

**Regular Teleconference Meeting of
the
Executive Committee of the Board of Directors of the
ABAG FINANCE AUTHORITY FOR NONPROFIT CORPORATIONS
Offices of the Association of Bay Area Governments
Joseph P. Bort MetroCenter
Conference Room A
101 Eighth Street - Oakland, CA**

May 4, 2016 •10:30 AM

Teleconference Locations:

Chuck Lomeli
Treasurer/Tax Collector
Solano County
County Government Center
675 Texas Street, Suite 1900
Fairfield, CA 94533

Paul Cocking
Investment & Debt Manager
Sonoma County
County Fiscal Building
585 Fiscal Drive, Suite 100
Santa Rosa, CA 95403

Paul McDonough
Securities Analyst
Santa Clara County
County Government Center
70 West Hedding Street,
E. Wing, 2nd Floor
San Jose, CA 95110

Belinda Zhu
Assistant County Treasurer
Contra Costa County
625 Court Street, Room 100/102
Martinez, CA 94553.

AGENDA

1. Call to Order (*Introductions and confirm quorum*).
2. Public Comment.
- 3.* Minutes of the Authority Executive Committee Meeting of March 30, 2016.
- 4.* Consideration of **Resolution 16-01** authorizing and approving the 2016 Supplemental Indenture between ABAG Finance Authority for Nonprofit Corporations and U.S. Bank National Association, as Trustee Relating to \$7,180,000 ABAG Finance Authority for

* Enclosures

Nonprofit Corporations Educational Facilities Refunding Revenue Bonds, Series 2012
(Valley Montessori School).

- 5.* Consideration of **Resolution 16-02** authorizing up to Ten Million Five Hundred Thousand Dollars (\$10,500,000) for Morgan Autism Center.
6. Other Business of the Authority.
7. Adjourn

The Committee may take any action on any item on this agenda

This agenda and related materials may be found at: <http://www.abag.ca.gov/meetings/financeauthority.html>

**Teleconference Meeting of the
Executive Committee of the Board of Directors of the
ABAG FINANCE AUTHORITY FOR NONPROFIT CORPORATIONS
A Joint Powers Authority of California Cities and Counties
Offices of the Association of Bay Area Governments
Joseph P. Bort MetroCenter - Conference Room A
101 Eighth Street - Oakland, CA**

SUMMARY MINUTES

Wednesday 30 March 2016

Members & Alternates Present

Chuck Lomeli	County of Solano
Jonathan Kadlec	County of Sonoma
Paul McDonough	County of Santa Clara
Russell Watts	County of Contra Costa
Belinda Zhu	County of Contra Costa

(All Above Committee Members attended by phone.)

Authority Staff

Ezra Rapport, ABAG Executive Director/President to the Authority
Kenneth Moy, ABAG Legal Counsel/Acting General Counsel to the Authority
Courtney Ruby, ABAG Interim Finance Director/Interim Chief Financial Officer to the Authority

Invited Presenters & Guests

Brad Paul, ABAG Deputy Executive Director
Jerry Lahr, ABAG Energy Programs Manager

Members of the Public

None.

1. Call to Order

The meeting was called to order by Chair Lomeli at 10:33 a.m.

2. Public Comment

None.

3. Executive Committee Minutes

The Minutes of the Authority Executive Committee Meetings of November 18 and December 14, 2015 were approved. /M/ Kadlec /S/ McDonough/ roll call – Kadlec, Lomeli and McDonough ayes/ 0 nay/ Watt abstain.

4. Report on ABAG FAN Business Plan and Request for Qualifications

The Committee received a report from Rapport on possible future opportunities for the Authority's conduit issuance practice that would complement the region's infrastructure needs, environmental and conservation programs and energy efficiency goals. Rapport described one of the initial steps in exploring these opportunities. Committee members discussed the report and expressed their support of it. Lomeli volunteered to serve on the selection panel for the consultant. Rapport requested the Committee's acceptance of his report, the release of a request for Qualifications for a consultant to assist in this process and approval of Lomeli to serve on the selection panel. /M/ Lomeli /S/ Watt / roll call – Kadlec, Lomeli, McDonough and Watt ayes/ 0 nays.

5. Other Business of the Authority.

There being no other business, Chair Lomeli adjourned the meeting at 10:59 a.m.

Respectfully submitted,

Kenneth Moy
Acting Secretary

AGENDA ITEM No. 4
ABAG FINANCE AUTHORITY FOR NONPROFIT CORPORATIONS
A Joint Powers Authority of Cities and Counties
Meeting of 4 May 2016

The Executive Committee of the Board of Directors of the ABAG Finance Authority for Nonprofit Corporations is requested to consider **Resolution 16-01** authorizing and approving the 2016 Supplemental Indenture between ABAG Finance Authority for Nonprofit Corporations and U.S. Bank National Association, as Trustee Relating to \$7,180,000 ABAG Finance Authority for Nonprofit Corporations Educational Facilities Refunding Revenue Bonds, Series 2012 (Valley Montessori School). Documentation is substantially complete and available for review upon request. The purpose and effect of the 2016 Supplemental Indenture is described below.

The Financing Project

The Authority, pursuant to Resolution No. 12-11 dated September 5, 2012, approved the issuance of the Authority's \$7,180,000 Educational Facilities Refunding Revenue Bonds, Series 2012 (Valley Montessori School) (the "Bonds"). The Bonds were issued pursuant to a Trust Indenture, dated as of September 1, 2012 (the "Indenture"), between U.S. Bank National Association (U.S. Bank), as trustee and the Authority.

U.S. Bancorp Municipal Lending and Finance, Inc., an affiliate of U.S. Bank, also currently holds all the Bonds and is only obligated to hold the Bonds until 2019. Purchaser has agreed to extend this period until 2023. The Bonds are currently in a true fixed rate mode, but Purchaser and Valley Montessori School have agreed that on the 2019 tender date the Bonds will convert to a variable rate, LIBOR-based mode. The terms of such new mode will be established now, but won't be effective until October 1, 2019. Purchaser and Valley Montessori School want to set the revised Bond terms at this time so such terms will be consistent with the interest rate swap transaction that Valley Montessori School executed last week for the variable rate period running from 2019-2023. The interest rate swap will allow Valley Montessori School to continue to pay interest on the Bonds at a fixed rate while taking advantage of the current favorable market for variable rate bond financings purchased by banks.

Second, the principal amortization of the Bonds is changing. Valley Montessori School requested a change in amortization to provide debt relief in the first several years. Some of the scheduled principal payments were shifted from the next few years to further down the Bond term, keeping the weighted average maturity within the original weighted average maturity.

