



CITI SECURITIZATION SUMMARY AND RECOMMENDATIONS

Applicant:	Citibank, N.A.
Action:	Final Resolution
Amount:	Up to \$450,000,000
Purpose:	Securitizing Multi-Family Affordable Housing Loans for Projects Located in various Locales Throughout the State of California
Activity:	Securitization of Affordable Multifamily Housing Loans
Meeting:	May 2, 2025

Citibank Affordable Multifamily Loans:

Citibank, N.A. (“Citibank”), through its business unit Citi Community Capital (“CCC”), is proposing to sell loans from its balance sheet to the California Municipal Finance Authority (the “CMFA” or the “Authority”) which will securitize the loans as Commercial Mortgage-Backed Security (“CMBS”) pass-through style securities.

- CCC has been named the largest affordable housing lender in the United States for the last 14 consecutive years and originates first lien mortgage loans to finance the acquisition and rehabilitation or construction and permanent financing of affordable multifamily properties.
- Citibank’s affordable housing permanent loan portfolio has a history of strong performance.
 - Since 2008, the portfolio has experienced losses on six defaulted loans, with no losses recognized since 2011.
 - As of October 31, 2024, the approximately \$8.43 billion permanent loan portfolio has a 30+ day delinquency rate of 0.41%.
- Loans are generally structured with a 2–4 year construction phase followed by a permanent phase with 35 - 40 years of principal amortization and Maturity Dates or Mandatory Prepayment Dates (hard put) in approximately year 15 of the permanent phase.
 - Given longer amortization periods, each Loan will not fully amortize at the time of the Mandatory Tender Date and will require a balloon payment. The borrower’s ability to make its balloon payment on the Mandatory Tender Date depends upon its expected ability to refinance the Loan or sell the related Project.

Underwriting Process:

The credit underwriting process for the Loans was performed by a deal team comprised of experienced real estate professionals which typically included an originator, an underwriter, a closer, and a third-party due diligence provider operating under the review of CCC. This team reviewed each project, which in most cases included an examination of the following information, to the extent both applicable and available: historical operating statements, rent rolls, tenant leases, current and historical real estate tax information, insurance policies and/or schedules, construction contracts and related construction items, and third-party reports pertaining to appraisal/valuation, zoning, environmental status and physical condition/seismic condition/engineering.

A member of CCC's deal team or one of its agents inspected the properties and reviewed the surrounding market environment. This review generally included demand generators and competing properties (if any), in order to confirm tenancy information, assess the physical quality of the Project, determine visibility and access characteristics, and evaluate the Project's competitiveness within its market. CCC's deal team or one of its agents also reviewed the financial status, credit history, credit references and background of the Borrower using financial statements, income tax returns, credit reports, criminal/background investigations, and specific searches for judgments, liens, bankruptcy and pending litigation.

After having compiled and reviewed the above documentation and any other relevant considerations, the deal team prepared a detailed underwriting analysis of the property's cash flow in accordance with Citibank's underwriting guidelines including, where indicated recommending ongoing escrows or up-front reserves, letters of credit, or guarantees. A complete credit committee package was prepared to summarize all of the above referenced information.

Low Income Housing Tax Credit Characteristics:

All of the loans finance affordable multifamily housing properties and qualify for low-income housing tax credits ("LIHTCs").

LIHTC Characteristics of the Projects:

- CMFA is purchasing a pool of loans (together, the "Loans") that were originated by Citibank, N.A. ("CBNA" or "Citibank"), through its business unit Citi Community Capital.
- The California Pool consists of 16 loans that financed 16 multifamily affordable housing projects in the State of California, where there is a significant shortage of affordable housing and a rising number of renter households.
- All Projects are eligible for and benefit from federally tax-exempt debt financing and the Borrowers also participate in the federal LIHTC program.
- All Projects benefit from operating reserves that can be used to fund operating deficits if necessary.
- Many Projects receive Section 8 subsidies from the U.S. Department of Housing and Urban Development ("HUD"), which provides prompt, federally guaranteed, payment of a portion of the rent for the participating tenants.
- The LIHTCs are subject to recapture risk in the case of foreclosure or other non-compliance, meaning that the equity investors who receive the tax credits are strongly incentivized to cure any debt-related defaults. Recapture risk is further mitigated by securing a recapture guarantee from the Borrower and its affiliates for the 15-year loan term. These elements of the LIHTC program provide, as Congress intended, substantial protection for the Certificate purchasers against foreclosure. In many cases, state and local laws and contractual obligations require that such restrictions remain in place for 55 years.

