



City Hall Council Chamber
1515 Sixth Street, Coachella, California
(760) 398-3502 ♦ www.coachella.org

AMENDED AGENDA

OF A SPECIAL MEETING
OF THE

CITY OF COACHELLA

CITY COUNCIL SPECIAL MEETING

THE COUNCIL SITTING AS THE COACHELLA SANITARY DISTRICT,

COACHELLA FIRE PROTECTION DISTRICT, COACHELLA FINANCING AUTHORITY,

COACHELLA EDUCATIONAL AND GOVERNMENTAL ACCESS CABLE CHANNEL CORPORATION,

COACHELLA WATER AUTHORITY, AND SUCCESSOR AGENCY TO THE COACHELLA REDEVELOPMENT AGENCY

April 19, 2023

5:30 PM – SPECIAL MEETING

<p>In-Person Meeting Location:</p> <p>Coachella City Hall Council Chamber 1515 Sixth Street Coachella, CA</p>	<p>If you would like to attend the meeting via Zoom, here is the link:</p> <p>https://us02web.zoom.us/j/88457271898?pwd=REdzU1NoOmpVSFhWTDVaZ0VCekYxdz09</p> <p>Or One tap mobile : 16699006833,,88457271898#,,, *606140#</p> <p>Or Telephone: US: +1 669 900 6833</p> <p>Webinar ID: 884 5727 1898</p> <p>Passcode: 606140</p> <p>Spanish: El idioma español está disponible en Zoom seleccionado la opción en la parte de abajo de la pantalla</p>
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- Public comments may be received **either in person, via email, telephonically, or via Zoom** with a limit of **250 words, or three minutes:**
 - **In Real Time:**
If participating in real time via Zoom or phone, during the Public Comment Period, use the “**raise hand**” function on your computer, or when using a phone, participants can raise their hand by pressing *9 on the keypad.
 - **In Writing:**
Written comments may be submitted to the City Council electronically via email to cityclerk@coachella.org. Transmittal **prior to the start** of the meeting is required. All written comments received will be forwarded to the City Council and entered into the record.
 - If you wish, you may leave a message at (760) 262-6240 before 5:30 p.m. on the day of the meeting.
- The **live stream** of the meeting may be **viewed online** by accessing the city's website at www.coachella.org, and clicking on the "**Watch Council Meetings**" tab located on the home page, and then clicking on the "live" button.

CALL TO ORDER: - 5:30 P.M.

ROLL CALL:

APPROVAL OF AGENDA:

“At this time the Council/ Board/Corporation/Authority may announce any items being pulled from the Agenda or continued to another date or request the moving of an item on the agenda”

PLEDGE OF ALLEGIANCE:

NEW BUSINESS CALENDAR (LEGISLATIVE AND ADMINISTRATIVE):

1. Adopt Resolution No. 2023-19 Stating the Intention to Annex Property into City of Coachella Community Facilities District No. 2005-1 (Law Enforcement, Fire and Paramedic Services) and Authorize the Levy of a Special Tax Within Annexation Area No. 35 (Tripoli Apartments).
2. Pueblo Viejo - Subordination Agreement

PUBLIC COMMENTS (NON-AGENDA ITEMS):

The public may address the City Council/Board/Corporation/ Authority on any item of interest to the public that is not on the agenda but is in the subject matter jurisdiction thereof. Please limit your comments to three (3) minutes.

REPORTS AND REQUESTS:

Council Comments/Report of Miscellaneous Committees.

City Manager’s Comments.

ADJOURNMENT:

*Complete Agenda Packets are available for public inspection at the
City Clerk’s Office at 53-462 Enterprise Way, Coachella, California, and on the
City’s website www.coachella.org.*

THIS MEETING IS ACCESSIBLE TO PERSONS WITH DISABILITIES



STAFF REPORT
4/19/2023

TO: Honorable Mayor and City Council Members

FROM: Gabriel Perez, Development Services Director

SUBJECT: Adopt Resolution No. 2023-19 Stating the Intention to Annex Property into City of Coachella Community Facilities District No. 2005-1 (Law Enforcement, Fire and Paramedic Services) and Authorize the Levy of a Special Tax Within Annexation Area No. 35 (Tripoli Apartments).

STAFF RECOMMENDATION:

Staff recommends that the City Council adopt the attached Resolution No. 2023-19 stating the intention to annex property located at the northeast corner of Cesar Chavez Street and Bagdad Avenue into Community Facilities District No. 2005-01 (CFD 2005-01, Police, Fire and Paramedic Services) and setting a public hearing date for the same.

BACKGROUND:

On September 14, 2005, the City Council adopted Resolution No. 2005-93 establishing the City of Coachella Facilities District No. 2005-01 (Law Enforcement, Fire and Paramedic Services) pursuant to the Mellow-Roos Community Facilities Act of 1982, as amended. The District and numerous annexations of subdivisions and new multifamily residential developments over the past 18 years have been established.

DISCUSSION/ANALYSIS:

The Planning Commission and City Council approved the Tripoli Apartments project, which includes construction of a new 108-unit multifamily residential community on 2.8 acres located at the northeast corner of Cesar Chavez Street and Bagdad Avenue. The developer is Community Chelsea Investment Corporation. According to the conditions of approval, the subject site must be annexed into the Community Facilities District No. 2005-01 and the City will be able to levy the special tax on an annual basis for each of the proposed 108 apartment units.

Attached to this staff report is the Resolution of Intention setting a future public hearing date on May 24, 2023 for the District Annexation No. 35 final actions, which will include a special election, canvassing of the results, and an ordinance authorizing the levy of the special tax within Annexation No. 35. The other attachment to this report is a copy of the CFD Annexation Map for the subject property and the "Rate and Method" for the District.

ALTERNATIVES:

1. Adopt Resolution No. 2023-19 stating the intention to annex property into Community Facilities District No. 2005-01 (CFD 2005-01, Police, Fire and Paramedic Services) and setting a public hearing date for the same
2. Take no action.
3. Continue this item and provide staff with direction.

FISCAL IMPACT:

The City expects to collect an annual assessment of \$1,348.10 per dwelling unit within the District starting in the 2023/2024 fiscal year. This Annexation will result in a new annual assessment of \$145,594.80 for the project.

RECOMMENDED ALTERNATIVE(S):

Staff recommends Alternative #1 as stated above.

Attachments:

1. Resolution No. 2023-19
Exhibit A - Rate and Method (CFD 2005-01)
2. CFD Annexation No. 35 Map

RESOLUTION NO. 2023-19

RESOLUTION OF INTENTION OF THE CITY COUNCIL OF THE CITY OF COACHELLA TO ANNEX PROPERTY INTO CITY OF COACHELLA COMMUNITY FACILITIES DISTRICT NO. 2005-1 (LAW ENFORCEMENT, FIRE AND PARAMEDIC SERVICES) AND TO AUTHORIZE THE LEVY OF A SPECIAL TAX WITHIN ANNEXATION AREA NO. 35 (TRIPOLI APARTMENTS).