Finally, provisions in the Bond documents that strictly limit obligation of the Authority to make payments on the financing to payments made by Valley Montessori School and that provide for comprehensive indemnification from Valley Montessori School to the Authority remain unchanged by the 2016 Supplemental Indenture.

Financing Team

The Borrower has proposed that Ice Miller LLP, Columbus, Ohio, serve as Bond Counsel for this transaction (same firm that was Bond Counsel in connection with original 2012 issuance of the Bonds). The Borrower is represented by Spaulding McCullough & Tansil LLP, as Legal Counsel and by Western Solutions Inc.,

Homewood, California as its Financial Advisor. The Authority is being represented in this matter by Jones Hall, San Francisco.

Enclosures and Other Documentation

The 2016 Supplemental Indenture is enclosed along with the Authority's authorizing Resolution.

Staff Recommendation

Staff respectfully recommend approval of **Resolution No. 16-01** authorizing the amendment to the Indenture through the execution and delivery of the 2016 Supplemental Indenture.

CO\5297345.2

RESOLUTION NO. 16-01
ABAG FINANCE AUTHORITY FOR NONPROFIT CORPORATIONS
EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS
(VALLEY MONTESSORI SCHOOL)

A RESOLUTION AUTHORIZING AND APPROVING THE 2016 SUPPLEMENTAL INDENTURE TO THE TRUST INDENTURE PURSUANT TO WHICH THE ABAG FINANCE AUTHORITY FOR NONPROFIT CORPORATIONS EDUCATIONAL FACILITIES REFUNDING REVENUE BONDS, SERIES 2012 (VALLEY MONTESSORI SCHOOL) WERE ISSUED, AND APPROVING AND AUTHORIZING OTHER ACTIONS RELATING THERETO

RESOLVED, by the Executive Committee of the Board of Directors of ABAG Finance Authority For Nonprofit Corporations (the "Authority"), as follows:

WHEREAS, pursuant to the provisions of the Joint Powers Act, comprising Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the California Government Code (the "Act"), certain California cities and counties entered into a joint exercise of powers agreement, dated as of April 1, 1990 and revised as of September 18, 1990 and June 9, 1992, pursuant to which the Authority was organized; and

WHEREAS, the Executive Committee of the Authority, pursuant to Resolution No. 12-11 dated September 5, 2012, approved the issuance of the Authority's \$7,180,000 Educational Facilities Refunding Revenue Bonds, Series 2012 (Valley Montessori School) (the "Bonds"); and

WHEREAS, the Bonds were issued pursuant to a Trust Indenture, dated as of September 1, 2012 (the "Indenture"), between U.S. Bank National Association, as trustee (the "Trustee") and the Authority; and

WHEREAS, the proceeds of the Bonds were loaned to Tri-Valley Montessori School (the "Borrower") pursuant to a Loan Agreement, dated as of September 1, 2012, between the Authority and the Corporation, in order to refinance certain educational facilities of the Borrower;

WHEREAS, the Borrower and the Trustee desire to amend the Indenture in order to (i) modify the definitions of "Initial Purchase Date" and "LIBOR Index Reset Date" and (ii) amend the mandatory sinking fund redemption schedule for the Bonds, all as set forth therein (the "Proposed Amendment"); and

WHEREAS, Section 8.03 of the Indenture authorizes the Authority and the Trustee, with the consent of the Holders of not less than a majority in aggregate principal amount of the Bonds then outstanding and the consent of the Borrower, the Purchaser and the Bank, if any (as each term is defined in the Indenture), to enter into supplemental indentures adding any provisions to,

Valley Montessori School 2016 Supplemental Indenture
Resolution No. 16-01

changing in any manner or eliminating any of the provisions of the Indenture or restricting in any manner the rights of the Holders; and

WHEREAS, the 2016 Supplemental Indenture, dated May 4, 2016 (or such other date as approved by the Authority) (the "Supplemental Indenture"), sets forth the Proposed Amendment to the Indenture; and

WHEREAS, there has been placed on file with the Authority prior to this meeting a proposed form of the Supplemental Indenture;

NOW THEREFORE, BE IT RESOLVED by the Executive Committee of the Board of Directors of the ABAG Finance Authority for Nonprofit Corporations, as follows:

Section 1. The Authority hereby authorizes and approves the Supplemental Indenture in substantially the form placed on file with the Authority. Any of the President, Acting Secretary or Chief Financial Officer of the Authority, or the designee of any of them (each, an "Authorized Officer"), acting alone, is hereby authorized and directed, for and on behalf of the Authority, to execute and deliver the Supplemental Indenture in substantially said form, with such changes and insertions therein, as may be necessary to cause the same to carry out the intent of this Resolution and as such signatory, with the advice of counsel to the Authority, may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 2. Any Authorized Officer and other appropriate officers and agents of the Authority are hereby authorized and directed, jointly and severally, for and in the name and on behalf of the Authority, to execute and deliver any and all documents, including, without limitation, any interest rate swap identification certificate, any certificate relating to the extension of any interest rate mode applicable to the Bonds, or conversion to a new interest rate mode, any tax agreement and/or tax certificate, and any and all documents and certificates to be executed in connection with the Supplemental Indenture, and to do any and all things and take any and all actions which may be necessary or advisable, in their discretion, to effectuate the actions which the Authority has approved in this Resolution; provided that no such documents or certificates shall create any obligation or liability of the Authority other than with respect to the revenues and assets derived from the proceeds of the Bonds or otherwise securing the Bonds under the financing documents.

Section 3. This Resolution shall take effect from and after its adoption.

*

PASSED AND ADOPTED this 4th day of May, 2016.

ABAG FINANCE AUTHORITY FOR
NONPROFIT CORPORATIONS

By: _____
Ezra Rapport, President
ABAG Finance Authority
For Nonprofit Corporations

ATTEST:

Kenneth Moy, Acting Secretary
ABAG Finance Authority
For Nonprofit Corporations

I, the undersigned, the duly appointed and qualified Acting Secretary of the ABAG Finance Authority for Nonprofit Corporations, do hereby certify that the foregoing resolution was duly adopted by the Executive Committee of the Board of Directors of said Authority at a duly called meeting of the Executive Committee held in accordance with law on May 4, 2016.

Kenneth Moy, Acting Secretary
ABAG Finance Authority
For Nonprofit Corporations

2016 SUPPLEMENTAL INDENTURE

between

ABAG FINANCE AUTHORITY FOR NONPROFIT CORPORATIONS

and

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

Dated May __, 2016

Relating to

\$7,180,000

ABAG FINANCE AUTHORITY FOR NONPROFIT CORPORATIONS
EDUCATIONAL FACILITIES REFUNDING
REVENUE BONDS, SERIES 2012
(VALLEY MONTESSORI SCHOOL)

(Amending the Trust Indenture dated as of September 1, 2012, between ABAG Finance Authority for Nonprofit Corporations and U.S. Bank National Association, as Trustee)

Certain rights of the ABAG Finance Authority for Nonprofit Corporations hereunder have been assigned to U.S. Bank National Association, as Trustee, under the Trust Indenture dated as of September 1, 2012.

