

CASE STUDY

ORCHARD COVE

\$19,950,000 | February 22, 2019 | Canton, MA



HJ SIMS SUCCESSFULLY COMPLETES REFINANCING THAT GENERATES SAVINGS FOR COMMUNITY IMPROVEMENT WHILE REDUCING ANNUAL DEBT SERVICE



PARTNERED RIGHT®

Orchard Cove is a life plan community located on 38 acres in Canton, MA, approximately 15 miles south of Boston. Orchard Cove provides a full continuum of care for residents including independent living, enhanced living and skilled nursing care. The campus includes 227 Independent Living Units offered in 20 apartment styles ranging from 1-bedroom to 2-bedroom/Den, 28 enhanced living and 45 Medicare-certified skilled nursing care beds. Hebrew SeniorLife ("HSF") is the sole corporate member of Orchard Cove. Founded in 1903, HSF provides care to 3,000 seniors daily across nine Boston-area campuses and is one of the largest not-for-profit employers in Massachusetts. HSF is affiliated with Harvard Medical Schools and is the only affiliate of the school focused on geriatrics. HJ Sims was privileged to have underwritten the bonds used to construct Orchard Cove in 1992 and has assisted with expansion financing and capital planning over the past several decades. We have worked closely with the HSL organization for over 25 years.

Orchard Cove At A Glance

Partnered Right®	Structured Right®	Executed Right®	Financed Right®
<ul style="list-style-type: none">» Orchard Cove is a life plan community located in Canton, MA» HJ Sims underwrote the bonds for the construction of Orchard Cove in 1992» HJ Sims has had a relationship with Hebrew SeniorLife, which is the sole corporate member of Orchard Cove for over 25 years	<ul style="list-style-type: none">» Financing objectives included level debt service, realizing near term savings to fund community improvements without increasing debt, maintaining future flexibility	<ul style="list-style-type: none">» HJ Sims worked with management to obtain a BBB+ (Stable) rating from Fitch, its first rating from the rating agency» New structure includes 30-year bond maturity with a 5-year call option to maximize flexibility» Maximum Annual Debt Service savings is \$1.2 million annually and aggregate savings over the next 7 years is \$15.4 million	<ul style="list-style-type: none">» \$19.9 million bond issue closed on February 22, 2019» Yield on the bond maturity in 2049 is 4.10%

CASE STUDY

ORCHARD COVE *continued*



STRUCTURED RIGHT®

HJ Sims was engaged by Orchard Cove to refinance its existing higher-rate tax-exempt, fixed-rate bonds. Debt service on the prior debt was not consistent with high annual debt service payments through 2026, then significantly dropping thereafter through maturity in 2037. Financing objectives for Orchard Cove included level annual debt service as well as maximizing annual debt savings over the near term to fund further community improvements without increasing the debt load.

EXECUTED RIGHT®

In order to achieve the lowest interest rates possible on the new issue, HJ Sims worked with management to obtain a rating from Fitch, the first rating it had received from the rating agency. Historically strong operating performance, combined with a pro-forma Days Cash on Hand of 400 and a debt service coverage ratio of 6.72 (bolstered by strong entrance fee receipts) led Fitch to assign a BBB+ (Stable Outlook) rating. The maturity on the new bonds was extended and amortized over 30 years but included a 5-year call provision to maintain future flexibility. Maximum annual debt service was reduced by approximately \$1.2 million, and aggregate debt service savings over the next seven years is \$15.4 million.

FINANCED RIGHT®

The new \$19.95 million bond issue closed on February 22, 2019. With HJ Sims' leadership, in collaboration with HSL management, Orchard Cove successfully realized its goals of reduced debt service while providing for additional funds for community improvements.

"Following closely on their near-flawless execution of the NewBridge on the Charles bond issuance, Sims did another excellent job on the refunding of HSL's other CCRC, Orchard Cove. While the financing was not as large as NewBridge, the Sims team brought the same care and high level of expertise to Orchard Cove, including the optimal timing to take advantage of that community's improved financial performance. The result was a higher credit rating (BBB+) than what we expected and a lower cost of funds. We liked being surprised on the positive side for a second time by Sims investment banking and sales teams."

— Jim Hart, Chief Financial Officer, Hebrew Senior Life

**For more detailed information
on how Orchard Cove was
Financed Right® by HJ Sims,
please call or email:**

Andrew Nesi
203.418.9057
anesi@hjsims.com

hjsims.com

HJ Sims is a member of FINRA, SIPC and is not affiliated with Orchard Cove.