

**UNANIMOUS APPROVAL
of Annexation to a Community Facilities District
and Related Matters**

**CITY OF HOLLISTER
Community Facilities District No. 4
(Public Facilities Services)**

Tax Zone No. 1

May 19, 2025

To the Honorable City Council,
City of Hollister
375 Fifth Street
Hollister, CA 95023

Members of the City Council:

This constitutes the Unanimous Approval (the "Unanimous Approval") of the record owner(s) (the "Property Owner") of the fee title to the real property identified below (the "Property") contemplated by Section 53339.3 et seq. of the Mello-Roos Community Facilities Act of 1982, as amended (the "Act") to annexation of the Property to the City of Hollister Community Facilities District No. 4 (the "CFD"), and it states as follows:

1. **Property Owner.** This Unanimous Approval is submitted by the Property Owner as the record owner(s) of fee title to the Property. The Property Owner has supplied to the City current evidence of its ownership of fee title to the Property.
2. **Approval of Annexation.** This Unanimous Approval constitutes the unanimous approval and unanimous vote by the Property Owner in favor of the annexation of the Property to the CFD. **Exhibit A** includes the area to be annexed. The CFD was formed to finance the municipal services (the "Services") described in the Notice of Special Tax Lien recorded in the Office of the County Recorder of the County of San Benito, State of California on June 22, 2015 at the hour of 10:40 am as Document No. 2015-0005911 ("CFD No. 4 Notice of Special Tax Lien").
3. **Approval of Special Tax and the Services.** This Unanimous Approval constitutes the unanimous approval and unanimous vote by the Property Owner in favor of the levy of special taxes (the "Special Taxes") on the Property to finance the Services according to the Rate and Method of Apportionment of Special Taxes for the CFD attached hereto as **Exhibit C** the ("Rate and Method"). **Exhibit B** includes the cost estimate for the Services.
4. **Waivers and Vote.** The Property Owner hereby confirms that this Unanimous Approval constitutes its approval and unanimous vote as described herein and as contemplated by Section 53339.3 et seq. of the Act and Article XIII A of the California Constitution. The Property Owner hereby waives all time limits, notices, and procedures that might otherwise be required in connection with the annexation of the Property to the CFD.
5. **Recordation of Amendment to Notice of Special Tax Lien.** The Property Owner hereby authorizes and directs the City Clerk to execute and cause to be recorded in the office of the County Recorder of the County of San Benito an amendment to the CFD No. 4 Notice of Special Tax Lien as required by Section 3117.5 of the California Streets and Highways Code.

The amendment to the CFD No. 4 Notice of Special Tax Lien shall include the Rate and Method as supplemented by the Supplement as an exhibit thereto.

6. **Authority Warranted.** The Property Owner warrants to the City that the presentation of this Unanimous Approval, any votes, consents or waivers contained herein, and other actions mandated by the City for the annexation of the Property to the CFD shall not constitute or be construed as events of default or delinquencies under any existing or proposed financing documents entered into or to be entered into by the Property Owner for the Property, including any "due-on-encumbrance" clauses under any existing security instruments secured by the Property.
7. **Due Diligence and Disclosures.** The Property Owner agrees to cooperate with the City and its attorneys and consultants and to provide all information and disclosures required by the City about the Special Taxes to purchasers of the Property or any part of it.
8. **Agreements.** The Property Owner further agrees to execute such additional or supplemental agreements as may be required by the City to provide for any of the actions and conditions described in this Unanimous Approval, including any cash deposit required to pay for the City's costs in annexing the Property to the CFD.
9. **The Property.** The Property is identified as follows:

Address: 1940 Airway Drive
APN: 053-420-030
Acres: 1.63

10. **Voting.** As there are less than twelve registered voters within the area designated for this annexation, votes are allocated on a per-acre basis. The votes for and against this annexation area as follows:

Total Acres: 1.63
Total Votes: 2
No. of Votes Yes 2
No. of Votes No 0

By executing this Unanimous Approval, the Property Owner agrees to all of the above.