2016 SUPPLEMENTAL INDENTURE

This 2016 Supplemental Indenture, dated May ___, 2016 (herein referred to as the "Supplemental Indenture") between the ABAG Finance Authority for Nonprofit Corporations, a joint powers authority duly organized and validly existing under the laws of the State of California (the "State"), particularly the Act (as defined in the Original Indenture) (the "Authority"), and U.S. Bank National Association, a national banking association duly authorized to exercise corporate trust powers, as trustee (the "Trustee"), supplements and amends the Trust Indenture, dated as of September 1, 2012, between the Authority and the Trustee (the "Original Indenture"), as supplemented and amended, including by this Supplemental Indenture (collectively, the "Indenture").

PRELIMINARY STATEMENT

The Authority has issued its Educational Facilities Refunding Revenue Bonds, Series 2012 (Valley Montessori School) (the "Bonds"). Under Section 8.03 of the Original Indenture, the Authority and the Trustee may, with the consent of the Holders of not less than a majority in aggregate principal amount of the Bonds at the time outstanding, evidenced as provided in the Indenture, with the consent of the Borrower, the Purchaser and the Bank, if any, execute and deliver a Supplemental Indenture adding any provisions to, changing in any manner or eliminating any of the provisions of the Original Indenture or any Supplemental Indenture or restricting in any manner the rights of the Holders. The proceeds of the Bonds have been loaned to Tri-Valley Montessori School d/b/a Valley Montessori School (the "Borrower"). The Borrower has requested that the Authority and the Trustee enter into this Supplemental Indenture in accordance with Section 8.03 of the Original Indenture upon receipt of (i) the consent of the Holders of not less than a majority in aggregate principal amount of the Bonds at the time outstanding and (ii) the consent of the Borrower and the Purchaser.

The Authority and the Trustee hereby further agree as follows:

ARTICLE I.

DEFINITIONS

Capitalized terms used but not defined in this Supplemental Indenture, unless the context requires otherwise, shall have the same meanings as set forth in the Original Indenture.

All references in this instrument to designated "Articles," "Sections" and other subdivisions are the designated Articles, Sections and other subdivisions of this Supplemental Indenture, as originally executed, unless context indicates otherwise. The words "herein," "hereof" and "hereunder" and other words of similar import refer to this Supplemental Indenture as a whole and not to any particular Article, Section or other subdivision unless context indicates otherwise.

ARTICLE II.

AMENDMENT OF THE ORIGINAL INDENTURE

Section 2.01. *Amendment to Section 1.01 of and Exhibit A to the Original Indenture.* The following definitions of "Initial Purchase Date" and "LIBOR Index Reset Date" replaces the definitions of "Initial Purchase Date" and "LIBOR Index Reset Date" and "Initial Purchase Date", respectively, contained in Section 1.01 of and Exhibit A to the Original Indenture, and in the Bonds:

"Initial Purchase Date" means October 1, 2019, as such date may be extended pursuant to Section 2.03(h)(i) hereof.

"LIBOR Index Reset Date" means the first Business Day of each calendar month.

Section 2.02. *Amendment to Section 4.01(a) and Exhibit A of the Original Indenture.* The mandatory redemption schedule in Section 4.01(a) of the Original Indenture, in the form of Bond attached as Exhibit A to the Original Indenture, and in the Bonds, is hereby replaced in its entirety with the following schedule:

Redemption Date (October 1)	Principal Amount	Redemption Date (October 1)	Principal Amount
2013	\$100,000	2028	\$300,000
2014	115,000	2029	300,000
2015	130,000	2030	300,000
2016	135,000	2031	300,000
2017	140,000	2032	300,000
2018	150,000	2033	300,000
2019	160,000	2034	300,000
2020	170,000	2035	300,000
2021	180,000	2036	300,000
2022	200,000	2037	300,000
2023	220,000	2038	300,000
2024	240,000	2039	300,000
2025	260,000	2040	300,000
2026	270,000	2041	300,000
2027	280,000	2042*	230,800

*Final maturity

At the request of the Holder, the Issuer shall execute, and the Trustee shall authenticate and deliver to the Holder, a replacement Bond including the terms of this Supplemental Indenture.

Section 2.03. *Effective Date.* The provisions of this Supplemental Indenture shall be effective upon (i) the consent of the Holders of not less than a majority in aggregate principal amount of the Bonds at the time outstanding and (ii) the consent of the Borrower and the Purchaser. On May ____, 2016 (the "Effective Date"), the Borrower has received, and provided evidence thereof to the Trustee, (i) the consent of the Holders of not less than a majority in aggregate principal amount of the Bonds at the time outstanding and (ii) the consent of the Purchaser. The Borrower has also provided its consent to the Supplemental Indenture to the Trustee. Thus, the provisions of this Supplemental Indenture shall be in full force and effect on the Effective Date. At such time, all of the terms and conditions of this Supplemental Indenture shall be deemed part of the terms and conditions of the Indenture.

ARTICLE III.

MISCELLANEOUS PROVISIONS

Section 3.01. *Binding Effect.* This Supplemental Indenture shall inure to the benefit of and shall be binding upon the Authority and the Trustee and their respective successors and assigns.

Section 3.02. *Severability.* In the event any provision of this Supplemental Indenture shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 3.03. *Applicable Law.* This Supplemental Indenture shall be governed exclusively by the applicable laws of the State.

Section 3.04. *Execution in Counterparts.* This Supplemental Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, each of the Authority and the Trustee has caused this Supplemental Indenture to be executed and delivered in its name and behalf by its authorized officer or authorized agent, all as of the date above.

ABAG FINANCE AUTHORITY FOR
NONPROFIT CORPORATIONS

By: _____
Authorized Authority Representative

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By: _____

Name: _____

Title: _____

PURCHASER AND HOLDER CONSENT TO INDENTURE AMENDMENT

U.S. BANK NATIONAL ASSOCIATION, as Purchaser and as Holder of not less than a majority in aggregate principal amount of the Bonds outstanding on the date hereof (as such terms are defined in the Indenture), hereby (i) consents to the amendment of the Original Indenture by the Supplemental Indenture to which this consent is attached, as described therein, and (ii) waives (a) delivery of notice of the Supplemental Indenture by the Trustee to the Holder, as required by Section 8.03 of the Original Indenture, and (b) its option to review of the form of such Supplemental Indenture pursuant to such notice.