WHEREAS, the City Council (the “Council”) of the City of Coachella (the “City”) has established City of Coachella Community Facilities District No. 2005-1 (Law Enforcement, Fire and Paramedic Services) (the “CFD”) pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, commencing with Section 53321 of the Government Code of the State of California (the “Act”); and,

WHEREAS, the CFD will finance law enforcement, fire and paramedic services that are in addition to those provided in the territory within the CFD prior to the formation of the CFD and do not supplant services already available within the territory included in the CFD subject to the levy of a special tax to pay for such services, approved at an election held within the boundaries of the CFD; and,

WHEREAS, the Council has provided for the annexation in the future of territory (the “Future Annexation Area”) to the CFD pursuant to the terms and provisions of the Act; and,

WHEREAS, the Tripoli Apartments project was conditioned to annex into the City’s Community Facilities District No. 2005-01 as part of Architectural Review No. 22-04; and,

WHEREAS, the Council has determined pursuant to Section 53339.2 of the Act that public convenience and necessity require that territory be added to the CFD upon its formation;

NOW, THEREFORE, BE IT RESOLVED, BY THE CITY COUNCIL OF THE CITY OF COACHELLA AS FOLLOWS:

Section 1. The Council hereby determines to institute proceedings for the annexation of certain territory into the proposed CFD under the terms of the Act. The exterior boundaries of the area to be annexed (“Annexation Area No. 35”) are hereby specified and described to be as shown on that certain map now on file in the office of the City Clerk entitled “Annexation Map No. 35 - Community Facilities District No. 2005-1 (Law Enforcement, Fire and Paramedic Services)” which map indicates by a boundary line the extent of the territory included in Annexation Area No. 35 and shall govern for all details as to the extent of Annexation Area No. 35. On the original and one copy of the map of such Annexation Area No. 35 on file in the City Clerk’s office, the City Clerk shall endorse the certificate evidencing the date and adoption of this Resolution. The City Clerk shall file the original of such map in her office and, within fifteen (15) days after the adoption of this Resolution, the City Clerk shall file a copy of such map.

Section 2. Except where funds are otherwise available, it is the intention of the City Council to levy annually in accordance with procedures contained in the Act a special tax (the

“Special Tax”) sufficient to finance law enforcement, fire and paramedic services that are in addition to those provided in the territory within Annexation Area No. 35 prior to the annexation of Annexation Area No. 35 into the CFD and do not supplant services already available within the territory proposed to be annexed into the CFD, the costs of administering the levy and collection of the Special Tax and all other costs of the levy of the Special Tax, including any foreclosure proceedings, legal, fiscal, and financial consultant fees, election costs, and all other administrative costs of the tax levy. The Special Tax will be secured by recordation of a continuing lien against all real property in the proposed Annexation Area No. 35. The schedule of the rate and method of apportionment and manner of collection of the Special Tax is described in detail in Exhibit “A” attached hereto and by this reference incorporated herein. The annexation of Annexation Area No. 35 will not result in any change to the special tax rates levied in the CFD prior to such annexation.

The Special Tax is apportioned to each parcel on the foregoing basis pursuant to Section 53325.3 of the Act.

The maximum Special Tax applicable to a parcel to be used for private residential purposes, as set forth in Exhibit A, is specified as a dollar amount which shall be calculated and established not later than the date on which the parcel is first subject to tax because of its use for private residential purposes, and such amount shall not be increased over time by an amount in excess of 2 percent per year. Under no circumstances will the Special Tax to be levied against any parcel used for private residential purposes be increased as a consequence of delinquency or default by the owner of any other parcel or parcels within the proposed Annexation Area No. 32. As specified by the Act, for purposes of this paragraph, a parcel shall be considered “used for private residential purposes” not later than the date on which an occupancy permit for private residential use is issued.

Section 3. A public hearing (the “Hearing”) on the annexation of Annexation Area No. 35 and the proposed rate and method of apportionment of the Special Tax shall be held on April 26, 2023, at 6:00 o’clock p.m., or as soon thereafter as practicable, at the chambers of the City Council of the City of Coachella, 1515 Sixth Street, Coachella, California 92236.

Section 4. At the time and place set forth above for the hearing, any interested person for or against the annexation of Annexation Area No. 35 to the CFD or the levying of special taxes within the proposed Annexation Area No. 35 will be heard.

Section 7. Each City officer who is or will be responsible Annexation Area No. 35, if they are annexed, is hereby directed to study the proposed Annexation Area No. 35 and, at or before the time of the above-mentioned Hearing, file a report with the City Council, and which is to be made a part of the record of the Hearing, containing a brief description of Annexation Area No. 35, and his or her estimate of the cost of providing additional law enforcement, fire and paramedic services within the boundary of Annexation Area No. 35. The City Manager is directed to estimate the fair and reasonable cost of all incidental expenses, including all costs associated with the annexation of Annexation Area No. 35, determination of the amount of any special taxes, collection of any special taxes, or costs otherwise incurred in order to carry out the authorized purposes of the City with respect to Annexation Area No. 35.

Section 5. The City may accept advances of funds from any sources, including private persons or private entities, and is authorized and directed to use such funds for any authorized

purpose, including any cost incurred by the City in annexing the proposed Annexation Area No. 35. The City may enter into an agreement to repay all of such funds as are not expended or committed for any authorized purpose at the time of the election on the levy of the Special Tax, if the proposal to levy such tax should fail, and to repay all of such funds advanced if the levy of the Special Tax shall be approved by the qualified electors of Annexation Area No. 35.

Section 6. The City Clerk is hereby directed to publish a notice (“Notice”) of the Hearing pursuant to Section 6061 of the Government Code in a newspaper of general circulation published in the area of the proposed Annexation Area No. 35. Such Notice shall contain the text of this Resolution, state the time and place of the Hearing, a statement that the testimony of all interested persons or taxpayers will be heard, a description of the protest rights of the registered voters and landowners in the proposed Annexation Area No. 35 as provided in Section 53339.5 of the Act and a description of the proposed voting procedure for the election required by the Act. Such publication shall be completed at least 7 days prior to the date of the Hearing.

Section 7. The voting procedure with respect to the annexation of the Annexation Area No. 35 and the imposition of the special tax shall be by hand delivered or mailed ballot election.

PASSED, APPROVED and ADOPTED this 19nd day of April, 2023 by the following votes:

AYES:

NOES:

ABSTAIN:

ABSENT:

Steven A. Hernandez, Mayor
City of Coachella

ATTEST:

Angela Zepeda, City Clerk
City of Coachella

APPROVED AS TO FORM:

Carlos L. Campos, City Attorney
City of Coachella

STATE OF CALIFORNIA)
COUNTY OF RIVERSIDE) ss
CITY OF COACHELLA)

I, Delia Granados, Deputy City Clerk of the City of Coachella, do hereby certify that the foregoing is a full, true and correct copy of Resolution No. 2023-19, adopted by the City Council of the City of Coachella at a regular meeting therefore duly held and convened on the 19th day of April, 2023.