- LIHTC equity investors monitor the operation of the Projects during the period in which the rent restrictions are in effect to ensure each Project meets these requirements and their tax credits are not forfeited or recaptured.
- Under certain circumstances the LIHTC investors may have rights to cure Borrower defaults or to assume control of the Borrower if they believe their tax credits are in danger of forfeiture and recapture. As a result, each of the Projects has two separate parties committed to the success of the Project: (i) the Borrower and (ii) the LIHTC investor.

Project:

The CMFA will use the proceeds from the sale of the Certificates to purchase the Portfolio, which consists of loans made to finance the acquisition, construction, and/or rehabilitation of multifamily affordable housing projects located in California. Any construction projects that were funded by the Loans have been completed. The Certificates represent the entire beneficial interest in the Portfolio, including: (i) the rights, title and interests of the CMFA under the Loan Documents, including the Notes and Bonds; (ii) the rights, title and interests of the CMFA, if any, in any Project; (iii) the CMFA’s rights under the Portfolio Purchase Agreements; (iv) the Priority Transfer Right; and (v) all funds and accounts created pursuant to the Trust Agreement (collectively referred to herein as the “Portfolio Assets”). The Portfolio Assets will be held by the Trustee under the Trust Agreement.

Security for the Municipal Certificates:

The 2025 Municipal Certificates are secured by cash flows from 16 affordable housing Loans, which equals 16 total loans combined (more information regarding the loans may be found in Appendix A) with strong operating performance and are further supported by first lien mortgages on each property.

Tax-Exempt Permanent Loan Portfolio:

- Tax-exempt loan portfolio supporting the California Municipal Finance Authority Certificates is secured by first lien mortgages. All projects have converted from the construction to the permanent phase on each of the 16 affordable housing loans.
 - Loans are distributed across the State of California
 - All projects are operating and occupied in the permanent phase with at least 1 year of operating data (no construction risk).
 - Currently have up to 55 years of remaining amortization with Mandatory Tender Dates (balloon payments) in up to 14 years.
 - Strong portfolio performance

Securitization:

CCC will be securitizing multi-family affordable housing loans through the CMFA whereby: (i) Citibank, N.A. (“CBNA”) has originated and will sell Tax-Exempt Loans (defined below) that are on its balance sheet to Citi Affordable Depositor LLC (“CAD”), (ii) CAD will in turn sell the Tax-Exempt Loans to CMFA, (iii) the CMFA will then issue municipal securities backed by those Tax-Exempt Loans (the “CMFA Certificates”) to pay the purchase price of the Tax-Exempt Loans, (iv) Wells Fargo Securities, LLC, BofA Merrill Lynch, Jefferies LLC and Morgan Stanley & Co. LLC will act as underwriter for the offering of the CMFA Certificates, (v) the CMFA will engage Berkadia Commercial Mortgage LLC as third-party servicer on the Tax-Exempt Loans, (vi) the third-party servicer will engage CBNA as sub-

servicer to advise on certain loan agreement modifications/consents, and (vii) the CMFA will engage CBNA as servicing advisor to advise on certain loan agreement modifications/consents (roles contemplated by (iv) and (vi) referred to herein as “Loan Servicing Advisor”). One of the tax-exempt permanent loans CBNA is proposing to include in the pool may be a tax-exempt bond loan.