Annexation No. 61

Property Owner:
KNH, LLC.

By: 

Name: Nick Hough *by Paul A. Rovella, his*
Title: Owner *attorney in fact*

Notice Address: 630 Tevis Trail
Hollister, CA 95023

(attach acknowledgment by notary)

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of San Benito)

On May 5, 2025 before me, Jennifer Botto, Notary Public
(insert name and title of the officer)

personally appeared Paul A. Porella,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

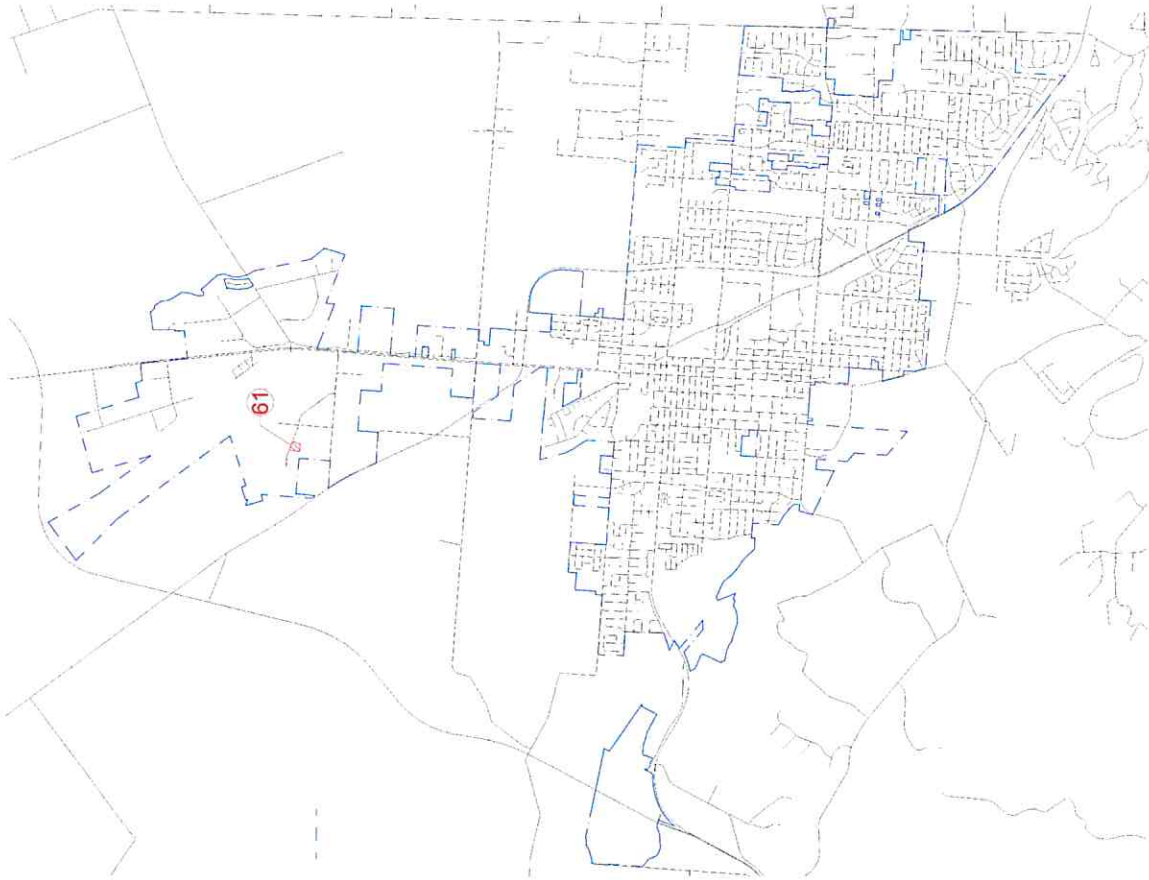
Signature  (Seal)