Dated: May __, 2016.

U.S. BANK NATIONAL ASSOCIATION, as
Purchaser and Holder

By: _____

Name: _____

Title: _____

BORROWER CONSENT TO INDENTURE AMENDMENT

TRI-VALLEY MONTESSORI SCHOOL D/B/A VALLEY MONTESSORI SCHOOL, as Borrower, hereby consents to the amendment of the Original Indenture by the Supplemental Indenture to which this consent is attached, as described therein, and to the execution and delivery of the Supplemental Indenture.

Dated: May __, 2016.

TRI-VALLEY MONTESSORI SCHOOL, d/b/a
Valley Montessori School, a California nonprofit
public benefit corporation, as Borrower

By: _____

Name: _____

Title: _____

WRITTEN STATEMENT OF THE TRUSTEE RE: CONSENT OF THE HOLDER

U.S. BANK NATIONAL ASSOCIATION, as Trustee, hereby provides its written statement of the Trustee, pursuant to Section 8.03 of the Original Indenture, that U.S. Bank National Association, as Holder of not less than a majority in aggregate principal amount of the Bonds outstanding on the date hereof, has delivered its consent to the amendment of the Original Indenture by the Supplemental Indenture to which this written statement is attached, as described therein.

Dated: May __, 2016.

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By: _____

Name: _____

Title: _____

AGENDA ITEM No. 5

ABAG FINANCE AUTHORITY FOR NONPROFIT CORPORATIONS A Joint Powers Authority of Cities and Counties

Meeting of 4 May 2016

The Executive Committee of the Board of Directors of the ABAG Finance Authority for Nonprofit Corporations is requested to consider **Resolution 16-02** authorizing up to Ten Million Five Hundred Thousand Dollars (\$10,500,000) for Morgan Autism Center ("MAC" or the "Center"). The required public hearing and approval (TEFRA) process for this transaction was completed in the County of Santa Clara on March 22, 2016. Documentation for the proposed transaction is substantially complete and available for review upon request.

Morgan Autism Center

Location of Facilities:	950 St. Elizabeth Dr., San Jose, CA 95126
Use of Funds:	Acquire facilities to provide educational, vocational and independent living training and other services to children and adults with autism or other developmental disabilities
Financing Amount:	Not to exceed \$10,500,000
Security:	Non-Rated Loan from Compass Mortgage Corporation

The Center

With more than 40 years of experience, Morgan Autism Center is the Bay Area's leading provider of trusted individualized educational services for children and adults with autism spectrum disorders. The Center's mission is to help children and adults with autism or other developmental disabilities maximize their potential in a dignified, positive and learning environment. The vision of the Center is for the students and clients to remain in the community and lead a productive and happy life.

Morgan Autism Center works to increase awareness about autism and to promote sharing of the latest research and information. The achievements of the Center's School and Adult programs have been due to the remarkable, passionate staff and board, as well as an effective educational philosophy (the Morgan Autism Center Model), which mines the best techniques from multiple developmental and educational models, and applies them to the individual needs of all students. The result is a nurturing, joyful environment that focuses on constant program optimization to deliver greater opportunities for student success.

For students on the autism spectrum whose educational needs are not fully met by existing public school programs, Morgan Autism Center provides an individualized school program. The Center believes that, just as with neurotypical students, education does not end with the completion of a school curriculum.

Founded with a grant from the David and Lucile Packard Foundation, the Adult Program emphasizes improving the independent living and vocational skills of its participants.

The School Program

The School Program at Morgan Autism Center includes the following:

- A high staff to student ratio with one to one or small groups, allowing the school to build customized programs for each student.
- A comprehensive approach that targets multiple areas of development – language, cognition, social behavior, motor and self-help skills – creating the best opportunities for success.
- Offer a high degree of flexibility to meet unique and changing educational needs, aligning our work with a student’s particular learning style. Continuous assessment of student’s progress is integral to the program.

A student’s school day unfolds in a carefully structured and supportive environment, with frequent one-on-one interaction with trained staff:

- Individualized speech/language therapy
- Academics (from basic cognitive skills to reading, writing, composition and math)
- Play and social skills
- Physical education

Morgan Autism Center also emphasize teaching vocational and independent living skills, both on-site and at a variety of community locations.

The Adult Program

Vocational training curriculum includes:

- Computer skills
- Office skills
- Bulk mail preparation
- Assembly
- Garden/farm work

The Adult Program follows the same model as the school program, tailoring tasks and vocational work as is appropriate for participants. Adult clients are closely supervised, working in small groups of two or three, with trained staff.

Referrals to both the School and Adult programs come from parents, school districts, physicians, private therapists, regional centers and other agencies.

Students from several nearby schools come weekly to Morgan Autism Center to facilitate communication and social skills development between typically developing students and other students with autism.

Certified and endorsed: Morgan Autism Center is certified by the California Department of Education, and endorsed by 26 Bay Area school districts in Santa Clara, San Mateo, San Francisco and Alameda counties.

The Project

Morgan Autism Center will purchase a campus located at 950 St. Elizabeth Dr., San Jose, CA 95126 for \$13,000,000, a portion of which will be paid by equity of the Center, to replace its existing facility. The Center will spend approximately \$750,000 in equity on improvements after acquisition.

Financing Structure & Security Provisions

Currently Morgan Autism Center rents their facility and will be purchasing a campus for \$13,000,000 that will replace their rented facility. The loan will be for a principal amount not to exceed \$10,500,000 with the remaining purchase price being paid by an equity contribution from MAC. The financing is structured as a 7 year fixed rate or partially adjustable rate private placement tax-exempt bond with a 25 year amortization. The Lender for this tax-exempt loan is Compass Mortgage Corporation, an affiliate of BBVA Compass Bank. The campus is located at 950 St. Elizabeth Dr., San Jose, CA 95126.

A portion of the tax-exempt loan amount (less than \$1,000,000) is expected to be guaranteed by a third-party guarantor, in order to meet certain loan-to-value requirements of the Lender. It is expected that the guaranteed portion of the loan will be scheduled to be repaid prior to the remaining loan.

The Authority would function solely as a tax-exempt conduit for funds being lent to the Center. The Authority would accept no financial risk in the transaction. The financing documentation would contain statements having the same effect as the following:

The Authority Loan does not constitute a debt or liability of the State or of any political subdivision thereof, other than the Authority, and, as to the Authority, shall be payable solely from the Payments provided therefor. The Authority shall not be obligated to pay the principal of the Authority Loan or interest thereon, except from the Payments provided therefor hereunder and neither the faith and credit nor the taxing power of the State or any political subdivision thereof, including the Authority, is pledged to the payment of principal of or interest on the Authority Loan. The granting of the Authority Loan shall not directly or indirectly or contingently obligate the State or any political subdivision thereof to levy or pledge any form of taxation or to make any appropriation for their payment. The Authority has no taxing power.