CCC owns a large portfolio of non-AMT, tax-exempt permanent loans and private placement conduit bonds (“Tax-Exempt Loans”) originated by CBNA that were made to finance affordable multifamily housing projects throughout California. Each Tax-Exempt Loan: (i) pays principal and a fixed rate of interest on a monthly basis, (ii) is structured with a 30-year (or longer) final maturity but is subject to a mandatory tender in 15 years, and (iii) has a make-whole call up to approximately 6 months prior to the mandatory tender date (“Loan Tender Dates”). The Tax-Exempt Loans will be sold to the CMFA. Once sold, CBNA will no longer act as servicer for the Tax-Exempt Loans, but CBNA or CUSA will be separately engaged by the CMFA and the new third-party servicer to act as Loan Servicing Advisor to provide advice on certain loan agreement modifications/consents. It is anticipated that the offering of Municipal Securities will consist of three classes, Class A-1, Class A-2 and Class B Certificates representing 84%, 13% and 3% of each Pool balance, of the CMFA Certificates for the Portfolios, each with a partnership tax status:

- Class A-1 and A-2: Principal and Interest passed through on a monthly basis, federal tax-exempt (S&P’s: AA- and BBB Expected).
- Class B: Principal and Interest passed through on a monthly basis after Class A-1 and A-2’s have a zero balance, federal tax-exempt (unrated).

An approximately 5% Escrow Account is expected to be included as additional credit support for the CMFA Certificates. Distributions on the CMFA Certificates are payable solely from amounts received on the Portfolio Assets (including the Tax-Exempt Loans and the Escrow Account). Class A-1 and A-2 Certificate balances will be reduced as Tax Exempt Loan principal (scheduled principal payments, voluntary and involuntary prepayments, etc.) is received and is passed through, which will cause all or a portion of the Class A Certificates to be redeemed in advance of the final scheduled distribution date.

From a tax perspective, the tax-exempt interest from the Tax-Exempt Loans will flow through to the holders of the CMFA Certificates via a grantor trust tax structure.

Proposed Financing:

Sources of Funds:

Tax-Exempt Securities:	<u>\$ 423,000,000</u>
Total Sources:	\$ 423,000,000

Uses of Funds:

Loan Purchase Price:	\$ 416,000,000
Cost of Issuance:	<u>\$ 7,000,000</u>
Total Uses:	\$ 423,000,000

Terms of Transaction:

Amount:	Up to \$450,000,000
Offering:	Public Offering
Purchasers:	Retail and Institutional Buyers
Reserves:	Approximately 5% subordination for A-2- reserve fund and Class B
Rate Mode:	Variable- Net Note Weighted Average Coupon

Class Structure: Class A-1, A-2 and Class B Certificates representing approximately 84%, 13% and 3% of each Pool balance
Anticipated Ratings: California Pool: Class A-1 (AA-), Class A-2 (BBB), Class B- (unrated)
Escrow Maturity: May 2049
Security: Deed of Trust
Estimated Closing: May 2025

Project Public Benefit:

There is an urgent need for affordable housing in many communities throughout the California. Citibank, as the largest affordable housing lender in the United States for the last 14 consecutive years, has been working diligently to help alleviate the problem. The proposed securitization will help reduce Citibank's approximately \$8.4 billion permanent affordable multi-family housing loan portfolio and allow them to continue to help finance future projects.

Finance Team:

Underwriter/Placement Agent: Wells Fargo Securities LLC, Jefferies LLC, BofA Securities, Inc., and Morgan Stanley & Co. LLC
Underwriter Counsel: Kutak Rock LLP
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Originator: Citibank, N.A. ("Citibank"), through its business unit Citi Community Capital
Seller: Citi Affordable Depositor LLC
Applicant Counsel: Robinson & Cole LLP
Master Servicer and Special Servicer: Berkadia Commercial Mortgage LLC
Servicing Counsel: Seyfarth Shaw LLP
Dissemination Agent: BLX Group LLC
Issuer Counsel: Jones Hall, APLC
Trustee: U.S. Bank Trust Company, National Association
Rating Agency: S&P Global Ratings

Recommendation:

The Executive Director recommends that the CMFA Board of Directors approve a Final Resolution authorizing the issuance of senior and subordinate municipal California certificates in an aggregate principal amount not to exceed \$450,000,000 for a Citibank Loan Portfolio with individual loans from projects located in the Cities of Coachella, Fremont, Goleta, Huntington Beach, Irvine, Morgan Hill, National City, Oakland, Pasadena, Redwood City, Richmond, Salinas, San Diego, San Francisco, San Pablo and other California cities, and in the Counties of Alameda, Contra Costa, Los Angeles, Monterey, Orange, Riverside, San Diego, San Francisco, and other California counties.

