

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

TRIPOLI CIC, LP
c/o Chelsea Investment Corporation
6339 Paseo Del Lago
Carlsbad, CA 92011
Attention: Cheri Hoffman, President

Space above for Recorder's use

**AGREEMENT TO PREPAY SPECIAL TAX OBLIGATION FOR
CITY OF COACHELLA COMMUNITY FACILITIES DISTRICT 2005-1**

THIS AGREEMENT TO PREPAY SPECIAL TAX OBLIGATION FOR CITY OF COACHELLA COMMUNITY FACILITIES DISTRICT 2005-1 (the "Prepayment Agreement") is dated as of _____, 2023 by and between TRIPOLI CIC, LP ("Owner"), and the CITY OF COACHELLA (the "City"), as the legislative body of Community Facilities District 2005-1.

RECITALS

WHEREAS, the Owner is annexing certain real property located in the City of Coachella, Riverside County, California, more particularly described on **Exhibit A** attached hereto (the "Property"), upon which the Owner intends to develop a 108-unit affordable multifamily development (the "Project"); and,

WHEREAS, the City Council of the City of Coachella, by Resolution No. 2005-93, authorized the creation of the City of Coachella Community Facilities District 2005-1 (the "CFD") and, by Resolution No. 2005-94, authorized the levy of a special tax for properties within the CFD (the "Special Assessment"), pursuant to the Mello-Roos Community Facilities Act of 1982, as amended; and,

WHEREAS, the City Council of the City of Coachella, by Resolution No. 2005-93, authorized the creation of the City of Coachella Community Facilities District 2005-1 (the "CFD") and, by Resolution No. 2005-94, authorized the levy of a special tax for properties within the CFD (the "Special Assessment"), pursuant to the Mello-Roos Community Facilities Act of 1982, as amended; and,

WHEREAS, on April 19, 2023 the City Council of the City of Coachella, California (the "Council") conducted proceedings pertaining to the intention to annex the Property, consisting of Parcel 2 of Lot Line Adjustment 2018-02 ("Annexation Area No. 31"), into the City of Coachella Community Facilities District No. 2005-1 (Law Enforcement, Fire and Paramedic Services) (the "District"), including the rate and method of apportionment of a special tax to finance a portion of the cost of providing certain public services, and the calling of an election in regard to the foregoing; and,

WHEREAS, on May 24, 2023, an election was held within Annexation Area No. 31 regarding the rate and method of apportionment of the proposed special tax; and,

WHEREAS, at such election the proposal for the rate and method of apportionment and manner of collection of the special tax for Annexation Area No. 31 was approved by the qualified electors of Annexation Area No. 31; and,

WHEREAS, the Property is located within the CFD and is subject to the Special Assessment;

WHEREAS, the Owner has requested that it be permitted to prepay 55 years of the Special Assessments for the Property (“Prepaid Special Assessments”), and the City has agreed to allow such prepayment; and,

WHEREAS, the City has agreed to make a deferral agreement loan to the Partnership in order to finance the Prepaid Special Assessments, and the City and the Owner wish to enter into this Agreement to provide for the terms and conditions upon which the Prepaid Special Assessments will be prepaid.

FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Prepayment of Special Assessments; City Loan.

(a) Conditioned upon the Owner acquiring the Property, the Owner is required to pay Special Assessments in the amount of one thousand three hundred forty-eight and 10/100 Dollars (\$1,348.10) for each of the 108 dwelling units of the Project, for the term of this agreement, and which reflects an annualized average adjustment of the Consumer Price Index commencing in 2015.

(b) The City shall make a loan to the Owner in the amount of \$13,568,850 which is an amount equal to the Prepaid Special Assessments for the Project (the “City Loan”). The City Loan is evidenced by a loan agreement and promissory note, and is secured by a deed of trust encumbering the Property (collectively, the Loan Documents”). The City Loan shall bear interest at 3% and shall be payable from and to the extent of fifty percent (50%) of Residual Cash Flow (as defined in the City Note). The City shall use the payments on the City Loan made by the Owner to reimburse itself for prepayment of the Special Assessments,

(c) On the date that the Owner acquires the Property, the Owner shall annex the Property into the CFD, and the City shall prepay the Prepaid Special Assessments. The City shall record a satisfaction of lien or other document necessary to reflect the prepayment of the CFD promptly thereafter.

(d) The City shall have the right to approve any sale or refinancing of the Property (“Capital Transaction”), such approval not to be unreasonably withheld, delayed or conditioned. Upon the occurrence of a Capital Transaction, any outstanding amounts under the City Loan shall be paid in full. The Owner acknowledges and agrees that upon the maturity of the senior loan made by Banner Bank, on the date that is [17] years following the Conversion

Date (as defined the documents evidencing such senior loan), the Owner shall cause a Capital Transaction to occur and the City Loan to be repaid out of funds available from the Capital Transaction.