The Authority will also receive comprehensive indemnification from the Center in the financing documentation. In accordance with the Authority's Guidelines for such financing, the lender is required to execute a sophisticated investor letter detailing, among other things, the recognition of risk, the satisfaction of disclosure requirements and the Authority's strict limitations on resale of the securities.

Financing Team

The Center has proposed that Ice Miller LLP, Columbus, Ohio serve as Bond Counsel for this transaction. The Center is represented by Spaulding McCullough & Tansil, LLP, Santa Rosa. Western Solutions Inc., Homewood, California, serves as the Center's Financial Advisor. The Lender is represented by Sheppard Mullin Richter & Hampton LLP, San Francisco. The Authority is being represented in this matter by Jones Hall, San Francisco.

ABAG Finance Authority for Nonprofit Corporations
Morgan Autism Center
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Representatives of the Center, Bond Counsel, and the Lender have been asked to be available at the Authority's meeting to answer questions about the Project, the proposed financing, or the Resolution being presented for consideration by the Board.

Enclosures and Other Documentation

Additional information concerning the Center, the Lender's term sheet are enclosed along with the Authority Resolution.

Staff Recommendation

Staff respectfully recommend approval of **Resolution No. 16-02** authorizing the proposed financing.

CO\5297393.2

RESOLUTION NO. 16-02
ABAG FINANCE AUTHORITY FOR NONPROFIT CORPORATIONS
EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS
(MORGAN AUTISM CENTER)

A RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT EVIDENCING ONE OR MORE LOANS IN A PRINCIPAL AMOUNT NOT TO EXCEED \$10,500,000 TO FINANCE THE ACQUISITION, RENOVATION, IMPROVEMENTS AND/OR EQUIPPING OF EDUCATIONAL, VOCATIONAL AND INDEPENDENT LIVING TRAINING FACILITIES FOR MORGAN AUTISM CENTER AND OTHER MATTERS RELATING THERETO.

RESOLVED, by the Executive Committee of the Board of Directors of ABAG Finance Authority For Nonprofit Corporations (the "Authority"), as follows:

WHEREAS, pursuant to the provisions of the Joint Powers Act, comprising Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the California Government Code (the "Act"), certain California cities and counties entered into a joint exercise of powers agreement, dated as of April 1, 1990 and revised as of September 18, 1990 and June 9, 1992 (the "Agreement"), pursuant to which the Authority was organized; and

WHEREAS, the Agreement was entered into in order to enable the Authority to assist nonprofit corporations and other entities obtain financing for projects and purposes serving the public interest; and

WHEREAS, the Authority is authorized by the Agreement to issue bonds, notes or other evidences of indebtedness, or certificates of participation in leases or other agreements in order to assist nonprofit corporations and other entities in financing projects and purposes serving the public interest; and

WHEREAS, pursuant to the provisions of the Act and the Agreement, the public agencies that are the contracting parties composing the membership of the Authority are authorized to jointly exercise any power common to such contracting parties, including, without limitation, the power to acquire and dispose of property, both real and personal; and

WHEREAS, the County of Santa Clara (the "County") has been granted membership status by the Authority and is authorized to acquire and dispose of property, both real and personal, pursuant to the laws of the State of California; and

WHEREAS, Morgan Autism Center, a California nonprofit public benefit corporation (the "Borrower"), wishes to finance the acquisition of an existing site and facilities thereon

Morgan Autism Center Series 2016
Resolution No. 16-02

located at 950 St. Elizabeth Dr., San Jose, CA 95126 (the "Facility"); to pay, or reimburse the Borrower for, costs of renovations or improvements to, or equipping the Facility; and to pay costs of issuing the Loan (collectively, the "Project"); and

WHEREAS, the Borrower has requested that the Authority enter into a Loan Agreement (the "Loan Agreement") with the Borrower and Compass Mortgage Corporation (the "Lender") for the purpose of making the Authority Loan and the Borrower Loan (collectively the "Loan", as such terms are defined in the Loan Agreement) to finance a portion of the Project; and

WHEREAS, pursuant to the Loan Agreement, the Authority will loan the amount set forth in the Loan Agreement to the Borrower for the purpose of financing all or a portion of the Project and financing costs of issuance; and

WHEREAS, the Project consist of educational facilities and the Project is operated and, upon acquisition, will be owned, by the Borrower and wholly located in the County; and

WHEREAS, the Borrower is requesting the assistance of the Authority in financing the Project and financing costs of issuance of the Project; and

WHEREAS, there has been placed on file with the Authority prior to this meeting proposed forms of (i) the Loan Agreement and (ii) the Assignment Agreement between the Authority and the Lender (such Assignment Agreement, together with any other Assignment Agreement substantially in the form on file with the Authority and required to be executed in connection with the "Acquisition Advance" (as defined in the Loan Agreement), the "Assignment Agreement"); and

NOW THEREFORE, BE IT RESOLVED by the Executive Committee of the Board of Directors of the ABAG Finance Authority for Nonprofit Corporations, as follows:

Section 1. The Board hereby finds and determines that the foregoing recitals are true and correct.

Section 2. The Authority finds that it is in the public interest to assist the Borrower in financing all or a portion of the Project and financing costs of issuance of the Loan.

Section 3. Pursuant to the Act and the Loan Agreement, the Authority is hereby authorized to enter into the Authority Loan with the Lender and the Borrower Loan and with the Borrower, in an aggregate principal amount not to exceed Ten Million Five Hundred Thousand Dollars (\$10,500,000). The Authority Loan shall be issued and secured in accordance with the terms of the Loan Agreement, with such changes, deletions or insertions as may be approved by the President, Acting Secretary or Chief Financial Officer of the Authority, or the designee of any of them (each, an "Authorized Officer") and legal counsel to the Authority, such approvals being conclusively evidenced by the execution and delivery thereof.

Section 4. The Loan Agreement, in substantially the form placed on file with the Authority, is hereby approved. Any Authorized Officer is hereby authorized and directed, for

Morgan Autism Center Series 2016
Resolution No. 16-02

and on behalf of the Authority, to execute and deliver the Loan Agreement in substantially said form, with such changes and insertions therein as such Authorized Officer, with the advice of counsel to the Authority, may approve, such approval to be conclusively evidenced by the execution and delivery thereof. The dated date, maturity dates or dates, interest rate or rates, method of determining interest rates, interest payment dates, denominations, forms, registration privileges, manner of execution, place or places of payment, terms of redemption and other terms of the Authority Loan and the Borrower Loan shall be as provided in the Loan Agreement, as finally executed.

