

City of Hollister
COMMUNITY FACILITIES DISTRICT No. 2
FISCAL YEAR 2017/18
ANNUAL CFD REPORT

March 2018



Prepared by
Development & Public Finance, LLC

City of Hollister
Community Facilities District No. 2

Parties Involved

Agency

City Manager

Mr. William "Bill" Avera

City Attorney

Mr. E. Soren Diaz

Director of Development Services

Mr. Bryan Swanson

Administrator

Development & Public Finance, LLC

Mr. Michael Whipple, President

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City of Hollister
Community Facilities District No. 2
1: CFD OVERVIEW

FISCAL YEAR 2017/18 LEVY AMOUNTS

Applied to County Roll		Hand Billed		Total Levy
Parcel Count	Dollar Amount	Parcel Count	Dollar Amount	
1,303	\$635,176	0	\$0	\$635,176

For further information regarding the FY 2017/18 Special Tax Levy, please see the Special Tax Rates Section of this Report.

FISCAL YEAR 2016/17 DELINQUENCY SUMMARY

Delinquency Summary for Most Recent Fiscal Year (Data as of: June 30, 2017)		Cumulative Summary for All Years With Delinquencies (Data as of: June 30, 2017)	
(\$)	(%)	(\$)	(%)
2,587	0.60	Unknown	Unknown

For more comprehensive delinquency information, please see the Delinquency Section of this Report.

PREPAYMENTS

The District has no provisions to prepay the Special Tax Obligation.

City of Hollister
Community Facilities District No. 2
2: CFD FRAMEWORK

SUMMARY

The following table shows formation proceeding information for the District:

District Formation Information	
Resolution of Intention to Establish	Resolution 95-66
Date of Resolution of Intention to Establish	May 15, 1995
Resolution of Formation of the District	Resolution No. 95-95
Date of Resolution of Formation of the District	July 6, 1995
Term of Special Tax Obligation	In Perpetuity
Foreclosure Covenants	None
Reserve Fund Requirement	None
City Fund Number	218-1000-401007

CFD PROCEEDINGS

The Mello-Roos Community Facilities Act ("Act") of 1982 established a means to finance certain public capital facilities and services. In response to Proposition 13, State Legislators Mello and Roos sponsored the Act, which was enacted into law by the California Legislature and is now Sections 53311 through 53363 of the California Government Code. The Act authorizes a local governmental agency, such as a city, county or special district, to form a Community Facilities District ("CFD" or "District") within a defined set of boundaries for the purposes of providing public facilities and services. A CFD is formed for financing purposes only, and is governed by the agency that formed it.

On July 6, 1995, the City adopted the Resolution of Formation, which established Community Facilities District No. 2 and authorized a special tax to be collected in order to fund certain Police and Fire services within the District.

BOUNDARIES

The CFD was formed to fund ongoing police and fire services related to property located within the boundaries of the City of Hollister. The boundary diagrams for the

original CFD's boundaries, as well as the boundaries of any annexations to the District are included in this Report as Exhibit A. On January 22, 2018, the City of Hollister identified all areas included within City limits as part of the future annexation area of the CFD.

ANNEXATIONS

Since the formation of the District, territory has been added to the CFD through twenty (20) annexations, with several additional annexations slated during Fiscal Year 2017/18. The Annexation Number and the Special Tax Rates for each Annexation is shown in the *Special Tax Rates* section of this Report.

SERVICES PROVIDED

LIST OF AUTHORIZED SERVICES

The authorized services to be financed with the special tax include all services authorized under the City of Hollister Goals and Policies for Community Facilities Districts. Authorized services may include, but not limited to, the following:

1. Police protection services to protect and safeguard life and property
2. Fire protection and suppression services, including obtaining, furnishing, operating and maintaining fire suppression
3. Police equipment or apparatus and the payment of salaries and benefits of firefighting and police personnel, or both
4. Collecting and administering the special tax and annual administering the District
5. Miscellaneous costs related to the items described above, including costs for planning, engineering, legal services and administration

REPRESENTATIVE LISTING OF INCIDENTAL EXPENSES

It is anticipated that the following incidental expenses may be incurred in the maintenance of the authorized facilities and services from the proceeds of the Special Tax:

- Special tax consultant services
- City, Participating City staff review, oversight, and administrative services
- Financial advisor services

- Special tax administrator services
- Publishing, mailing, and posting of notices
- Recording fees

The expenses of certain recurring services pertaining to the Community Facilities District may be included in each annual special tax levy, and these expenses are described in the definition of the term “Administrative Expenses” as set forth in the Rate and Method of Apportionment of Special Tax. The Rate and Method of Apportionment is attached as Exhibit B.

The foregoing enumeration shall not be regarded as exclusive and shall be deemed to include any other incidental expenses of a like nature which may be incurred from time to time with respect to the Community Facilities District.

City of Hollister
Community Facilities District No. 2
3: FUND ACCOUNT SUMMARY

CASH AND INVESTMENT SUMMARY

The "Cash and Investment" balance information is not applicable since bonds have not been issued for the CFD.

City of Hollister
Community Facilities District No. 2
4: DELINQUENCY

Special Tax collection is overseen by the County and delinquency actions are therefore treated as ordinary ad valorem property taxes and subject to the same penalties and the same procedures, sale, and lien priority as is provided for ad valorem taxes.

