

TRIPOLI CIC, LP
6339 Paseo del Lago
Carlsbad, CA 92011

February 28, 2023

Andrew Simmons, City Engineer
Gabriel Martin, City Manager
City of Coachella
53990 Enterprise Way
Coachella, CA 92236

Subject: Budget for 6th Street Improvements/IIG Scope
Tripoli Apartments (“Project”) located at 51392 Cesar Chavez Street

Dear Mr. Simmons and Dr. Martin:

The team at Chelsea Investment Corporation is hard at work refining the details of the Tripoli project that is heading toward a start of construction in May of 2023. We appreciate the guidance of the city’s internal managers and staff on project requirements. **One of the keys to the project’s success is ensuring that the scope of work we will be performing is in balance with project resources so that we can close financing on time.**

Since our last meeting at the council on the topic of project cost, we have been able to budget the offsite work from Cesar Chavez to Palm on 6th Street. These upgrades will ensure the downtown Coachella gets the comprehensive update to streets and sidewalks that was originally envisioned.

Next the team is working on plans for the 9th Street Park. We recently met with the planning commission to discuss the possibility of removing an elevator bank from the smaller building at the Tripoli Apartments and using the resulting savings to pay for the park. The commission voted to approve that plan citing the greater good for the city’s residents from park improvements. There was an issue with the wording of the approval, however, that we wanted to bring to your attention.

The commission intended to vote on a motion that ensured that our company would be required to perform a minimum of work of \$350,000 **OR** the cost of deleting the elevator bank. Unfortunately due to the complexity of the issue and the last-minute addition of the elevator deletion cost, the commission worded the item as \$350,000 **AND** the cost of deleting the elevator bank. Unfortunately there are not enough project resources for us to make this commitment which would result in the project being out of balance between resources and cost. We ask for your help to ensure that this trade-off is worded in such a way so that the project can make the commitment.

Finally there is the issue of project savings. Chelsea Investment Corporation does not object to working collaboratively with the city to spend any savings that may result from the project. The issue arises with how to process that commitment in the legal documents related to the project financing including how to define savings. A second issue with using savings from the overall project for the park is the schedule since savings would be calculated at project completion in December 2024. Therefore construction on the park would be held up until that time. A third consideration is that project savings could be used for

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improvements to the building or to the retail spaces increasing the likelihood that we can attract new tenants to benefit the downtown area.

The options we would recommend for wording on project savings are as follows:

1. Set a fixed offsite budget with the City Engineer where any savings from the scope surrounding the project site (including the extensive utility undergrounding), and 6th Street would automatically be used for park improvements AND/OR
2. Set series of meeting to work collaboratively with the city at 50% complete, 75% complete and project completion to review potential uses of contingency that can include building upgrades to benefit tenants, retail upgrades to attract tenants, and/or park improvements.

We appreciate the city's active involvement in the project that ensures our plans meet the needs of city residents and future tenants of the Tripoli Apartments. Please be sure to contact Alex Earl at aearl@chelseainvestco.com or (760) 917-3463 if you have suggestions or need clarifications about these issues.

Sincerely,

DocuSigned by:

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Jim Andersen
Chief Development Officer
Chelsea Investment Corporation
On behalf of Tripoli CIC, LP

Cc: Gabriel Perez, Planning Director, City of Coachella
Celina Jimenez, Grants Manager, City of Coachella
Jim Andersen, Chelsea Investment Corporation
David Potter, Chelsea Investment Corporation
Colleen Edwards, Chelsea Investment Corporation
Alex Earl, Chelsea Investment Corporation