by resolution or ordinance of the Council for purposes of clarifying any vagueness or ambiguity in this RMA.

G. **TERM OF THE SPECIAL TAX**
   The Special Tax shall be levied in perpetuity, as long as the Authorized Services are provided by the City, as necessary to pay the Special Tax Requirement.