

## EXHIBIT A

### City of Hollister Community Facilities District No. 2

#### Rate and Method of Apportionment of Special Tax

A special tax applicable to each Parcel in Community Facilities District No. 2 (herein "CFD No. 2") shall be levied and collected according to the tax liability determined by the City Council (herein the "Council") of the City of Hollister acting in its capacity as the legislative body of CFD No. 2 through the application of the appropriate amount or rate for "Developed Property," as described below. All Developed Property in CFD No. 2 shall be taxed for the purposes, to the extent, and in the manner herein provided.

#### **A. DEFINITIONS**

The terms hereinafter set forth have the following meanings:

**"Developed Property"** means any Parcel in CFD No. 2 for which a certificate of occupancy was issued for a Residential Unit (as herein defined) by the City of Hollister prior to June 1 of the preceding Fiscal Year, but not prior to June 1, 1994. If, at any time, a Residential Unit on a Parcel is occupied prior to the issuance of a certificate of occupancy by the City, such Parcel shall be considered Developed Property, and the special tax shall be levied accordingly.

**"Fiscal Year"** means the period starting on July 1 and ending the following June 30.

**"Maximum Special Tax"** means the maximum special tax, determined in accordance with Section B hereof, that can be levied by the Council in any Fiscal Year.

**"Parcel"** means parcel of property as shown and numbered on the applicable San Benito County assessor's parcel map(s) for each property within the boundaries of CFD No. 2.

**"Residential Unit"** means a detached residential unit, a residential unit that shares a common wall with another residential unit, a unit meeting the statutory definition of a condominium contained in California Civil Code Section 1351, an attached residential unit available for rental by the general public, and any other type of unit developed for residential use as determined by the City of Hollister Building Department.

**"Undeveloped Property"** means any Parcel in CFD No. 2 not classified as Developed Property.

**B. MAXIMUM SPECIAL TAX RATE**

**1. Developed Property**

The Maximum Special Tax for Developed Property in CFD No. 2 shall be \$250 per Residential Unit increased each Fiscal Year pro rata to the increase in the U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Indexes, Pacific Cities and U.S. City Average, San Francisco-Oakland-San Jose from February 1, 1995, to the February 1 next preceding the Fiscal Year of Special Tax levy.

In any year, the Special Tax shall not be deemed to have been increased within the meaning of the Ralph M. Brown Act (Section 54954.6 of the California Government Code) if the amount of the increase is not more than pro rata to the increase in the U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Indexes, Pacific Cities and U.S. City Average, San Francisco-Oakland-San Jose from February 1, 1995, to the February 1 next preceding the Fiscal Year of Special Tax Levy.

**2. Undeveloped Property**

No special tax shall be imposed on any Undeveloped Property located within CFD No. 2.

**C. METHOD OF APPORTIONMENT OF THE SPECIAL TAX**

Starting in Fiscal Year 1995-1996 and for each following Fiscal Year, the Special Tax shall be levied on each Parcel of Developed Property in equal percentages up to 100% of the Maximum Special Tax, determined by reference to Section B.1, above. Under no circumstances shall the special tax levied against any Parcel be increased as a consequence of a delinquency or default by the owner of any other Parcel or Parcels within the District.

**D. MANNER OF COLLECTION**

The special taxes for CFD No. 2 shall be collected in the same manner and at the same time as ordinary ad valorem property taxes, provided, however, that CFD No. 2 may collect special taxes at a different time or in a different manner if necessary to meet its financial obligations. In the event of a delinquency, CFD No. 2 shall pursue foreclosure in a timely manner.