

CASE STUDY

JEWISH HOME FAMILY

\$43,280,897 | December 20, 2019 | Rockleigh, NJ



FINANCED RIGHT®

HJ SIMS PARTNERS WITH JEWISH HOME FAMILY TO ARRANGE FINANCING FOR CENTER FOR REHABILITATION EXCELLENCE



PARTNERED RIGHT®

Jewish Home Family is a private not-for-profit corporation operating an integrated healthcare delivery system principally serving the residents of Bergen County, New Jersey. It is the sole corporate member of Jewish Home at Rockleigh, Jewish Home Foundation of New Jersey, Jewish Home Assisted Living and Jewish Home at Home and one of the largest providers of health care services in Bergen County. Jewish Home at Rockleigh has been operating the 180-bed Russ Berrie Home for Jewish Living since 2001 on a park-like 16-acre campus in the Rockleigh Township of Bergen County, New Jersey. As Jewish Home Family moved into its second century of existence, it was evaluating expansion and determined to develop a premier sub-acute facility at Jewish Home at Rockleigh. As such, it sought financing for a new Center for Rehabilitation Excellence, which would provide state-of-the-art treatment and care for those in need of rehabilitative services, including 60 new resident rooms and an Aquatic Therapy Center.

STRUCTURED RIGHT®

HJ Sims was engaged by Jewish Home Family to analyze the most cost-effective and lowest risk financing solution. HJ Sims conducted a comprehensive bank solicitation process (“RFP”) targeting the most active lenders to senior living organizations in the New Jersey area and Jewish Home Family’s longstanding

Jewish Home Family At A Glance

Partnered Right®	Structured Right®	Executed Right®	Financed Right®
<ul style="list-style-type: none"> » Jewish Home Family traces its roots over 100 years to providing care for orphans in Hudson County, NJ. Over the past 100 years, it solidified its standing and reputation as one of the premier care providers to seniors in Bergen County. » Jewish Home at Rockleigh operates a 180-bed long-term skilled nursing facility, including an award-winning Parkinson’s Center, in Rockleigh, NJ. 	<ul style="list-style-type: none"> » Jewish Home Family wished to increase its capacity of Jewish Home at Rockleigh and modernize its existing facilities. » Jewish Home Family hired HJ Sims to conduct a thorough analysis of bank, bond or hybrid financing and then conduct a full bank solicitation for a refinancing of existing bonds, an extension of a taxable loan and the project financing. 	<ul style="list-style-type: none"> » Despite increases in estimated project costs by nearly 30% from the project’s original inception to final GMP, HJ Sims was able to coordinate with the lender, the bond issuers and the working group to close an aggregate \$43,280,897 financing in December 2019. » Though Jewish Home Family ultimately selected the incumbent bank, HJ Sims negotiated terms on the various loans part of the financing having tax-exempt, fixed rates of interest for terms of up to 15 years that were 25 to 40 basis points lower than the initial proposal and provided favorable prepayment terms and other covenants. 	<ul style="list-style-type: none"> » Because Jewish Home Family anticipated receipts from its Second Century Campaign would be utilized to repay project costs, HJ Sims structured a portion of the project debt as shorter-term, lower interest debt to be repaid at any time from capital campaign proceeds with the balance of the project debt being amortized over a longer period but eligible for early repayment with capital campaign proceeds with no prepayment premium. » HJ Sims also facilitated the extension of an existing taxable mortgage loan and the refinancing of existing letter-of-credit variable rate demand bonds providing a two-year interest only period allowing Jewish Home Family to focus on the project completion and stabilization.

CASE STUDY

JEWISH HOME FAMILY *continued*



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commercial lending partner. Due to a robust capital campaign for the project, Jewish Home at Rockleigh anticipated being able to repay the project debt with capital campaign receipts but was in need of the ability to finance the project prior to the receipt of such funds. Furthermore, Jewish Home at Rockleigh had a separate taxable loan on a parcel of land that it was holding for potential development but no longer needed and outstanding variable rate demand bonds.

EXECUTED RIGHT®

HJ Sims coordinated with management and the board of Jewish Home at Rockleigh on a strategy that ultimately involved financing sourced entirely with tax-exempt bank debt. The RFP process resulted in strong demand among potential lenders, which ultimately enabled HJ Sims to negotiate on Jewish Home at Rockleigh's behalf to a set of covenants, repayment terms and interest rates that were materially improved upon original proposals.

Due to requirements of bond issuers, the project debt was financed through a tax-exempt direct bank placement issued by the Public Finance Authority while the refinancing of the variable rate demand bonds was completed through the New Jersey Economic Development Authority. HJ Sims suggested using a master trust indenture structure to eliminate potential intercreditor issues among bond issuers.

As the financing progressed, Jewish Home at Rockleigh was presented with a final construction budget that was materially higher than originally had been proposed. HJ Sims worked closely alongside the management and board of Jewish Home at Rockleigh, the commercial lender, the working group and the bond issuers to revise a plan of finance that included an amortizing tranche of project debt that could be repaid early from capital campaign receipts if and when received.

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On December 20, 2019, HJ Sims, Jewish Home at Rockleigh and its commercial lender successfully closed on the aggregate \$43,280,897 bank financing with an all in fixed true interest cost for the tax-exempt portion (all but \$6 million) of 2.51% with a maximum term of 15 years. The combination of extending the maturity of the existing tax-exempt, variable-rate demand bonds,

establishing a multi-tranche project loan that can be prepaid with capital campaign receipts without premium and extending the maturity of the taxable loan to provide time to sell a parcel that was no longer needed enabled Jewish Home at Rockleigh to focus on the project while having low, fixed debt service during the term of the loans.

"We worked with Aaron Rulnick and Melissa Messina on a complex financing, including both financing for a new project and re-financing our existing debt. Both of them were incredibly responsive, knowledgeable and professional. They helped us through this long process and worked tirelessly and effectively with our board committees and board members. I truly don't know that we would have accomplished this financing without HJ Sims, and we are very grateful to have them as our partners, both for this project and any future projects."

— Carol Silver Elliott, President and CEO,
Jewish Home Family

For more detailed information on how Jewish Home Family was Financed Right® by HJ Sims, please call or email:

Aaron Rulnick

301.424.9135
arulnick@hjsims.com

Melissa Messina

203.418.9015
mmessina@hjsims.com

hjsims.com

HJ Sims is a member of FINRA, SIPC and is not affiliated with Jewish Home Family.