

# CASE STUDY

## JEFFERSON'S FERRY

\$88,975,000 | November 12, 2020 | Brookhaven, NY



FINANCED RIGHT®

### HJ SIMS SUCCESSFULLY PROVIDES FINANCING FOR JEFFERSON'S FERRY'S "JOURNEY TOWARD RENEWAL" EXPANSION



### PARTNERED RIGHT®

HJ Sims has been privileged to work with the Active Retirement Community, Inc., d/b/a Jefferson's Ferry since they underwrote the initial bond financing in 1999, followed by a refunding of the construction financing in 2006. HJ Sims also worked with members of the executive management team prior to them joining Jefferson's Ferry. Jefferson's Ferry provides a full continuum of care including 248 Independent Living apartments and cottages, 60 Enhanced Assisted Living Residences and 60 Residential Health Care Facility Beds, including 20 memory care beds, on a 50-acre site in South Setauket, Town of Brookhaven, NY. It has enjoyed independent living occupancy of 89% or higher for at least 10 years, and its outstanding debt was rated in the investment grade category by Fitch.

### Jefferson's Ferry At A Glance

Partnered Right®	Structured Right®	Executed Right®	Financed Right®
<ul style="list-style-type: none"> <li>» Jefferson's Ferry provides a full continuum of care with 248 Independent Living apartments and cottages, 60 Enhanced Assisted Living Residences and 60 Residential Health Care Facility Beds, including 20 memory care beds, on a 50-acre site in Brookhaven (Long Island), NY.</li> <li>» HJ Sims underwrote the initial bond financing in 1999, followed by a refunding of the construction financing in 2006. HJ Sims also worked with members of the executive management team prior to them joining Jefferson's Ferry.</li> <li>» Independent living occupancy of 89% or higher for at least 10 years, and its outstanding debt was rated in the investment grade category by Fitch.</li> </ul>	<ul style="list-style-type: none"> <li>» Journey Toward Renewal project focused on a comprehensive improvement and expansion of both residential and health care service spaces throughout the community.</li> <li>» Two linchpins to the project are construction of a 20-unit building dedicated to assisting residents living with dementia and construction of 60 new independent living apartments added to the existing apartment buildings.</li> <li>» The construction period is expected to be nearly three years, although new residents should be moving into the new apartments beginning in the third quarter of 2021.</li> <li>» The short-term portion of the new debt is expected to be repaid quickly from entrance fees paid by independent living residents.</li> <li>» Principal amortization on the long-term bonds deferred until after the existing debt matures in 2036.</li> </ul>	<ul style="list-style-type: none"> <li>» \$88,975,000 par amount structured as two series of bonds. The long-term bonds have a 35-year final maturity and a 5-year call feature, providing flexibility to refund the new debt when the existing debt is callable.</li> <li>» The short-term EFPRBs are expected to be repaid within three years as entrance fees are received.</li> <li>» The bonds were rated BBB (Stable) by Fitch or one notch below the existing rating. Fitch cited scope of the project an uncertainty of the impact of COVID as reasons.</li> </ul>	<ul style="list-style-type: none"> <li>» Bond issue closed on November 12, 2020.</li> <li>» Market reception was understandably very strong given the Jefferson's Ferry name and past success.</li> <li>» Yield on the EFPRBs was 1.75%, while the bonds maturing in 2055 have a yield of 3.75%. The interest rate on the existing Series 2016 Bonds maturing in 2036 carry a yield of 5.25%.</li> </ul>

### STRUCTURED RIGHT®

In early 2018, Jefferson's Ferry launched a Journey Toward Renewal project with the assistance of Greystone as development consultant, with the focus on a comprehensive improvement and expansion of both residential and health care service spaces throughout the community. The two linchpins to the project are construction of a 20-unit building dedicated to assisting residents living with dementia and construction of 60 new independent living apartments added to the existing apartment buildings. Numerous other projects will enhance the experience of residents through a new and improved therapy gym, fitness and wellness area and dining. Given the breadth of the project and working within the confines of the existing campus, the construction period is expected to be nearly three years, although new residents should be moving into the new apartments beginning in the third quarter of 2021. The anticipated inflow of entrance fees from new independent living residents provided HJ Sims with the opportunity to structure the financing in a way to reduce debt as quickly as possible. We further minimized the near-term financial impact on Jefferson's Ferry by delaying principal amortization on the new long-term bonds until after the existing debt matures in 2036.

### EXECUTED RIGHT®

HJ Sims structured the \$88,975,000 par amount as two series of bonds. The \$55.98 million Series 2020A Bonds were structured with a 35-year final maturity and a 5-year call feature, providing Jefferson's Ferry with the flexibility to refund the new debt when the existing debt is callable if interest rates are favorable.

The \$33 million Series 2020B Bonds were structured as Entrance Fee Principal Redemption Bonds ("EFPRBs"), with final maturity of November 1, 2025. These bonds are expected to be repaid within three years as entrance fees are received.

The Series 2020 Bonds were rated BBB (Stable) by Fitch, which represents a one-notch reduction from its existing rating. Fitch cited the overall scope of the project an uncertainty of the impact of COVID as reasons for the rating assignment.

### FINANCED RIGHT®

The \$88.975 million bond issue closed on November 12, 2020. Market reception was understandably very strong given the Jefferson's Ferry name and past success. The yield on the EFPRBs was 1.75% while the bonds maturing in 2055 have a yield of 3.75%. The interest rate on the existing Series 2016 Bonds maturing in 2036 carry a yield of 5.25%.

*"We are so pleased to secure bond financing for our Journey Toward Renewal expansion and renovation project. The HJ Sims team, led by Andrew Nesi, did an outstanding job of executing the transaction quickly in an uncertain market due to the COVID-19 pandemic and coming presidential election. Our long-term debt service costs came in under what we had projected and funds secured will provide the capital needs to reposition our community for the future. Job well done!"*

— Bob Caulfield, President/CEO  
Jefferson's Ferry

**For more detailed information on how Jefferson's Ferry was Financed Right® by HJ Sims, please call or email:**

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