

REFINANCING LED TO HJ SIMS PROVIDES DEBT SERVICE SAVINGS AND LIQUIDITY RELIEF IN ANTICIPATION OF CAMPUS REPOSITIONING PROJECT



PARTNERED RIGHT®

Burcham Hills Retirement Center II (“Burcham Hills”) is a Michigan not-for-profit corporation formed in 1989 that owns and operates a rental retirement community located in the City of East Lansing, Michigan currently consisting of (i) 164 residential units, comprised of 57 independent living units, 39 assisted living units, and 68 memory care units located in a five-story, three wing building and (ii) a 133-bed skilled nursing facility, comprised of 72 beds dually licensed as Medicaid/Medicare and 61 beds licensed as Medicare only. Since Burcham Hills was formed, HJ Sims has served as its investment banker, providing advisory services and serving as underwriter on its fixed-rate bond financings for multiple financings.

STRUCTURED RIGHT®

HJ Sims was engaged by Burcham Hills to currently refund its outstanding Series 2007 Bonds. Due to the plans of Burcham Hills to expand its community in the near term by adding an entrance fee-based independent living offering, Burcham Hills wished to create additional cash flow flexibility in the near term during the

Burcham Hills At A Glance

Partnered Right®	Structured Right®	Executed Right®	Financed Right®
<ul style="list-style-type: none"> » Burcham Hills, a Life Plan Community in East Lansing, Michigan, consisting of 164 residential units comprised of 57 rental independent living units, 39 assisted living units, and 68 memory care units, and a 133-bed skilled nursing facility. » Partnered with HJ Sims on multiple financings since 1989. » Outstanding Series 2007 Bond. 	<ul style="list-style-type: none"> » Burcham Hills sought refinancing of its existing Series 2007 Bonds to generate near term cash flow flexibility in anticipation of a repositioning project that would include renovations to current campus common areas and introduce an entrance fee independent living option at the Community. » Coordinated with two separate economic development corporation issuers due to state law refunding restrictions. 	<ul style="list-style-type: none"> » Successfully priced a \$14,015,000 fixed-rate refunding with lower principal payments in the early years. » Worked within IRS restrictions relating to remaining average useful life, extending maturities to reduce near term debt service. 	<ul style="list-style-type: none"> » Generated over \$3.6 million in savings on a present value basis in the first 8 years of repayment, which created additional capacity to service debt in connection with its potential repositioning project. » Reduced average coupon from 5.25% to 4.29%.

construction period and stabilization of the planned expansion, so it was important that the new financing structure address this. In addition, HJ Sims worked with Burcham Hills to identify other financing objectives, such as lowering Burcham Hills' cost of capital.

EXECUTED RIGHT®

In order to meet the strategic financing objectives of Burcham Hills, HJ Sims recommended a fixed-rate, tax-exempt bond issue (the "Series 2018 Bonds"). To generate greater upfront savings and cash for the organization, sinking fund payments were reduced in the first few years to lower overall debt service requirements. However, it was important to be sure not to extend the prior bonds' maturities beyond constraints set by the IRS relating to average useful life.

FINANCED RIGHT®

On July 26, 2018, Sims successfully priced a \$14,015,000 issue with an arbitrage yield of 4.308%. On a net present value basis, the refunding of the Series 2007 Bonds generated over \$3.6 million of savings in the first eight years of the life of the Series 2018 Bonds. This allows Burcham Hills to bolster its cash position through the anticipated construction period and stabilization of its repositioning project.

"Burcham Hills has had a long-standing relationship with HJ Sims, so when it came time to consider a bond refinancing as well as a large repositioning project, we decided to partner with HJ Sims.

We all know how important it is to have a partner that you can work well with and trust, and HJ Sims has provided this level of trust time and time again. Their communication methods are excellent, and they were flexible to meet and exceed our expectations, whether through site visit presentations, e-mails or calls, and all within a very timely manner.

Ultimately, Burcham Hills' refinancing project was a success with reduced interest rates and restructured cash flow timing allowing us to move forward with our repositioning project, which will benefit Burcham Hills for many years to come."

— Pam Ditri, Executive Director,
Burcham Hills – a Life Plan Community

For more detailed information on how Burcham Hills was Financed Right® by HJ Sims, please call or email:

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HJ Sims is a member of FINRA, SIPC and is not affiliated with Burcham Hills.