EXHIBIT A. Proposed Boundary of the 1940 Airway Drive Project

**BOUNDARIES OF
COMMUNITY FACILITY DISTRICT NO. 4**

CITY OF HOLLISTER, COUNTY OF SAN BENITO, STATE OF CALIFORNIA
PREPARED BY THE CITY OF HOLLISTER ENGINEERING DIVISION, APRIL 2025



ANNEXATION NO.	SUBDIVISION/PROJECT	TRACT NO.
61	1940 AIRWAY DRIVE PROJECT	

CITY CLERK'S STATEMENT

I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING PROPOSED BOUNDARIES OF HOLLISTER COMMUNITY FACILITIES DISTRICT NO. 4 CITY OF HOLLISTER COUNTY OF SAN BENITO, STATE OF CALIFORNIA WAS APPROVED BY THE CITY COUNCIL OF THE CITY OF HOLLISTER, AT A MEETING THEREOF, HELD ON THE _____ DAY OF _____, 2025 BY ITS RESOLUTION NO. _____

JENNIFER WOODWORTH, MMC, CPMC, CITY CLERK

CITY ENGINEER'S STATEMENT

THIS DIAGRAM WAS PREPARED UNDER THE DIRECTION OF THE CITY ENGINEER, AND REPRESENTS THE DISTRICT BOUNDARY AS FILED ON _____ IN THE HOLLISTER CITY CLERK'S OFFICE