Angela Zepeda, City Clerk

EXHIBIT A

RATE AND METHOD OF APPORTIONMENT

**RATE AND METHOD OF APPORTIONMENT FOR
CITY OF COACHELLA COMMUNITY FACILITIES DISTRICT NO. 2005-1
(LAW ENFORCEMENT, FIRE AND PARAMEDIC SERVICES)**

A Special Tax as hereinafter defined shall be levied on all Assessor's Parcels in Community Facilities District No. 2005-1 of the City of Coachella (the "CFD") and collected each Fiscal Year commencing in Fiscal Year 2006-07, in an amount determined by the City Council of the City of Coachella, through the application of the Rate Method of Apportionment as described below. All of the real property in the CFD, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Division 2 of Title 5 of the Government Code of the State of California.

"Assessor's Parcel" means a lot or parcel shown in an Assessor's Parcel Map with an assigned Assessor's parcel number.

"Assessor's Parcel Map" means an official map of the County Assessor of the County designating parcels by Assessor's parcel number.

"CFD Administration" means an official of the City, or designee thereof, responsible for providing for the levy and collection of the Special Taxes.

"CDF" means City of Coachella Community Facilities District No. 2005-1 (Law Enforcement, Fire and Paramedic Services).

"City" means the City of Coachella.

"City Council" means the City Council of the City.

"Commercial or Industrial Property" means for each Fiscal Year, property for which a building permit for new construction of a commercial or industrial use building has been issued.

"County" means the County of Riverside.

"Developed Multi-Family Residential Property" means for each Fiscal Year, all Taxable Property for which a building permit for new construction of a multi-family dwelling with four or more units was issued prior to June 30 of the prior Fiscal Year, exclusive of property for which the property owner pays Transient Occupancy Taxes or the property owner has entered into an agreement with the City pursuant to which such property owner pays Transient Occupancy Taxes.

“**Developed Property**” means for each Fiscal Year, all Developed Multi-Family Residential Property and Developed Single-Family Residential Property.

“**Developed Single-Family Residential Property**” means for each Fiscal Year, all Taxable Property for which a building permit new construction of a single-family dwelling unit was issued prior to June 30 of the prior Fiscal Year.

“**Fiscal Year**” means the period starting July 1 and ending on the following June 30.

“**Resolution of Formation**” means the resolution adopted by the City as authorized by Section 53325.1 of the California Government Code.

“**Special Tax**” means the special tax to be levied in each Fiscal Year on each Assessor’s Parcel Taxable Property.

“**State**” means the State of California.

“**Taxable Property**” means all the Assessor’s Parcels within the boundaries of the CFD which are not exempt from the Special Tax pursuant to law or Section E below.

“**Transient Occupancy Taxes**” means those transient occupancy taxes payable to the City pursuant to Ordinance.

“**Undeveloped Property**” means, for each Fiscal Year, all Assessor’s Parcels not classified as Developed Property or Commercial or Industrial Property.

B. ASSIGNMENT TO LAND USE CLASSES

Each Fiscal Year, all Taxable Property within the CFD classified as Developed Single-Family Residential Property or Developed Multi-Family Residential Property shall be subject to Special Taxes in accordance with the rate and method of apportionment determined pursuant to Sections C and D below.

C. MAXIMUM SPECIAL TAX

1. Developed Single-Family Residential Property

- a. Maximum Special Tax
The Maximum Special Tax for each Assessor’s Parcel classified as Developed Single-Family Residential Property shall be \$846.76 for Police Services and \$511.34 for Fire/Paramedic Services.
- b. Increase in the Maximum Special Tax
On each July 1, commencing on July 1, 2015, the Maximum Special Tax shall be increased by an amount equal to the percentage increase in the U.S. Department of Labor Statistics, Consumer Price Index, for Los Angeles-Riverside-Orange County, California, for the 12

month period ending the preceding December 31, of the amount in effect for the previous Fiscal Year.

2. Developed Multi-Family Residential Property

a. Maximum Special Tax

The Maximum Special Tax for each Assessor’s Parcel classified as Developed Multi-Family Residential Property shall be \$846.76 for Police Services and \$511.34 for Fire/Paramedic Services multiplied by the number of separate dwelling units applicable to such Assessor’s Parcel.

b. Increase in the Maximum Special Tax

On each July 1, commencing on July 1, 2015, the Maximum Special Tax shall be increased by an amount equal to the percentage increase in the U.S. Department of Labor Statistics, Consumer Price Index, for Los Angeles-Riverside-Orange County, California, for the 12 month period ending the preceding December 31, of the amount in effect for the previous Fiscal Year.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2005-06 and for each following Fiscal Year, the City Council shall levy the Special Tax at the Maximum Special Tax on all Developed Single-Family Residential Property and Developed Multi-Family Residential Property.

E. EXEMPTIONS: EXCLUSIONS

No Special Tax shall be levied on Undeveloped Property, Commercial or Industrial Property or for Developed Property developed as part of a development with less than 4 units. In the event that a Developed Multi-Family Residential Property that has been excluded from a levy of the Special Tax by reason of the payment by the property owner of Transient Occupancy Tax, and should that payment be terminated, such Assessor Parcel shall not longer be excluded from Developed Multi-Family Residential Property and will be subject to the Special Tax.

F. APPEALS AND INTERPRETATIONS

Any taxpayer may file a written appeal of the Special Tax on his/her property with the CFD Administrator, provided that the appellant is current in his/her payments of Special Taxes. During the pendency of an appeal, all Special Taxes previously levied must be paid on or before the payment date established when the levy was made. The appeal must specify the reasons why the appellant claims the calculation of the Special Tax is in error. The CFD Administrator shall review the appeal, meet with the appellant if the CFD Administrator deems necessary, and advise the appellant of its determination. If the CFD Administrator agrees with the appellant, the CFD Administrator shall eliminate or reduce the Special Tax on the appellant’s property and/or provide a refund to the appellant. If the CFD Administrator disagrees with the appellant and the appellant is dissatisfied with the determination, the appellant then has 30 days in which to appeal to the Board by filing a written notice of appeal with the Board Secretary, provided that the appellant is

current in his/her payments of Special Taxes. The second appeal must specify the reasons for its disagreement with the CFD Administrator's determination.

G. MANNER OF COLLECTION

The Special Tax will be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that the CFD may directly bill the Special Tax, may collect Special Taxes at different time or in a different manner if necessary to meets its financial obligations, and may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels as permitted by the Act.

