

CASE STUDY

TOBY AND LEON COOPERMAN SINAI RESIDENCES OF BOCA RATON

\$8,100,000 | March 15, 2019 | Boca Raton, FL



FINANCED RIGHT®

HJ SIMS ARRANGES EXPANSION PRE-DEVELOPMENT LOAN FOR PHASE II OF THE TOBY AND LEON COOPERMAN SINAI RESIDENCES OF BOCA RATON



PARTNERED RIGHT®

Federation CCRC Operations Corp. d/b/a Toby and Leon Cooperman Sinai Residences of Boca Raton

“Sinai Residences”) is an existing life plan community which consists of approximately 234 independent living units, 48 assisted living units, 24 memory-support units, 60 skilled nursing beds and related common amenities. Sinai Residences is located in Boca Raton, Florida in South Palm Beach County. Sinai Residences opened in January 2016 and achieved stabilized occupancy of its independent living units in just nine months’ time, of its skilled nursing units in 11 months, of its assisted living units in 10 months and of its memory care units in six months. All entrance fee debt associated with the initial development of Sinai Residences was repaid nearly two years prior to the expected final repayment of such indebtedness.

STRUCTURED RIGHT®

Given the strong demand for its existing independent living offerings, Sinai Residences sought to expand the community through the development of approximately 111 additional independent living units. Thus, the team at Sinai Residences turned to HJ Sims, its partner during its original pre-development and start-up financing, to facilitate

Sinai Residences of Boca Raton At A Glance

Partnered Right®	Structured Right®	Executed Right®	Financed Right®
<ul style="list-style-type: none">» Sinai Residences is located on the campus of The Jewish Federation of South Palm Beach County in Florida. Sinai Residences currently operates approximately 234 independent living units, 48 assisted living units, 24 memory-support units, and 60 skilled nursing beds.» Upon opening in January 2016, the independent living units achieved stabilized occupancy in 9 months and has enjoyed occupancy of its independent living units in the mid to high 90th percentile since opening. Offerings of assisted living, memory support and skilled nursing have also maintained satisfactory occupancy historically.	<ul style="list-style-type: none">» The Board of Sinai Residences determined to undergo an expansion to add approximately 111 independent living units to the community.» With its strong cash position, Sinai Residences had the ability to cover pre-development expenses with its own unrestricted funds but sought to finance certain pre-development expenses in lieu of liquidating investments.» Objectives for the Pre-Development Loan included:<ul style="list-style-type: none">■ Minimizing interest costs.■ Identifying a partner that may participate in the expansion project once fully under way.	<ul style="list-style-type: none">» HJ Sims coordinated a bank request for proposals process that was widely distributed to prospective commercial lending institutions and facilitated site visits for prospective lending institutions resulting in a number of attractive proposals.» HJ Sims assisted the Sinai team to navigate through development and financing challenges, ultimately coordinating the financing process with the selected lender, SunTrust Bank, Sinai and their legal teams to drive the transaction to closing on March 15, 2019.	<ul style="list-style-type: none">» As a result, Sinai was able to obtain an \$8.1 million pre-development loan without a requirement for an appraisal and with a 2 year maturity, providing sufficient time to complete the pre-development process and reach full financing of Phase II.

CASE STUDY

TOBY AND LEON COOPERMAN SINAI RESIDENCES OF BOCA RATON *continued*



FINANCED RIGHT®

a bank request for proposals process to find a suitable commercial lending partner for an \$8.1 million pre-development loan. That process generated significant interest in the community and resulted in a number of attractive proposals for interim bank financing.

EXECUTED RIGHT®

Before the financing could close, the development team was required to reconfigure the development plan for the additional independent living units, delaying the initial planned closing date. Furthermore, lower-than-expected attrition combined with higher-than-expected operating expenses for Fiscal Year 2018 resulted in a 1.0x Debt Service Coverage Ratio for that year. HJ Sims coordinated closely with Sinai and its ultimate chosen lending partner, SunTrust Bank, to facilitate the closing of the \$8.1 million pre-development loan in light of the near-term challenges facing the project.

FINANCED RIGHT®

On March 15, 2019, just over a month after receipt of the indicative term sheet, HJ Sims facilitated the closing of the \$8,100,000 pre-development loan, which was structured as a two-year draw-down commitment (the "Series 2019 Loan"). The Series 2019 Loan was provided by SunTrust Bank and its Aging Services/Senior Living Industry Practice Group. SunTrust's experience in financing entrance fee continuing care retirement communities and HJ Sims' experience in facilitating and underwriting such transactions together created an environment in which a one-time operating challenge and revision to the development plan did not adversely impact the terms or covenants by which the Series 2019 Loan was made available to Sinai Residences and paved the way for the smooth continuation of the pre-development process as Sinai Residences moves towards the full Phase II expansion.

"Once again, working with the HJ Sims team provided the absolute best solution to meet our senior living expansion pre-development financing requirements, and unforeseen financing challenges along the way. We required skillful financial advisors with years of senior living experience in evaluating our current debt structure, and future financings for our expansion construction project. HJ Sims was consistent in providing valuable insight, and several financing scenarios to executive management and our Board. Thanks to HJ Sims, our pre-development financing was obtained with SunTrust Bank. Further, HJ Sims went beyond the usual support, by presenting financial alternatives and industry guidelines to our Board, to ensure that we accomplish our expansion project."

— Mel Lowell, COO, Jewish Federation of South Palm Beach County, Board Member, Toby and Leon Cooperman Sinai Residences of Boca Raton

**For more detailed information
on how Sinai Residences
of Boca Raton
was Financed Right® by HJ Sims,
please call or email:**

Aaron Runlick

301.424.9135
arulnick@hjsims.com

Melissa Messina

203.418.9015
mmessina@hjsims.com

Patrick Mallen

203.418.9009
pmallen@hjsims.com

hjsims.com

*HJ Sims is a member of FINRA, SIPC
and is not affiliated with Sinai Residences.*