*The information mandated by California Government Code Section 5852.1, including the true interest cost, finance charge, amount of proceeds received from the sale, and the total payment amount to final maturity is attached to this report.

Appendix A

Property Locations:

PROPERTY NAME:

ADDRESS:

Hilltop Commons Apartments	15690 Crestwood Dr., San Pablo, CA 94806
Park Villas Apartments	817 Eta Street, National City, CA 91950
353 Main Street Family Apartments	353 Main Street, Redwood City, CA 94063
The Concord Apartments	275 East Cordova Street, Pasadena, CA 91101
Salinas Pointe Apartments	1260 John Street, Salinas, CA 93905
Barrett Terrace Apartments	700 Barrett Avenue, Richmond, CA 94801
St. Marks Apartments	392-394 12 th Street, Oakland, CA 94607
Hayes Valley North Apartments	650 Linden Street, San Francisco, CA 94102
Hermosa Vista Apartments	15363 & 15425 Goldenwest Street, Huntington Beach, CA 92647
Hallmark House Apartments	531 Woodside Road, Redwood City, CA 94061
Glen Haven Apartments	4262 Central Avenue, Fremont, CA 94536
Salerno Apartments	501 Nightmist, Irvine, CA 92618
The Crossings on Monterey Apts	16800 Monterey Street, Morgan Hill, CA 95037
Isla Vista Apartments	6650, 6660 Abrego Road and 6651 Picasso Road, Goleta, CA 93117
Pueblo Viejo Villas	1279 6 th Street, Coachella, CA 92236
Fairbanks Terrace II Apartments	16361 Paseo Del Sur, San Diego, CA 92127



CORELINK-SCRIPPS HOLDINGS, LLC – SCRIPPS COLLEGE SUMMARY AND RECOMMENDATIONS

Applicant:	CoreLink-Scripps Holdings LLC
Action:	Final Resolution
Amount:	\$110,000,000
Purpose:	Finance and Refinance Educational and Administrative Facilities for Scripps College in the City of Claremont, Los Angeles County, California
Activity:	Private College
Meeting:	May 2, 2025

Background:

Founded in 1926, the Scripps College (the “College” or “Scripps”) is an independent, liberal arts college for women with a distinctive interdisciplinary core curriculum offering instruction in the humanities, fine arts, and the natural and social sciences. The College’s mission is to educate women to develop their intellect and talents through active participation in a community of scholars, so that as graduates they may contribute to society through public and private lives of leadership, service, integrity and creativity.

The College is a member of the Claremont Colleges, and much of student life revolves around the five colleges, or “5C’s.” Scripps College, Claremont McKenna College, Pomona College, Pitzer College and Harvey Mudd College all interact socially, share dining halls, libraries, and other facilities spread throughout the contiguous campuses. All five colleges are part of the Claremont University Consortium, which includes two graduate institutions.

CoreLink-Scripps Holdings, LLC (the “Borrower”) is a single-member limited liability company duly organized and existing under the laws of the State. The Borrower was formed for the purpose of financing, acquiring, developing and operating the Project and is not expected to have any assets other than the Project. CoreLink Facilities Foundation, Inc. (the “Foundation”) is the sole member of the Borrower.

The Borrower was established to support the educational purposes of Scripps. Upon the dissolution or winding up of the Borrower, its assets remaining after payment or provision for payment of all debts and liability of the Borrower will be distributed to Scripps so long as at such time Scripps qualifies as an organization that is exempt from taxation under Section 501(c)(3) of the Code or

under Section 23701d of the California Revenue and Taxation Code and that qualifies for exemption under Section 214 of the California Revenue and Taxation Code.