MARK FALGOUT, P.E.
CITY ENGINEER

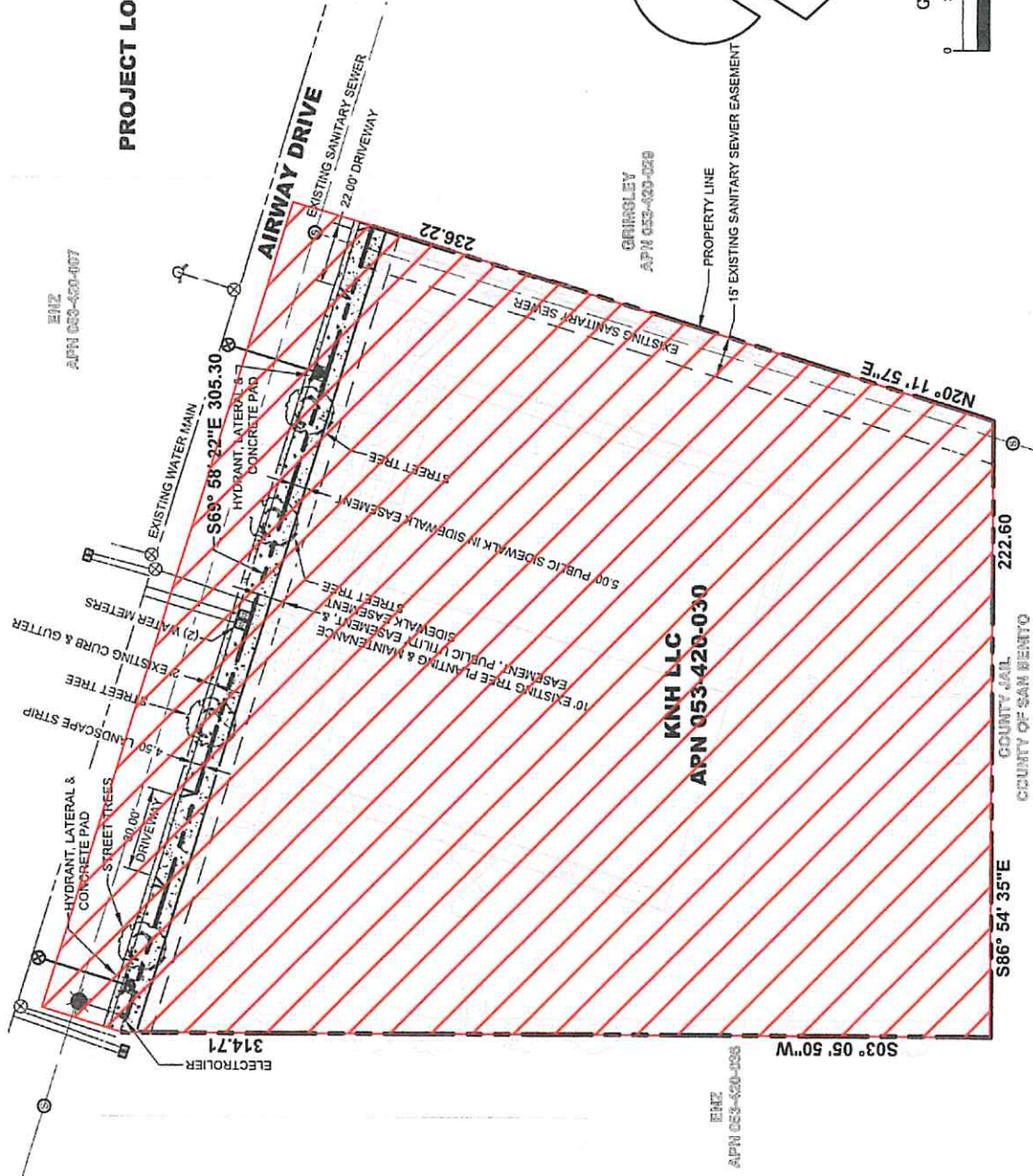
COUNTY RECORDER'S STATEMENT

FILED THIS _____ DAY OF _____, 2025 AT THE HOUR OF _____ O'CLOCK _____ M., IN BOOK _____ OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICT AT PAGE _____ IN THE OFFICE OF THE RECORDER IN THE COUNTY OF SAN BENITO, STATE OF CALIFORNIA

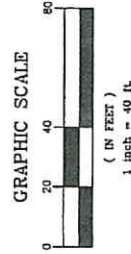
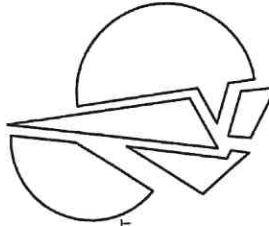
COUNTY RECORDER, COUNTY OF SAN BENITO

EXHIBIT A1

1940 AIRWAY DRIVE PROJECT



VICINITY MAP
NOT TO SCALE



PROJECT INFORMATION

OWNER: KNH LLC
CONTACT: NICK HOUGH
 630 TEVIS TRAIL
 HOLLISTER, CA 95023
 (408) 722-5241
 NICKH@SMS13.COM

APPLICANT: SHEET METAL SYSTEMS, INC.
CONTACT: NICK HOUGH
 630 TEVIS TRAIL
 HOLLISTER, CA 95023
 (408) 722-5241

ENGINEER: KELLEY ENGINEERING & SURVEYING
 400 PARK CENTER DRIVE SUITE #4
 HOLLISTER, CA 95023
 831.636.1104
 MATT@KELLEY-ENGINEERING.COM

ASSESSOR'S PARCEL NUMBER: 053-420-030

PARCEL AREA: 1.63 ACRES

EXISTING ZONING: INDUSTRIAL BUSINESS PARK
GENERAL PLAN: INDUSTRIAL

EXISTING LAND USE: VACANT
PROPOSED LAND USE: INDUSTRIAL/MFG

PROPOSED STRUCTURE AREA: 20,496 SF

NUMBER OF BUILDINGS: 1

EXHIBIT B

Cost Estimate (Fiscal Year 2024-25):

<u>Cost Item</u>	<u>Annual Costs</u>
Annual Maintenance Costs:	\$3,089.00
Contingency (3%)	\$95.00
Annual Administrative Costs:	<u>\$60.00</u>
Total Annual Costs	\$3,244.00
Number of Acres	1.63

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.

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, set forth in Chapter 2.5 of division 2 of title 5 of the California Government Code.

"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.

“**Land Use Categories**” means Single-Family Detached Property, Multi-Family Property, and Non-Residential Property.

“**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.