Section 5. The proposed form of Assignment Agreement, on file with the Authority, is hereby approved. Any Authorized Officer, acting alone, is hereby authorized and directed, for and on behalf of the Authority, to execute and deliver the Assignment Agreement in substantially said form, with such changes and insertions therein, as may be necessary to cause the same to carry out the intent of this Resolution and as such signatory, with the advice of counsel to the Authority, may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 6. Any Authorized Officer and other appropriate officers and agents of the Authority are hereby authorized and directed, jointly and severally, for and in the name and on behalf of the Authority, to execute and deliver any and all documents, including, without limitation, any assignment of any collateral documents, any tax agreement and/or tax certificate, any and all documents and certificates to be executed in connection with securing credit support, if any, for the Authority Loan, or in connection with the financing of all or a portion of the Project, and to do any and all things and take any and all actions which may be necessary or advisable, in their discretion, to effectuate the actions which the Authority has approved in this Resolution; provided that no such documents or certificates shall create any obligation or liability of the Authority other than with respect to the revenues and assets derived from the proceeds of the Authority Loan or otherwise securing the Authority Loan under the financing documents described and authorized herein.

Section 7. All actions heretofore taken by the Chair, Vice Chair, Acting Secretary, President, Chief Financial Officer and other appropriate officers and agents of the Authority with respect to the Loan Agreement, the Assignment Agreement, and the Loan are hereby ratified, confirmed and approved.

Section 8. All approvals, consents, directions, notices, orders, requests and other actions permitted or required by any of the documents authorized by this Resolution, including, without limitation, any of the foregoing which may be necessary or desirable in connection with any amendment of such documents, or any redemption or prepayment of prior securities, or any interest rate swap agreement related to the Loan, may be given or taken by any Authorized Officer without further authorization by the Authority, and each Authorized Officer is hereby authorized and directed to give any such approval, consent, direction, notice, order or request and to take any such action which such Authorized Officer, with the advice of counsel to the Authority, may deem necessary or desirable to further the purposes of this Resolution.

Morgan Autism Center Series 2016
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Section 10. Notwithstanding anything in this Resolution to the contrary, the Loan Agreement may not be executed and delivered until the Authority has received evidence acceptable to the Authority in its sole discretion that the financing of the Project through the making of the Loan has been approved by the Board of Supervisors of the County after a duly noticed public hearing.

Section 11. This Resolution shall take effect from and after its adoption.

*

Morgan Autism Center Series 2016
Resolution No. 16-02

PASSED AND ADOPTED this 4th day of May, 2016.

ABAG FINANCE AUTHORITY FOR
NONPROFIT CORPORATIONS

By: _____
Ezra Rapport, President
ABAG Finance Authority
For Nonprofit Corporations

ATTEST:

Kenneth Moy, Acting Secretary
ABAG Finance Authority
For Nonprofit Corporations

Morgan Autism Center Series 2016
Resolution No. 16-02

I, the undersigned, the duly appointed and qualified Acting Secretary of the ABAG Finance Authority for Nonprofit Corporations, do hereby certify that the foregoing resolution was duly adopted by the Executive Committee of the Board of Directors of said Authority at a duly called meeting of the Executive Committee held in accordance with law on May 4, 2016.

Kenneth Moy, Acting Secretary
ABAG Finance Authority
For Nonprofit Corporations

Summary Terms and Conditions

**Morgan Autism Center
Summary of Non-Binding Indicative Terms and Conditions
for the Proposed Tax Exempt Bank Direct Purchase
January 12, 2016**

This summary of indicative terms and conditions is not a commitment to lend, purchase or to provide any other service related to a financing. Any such commitment or undertaking will be issued only in writing subject to appropriate documentation, the terms of which are not limited to those set forth herein. This summary of indicative terms and conditions is intended as an outline of certain of the material terms of a proposed financing and is not intended to summarize all of the conditions, covenants, representations, warranties and other provisions that would be contained in definitive documents, and is subject to, among other things, completion of due diligence and final credit approval by Bank.

Borrower:	Morgan Autism Center (the "Borrower").
Lender:	Compass Bank or Compass Mortgage Corporation (collectively, the "Lender" or the "Bank").
Obligation Type:	Non-bank qualified, tax-exempt financing.
Obligation Amount:	Up to \$9,750,000.00 (the "Tax-Exempt Obligation" or "Tax-Exempt Financing").
Purpose:	To finance the purchase of a 22,625 SF property located at 950 St. Elizabeth Dr, San Jose, CA
Term:	Option 1: Seven (7) years Option 2: Ten (10) years
Repayment:	The Tax-Exempt Obligation will amortize over 25 years for both options, calling for monthly payments of principal and interest, in arrears.
Advances:	The Obligation will be subject to an appraisal acceptable to Bank of the real property located at 950 St. Elizabeth Dr., San Jose, CA and will be limited to 75% of the appraised value.
Interest Rate:	<p>If Borrower opts for a seven year term, the Tax-Exempt Obligation shall bear interest at a variable rate equal to (65% x 1-month LIBOR) + 1.35%. If funded today, the resulting variable rate would be 1.61%. If Borrower opts for a ten year term, the Tax-Exempt Obligation shall bear interest at a variable rate equal to (65% x 1-month LIBOR) + 1.54%. If funded today, the resulting variable rate would be 1.80%.</p> <p>As a condition to the Tax-Exempt Financing, Borrower will be required to enter into an interest rate derivative (i.e., swap) to synthetically fix the interest rate of the Tax-Exempt Obligation in an amount not less than \$9.75 million during the Term Financing Period through its maturity. The terms of any swap transaction will be governed by an ISDA Master Agreement and Schedule. Any swap transaction will be cross-collateralized and cross-defaulted to the Obligations.</p>

Summary Terms and Conditions

*Due to the municipal advisor rule adopted by the Securities Exchange Commission ("SEC") and the fact that BBVA Compass is not a registered municipal advisor with the SEC or a registered swap dealer with the Commodities Futures Trading Commission ("CFTC"), certain restrictions apply to BBVA Compass regarding municipal financial products.