City of Hollister
Community Facilities District No. 2
DELINQUENCY SUMMARY

<i>Due Date</i>	<i>Dollars Levied</i>	<i>Dollars Delinquent</i>	<i>% Dollars Delinquent</i>	<i>Parcels Levied</i>	<i>Parcels Delinquent</i>	<i>Data Date</i>
2016/17	\$432,647	\$2,587	0.60%	1,067	5	February 2018
2015/16	\$364,612	\$2,104	0.58%	TBD	TBD	August 2016

City of Hollister
Community Facilities District No. 2

5: SPECIAL TAX RATES

SPECIAL TAX SPREAD

Pursuant to the Rate and Method of Apportionment for the CFD, included as Exhibit B, the Special Tax is levied to each parcel on a per residential unit basis. The following table summarizes the number of parcels and units levied, as well as the Maximum and Applied Special Taxes generated from the CFD's original boundaries and each annexation area.

Area	Parcels Levied	Units	FY 2017/18 Maximum Taxes	FY 2017/18 Applied Taxes
Original CFD Boundary	163	163	\$71,101	\$71,068
Annexation 1	560	564	\$226,852	\$226,728
Annexation 2	304	313	\$121,325	\$121,131
Annexation 3	10	10	\$3,432	\$3,430
Annexation 4	30	30	\$10,297	\$10,290
Annexation 5	6	8	\$3,604.00	\$3,604.00
Annexation 6	28	28	\$12,614.00	\$12,614.00
Annexation 7	29	29	\$13,064.50	\$13,064.50
Annexation 8	14	54	\$24,327.00	\$24,327.00
Annexation 9	25	25	\$11,262.50	\$11,262.50
Annexation 10	1	7	\$3,153.50	\$3,153.50
Annexation 11	1	27	\$12,163.50	\$12,163.50
Annexation 12	19	19	\$8,559.50	\$8,559.50
Annexation 13	28	28	\$12,614.00	\$12,614.00
Annexation 14	1	11	\$4,955.50	\$4,955.50
Annexation 15	82	82	\$36,941.00	\$36,941.00
Annexation 16	1	80	\$36,040.00	\$36,040.00
Annexation 17	1	18	\$8,109.00	\$8,109.00
Total*	1,303	1,496	\$635,176.20	\$635,176.20

*please note this table does not include annexations from the FY17/18 year.

MAXIMUM AND APPLIED SPECIAL TAXES

The District's Maximum and Applied Special Tax Rates for the CFD's original boundaries and each annexation area are shown in the table below. Pursuant to the Rate and Method of Apportionment the Maximum Special Tax for each annexation is increased each tax year by the Consumer Price Index or 4%, whichever is less. CFD No. 2 is only levied on a single- or multi- family units classified as developed property.

Developed Property is defined as parcel for which a certificate of occupancy was issued for a residential unit prior to June 1 of the preceding fiscal year. A complete listing of the Special Taxes levied on each parcel is included as Exhibit C.

Area	FY 2017/18 Maximum Tax Rate*	FY 2017/18 Applied Tax Rate*	Percent of Maximum Tax
Original Boundary	\$451.18	\$450.50	99.85%
Annexation 1	\$416.08	\$416.08	100.00%
Annexation 2	\$400.86	\$400.86	100.00%
Annexations 3 & 4	\$354.96	\$354.96	100.00%
Annexations 5 to 17	\$451.18	\$450.50	99.85%

*Slight rounding differences between the maximum and applied tax rates may occur in Areas levied at 100% of the maximum tax rate.

APPLIED TAX PROGRESSION

The CFD's Maximum Special Tax Rates increase based on the rates disclosed in the respective Rate and Method of Apportionment of Special Taxes, compounded annually. The table below provides a comparison between the current year and prior year District totals as well as the percentage of Maximum Tax levied each year. Special Taxes are levied on a per-parcel basis, so parcels with multiple units are levied for all units on that parcel.

Fiscal Year Levy	Maximum Tax	Applied Tax	Percent of Maximum Tax
FY 2017/18	\$635,442.08	\$635,176.20	99.96%
FY 2016/17	\$433,008.14	\$432,647.00	99.92%
FY 2015/16	\$423,117.30	\$364,611.50	86.17%

BUDGET WORKSHEET

The 2017/18 budget worksheet is as follows:

City of Hollister
2017/18 Budget Worksheet
Community Facilities District #2

Levy Components	% of Levy	2017/18
<u>Service Costs</u>		
Police Personnel Service	50.28%	\$ 319,335.92
Fire Personnel Service	48.26%	\$ 306,527.36
Total Service Costs		\$ 625,863.28
<u>Administrative Costs</u>		
Property Tax Admin	1.43%	\$ 9,052.33
Bank Service Charge	0.04%	\$ 260.59
Total Administrative Costs		\$ 9,312.92
Total Services and Admin		\$ 635,176.20
Total Charge		
Total Amount to Levy		\$635,176.20
Number of Parcels Levied		1,303
Percentage of Max Tax Levied		99.96%

Exhibit A: CFD Boundary Map

Exhibit B: Rate and Method of Apportionment

Exhibit C: Special Tax Levy per Assessor's Parcel Number