

# CASE STUDY

## FOUNTAINGATE GARDENS

\$102,100,000 | Commack, NY | March 17, 2021



FINANCED RIGHT®

### HJ SIMS PARTNERS WITH GURWIN HEALTHCARE SYSTEM TO FINANCE NEW COMMUNITY WITH 55% PRE-SALES



#### PARTNERED RIGHT®

The Gurwin Healthcare System has been providing quality healthcare services to Long Island since 1988, first with the Gurwin Jewish Nursing and Rehabilitation Center – a CMS 5-Star, 460-bed facility and then with the Fay J. Lindner Residences – a 201 bed assisted living community.

Several years ago, the Gurwin Foundation acquired a parcel of land next to Fay J. Lindner Residences with a goal of completing a continuum of care through the development of an independent living community to be known as Fountaingate Gardens. Working with the development firm Eventus Strategic Partners and architects Perkins Eastman a new community was conceived that will have 129 independent living unit apartments in its initial phase and offer a wide variety of services and amenities to its residents. Healthcare services will be provided at the affiliated Gurwin facilities contiguous to Fountaingate Gardens.

Despite a deep market of age and income qualified seniors, there are only four life plan communities on Long Island, due in part to high development costs and a strict regulatory environment.

#### Fountaingate Gardens At A Glance

Partnered Right®	Structured Right®	Executed Right®	Financed Right®
<ul style="list-style-type: none"> <li>» The Gurwin Healthcare System has been providing quality healthcare services to Long Island since 1988.</li> <li>» Existing services provided by Gurwin Jewish Nursing and Rehabilitation Center – a CMS 5-Star, 460-bed facility and the Fay J. Lindner Residences – a 201 bed assisted living community.</li> <li>» Fountaingate Gardens is planned to fill out the continuum with 129 independent living units.</li> </ul>	<ul style="list-style-type: none"> <li>» The Gurwin Jewish Healthcare Foundation was instrumental in the early development of Fountaingate Gardens, donating the project site, donating cash and advancing loans for development capital.</li> <li>» Total development costs, including \$102.1 million in tax-exempt bonds, is approximately \$113.8 million.</li> <li>» Marketing the new independent living units was taking longer than expected. The Foundation decided to start construction before financing to demonstrate to prospective residents that Fountaingate Gardens was moving forward.</li> <li>» The Foundation also agreed to a \$2.85 million Entrance Fee Guaranty Agreement and \$10 million Liquidity Support Agreement. In total, the Foundation has donated, loaned or committed \$25.5 million to Fountaingate Gardens.</li> <li>» This commitment enabled the bonds to be issued with only 55% of the independent living units reserved by deposits from future residents.</li> </ul>	<ul style="list-style-type: none"> <li>» The \$102,115,000 tax-exempt bond issue was split into three series, two short-term Entrance Fee Principal Redemption Bonds® series and a long-term bond series.</li> <li>» The Series 2021C Bonds (\$31,000,000) will be repaid when occupancy reaches approximately 48%, expected to occur within 12 months of Fountaingate Gardens' opening in mid-2022. The Series 2021B Bonds (\$32,500,000) will be repaid when occupancy reaches approximately 86%, expected to occur one year later in 2023.</li> <li>» The long-term Series 2021A Bonds (\$38,615,000) have a final maturity of 2056.</li> </ul>	<ul style="list-style-type: none"> <li>» On March 17, 2021, HJ Sims closed on the \$102.1 million Series 2021 Bonds with approximately \$10.5 million of the issue purchased by HJ Sims' Private Wealth Management clients and the remainder purchased by 28 institutional bond firms.</li> <li>» The yield on the Series C Bonds is 3.125%, the yield on the Series B Bonds is 4.125% and the interest rate on the 35-year Series A Bonds is 5.375% demonstrating strong demand for the project and the Gurwin name.</li> </ul>

### STRUCTURED RIGHT®

The Gurwin Jewish Healthcare Foundation was instrumental in the early development of Fountaingate Gardens, first donating \$4 million to cover early expenses then funding nearly \$16 million in ongoing pre-development capital. In addition, the Foundation donated the 10.5-acre site, appraised at \$4.675 million. Total development costs, including \$102.1 million in tax-exempt bonds, is approximately \$113.8 million.

Marketing the new independent living units to an underserved and therefore underinformed senior population was taking longer than expected. Adding to the challenge were the restrictions on in-person meetings imposed by COVID. Rather than pull back on the project, the Foundation leaned into the challenge, greenlighting early construction to demonstrate to prospective residents that Fountaingate Gardens was moving forward.

To demonstrate commitment to potential investors, the Foundation agreed to an Entrance Fee Guaranty Agreement whereby the Foundation would advance up to \$2.85 million, roughly equal the entrance fee on six independent living units, in the event occupancy did not meet expectations when the community opens next year. The Foundation also committed a \$10 million Liquidity Support Agreement to supplement the working capital provided by a portion of initial entrance fees.

In total, the Foundation has donated, loaned or committed \$25.5 million to Fountaingate Gardens, providing confidence to investors and enabling the bonds to be issued with only 55% of the independent living units reserved by deposits from future residents.

### EXECUTED RIGHT®

The \$102,115,000 tax-exempt bond issue was split into three series, two short-term Entrance Fee Principal Redemption Bonds® series and a long-term bond series. The Series 2021C Bonds (\$31,000,000) will be repaid when occupancy reaches approximately 48%, expected to occur within 12 months of Fountaingate Gardens' opening in mid-2022. The Series 2021B Bonds (\$32,500,000) will be repaid when occupancy reaches approximately 86%, expected to occur one year later in 2023. The long-term Series 2021A Bonds (\$38,615,000) have a final maturity of 2056.

### FINANCED RIGHT®

On March 17, 2021, HJ Sims closed on the \$102.1 million Series 2021 Bonds for Fountaingate Gardens with approximately \$10.5 million of the issue purchased by HJ Sims' Private Wealth Management clients and the remainder purchased by 28 institutional bond firms. The yield on the Series C Bonds is 3.125%, the yield on the Series B Bonds is 4.125% and the interest rate on the 35-year Series A Bonds is 5.375% demonstrating strong demand for the project and the Gurwin name.

***"With tremendous support from the H.J. Sims team, we successfully secured bond financing for Fountaingate Gardens, Gurwin Healthcare System's new independent living community. Despite the many challenges we faced over the past year, including the impact of the pandemic, Sims found creative solutions, with a firm determination to bring this project to completion. Sims not only serves as a lender; they are a model for senior housing and development. They embrace the same goals that we have as a health care provider: caring, quality and excellence. Thank you Sims for all you have done for us, to help secure the future for our community."***

*— Stuart Almer, Chief Executive Officer,  
Gurwin Healthcare System, 3/2021*

**For more detailed information  
on how Fountaingate Gardens  
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 Fountaingate Gardens. Testimonials may not be representative of the experience of other clients and are not indicative of future performance or success.*