If BBVA Compass is deemed to have provided advice or a recommendation to a municipal entity or an obligated person with respect to a municipal derivative (i.e. an interest rate swap) or municipal securities, it potentially would have to register with the SEC as a municipal advisor. BBVA Compass does not plan to register as a municipal advisor. BBVA SA is the parent company of BBVA Compass, and is a duly registered swap dealer with the CFTC. BBVA SA will provide you with an interest rate swap quote

**Disclaimer: *The information in this presentation has been provided at your request and is not (and does not constitute) (1) a solicitation for you to enter into an interest rate protection (i.e., swap) transaction with BBVA Compass (or any of its affiliates), or (2) a recommendation or advice that you enter into the above described swap transaction (or any other swap transaction). The information in this presentation is only for indicative purposes and is subject to, among other things, market changes. This presentation is not an offer to provide the swap transaction described above. This presentation is specifically for educational materials which constitutes general information as the content is limited to instructional, explanatory and factual information without subjective assumptions, opinion or views. This presentation describes the general nature of swap transactions and does not include past or projected performance figures. The information is not particularized to a specific entity. All swap transactions are subject to: credit and risk approvals; product suitability; and verification that Borrower and any Guarantors are (or will be) an eligible contract participant.*

Upfront Origination Fee:

None.

Targeted Closing:

June 1, 2016 or as requested by the Borrower.

Prepayment:

Borrower may partially or wholly prepay the Obligations. Any prepayment of the Tax-Exempt Obligation during the Term Financing Period would be subject to a potential swap breakage fee applicable to the amount prepaid.

Security:

The Obligations will be secured by a first lien deed of trust on the Borrower's real property located at 950 St. Elizabeth Dr., San Jose, CA.

Affirmative Covenants:

The Obligations with the Borrower shall include affirmative covenants that are standard and customary for a transaction of this nature.

**Representations/
Warranties/Negative
Covenants:**

The documents will contain those representations and warranties and covenants customarily found in transactions of this nature, and others appropriate to the transaction, including but not limited to:

- Standard representations including but not limited to: no adverse litigation and Borrower has not defaulted or non-appropriated on past obligations, indemnification from hazardous materials.
- No default under any other obligation
- Default rate of 5.00% over the Obligation's proposed rate. Default rate to apply if

Summary Terms and Conditions

payment is not made within 10 days of due date in addition to other events of default.

- No material adverse change in financial condition since fiscal year ended June 30, 2014.
- Notices of (i) any default on any obligation, (ii) material litigation, (iii) material governmental proceedings and (iv) any material adverse effect.
- Limitations on any additional liens or indebtedness of Borrower.
- Additional representations and warranties, and other affirmative and negative covenants that Bank considers customary and reasonably appropriate for the Obligation.

The Tax-Exempt Obligation is being purchased by Lender under the following conditions: (i) not being registered or otherwise qualified for sale under the "Blue Sky" laws; (ii) the Lender will hold as one single debt instrument; (iii) no CUSIP numbers will be obtained for the Tax-Exempt Obligation; (iv) no official Statement or similar offering document has been prepared in connection with the private placement of this Tax-Exempt Obligation; (v) the Tax-Exempt Obligation will not close through the DTC or any similar repository and will not be in book entry form. The Tax-Exempt Obligation must be able to be classified as a loan or held-to-maturity security in order to be acceptable to the Lender.

**Financial
Reporting/Financial
Covenants:**

- Borrower's annual audited financial statements due within 120 days of fiscal year end.
- Borrower's quarterly unaudited financial statement, as of and due within 60 days of each quarter end.
- Annual and quarterly compliance certificates executed by an authorized officer of Borrower within 120 days of fiscal year end and within 60 days of fiscal quarter end.
- Borrower's annual budget, due within 120 after fiscal year end.
- Borrower shall furnish at Lender's request such additional information that Lender may from time to time reasonably request.
- 1.25x Debt Service Coverage Ratio.
- \$500,000 in Unrestricted Liquidity, defined as the unrestricted cash & marketable securities.

**Tax Exempt Status / Yield
Adjustment Event:**

The quoted tax exempt interest rate will be subject to gross-up upon an event of taxability.

Closing Costs:

Borrower will pay all reasonable out-of-pocket costs and expenses incurred by Lender in connection with due diligence and the preparation of documentation, regardless of whether or not the Obligations are closed, including but not limited to, Lender's Counsel fees. Prior to the closing of the Obligations, Lender's Counsel will be copied on all correspondence between Borrower and Lender.

**Credit Approval
Requirements:**

This indicative term sheet is being provided prior to final credit approval of the Bank. The following information is needed to complete underwriting and for formal approval:

- Borrower's last six interim financial statements.
- Any other information which Lender may attach significance to in determining the credit-worthiness of the Borrower, such as additional information disclosures.

Conditions Precedent:

Prior to the consummation of the Financing, the following conditions precedent shall

Summary Terms and Conditions

have occurred, all of which shall be in form and substance satisfactory to the Lender and its counsel.

- Formal credit approval from the Bank, underwritten consistent with a construction loan, which would be expected to be delivered within 5-7 business days from acceptance of this Term Sheet by Borrower.
- Bank's satisfactory review of the appraisal, Environmental Site Assessment, Seismic Study and Site Survey of the real property collateral.
- Receipt and satisfactory review of an acceptable preliminary title report of the real property collateral indicating no liens that will be senior to the Lender's pending first deed of trust.
- Receipt and satisfactory review of an acceptable title policy of the real property collateral.
- Supporting documentation related to standard levels of insurance.
- Properly executed documents in form and substance satisfactory to Bank and/or Bank's counsel evidencing or supporting the Obligation. Additional conditions precedent that Bank considers customary and reasonably appropriate for the Obligation, including further information disclosures.

Ancillary Business:

The structure, pricing, and terms contained herein are conditioned upon the establishment of a banking relationship that includes the opportunity to reasonably bid on ancillary financial services in good faith.

Governing Law:

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

Expiration:

This term sheet shall expire on 4:00 pm PDT on January 22, 2016 unless previously accepted.

This term sheet is issued in reliance on the accuracy of all information, representations, schedules, and other data and materials submitted by Borrower, all of which are deemed material. This term sheet does not contain all of the terms and conditions or other provisions that may be included in the final documents evidencing the Obligation, and is issued at a time before Lender has undertaken a full business, credit, and legal analysis of Borrower and the Obligation.

*The terms and provisions of this correspondence are **confidential** and may not be disclosed by Borrower to any other person or entity. However, the foregoing restrictions on disclosure shall not apply to disclosure(s): (i) to Borrower's legal counsel or financial advisor for purposes of advising Borrower with respect hereto and provided, however, that such counsel and financial advisor agree to preserve the confidentiality of this correspondence; or (ii) in response to any properly issued subpoena from any court or other governmental authority with jurisdiction over Borrower, provided that Lender has been furnished reasonable advance notice of the intended disclosure and the opportunity to prevent or limit the scope of any such disclosure.*

This term sheet is intended for the sole and exclusive benefit of Borrower and Lender and may not be relied upon by third parties.