2. Entire Agreement; Amendment. Except as set forth in this paragraph, this Agreement and the agreements expressly referred to herein contains all of the agreements of the parties hereto with respect to the matters contained herein and no prior or contemporaneous agreement or understandings, oral or written, pertaining to any such matters shall be effective for any purpose. No provision of this Agreement may be modified, waiver, amended or added to except by a writing signed by the party against which the enforcement of such modification, waiver, amendment or addition is or may be sought.

3. Notices. Any notice, payment or instrument required or permitted by this Agreement to be given or delivered to either party shall be deemed to have been received when personally delivered or seventy-two (72) hours following deposit of the same in any United States Post Office in California, registered or certified, postage prepaid, addressed as follows:

To City:
City of Coachella City Hall
1515 Sixth Street Coachella, CA 92236
Attention: City Manager

BORROWER:

Tripoli CIC, LP
c/o Chelsea Investment Corporation
6339 Paseo Del Lago
Carlsbad, CA 92011
Attention: Cheri Hoffman, President

With copy to:

Winthrop & Weinstine, PA
225 South Sixth Street, Suite 3500
Minneapolis, MN 55426
Attn: Jon L. Peterson, Esq.

If to Borrower, with a copy to Borrower's limited partner:

USA Institutional Tripoli LLC
777 West Putnam Avenue
Greenwich, CT 06830
Attn: Joanne D. Flanagan, Esq.

Each party may change its address for delivery of notice by delivering written notice of such change of address to the other party.

4. Severability. If any provision of this Agreement is held to be illegal or unenforceable by a court of competent jurisdiction, the remainder of this Agreement shall be given effect to the fullest extent reasonably possible.
5. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto
6. Governing Law. This Agreement and any dispute arising hereunder shall be governed by and interpreted in accordance with the laws of the State of California.
7. Waiver. Failure by a party to insist upon the strict performance of any of the provisions of this Agreement by any other party, or the failure by a party to exercise its rights under the default of any other party, shall not constitute a waiver of such party's right to insist and demand strict compliance by any other party with the terms of this Agreement thereafter.
8. Singular and Plural; Gender. As used herein, the singular of any work includes the plural, and terms in the masculine gender shall include the feminine.
9. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original.
10. Construction of Agreement. This Agreement has been reviewed by legal counsel for both the City and the Owner and shall be deemed for all purposes to have been jointly drafted by the City and the Owner. No presumption or rule that ambiguities shall be construed against the drafting party shall apply to the interpretation or enforcement of this Agreement. The language in all parts of this Agreement, in all cases, shall be construed as a whole and in accordance with its fair meaning and not strictly for or against any party and consistent with the provisions hereof, in order to achieve the objectives of the parties hereunder. The captions of the sections and subsections of this Agreement are for convenience only and shall not be considered or referred to in resolving questions of construction.
11. Authority of Signatories. Each signatory and party hereto hereby represents and warrants to the other party that it has legal authority and capacity and direction from its principal to enter into this Agreement, and that all resolutions and/or other actions have been taken so as to enable such party to enter into this Agreement.

[Remainder of this page intentionally left blank. Next page is the signature page.]

IN WITNESS WHEREOF, the parties hereto have executed this instrument as of the thy and year first above written.

CITY OF COACHELLA

a California municipal corporation

By: _____
Name: Dr. Gabriel Martin, City Manager

Approved as to form:

By: _____
Name: Carlos Campos, City Attorney

BORROWER:

TRIPOLI CIC, LP,
a California limited partnership

By: Pacific Southwest Community Development Corporation,
a California nonprofit public benefit corporation,
its Managing General Partner

By: _____
Juan P. Arroyo, Executive Vice President

By: CIC Tripoli, LLC,
a California limited liability company,
its Administrative General Partner

By: Chelsea Investment Corporation,
a California corporation,
its Manager

By: _____
Cheri Hoffman, President

Exhibit A

Real property in the City of Coachella, County of Riverside, State of California, described as follows:

PARCEL A:

PARCEL 1:

A PORTION OF LOT 11, SECTION 5, TOWNSHIP 6 SOUTH, RANGE 8 EAST, SAN BERNARDINO BASE AND MERIDIAN, AS SHOWN BY MAP OF LANDS OF COACHELLA LAND AND WATER COMPANY ON FILE IN BOOK 4 PAGE 53 OF MAPS, RIVERSIDE COUNTY RECORDS, DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE CENTER LINES OF BAGDAD AVENUE, AND TRIPOLI WAY;