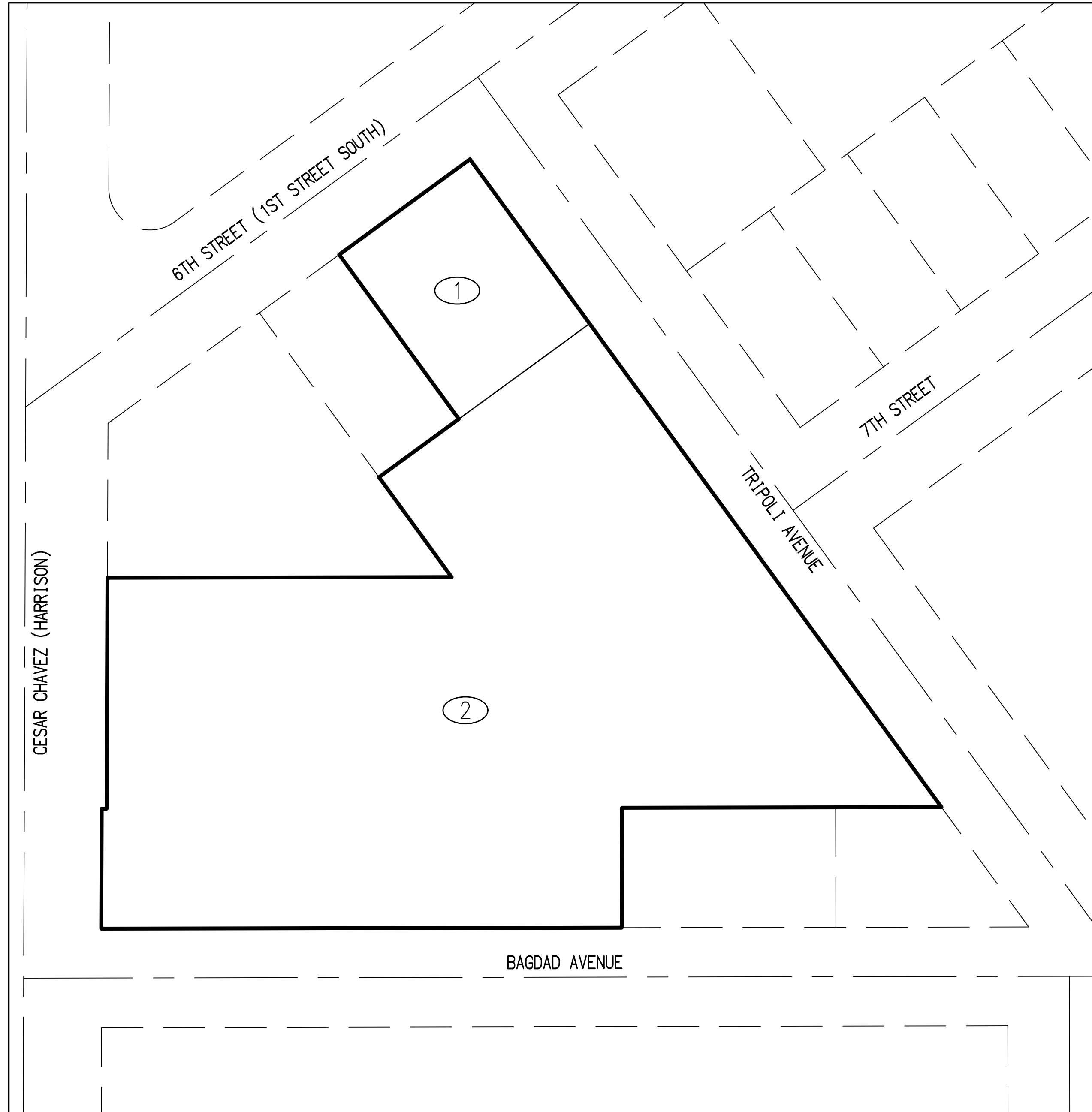
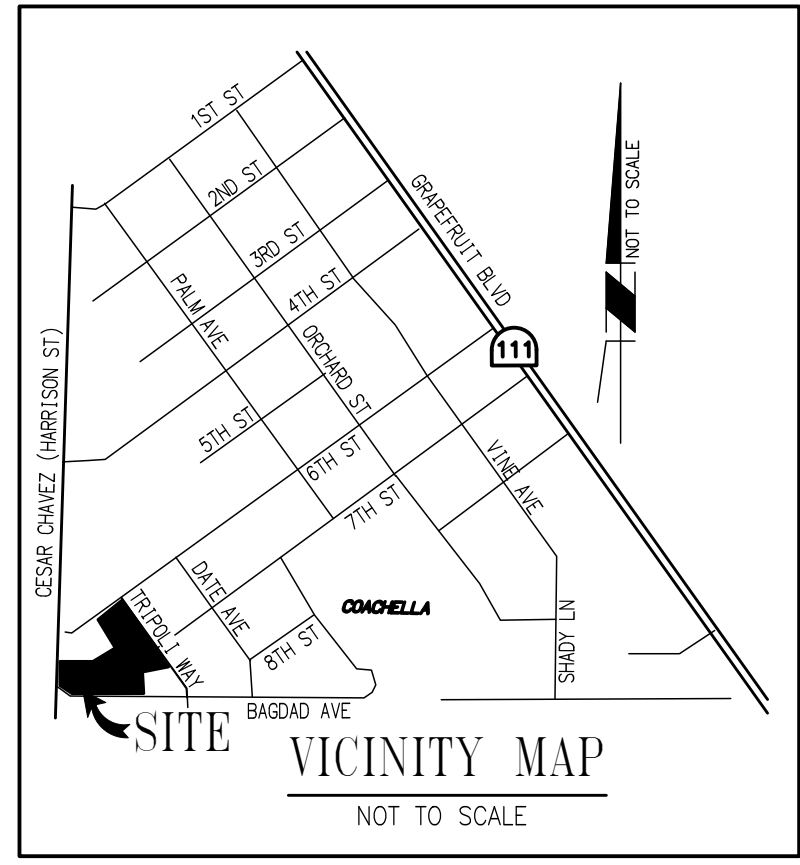
H. PREPAYMENT OF THE SPECIAL TAX

The Special Tax may not be prepaid.

I. TERM OF THE SPECIAL TAX

The Annual Maximum Special Tax shall be levied in perpetuity or unit Law Enforcement, Fire and Paramedic Services are no longer being provided by the City within the CFD, whichever is earlier.

IN THE CITY OF COACHELLA, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA
ANNEXATION MAP NO. 35
PUEBLO VIEJO VILLAS - PARCEL 1 OF PARCEL MERGER 2023-01
COMMUNITY FACILITIES DISTRICT NO 2005-01
(LAW ENFORCEMENT, FIRE AND PARAMEDIC SERVICES)



FILED IN THE OFFICE OF THE CITY CLERK THIS ____ DAY OF _____, 20____.