Summary Terms and Conditions

Sincerely,

BBVA COMPASS

By:



Kevin W. Herr

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AGREED AND ACCEPTED:

Morgan Autism Center

By: 

Title: Executive Director

Date: 1/19/16

**ABAG Financing Authority for Nonprofit Corporations
Application for Conduit Financing**



1. Contact Information

School Name & Address: Morgan Autism Center
2280 Kenwood Avenue
San Jose, California 95128-1332

Website: www.morgancenter.org

Primary Contact: Jerry Stasch
Phone: (408) 241-8161
Email: jerry@morgancenter.org

Finance Team: See Attachment #1 Distribution List

2. Description of Facility and Services Provided

With more than 40 years of experience, Morgan Autism Center is the Bay Area's leading provider of trusted individualized educational services for children and adults with autism spectrum disorders. The center's mission is to help children and adults with autism or other developmental disabilities maximize their potential in a dignified, positive and learning environment. The vision of Morgan Autism Center is for the students and clients to remain in the community and lead a productive and happy life.

Morgan Autism Center works to increase awareness about autism and to promote sharing of the latest research and information. The achievements of the Center's School and Adult programs have been due to the remarkable, passionate staff and board, as well as an effective educational philosophy (the Morgan Autism Center Model), which mines the best techniques from multiple developmental and educational models, and applies them to the individual needs of all students. The result is a nurturing, joyful environment that focuses on constant program optimization to deliver greater opportunities for student success.

For students on the autism spectrum whose educational needs are not fully met by existing public school programs, Morgan Autism Center provides an individualized school program. The Center believes that, just as with neurotypical students, education does not end with the completion of a school curriculum. Founded with a grant from the David and Lucile Packard Foundation, the Adult Program emphasizes improving the independent living and vocational skills of its participants.

The School Program

The School Program at Morgan Autism Center includes the following:

- A high staff-to-student ratio with one to one or small groups, allowing the school to build customized programs for each student.
- A comprehensive approach that targets multiple areas of development—language, cognition, social behavior, motor and self-help skills—creating the best opportunities for success.
- Offer a high degree of flexibility to meet unique and changing educational needs, aligning our work with a student’s particular learning style. Continuous assessment of student’s progress is integral to the program.

A student’s school day unfolds in a carefully structured and supportive environment, with frequent one-on-one interaction with trained staff:

- Individualized speech/language therapy
- Academics (from basic cognitive skills to reading, writing, composition and math)
- Play and social skills
- Physical education

Morgan Autism Center also emphasize teaching vocational and independent living skills, both on-site and at a variety of community locations.

The Adult Program

Vocational training curriculum includes:

- Computer skills
- Office skills
- Bulk mail preparation
- Assembly
- Garden/farm work

The Adult Program follows the same model as the school program, tailoring tasks and vocational work as is appropriate for participants. Adult clients are closely supervised, working in small groups of two or three, with trained staff.

Referrals to both the School and Adult programs come from parents, school districts, physicians, private therapists, regional centers and other agencies.

Students from several nearby schools come weekly to Morgan Autism Center to facilitate communication and social skills development between typically developing students and other students with autism.

Certified and endorsed: Morgan Autism Center is certified by the California Department of Education, and endorsed by 26 Bay Area school districts in Santa Clara, San Mateo, San Francisco and Alameda counties.

MORGAN CENTER TALE



Louise Emerson, Founder, Morgan Center

On September 19, 1994, Morgan Center celebrated its 25th Anniversary. The Founder Louise Emerson shared a "fable" about the founding and growth of Morgan Center, and we would like to share it with you. Here it is, slightly shortened.

In the sixties, no one wanted to teach these children with autism; there were no schools for the little rocking, twirling children only "treatment" programs and the more they were "treated" the more they rocked!

One day, in the late 1960's, four hippies came to town in a red and purple and orange microbus. They had \$500.00 in their blue jeans and a mission of teaching these special children. The hippies all said "far out" a lot, and were determined that these children could learn, if only they were taught properly. The hippies were concerned that the little children rocked and whirled because their brains

worked in a unique way, not because their mothers didn't love them, and they decided to start a special school for special learners. They called it Morgan Center for a lot of funny reasons, but mostly because they had to quickly think of a name for the application for 501(c)(3) nonprofit status with the IRS.

So the hippies went ahead and started their school with no money because they had spent the \$500 buying equipment for the children. No one paid to go to this school and none of the hippies got paid for working there, which was okay because this was the 1960's, and no one needed money then! The hippies were very excited and energetic and had a lot of fun. The children learned to work and listen and read and talk, and had a lot of fun too. Sometimes they still rocked, but they showed everyone that they could learn. So more children came to Morgan Center, and people began to visit.

The Regional Centers finally decided to pay for one little boy to go to Morgan Center, which was the very beginning of funding for the autistic to go to school in California. Soon more children were able to get money to go to Morgan Center, and after the hippies used the money to buy more equipment and rent a real school, they began to get paid a little bit themselves, which made them very uncomfortable at first.

In the mid-1980's, Morgan Center teachers and parents suddenly realized the first Morgan Center children had grown up, so they started a program for adults to continue to learn and work and develop, and new generations of children kept coming to Morgan Center.

The really amazing part of this story is that the torch of Morgan Center's mission continues to burn as brightly as ever, and has been treasured and passed from teachers to students and back again for all these years. This is because at Morgan Center, everyone is a student and everyone is a teacher.

And that is NOT the end of our story – only the next beginning!

3. Financing Structure

Currently Morgan Autism Center rents their facility and will be purchasing a campus for \$13,000,000 that will replace their rented facility. The loan will be for \$10,500,000 with an equity contribution of \$2,500,000 from MAC. The financing is structured as a 7 year fixed rate or partially adjustable rate private placement tax-exempt bond with through either a swap or cap with a 25 year amortization. The bonds are being privately placed by BBVA. The estimated project budget is summarized in the sources and uses of funds table in Attachment #2 Project Summary.

- **Morgan Autism Center is seeking ABAG approval for up to \$10.5 million in financing.**
- **The base-line Sources and Uses for the loan is described in Attachment #2: Project Summary.**

4. Submissions

The following are also included in this application:

- Attachment 1: Distribution List
- Attachment 2: Project Summary
- Attachment 3: Preliminary Financing Estimates
- Attachment 4: Term Sheet from BBVA
- Attachment 5A-5C: Financial Statements
- Attachment 6: Year to Date Financials, Enrollment, Revenue Budget
- Attachment 7: Estimated Timeline for Financing

If you have any questions about any aspect of this application please contact us here at Western Solutions Inc. (Joshua Winter (415) 407-4808, jwinter@westernsolutionsinc.com).

Authorized signer for Morgan Autism Center

Date