THENCE SOUTH 89° 54' WEST, 272 FEET ALONG THE CENTER LINE OF BAGDAD AVENUE TO THE TRUE POINT OF BEGINNING;

THENCE CONTINUING SOUTH 89° 54' WEST ALONG THE CENTER LINE OF BAGDAD AVENUE, 356.67 FEET, MORE OR LESS, TO THE EASTERLY LINE OF HIGHWAY 99 AS SHOWN BY RECORD OF SURVEY ON FILE IN BOOK 7 PAGE 38 OF RECORDS OF SURVEY, RIVERSIDE COUNTY RECORDS;

THENCE NORTHERLY ALONG SAID EASTERLY LINE OF HIGHWAY 86, 102.88 FEET;

THENCE NORTH 89° 54' EAST, 356.67 FEET;

THENCE SOUTH 00° 06' EAST, 102.88 FEET, MORE OR LESS, TO THE TRUE POINT OF BEGINNING;

EXCEPTING THEREFROM THE SOUTH 30 FEET FOR ROAD PURPOSES;

ALSO EXCEPTING THEREFROM THE WESTERLY 17.00 FEET AS CONVEYED TO THE CITY OF COACHELLA BY DEED RECORDED MARCH 18, 1971 AS INSTRUMENT NO. 26947 OF OFFICIAL RECORDS.

PARCEL 2:

THAT PORTION OF LOT 11 IN SECTION 5, TOWNSHIP 6 SOUTH, RANGE 8 EAST, SAN BERNARDINO BASE AND MERIDIAN, AS SHOWN BY MAP OF LANDS OF COACHELLA LAND AND WATER COMPANY ON FILE IN BOOK 4 PAGE 53 OF MAPS, RIVERSIDE COUNTY RECORDS, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE EAST LINE OF THE STATE HIGHWAY, AS SHOWN ON LICENSED LAND SURVEYOR'S MAP ON FILE IN BOOK 7 PAGE 38 OF RECORD OF SURVEY, RIVERSIDE COUNTY RECORDS, 102.88 FEET NORTH OF THE SOUTHWEST CORNER OF LOT

11;

THENCE CONTINUING NORTHERLY ON SAID EAST LINE OF 140.20 FEET TO THE SOUTHWEST CORNER OF THAT CERTAIN PARCEL OF LAND CONVEYED TO JENNY JEFFERY, ET AL, BY DEED RECORDED APRIL 12, 1929 IN BOOK 804 PAGE 423 OF DEEDS;

THENCE EASTERLY ALONG THE SOUTHERLY LINE OF SAID PARCEL AND PARALLEL WITH THE SOUTHERLY LINE OF SAID LOT 11, 229 FEET TO THE SOUTHEAST CORNER OF SAID PARCEL CONVEYED TO JEFFERY;

THENCE NORTH 36° 04' WEST ALONG THE NORTHEASTERLY LINE OF THE JEFFERY PARCEL, 75 FEET TO THE MOST SOUTHERLY CORNER OF THAT PARCEL CONVEYED TO ROBERT J. FERRAUD BY DEED RECORDED DECEMBER 6, 1972 AS INSTRUMENT NO. 161111;

THENCE NORTH 53° 36' EAST ON THE SOUTHEAST LINE OF SAID PARCEL CONVEYED TO FERRAUD AND ITS NORTHEASTERLY EXTENSION, 159.77 FEET TO THE SOUTHWESTERLY LINE OF TRIPOLI WAY;

THENCE SOUTH 36° 04' EAST ON SAID SOUTHWESTERLY LINE, 313.43 FEET MORE OR LESS, TO A POINT 142.88 FEET NORTH OF THE SOUTH LINE OF SAID LOT 11, SAID POINT BEING ON THE NORTH LINE OF THAT CENTER PARCEL CONVEYED TO LEONHARDT SWINGLE AND LEE J. ANDERSON BY DEED RECORDED NOVEMBER 22, 1934 IN BOOK 201 PAGE 555 OF OFFICIAL RECORDS;

THENCE NORTH 89° 54' EAST ON SAID NORTH LINE OF THE LEONHARDT-ANDERSON PARCEL, 40 FEET, MORE OR LESS, TO THE NORTHEAST CORNER BEING A POINT ON THE CENTER LINE OF TRIPOLI WAY;

THENCE SOUTH 36° 04' EAST TO A POINT WHICH IS 102.88 FEET NORTH OF THE SOUTH LINE OF SAID LOT 11;

THENCE SOUTH 89° 54' WEST, 566.78 FEET TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM THE WESTERLY 20 FEET AS CONVEYED TO THE CITY OF COACHELLA BY DEED RECORDED MARCH 18, 1971 AS INSTRUMENT NO. 26942 OF OFFICIAL RECORDS.