I HEREBY STATE THAT THE WITHIN MAP SHOWING PROPOSED BOUNDARIES OF ANNEXATION NO. ____, TRIPOLI APARTMENTS, TO COMMUNITY FACILITIES DISTRICT NO. 2005-1 (LAW ENFORCEMENT, FIRE AND PARAMEDIC SERVICES), CITY OF COACHELLA, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, WAS APPROVED BY THE CITY COUNCIL AT A REGULAR MEETING THEREOF, HELD ON THE ____ DAY OF _____, 2023, BY ITS RESOLUTION NO. _____.

 ANGELA ZEPEDA
 CITY CLERK
 CITY OF COACHELLA

FILED THIS ____ DAY OF _____, 2023, AT THE HOUR OF _____ O'CLOCK ____ M. IN THE BOOK ____ PAGES ____ OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS AND AS INSTRUMENT NO. _____ IN THE OFFICE OF THE COUNTY RECORDER IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA.

 PETER ALDANA
 ASSESSOR - COUNTY CLERK - RECORDER
 COUNTY OF RIVERSIDE
 STATE OF CALIFORNIA

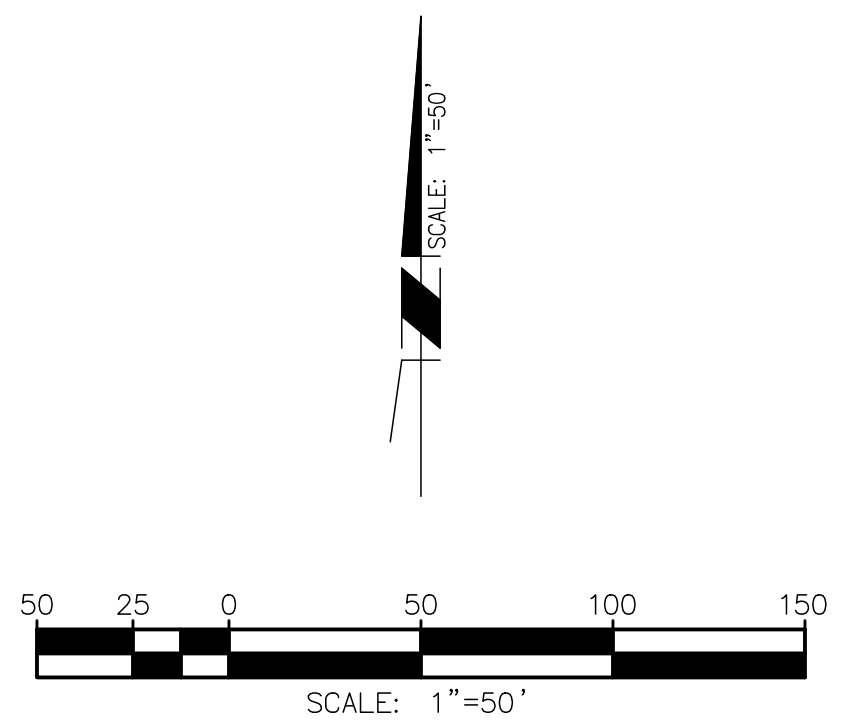
REFERENCE IS MADE TO THAT BOUNDARY MAP OF COMMUNITY FACILITIES DISTRICT NO. 2005-1 (LAW ENFORCEMENT, FIRE AND PARAMEDIC SERVICES) OF THE CITY OF COACHELLA RECORDED WITH RIVERSIDE COUNTY RECORDERS OFFICE ON SEPTEMBER 7, 2005, IN BOOK 63 OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICT, PAGE 1000, AS INSTRUMENT NO. 2005-0737672.

THE LINES AND DIMENSIONS OF EACH LOT OR PARCEL SHOWN ON THIS DIAGRAM SHALL BE THOSE LINES AND DIMENSIONS AS SHOWN ON THE RIVERSIDE COUNTY ASSESSORS MAPS FOR THOSE PARCELS LISTED.

THE RIVERSIDE COUNTY ASSESSORS MAPS SHALL GOVERN FOR ALL DETAILS CONCERNING THE LINES AND DIMENSIONS OF SUCH LOTS OF PARCELS.

ASMT. NO.	ASSESSOR'S PARCEL NO.	ACREAGE
①	778-081-001	0.28± ACRES
②	778-081-003	2.48± ACRES
	TOTAL	2.76± ACRES

LEGEND
 — ASSESSMENT BOUNDARY
 (#) ASSESSMENT NUMBER



AGENDA STAFF REPORT

DATE: April 19, 2023

TO: Mayor and City Council

APPROVED BY: Gabriel Martin, City Manager

PREPARED BY: Carlos Campos, City Attorney
Seth Merewitz, Special Counsel

SUBJECT: Pueblo Viejo – Subordination Agreement

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Recommendation: Staff recommends that the City authorize the City Manager to execute a Subordination Agreement between the City, the California Department of Housing and Community Development (the “HCD”) and Ath & Cesar Chavez CIC, LP (“Borrower”) for the subordination of the City Loan (as defined below) to the HCD Loan (as defined below) (the “Subordination Agreement”), subject to changes recommended by the City Attorney.

Background: On or around October 28, 2018, the City made a loan in the amount of \$9,240,000 (the “City Loan”) to Borrower for the development of an 105-unit affordable apartment complex in the City (the “Project”). The City Loan was evidenced by a promissory note and secured by a deed of trust that was recorded against the Project property (together, the City Loan Documents”). Borrower’s financing for the Project also includes a commitment for a permanent loan of funds from HCD (“HCD Loan”), which financing is scheduled to close this month.

As a condition to closing the HCD Loan, HCD requires that the City subordinate the lien of the City Loan to the lien of the HCD Loan in accordance with HCD regulations by execution of the Subordination Agreement. The HCD Loan was not specifically described as a lien that would be senior to the City Loan in the City Loan Documents, therefore this approval is requested to establish the City’s authority to execute the Subordination Agreement.

Discussion & Analysis: The subordination of the lien of the City Loan to the lien of the HCD Loan pursuant to the Subordination Agreement was contemplated at the time that the City made the City Loan, and is required by the rules and regulations of HCD.

The City Attorney will review the draft Subordination Agreement provided by Borrower that is attached hereto. The City Manager will execute once City Attorney has approved of the language and any suggested revisions.

The City has an interest in supporting the continued operation of the Project, and the request for subordination is a typical and noncontroversial request in connection with the HCD Loan.

Fiscal Impact: None – The Subordination Agreement does not impact the economic benefits anticipated by the City.

**AGENDA
ITEM**

Coordinated With: Bill Pattison, Finance Director

Attachments: Subordination Agreement

**FREE RECORDING IN ACCORDANCE
WITH CALIFORNIA GOVERNMENT
CODE SECTION 27383 and 27388.1.**

RECORDING REQUESTED BY, AND
WHEN RECORDED, MAIL TO:

State of California
Department of Housing and
Community Development
P. O. Box 952052
Sacramento, CA 94252-2052
Attn: **Legal Affairs Division**
Affordable Housing and Sustainable
Communities (AHSC) Program
19-AHSC-12799

SUBORDINATION AGREEMENT

NOTICE: THIS SUBORDINATION AGREEMENT RESULTS IN YOUR SECURITY INTEREST IN THE PROPERTY BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.