The Project:

The proceeds of the bonds will be used to (i) acquire a building located at 251 E. 10th Street, Claremont, CA 91711 (the “Building”) on the campus of Scripps College, (ii) acquire from Scripps, to the extent transferrable, all designs, plans, construction drawings, studies, analyses, tests, entitlements, approvals, permits, and all other documents related to the renovation of the Building on the property and the construction of a 35,497 square foot academic facility addition adjacent thereto (the “Addition”, and together with the Building, the “Facility”), together with all other fees, assessments, construction, infrastructure, site work and related improvements necessary or appropriate for the completion of the Building and the Addition, (iii) the cost of the renovation of the Building and the construction of the Addition, together with all other construction, infrastructure, site work and related improvements necessary or appropriate for the completion of the Building and the Addition, (iv) the cost of completing, furnishing and equipping the Building and the Addition to ensure it is fully operational for its intended use (collectively (i), (ii), (iii) and (iv) referred to herein as the “Project”), (v) pay interest on the Series 2025 Bonds, (vi) fund the Debt Service Reserve Fund for the Series 2025 Bonds, (vii) pay an acquisition fee and an annual fee to CoreLink Facilities Foundation, Inc. (the “Foundation”), and (viii) pay the costs of issuing the Series 2025 Bonds. The Project will be owned by CoreLink-Scripps Holdings, LLC (the “Borrower”).

The Facility consists of an existing academic building of approximately 33,770 square feet located at 251 E. 10th Street, Claremont, CA 91711. The Facility is located within the College’s campus however, it was previously owned by Claremont Graduate University (“CGU”), a member of the Claremont Colleges. CGU used the Facility as instructional space for its graduate-level arts program, consisting primarily of art studios. On January 12, 2024, the College acquired the Facility and its underlying parcel totaling approximately 68,825 square feet.

Planned improvements include the renovation of the Facility to include classrooms, faculty and administrative offices, collaboration labs, and conference and multi-purpose rooms. The planned renovations include upgrades to building systems such as mechanical, electrical, and plumbing. Additionally, the improvements include the construction of a three-level building addition providing approximately 35,500 square feet of interior space. The planned addition is expected to include classrooms, faculty and administrative offices, conference and multi-purpose rooms, and two major performance studios. The renovation and expansion will result in an academic building of approximately 69,267 square feet.

The City of Claremont:

The City of Claremont is a member of the CMFA and held a TEFRA hearing on March 25, 2025. Upon closing, the City is expected to receive up to \$18,765 as part of the CMFA’s sharing of Issuance Fees.

Project Financing:

Sources of Funds:

Tax-Exempt Bond Proceeds:	\$	82,590,000
Premium:	\$	<u>5,911,921</u>
Total Sources:	\$	88,501,921

Uses of Funds:

Building Acquisition:	\$	33,200,500
New Construction:	\$	41,735,562
Capitalized Interest:	\$	5,851,823
Debt Service Reserve:	\$	5,290,000
Cost of Issuance:	\$	754,476
Insurance:	\$	919,560
Underwriter's Fee:	\$	<u>750,000</u>
Total Uses:	\$	88,501,921

Terms of Transaction:

Amount:	\$110,000,000
Maturity:	35 Years
Collateral:	Deed of Trust on Property
Bond Offering:	Public Offering
Bond Purchasers:	Institutional and Retail Investors
Estimated Rating:	BBB+ (S&P Global Inc.)
Estimated Closing:	May 2025

Public Benefit:

This building project will provide additional facilities for education in the sciences for enrolled students at Scripps College.

Finance Team:

Underwriter:	Hilltop Securities Inc.
Underwriter Counsel:	Nixon Peabody LLP
Bond Counsel:	Best Best & Krieger LLP
Issuer Counsel:	Jones Hall, APLC
Borrower Counsel:	Haynsworth Sinkler Boyd, P.A.
Borrower California Counsel:	Kutak Rock LLP
Trustee:	Wilmington Trust, N.A.
Trustee Counsel:	Taboada Rochlin Govier LLP

Recommendation:

The Executive Director recommends that the CMFA Board of Directors approve a Final Resolution of \$110,000,000 for the CoreLink-Scripps Holdings LLC – Scripps College project, in the City of Claremont, Los Angeles County, California.

*The information mandated by California Government Code Section 5852.1, including the true interest cost, finance charge, amount of proceeds received from the sale, and the total payment amount to final maturity is attached to this report.