ALSO EXCEPTING THEREFROM THAT PORTION THEREOF INCLUDED WITHIN THE WELL SITE DESCRIBED AS;

THAT PORTION OF LOT 11 IN SECTION 5, TOWNSHIP 6 SOUTH, RANGE 8 EAST, SAN BERNARDINO BASE AND MERIDIAN, AS SHOWN BY MAP OF LANDS OF COACHELLA LAND AND WATER COMPANY ON FILE IN BOOK 4 PAGE 53 OF MAPS, RIVERSIDE COUNTY RECORDS, DESCRIBED AS FOLLOWS:

COMMENCING AT A POINT ON THE SOUTHERLY LINE OF SAID LOT 11, 216 FEET EASTERLY FROM THE POINT OF INTERSECTION OF THE WESTERLY PROLONGATION OF SAID SOUTHERLY LINE AND THE CENTER LINE OF THE STATE HIGHWAY AS SHOWN ON RECORDS OF SURVEY ON FILE IN BOOK 7 PAGE 38 OF RECORDS OF SURVEY, RIVERSIDE COUNTY RECORDS;

THENCE NORTH 102.88 FEET TO THE POINT OF BEGINNING;
THENCE NORTH 40 FEET;
THENCE EAST 43 FEET;
THENCE SOUTH 40 FEET;
THENCE WEST 43 FEET TO THE POINT OF BEGINNING.

PARCEL 3:

THAT PORTION OF LOT 11 IN SECTION 5, TOWNSHIP 6 SOUTH, RANGE 8 EAST, SAN BERNARDINO BASE AND MERIDIAN, AS SHOWN BY MAP OF LANDS OF COACHELLA LAND AND WATER COMPANY ON FILE IN BOOK 4 PAGE 53 OF MAPS, RIVERSIDE COUNTY RECORDS, DESCRIBED AS FOLLOWS:

COMMENCING AT A POINT ON THE SOUTHERLY LINE OF SAID LOT 11, 216 FEET EASTERLY FROM THE POINT OF INTERSECTION OF THE WESTERLY PROLONGATION OF SAID SOUTHERLY LINE AND THE CENTER LINE OF THE STATE HIGHWAY AS SHOWN ON RECORD OF SURVEY ON FILE IN BOOK 7 PAGE 38 OF RECORDS OF SURVEY, RIVERSIDE COUNTY RECORDS;

THENCE NORTH 102.88 FEET TO THE POINT OF BEGINNING;
THENCE NORTH 40 FEET;
THENCE EAST 43 FEET;
THENCE SOUTH 40 FEET;
THENCE WEST 43 FEET TO THE POINT OF BEGINNING.

PARCEL B:

THAT PORTION OF LOT 11 IN SECTION 5, T. 6 S., R. 8 E., S.B.B.& M. AS SHOWN BY MAP OF LANDS OF COACHELLA LAND AND WATER COMPANY, ON FILE IN BOOK 4, PAGE 53 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF RIVERSIDE COUNTY, CALIFORNIA, DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST NORTHERLY CORNER OF THAT CERTAIN REAL PROPERTY DESCRIBED IN DEED TO ROBERT J. FERRAUD RECORDED ON DECEMBER 6, 1972 AS INSTRUMENT NO. 161111, OF OFFICIAL RECORDS IN SAID COUNTY RECORDER'S OFFICE;

THENCE ALONG THE NORTHEASTERLY BOUNDARY OF SAID REAL PROPERTY OF ROBERT J. FERRAUD, SOUTH 36° 04' 00" EAST, 122.89 FEET TO THE MOST EASTERLY CORNER OF SAID REAL PROPERTY OF ROBERT J. FERRAUD;

THENCE NORTH 53° 56' 00" EAST, PARALLEL WITH THE SOUTHEASTERLY LINE OF SIXTH

STREET,
97.77 FEET TO THE SOUTHWESTERLY LINE OF TRIPOLI WAY;

THENCE NORTH 36° 04' 00" WEST, ALONG SAID SOUTHWESTERLY LINE OF TRIPOLI WAY,
122.89 FEET TO SAID SOUTHEASTERLY LINE OF SIXTH STREET;

THENCE SOUTH 53° 56' 00" WEST, ALONG SAID SOUTHEASTERLY LINE OF SIXTH STREET,
97.77 FEET TO THE POINT OF BEGINNING.

APN: 778-081-003 (Affects Parcel A) and 778-081-001 (Affects Parcel B)

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