THIS SUBORDINATION AGREEMENT (the "Agreement") is dated as of February 10, 2023, for reference purposes only, and is entered into by and among City of Coachella, a California municipal corporation (the "Junior Lienholder") and 6th & Cesar Chavez CIC, LP, a California limited partnership (the "Borrower"), and the Department of Housing and Community Development, a public agency of the State of California (the "Senior Lender").

RECITALS

A. Borrower is the owner of the fee simple interest in that real property described in Exhibit A attached hereto and made a part hereof (the "Property"). The Borrower has developed a 105-unit multifamily residential rental development on the Property (the "Improvements"). The Property and the Improvements are sometimes referred to collectively as the "Development."

B. The Junior Lienholder has made a loan to the Borrower in the principal sum of [Nine Million Two Hundred Forty Thousand and no/100 Dollars (\$9,240,000.00) the "Junior Lienholder Loan"). The Junior Lienholder Loan is evidenced by a certain promissory note (the "Junior Lienholder Note"), secured by a certain deed of trust (the "Junior Lienholder Deed of Trust") recorded on October 28 2020, as Instrument No. 2020-0523119 in the Official Records of Riverside County, California (the "Official Records"). The Junior Lienholder and Borrower

have also entered into Agreement to Prepay Special Tax Obligation for City of Coachella Community Facilities District 2005-1 affecting the use of the Development, recorded on October 28, 2020, as Instrument No. 2020-0523120 in the Official Records (the "Junior Lienholder Special Tax Agreement"). (The Junior Lienholder Deed of Trust, the Junior Lienholder Special Tax Agreement and all other documents evidencing or securing the Junior Lienholder Loan are collectively referred to herein as the "Junior Lienholder Documents.")

C. In order to finance the development of the Improvements, the Senior Lender has agreed to loan the Borrower a sum not to exceed Eight Million Three Hundred Ninety Five Thousand Four Hundred Seven and no/100 Dollars (\$8,395,407.00) (the "AHSC Loan"), subject to the terms and conditions of: (i) a regulatory agreement restricting the use and occupancy of the Development and the income derived therefrom which shall be dated as of even date herewith and recorded concurrently herewith as an encumbrance on the Property in the Official Records (the "AHSC Regulatory Agreement"), and (ii) other loan documents. The AHSC Loan will be evidenced by a promissory note (the "AHSC Note"), the repayment of which will be secured by, among other things, a deed of trust by Borrower as trustor, to Senior Lender as beneficiary recorded concurrently herewith as an encumbrance on the Property in the Official Records (the "AHSC Deed of Trust") and by such other security as is identified in other loan documents. (The AHSC Regulatory Agreement, the AHSC Deed of Trust, the AHSC Note and all other documents evidencing or securing the AHSC Loan are collectively referred to herein as the "Senior Lender Documents.")

D. The Senior Lender is willing to make the AHSC Loan provided the AHSC Deed of Trust and the AHSC Regulatory Agreement are liens, claims or charges upon the Development prior and superior to the Junior Lienholder Documents, and provided that the Junior Lienholder specifically and unconditionally subordinates and subjects the Junior Lienholder Documents to the liens, claims or charges of the AHSC Deed of Trust and the AHSC Regulatory Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual benefits accruing to the parties hereto and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and in order to induce the Senior Lender to make its AHSC Loan, it is hereby declared, understood and agreed as follows:

1. The AHSC Regulatory Agreement and the AHSC Deed of Trust securing the AHSC Note in favor of the Senior Lender, and any and all renewals, modifications, extensions or advances thereunder or secured thereby (including interest thereon) shall unconditionally be and remain at all times liens, claims, or charges on the Development prior and superior to the Junior Lienholder Documents, and to all rights and privileges of the Junior Lienholder thereunder; and the Junior Lienholder Documents, together with all rights and privileges of the Junior Lienholder thereunder are hereby irrevocably and unconditionally subject and made subordinate to the liens, claims or charges of the AHSC Deed of Trust and the AHSC Regulatory

Agreement.

2. This Agreement shall be the whole and only agreement with regard to the subordination of the Junior Lienholder Documents, together with all rights and privileges of the Junior Lienholder thereunder, to the liens, claims or charges of the AHSC Deed of Trust and the AHSC Regulatory Agreement, and this Agreement shall supersede and cancel any prior agreements to subordinate the claims, liens or charges of, but only insofar as would affect the priority between the claims, liens or charges of the Junior Lienholder Documents to the AHSC Deed of Trust and the AHSC Regulatory Agreement including, but not limited to, those provisions, if any, contained in the Junior Lienholder Documents, which provide for the subordination of the lien or charge thereof to another lien or charge on the Property or the Improvements. This agreement shall not limit, waive, modify or replace the requirement that the Senior Lienholder comply with IRC Section 42(h)(6)(E)(ii) as stated in the AHSC Regulatory Agreement.

3. The Junior Lienholder declares, agrees and acknowledges that:

(a) The Junior Lienholder consents and approves (i) all provisions of the AHSC Note, the AHSC Deed of Trust and the AHSC Regulatory Agreement, and (ii) all agreements among the Junior Lienholder, Borrower and Senior Lender for the disbursement of the proceeds of the AHSC Loan, including without limitation any loan escrow agreements which have been provided to the Junior Lienholder for review;

(b) The Senior Lender, in making disbursements of the AHSC Loan pursuant to the AHSC Note or any other agreement, is under no obligation or duty to, nor has the Senior Lender represented that it will, see to the application of such proceeds by the person or persons to whom the Senior Lender disburses such proceeds, and any application or use of such proceeds for purposes other than those provided for in such agreement or agreements shall not defeat the subordination herein made in whole or in part;

(c) That none of the execution, delivery or recordation of any of the AHSC Note, AHSC Deed of Trust, or AHSC Regulatory Agreement, or the performance of any provision, condition, covenant or other term thereof, will conflict with or result in a breach of the Junior Lienholder Documents or the Junior Lienholder Note; and

(d) The Junior Lienholder intentionally and unconditionally waives, relinquishes, subjects and subordinates the claims, liens or charges upon the Development of the Junior Lienholder Documents, all present and future indebtedness and obligations secured thereby, in favor of the claims, liens or charges upon the Development of the AHSC Deed of Trust and the AHSC Regulatory Agreement, and understands that in reliance upon, and in consideration of, this waiver, relinquishment, subjection, and subordination, the AHSC Loan and advances thereof are being and will be made and,

as part and parcel thereof, specific monetary and other obligations are being and will be entered into which would not be made or entered into but for said reliance upon this waiver, relinquishment, subjection and subordination.

