

City of Hollister
COMMUNITY FACILITIES DISTRICT No. 4
FISCAL YEAR 2017/18
ANNUAL CFD REPORT

March 2018



Prepared by
Development & Public Finance, LLC

City of Hollister
Community Facilities District No. 4

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. 4
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	
348	\$114,601.56	0	\$0	\$114,601.56

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)	
(\$)	(%)	(\$)	(%)
457	0.04%	457	0.04%

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. 4
2: CFD FRAMEWORK

SUMMARY

The following table shows formation proceeding information for the District:

District Formation Information	
Resolution of Intention to Establish	Resolution No. 2014-113
Date of Resolution of Intention to Establish	June 2, 2014
Resolution of Formation of the District	Resolution No. 2014-143
Date of Resolution of Formation of the District	July 21, 2014
Term of Special Tax Obligation	In Perpetuity
Foreclosure Covenants	None
Reserve Fund Requirement	None
City Fund Number	712

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 June 2, 2014, the City adopted an initial Resolution of Intention to form a CFD. After conducting a noticed public hearing on July 21, 2014, the City adopted the Resolution of Formation, which established Community Facilities District No. 4 and authorized a special tax to be collected in order to fund certain landscaping, lighting, drainage, park maintenance, open space and related services.

BOUNDARIES

The CFD was formed to fund ongoing maintenance 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. Concurrently with the Resolution of Formation the City of Hollister identified all areas included within City limits as part of the future annexation area of the CFD. As new areas are annexed to the City, the future annexation area is expanded, with the most recent expansion occurring on January 22, 2018.

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. Maintenance, Repair and Replacement of Landscape, Lighting and Hardscapes**
 - a. Turf and Plant: Sufficient water, fertilizer and other nutrients shall be provided and sufficient insect and disease control shall be applied to turf and other plants to maintain them in a healthy and thriving condition. Turf shall be mowed and trimmed back from edges of hardscape. Plants shall be shaped as necessary and plant foliage, which has exceeded the landscape boundaries, shall be trimmed back.
 - b. Trees and Shrubs: Pruned and trimmed as necessary in such a manner as to prevent interference with sight clearance for pedestrian bicycle and vehicle traffic on adjacent roadways walkways and rights of way.
 - c. Parks and Open Space.
 - d. All weeds, trash and debris shall be removed regularly from the landscaped area.

- e. The scheduled inspection and maintenance of walkways, sidewalks, bicycled paths, sound walls, retaining walls, roadways, lighting (streets and other) and landscaped areas within the public right of way.
 - f. Replacement of dead plants and trees.
 - g. Replacement of ground cover as needed.
 - h. Repair and replacement of walkways, sidewalks, bicycle paths, sound walls, retaining walls, roadways, lighting and other landscaped areas within the public right of way.
- 2. Flood and Storm Protection**
- a. Maintenance of the storm drain system and retention/detention basins, including items such as landscaping, fencing, piping, filters.
 - b. Operation and maintenance of the outfall structure and the pump lift stations for the detention basins.
 - c. Reserve for replacement of structures and pumps.
- 3. Irrigation System**
- a. The irrigation system serving the landscaping shall be maintained, repaired and replaced as needed and all legally required permits with respect to such work shall be obtained.
- 4. Water and Electricity**
- a. Payment of utility costs associated with maintenance of authorized landscape services, including expenses for water and electricity used to irrigate and light the landscaping.
- 5. Collecting and administering the special tax and annual administering the District.**
- 6. 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 District 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 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. 4
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. 4
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. 4
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	\$35,893	\$457	1.27%	163	3	February 2018
2015/16	\$0	\$0	0.00%	TBD	TBD	August 2016

City of Hollister
Community Facilities District No. 4

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 units, acres, as well as the Maximum and Applied Special Taxes generated from the CFD's original boundaries and each annexation area. For ease of reference, these are identified here by subdivision name.

