

CASE STUDY

GENERATIONS AT SHALOM PARK

\$12,950,000 | Charlotte, NC | November 21, 2019



FINANCED RIGHT®

HJ SIMS SERVES AS CO-SENIOR MANAGER ON SEED CAPITAL RAISE FOR JEWISH-AFFILIATED LIFE PLAN COMMUNITY



PARTNERED RIGHT®

Generations at Shalom Park (“Generations” or the “Community”) represents a collaboration between Shalom Park, a culturally Jewish mixed-use development in the Charlotte, North Carolina metro area, and Aldersgate Life Plan Services, Inc. (“ALPS”), a well-established Charlotte-based non-profit Methodist organization currently operating an existing Life Plan Community (“Aldersgate”) and home care agency, Aldersgate at Home.

The Shalom Park campus is located in Charlotte, Mecklenburg County, NC, approximately seven miles from Uptown Charlotte. It is the center for Jewish culture and religious activities in Charlotte and is currently home to over a dozen Jewish organizations. Shalom Park spans approximately 50 acres of land and was developed to be the home for Jewish culture in Charlotte.

ALPS’ existing campus, Aldersgate, was founded in 1945 and currently includes 309 independent living apartments and cottages, 47 assisted living residences, 61 memory support suites and 125 skilled nursing residences, as well as a new community center.

Generations was initially conceptualized in 2017 with three key drivers. First, there is currently no Jewish life plan community between Atlanta, Georgia and Richmond, Virginia. Second, the rich mix

of cultural and religious offerings already present on Shalom Park provides a unique opportunity for the residents of the new senior living community. Currently, those offerings include wellness programs at the Levine Jewish Community Center as well as intergenerational programs with Shalom Park’s day school and pre-

Generations at Shalom Park At A Glance

Partnered Right®	Structured Right®	Executed Right®	Financed Right®
<ul style="list-style-type: none"> » Generations is a planned Life Plan Community in the Charlotte, NC area » Conceptualized in 2017, the project will provide the only Jewish-affiliated senior living facility between Central Virginia and Atlanta, GA » Represents a collaboration between Jewish and Methodist mission-driven organizations to benefit an underserved senior population 	<ul style="list-style-type: none"> » HJ Sims structured a \$13 million, 5-year Revenue Anticipation Bond issue to fund approximately \$7 million in development costs, and led to minimal equity required from the sponsors » The structure required significant creativity given the new organization’s lack of assets and financial history 	<ul style="list-style-type: none"> » Due to the specialized nature of RABs financings, the universe of potential investors is less than a more traditional revenue bond financing 	<ul style="list-style-type: none"> » Closed a \$12.95 million tax-exempt RABs issue on November 21, 2019 » Anticipate \$135 million in construction financing to be issued for Generations at Shalom Park in the next two years

school and spiritual support with Shalom Park's two synagogues. Third, Aldersgate's 125-bed skilled nursing center and ability to accept outside admissions meant that Generations could be constructed without its own skilled nursing facility, creating significant efficiencies and cost savings.

Generations will consist of 125 independent living residences in five buildings with covered parking, eight assisted living residences and eight memory support assisted living suites (located in a separate building from the independent living apartments), and a clubhouse. The community will be located on the Shalom Park campus and managed by ALPS.

STRUCTURED RIGHT®

The Generations project required the funding of more than \$7 million in pre-development costs, including significant dollars to achieve necessary pre-sales as well as to complete construction drawings which would provide for a guaranteed maximum price contract.

Since Generations is in the planning phase with no financial history or material assets, structuring the appropriate financing presented challenges. The pre-development financing consisted of a \$12.95 million Revenue Anticipation Bonds ("RABs") issue to fund the majority of the development costs. ALPS contributed the balance in the form of a modest equity contribution and a limited back-end guaranty if there are insufficient funds to reach permanent financing.

In a RABs issue, interest on the debt is not paid on a current basis during the term, and instead "accretes" to a higher par amount and is ultimately repaid with proceeds of the permanent financing. Because the land will not be purchased until permanent financing, the collateral available was extremely limited, and consisted primarily of an assignment of the development contracts.

The Purchase Contract for the land was structured creatively in an effort to provide investors additional comfort. The Purchase Contract is currently in effect, although the actual sale and transfer of the land has not yet occurred. As a provision of the Purchase Contract, the seller of the land will have the right of first refusal to repurchase the land in the event that Generations defaults on the permanent financing, which created a motivated buyer which would assist in the recovery for investors in the permanent financing. The covenants associated with the RABs consist primarily of attaining certain marketing and development related milestones.

EXECUTED RIGHT®

With little collateral, and repayment contingent on achieving permanent financing, the universe of potential investors was limited. With the considerable assistance of the management and development team, HJ Sims and its co-senior manager worked with an experienced institutional investment fund to secure the required financing commitment. The bond sale was supplemented by private client investors as well.

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On November 21, 2019, the \$12.95 million tax-exempt RABs issue closed. The estimated \$135 million permanent financing is anticipated within the next two years.

“We are thrilled to be expanding the Aldersgate mission of honoring elders by creating and fostering diverse, caring communities where everyone has a voice and value, through our latest venture in developing Generations at Shalom Park in Charlotte, NC. HJ Sims was a critical member of our development team, and their experience with seed capital financings as well as greenfield developments was instrumental to a successful closing.”

*— Suzanne Pugh, President and CEO
Aldersgate*

**For more detailed information
on how Generations at Shalom Park
was Financed Right® by HJ Sims,
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