4. Senior Lender hereby agrees, but only as a separate and independent covenant of the Senior Lender and not as a condition to the continued effectiveness of the covenants and agreements of the Borrower and the Junior Lienholder as set forth herein, as follows:

(a) Following a notice from the Senior Lender to the Borrower that a default or breach exists under the terms of the Senior Lender Documents and each of them, the Senior Lender shall promptly (but in no event later than the following business day) send a copy of such notice to the Junior Lienholder and the Junior Lienholder shall have the right, but not the obligation, to cure the default as follows:

- (i) If the default is reasonably capable of being cured within thirty (30) days, as determined by the Senior Lender in its sole discretion, the Junior Lienholder shall have such period to effect a cure prior to exercise of remedies by Senior Lender under the Senior Lender Documents, or such longer period of time as may be specified in the Senior Lender Documents.
- (ii) If the default is such that it is not reasonably capable of being cured within thirty (30) days, as determined by the Senior Lender in its sole discretion, or such longer period if so specified, and if the Junior Lienholder (a) initiates corrective action within said period, and (b) diligently, continually, and in good faith works to effect a cure as soon as possible, then the Junior Lienholder shall have such additional time as is determined by the Senior Lender, in its sole discretion, to be reasonably necessary to cure the default prior to exercise of any remedies by Senior Lender.

In no event shall Senior Lender be precluded from exercising remedies if its security becomes or is about to become materially jeopardized by any failure to cure a default or the default is not cured within ninety (90) days after the first notice of default is given, or such longer period of time as may be specified in the Senior Lender Documents.

Nothing in this subparagraph (a) is intended to modify any covenant, term or condition contained in the Senior Lender Documents, including, without limitation, the covenant against creating or recording any liens or encumbrances against the Property without the prior written approval of the Senior Lender.

(b) The provisions of this paragraph 4 are intended to supplement, and not to limit, waive, modify or replace, those provisions of law pertaining to notice and cure rights of junior

lenders including, without limitation, those set forth in California Civil Code sections 2924b and 2924c.

5. The Senior Lender would not make the AHSC Loan without this Agreement.

6. This Agreement shall be binding on and inure to the benefit of the legal representatives, heirs, successors and assigns of the parties.

7. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

8. In the event that any party to this Agreement brings an action to interpret or enforce its rights under this Agreement, the prevailing party in such action shall be entitled to recover its costs and reasonable attorneys' fees as awarded by the court in such action.

9. This Agreement may be signed by different parties hereto in counterparts with the same effect as if the signatures to each counterpart were upon a single instrument. All counterparts shall be deemed an original of this Agreement.

NOTICE: THIS SUBORDINATION AGREEMENT CONTAINS A PROVISION WHICH ALLOWS THE PERSON (OR ENTITY) OBLIGATED ON YOUR REAL PROPERTY SECURITY TO OBTAIN A LOAN A PORTION OF WHICH MAY BE EXPENDED FOR OTHER PURPOSES THAN IMPROVEMENT OF THE LAND.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first set forth above and agree to be bound hereby:

[Signatures follow on page 6 of this Subordination Agreement. Remainder of this page is blank.]

JUNIOR LIENHOLDER:

City of Coachella, a California municipal corporation

By: _____

Name: _____

Title: _____

APPROVED AS TO FORM:

BY: _____

NAME: _____

ITS: _____

[Signatures must be acknowledged.]

[Signatures continue on page 7. Remainder of this page is blank.]

BORROWER:

6th & Cesar Chavez CIC, LP,
a California limited partnership

By: Pueblo PSCDC, LLC,
a California limited liability company

Its: Managing General Partner

By: Pacific Southwest Community Development Corporation,
a California nonprofit public benefit corporation

Its: Manager

By: _____
Robert W. Laing, President/Executive Director

By: CIC 6th & Cesar Chavez, LLC,
a California limited liability company

Its: Administrative General Partner

By: Chelsea Investment Corporation,
a California corporation

Its: Member and Manager

By: _____
Cheri Hoffman, President

[Signatures must be acknowledged.]

[Signatures continue on page 8. Remainder of this page is blank.]

SENIOR LENDER:
**The Department of Housing and Community
Development**, a public agency of the State of California

By: _____
Eric Dauterive, Closings Manager

[Signatures must be acknowledged. Remainder of this page is blank.]

EXHIBIT A**LEGAL DESCRIPTION OF THE PROPERTY**

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

PARCEL "A" AS SHOWN ON "CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT" NO. 2019-02, RECORDED AUGUST 26, 2020 AS INSTRUMENT NO. [2020-0398747](#) OF OFFICIAL RECORDS IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

THAT CERTAIN OF LAND PARCEL LOCATED WITHIN A PORTION OF LOT 10 OF SECTION 5, TOWNSHIP 6 SOUTH, RANGE 8 EAST, SAN BERNARDINO PER COACHELLA LAND AND WATER COMPANY'S SUBDIVISION AS SHOWN BY MAP ON FILE IN BOOK 4, PAGE 53 OF MAPS, RECORDS OF SAID COUNTY OF RIVERSIDE, MORE PARTICULARLY BEING THAT PORTION OF PARCEL 2 OF CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT RECORDED JULY 19, 2018 AS DOC. #2018-0291832 TOGETHER WITH THAT PORTION OF LAND DESCRIBED IN A GRANT DEED RECORDED FEBRUARY 3, 2015 AS DOC. #2015-0042392, BOTH OF OFFICIAL RECORDS OF SAID COUNTY OF RIVERSIDE, DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHEAST CORNER OF SAID LOT 10, SAID POINT BEING ON THE NORTHWESTERLY RIGHT-OF-WAY LINE OF SIXTH STREET (37.50 FEET HALF-WIDTH, FORMERLY KNOWN AS FIRST STREET SOUTH) AS SHOWN ON PARCEL MAP NO. 21 ON FILE IN BOOK 20 OF PARCEL MAPS, PAGE 65, RECORDS OF SAID COUNTY OF RIVERSIDE; THENCE SOUTH 53°53'19" WEST ALONG THE SOUTHEASTERLY LINE OF SAID LOT 10 AND SAID RIGHT-OF-WAY LINE A DISTANCE OF 545.00 FEET TO THE POINT OF BEGINNING; THENCE NORTH 36°08'33" WEST A DISTANCE OF 337.59 FEET TO THE BEGINNING OF A NONTANGENT CURVE CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 381.00 FEET, A RADIAL LINE OF SAID CURVE BEARS SOUTH 60°00'19" EAST TO SAID POINT; THENCE NORTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 11°19'16" AN ARC DISTANCE OF 75.28 FEET TO A POINT OF CUSP WITH A NON-TANGENT CURVE, CONCAVE NORTHERLY, HAVING A RADIUS OF 46.00 FEET, A RADIAL LINE OF SAID CURVE BEARS SOUTH 04°32'55" EAST TO SAID POINT; THENCE WESTERLY AND NORTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 47°25'49" AN ARC DISTANCE OF 38.08 FEET TO A POINT OF CUSP WITH A NON-TANGENT CURVE, CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 344.00 FEET, A RADIAL LINE OF SAID CURVE BEARS SOUTH 71°22'46" EAST TO SAID POINT; THENCE SOUTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 35°16'04" AN ARC DISTANCE OF 211.75 FEET; THENCE SOUTH 53°53'19" WEST A DISTANCE OF 1.60 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 39.00 FEET; THENCE SOUTHWESTERLY AND WESTERLY ALONG