Area / Subdivision Name	Parcels Levied	Units	FY 2016/17 Maximum Taxes	FY 2016/17 Applied Taxes
Rajkovich Tract No. 312	81	81	\$17,693.64	\$17,693.64
Tuscan Sun Tract No. 314	29	29	\$6,334.76	\$6,334.76
The Villages Tract No. 313	82	82	\$24,682.00	\$24,682.00
Bella Centro Tract No. 318	28	28	\$5,879.44	\$5,879.44
Del Curto (Est St Duplex)	2	4	\$293.76	\$293.76
Saddlebrook Tract No. 326	28	28	\$3,185.84	\$3,185.84
Ladd Ranch No. 319	25	25	\$10,602.25	\$10,602.00
Apricot Lane No. 323	6	8	\$3,227.28	\$3,227.20
Orchard Park No. 324	1	27	\$10,891.80	\$10,891.80
Old Flour Mill	1	7	\$477.95	\$477.88
Walnut Park No. 145	1	18	\$3,931.98	\$3,931.98
Cerrato No. 315	29	29	\$5,399.51	\$5,399.22
Orchard Ranch No. 325	19	19	\$6,289.00	\$6,289.00
The Cottages No. 327	1	11	\$1,820.48	\$1,820.48
Vista De Oro - \$2,482.49 /ac	1	N/A	\$9,681.70	\$9,681.70
CHISPA - Buena Vista	14	54	\$4,211.40	\$4,210.86
Total*	348	450	\$114,602.79	\$114,601.56

MAXIMUM AND APPLIED SPECIAL TAXES

The District's Maximum Tax rate is also the Applied Tax Rates for the CFD. Pursuant to the Rate and Method of Apportionment the Maximum Special Tax is increased each tax year by the Consumer Price Index or 4%, whichever is less. CFD No. 4 is levied on developed, undeveloped or final map property as needed to pay for the authorized services. A complete listing of the Special Taxes levied on each parcel is included as Exhibit C.

Tax Zone No.	FY 2017/18 Maximum Tax Rate	FY 2017/18 Applied Tax Rate	Percent of Maximum Tax*
1	\$218.44	\$218.44	100.00%
2	\$301.00	\$301.00	100.00%
3	\$209.98	\$209.98	100.00%
4	\$73.44	\$73.44	100.00%
5	\$113.78	\$113.78	100.00%
6	\$424.09	\$424.08	99.99%
7	\$403.40	\$403.40	100.00%
8**	\$108.61 / \$68.27	\$108.60 / \$68.26	99.99%
9	\$186.19	\$186.18	99.99%
10	\$331.00	\$331.00	100.00%
11	\$165.50	\$165.50	100.00%
12	\$2,482.49	\$2,482.49	100.00%

* The County requires even amounts, so Tax Zones 6, 8 and 9 are rounded down to the nearest even number below the max rate. Tax Zone 12 is a per-acre rate and the final amount was even so there is no rounded needed.

** For Tax Zone 8, the amounts are for single family and multifamily residential units.

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 the percentage of Maximum Tax levied each year.

Fiscal Year Levy	Maximum Tax	Applied Tax	Percent of Maximum Tax
FY 2017/18	\$114,602.79	\$114,601.56	100%
FY 2016/17	\$35,893	\$35,893	100%

BUDGET WORKSHEET

The 2017/18 budget worksheet is as follows (note: the City has not applied costs equal to revenues for CFD No. 4 so funds may be allocated infrastructure replacement reserve):

City of Hollister
2017/18 Budget Worksheet
Community Facilities District #4

Levy Components	% of Levy	2017/18
<u>Service Costs</u>		
Maintenance Costs	47.39%	\$ 54,306.11
Deposit to Replacement Reserve	52.61%	\$ 60,295.45
Total Service Costs		\$ 114,601.56
<u>Administrative Costs</u>		
Property Tax Admin	0.00%	\$ -
Bank Service Charge	0.00%	\$ -
Total Administrative Costs		\$ -
Total Services and Admin		\$ 114,601.56
Total Charge		
Total Amount to Levy		\$ 114,601.56
Number of Parcels Levied		348
Percentage of Max Tax Levied		100.00%

Exhibit A: CFD Boundary Map

Exhibit B: Rate and Method of Apportionment

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