SAID CURVE THROUGH A CENTRAL ANGLE OF 36°19'07" AN ARC DISTANCE OF 24.72 FEET; THENCE NORTH 89°47'35" WEST A DISTANCE OF 48.45 FEET TO A LINE PARALLEL WITH AND DISTANT 30.00 FEET EASTERLY, MEASURED AT RIGHT ANGLES, FROM THE CENTERLINE OF CESAR CHAVEZ STREET (FORMERLY KNOWN AS HARRISON STREET, FORMERLY KNOWN AS HIGHWAY 86) AS SHOWN ON SAID PARCEL MAP NO. 21; THENCE SOUTH 00°12'25" WEST ALONG SAID PARALLEL LINE A DISTANCE OF 281.40 FEET TO THE NORTHWEST CORNER OF THAT CERTAIN PARCEL OF LAND DESCRIBED IN THAT GRANT DEED ORDER NUMBER: NCS-1135300-SD PAGE NUMBER: 11 FIRST AMERICAN TITLE INSURANCE COMPANY RECORDED FEBRUARY 02, 2015 AS DOC. # 2015-0042392 OF OFFICIAL RECORDS OF SAID COUNTY OF RIVERSIDE; THENCE SOUTH 89°47'35" EAST ALONG THE NORTHERLY LINE OF SAID PARCEL A DISTANCE OF 80.00 FEET; THENCE LEAVING SAID NORTHERLY LINE SOUTH 36°08'33" EAST A DISTANCE OF 57.67 FEET; THENCE SOUTH 07°37'01" WEST A DISTANCE OF 13.90 FEET; THENCE SOUTH 36°08'33" EAST A DISTANCE OF 36.38 FEET TO THE AFOREMENTIONED SOUTHEASTERLY LINE OF LOT 10 AND SAID NORTHERLY RIGHT-OF-WAY LINE OF SIXTH STREET; THENCE NORTH 53°53'19" EAST ALONG SAID SOUTHEASTERLY LINE OF LOT 10 A DISTANCE OF 330.00 FEET TO THE POINT OF BEGINNING. EXCEPTING THEREFROM THAT PORTION THEREOF DESCRIBED IN A "GRANT DEED – RIGHT-OF-WAY" RECORDED SEPTEMBER 1, 2020 AS INSTRUMENT NO. [2020-0411141](#), OFFICIAL RECORDS OF SAID COUNTY, MORE PARTICULARLY DESCRIBED AS FOLLOWS: BEGINNING AT THE NORTHWEST CORNER OF SAID PARCEL 2, BEING LOCATED ON A LINE PARALLEL WITH AND DISTANT 30.00 FEET EASTERLY, AS MEASURED AT RIGHT ANGLES, FROM THE CENTERLINE OF CESAR CHAVEZ STREET (FORMERLY KNOWN AS HARRISON STREET, FORMERLY KNOWN AS HIGHWAY 86) AS SHOWN ON SAID LLA 2018-02; THENCE ALONG THE WESTERLY LINE OF SAID PARCEL 2 SOUTH 00°12'25" WEST A DISTANCE OF 281.40 FEET TO AN ANGLE POINT IN THE SOUTHWESTERLY BOUNDARY LINE OF SAID PARCEL 2; THENCE CONTINUING ALONG SAID SOUTHWESTERLY BOUNDARY OF SAID PARCEL 2 SOUTH 89°47'35" EAST A DISTANCE OF 20.00 FEET TO A LINE PARALLEL WITH AND 20.00 FEET EASTERLY, AS MEASURED AT RIGHT ANGLES, FROM THE AFOREMENTIONED WESTERLY LINE OF SAID PARCEL 2; THENCE ALONG SAID PARALLEL LINE NORTH 00°12'25" EAST A DISTANCE OF 237.90 FEET; THENCE LEAVING SAID PARALLEL LINE AT RIGHT ANGLES SOUTH 89°47'35" EAST A DISTANCE OF 20.93 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 143.50 FEET; THENCE NORTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 42°46'44" AN ARC DISTANCE OF 107.14 FEET TO A POINT OF COMPOUND CURVATURE WITH A TANGENT CURVE, CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 396.50 FEET, A RADIAL LINE OF SAID CURVE BEARS SOUTH 67°50'31" EAST TO SAID POINT; THENCE NORTHEASTERLY ALONG SAID COMPOUND CURVE THROUGH A CENTRAL ANGLE OF 08°25'05" AN ARC DISTANCE OF 58.25 FEET; THENCE NON-TANGENT FROM SAID CURVE NORTH 36°08'33" WEST A DISTANCE OF 16.06 FEET TO A NON-TANGENT CURVE, CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 381.00 FEET, A RADIAL LINE OF SAID CURVE BEARS SOUTH 51°36'32" EAST TO SAID POINT; THENCE

NORTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 08°23'47" AN ARC DISTANCE OF 55.83 FEET TO AN ANGLE POINT IN THE EASTERLY LINE OF SAID PARCEL 2, A RADIAL LINE OF SAID CURVE BEAR SOUTH 60°00'19" EAST TO SAID POINT; THENCE ALONG THE BOUNDARY LINES OF SAID PARCEL 2 THROUGH THE FOLLOWING SIX (6) COURSES; Order Number: NCS-1135300-SD Page Number: 12 FIRST AMERICAN TITLE INSURANCE COMPANY CONTINUING NORTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 11°19'16" AN ARC DISTANCE OF 75.28 FEET TO A POINT OF CUSP WITH A NON-TANGENT CURVE, CONCAVE NORTHERLY, HAVING A RADIUS OF 46.00 FEET, A RADIAL LINE OF SAID CURVE BEARS SOUTH 04°32'55" EAST TO SAID POINT; THENCE WESTERLY AND NORTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 47°25'49" AN ARC DISTANCE OF 38.08 FEET TO A POINT OF CUSP WITH A NON-TANGENT CURVE, CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 344.00 FEET, A RADIAL LINE OF SAID CURVE BEARS SOUTH 71°22'46" EAST TO SAID POINT; THENCE SOUTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 35°16'04" AN ARC DISTANCE OF 211.75 FEET; THENCE SOUTH 53°53'19" WEST A DISTANCE OF 1.60 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 39.00 FEET; THENCE SOUTHWESTERLY AND WESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 36°19'07" AN ARC DISTANCE OF 24.72 FEET; THENCE NORTH 89°47'35" WEST A DISTANCE OF 48.45 FEET TO THE POINT OF BEGINNING.

APN: 778-080-020