

CASE STUDY

BRANDERMILL WOODS

\$32,027,000 | Richmond, VA | October 2021



FINANCED RIGHT®

HJ SIMS PARTNERS WITH BRANDERMILL WOODS TO GENERATE CASH FLOW SAVINGS AND EARLY DEBT REPAYMENT VIA A 15-YEAR FULLY AMORTIZING BANK LOAN



PARTNERED RIGHT®

Brandermill Woods is a rental senior living community founded in 1986 in the Brandermill master-planned Community just outside of Richmond, Virginia. The retirement community consists of 275 independent living units, 40 assisted living units, 19 memory care units, and 60 skilled nursing units.

In 2020, HJ Sims was hired to assist Brandermill Woods in reviewing refinancing options for its Series 2012 Bonds, which would become callable in January 2022.

STRUCTURED RIGHT®

When HJ Sims was hired in September 2020, the call date on the Series 2012 Bonds was more than one year away. Over the course of the next few months, HJ Sims worked with Brandermill Woods and its Board to develop and evaluate multiple structuring options, including forward delivery fixed-rate bonds, Cinderella Bonds, and current refinancing options. However, due to COVID-19, the refinancing was delayed, and as the call date approached, the options were narrowed to a fixed-rate bond financing and a bank financing that would close 90 days before the January 2022 call date.

Brandermill Woods At A Glance

| Partnered Right® | Structured Right® | Executed Right® | Financed Right® |
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| <ul style="list-style-type: none">» Brandermill Woods is a rental senior living community founded in 1986 in the Brandermill master-planned Community just outside of Richmond, VA.» The retirement community consists of 275 independent living units, 40 assisted living units, 19 memory care units, and 60 skilled nursing units.» In 2020, HJ Sims was hired to assist Brandermill Woods to review refinancing options for its Series 2012 Bonds, which would become callable in January 2022. | <ul style="list-style-type: none">» HJ Sims worked with Brandermill Woods and its Board to develop and evaluate multiple structuring options, including forward delivery fixed-rate bonds, Cinderella Bonds, and current refinancing options.» HJ Sims negotiated with Atlantic Union Bank, Brandermill Woods' banking partner, on several bank financing options with various amortization and bank commitment structures.» HJ Sims also reviewed Brandermill Woods' credit rating potential, comparing the community's quantitative and qualitative performance against Fitch Ratings' new rating criteria. | <ul style="list-style-type: none">» Ultimately, Brandermill Woods decided to utilize a bank financing with Atlantic Union Bank.» Atlantic Union's terms offered a favorable credit spread of 1.15%, adherence to the community's existing master trust indenture, and a fully amortizing 15-year loan that produced cash flow savings and allowed the community to repay its Series 2012 Bonds 6.5 years early. | <ul style="list-style-type: none">» On October 5, 2021, Brandermill Woods and Atlantic Union Bank closed on the \$32,027,000 Series 2021 Bonds to refinance the Series 2012 Bonds.» The tax-exempt swap rate for the Series 2021 Bonds through maturity was 2.409%.» The refinancing is expected to produce an average annual savings of \$100,000 through 2036 and \$17.8 million in total savings. |

As part of the refinancing process, HJ Sims also reviewed Brandermill Woods' credit rating potential. HJ Sims compared the community's quantitative and qualitative performance against Fitch Ratings' new rating criteria and ultimately estimated that the community could receive at least a BB+ rating from Fitch. HJ Sims also approached Fitch on behalf of the community and received positive feedback on its rating potential.

Additionally, HJ Sims negotiated with Atlantic Union Bank, Brandermill Woods' banking partner, on several bank financing options with various amortization and bank commitment structures.

EXECUTED RIGHT®

Ultimately, Brandermill Woods decided to utilize a bank financing with Atlantic Union Bank. Atlantic Union's terms offered a favorable credit spread of 1.15%, adherence to the community's existing master trust indenture, and a fully amortizing 15-year loan that would not only produce robust cash flow savings, but would also allow the community to repay its Series 2012 Bonds 6.5 years early.

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On October 5, 2021, Brandermill Woods and Atlantic Union Bank closed on the \$32,027,000 Series 2021 Bonds to refinance the Series 2012 Bonds. The tax-exempt swap rate (based on LIBOR) through maturity was 2.409%. The refinancing is expected to produce an average annual savings of \$100,000 through 2036 and \$17.8 million in total savings, all while repaying the debt well ahead of the original maturity in 2043. The refinancing is also expected to generate \$8.5 million in NPV savings and 24.6% NPV savings as a percentage of the refunded bonds.

"Partnering with Tom Bowden and HJ Sims established a solid foundation for a successful outcome. As Tom put it in the very beginning, HJ Sims was our "Quarterback", their expertise, support, and guidance the whole time gave us trust and confidence to keep moving forward. Brandermill Woods was very fortunate in that we had the best Team looking out for our best interests throughout the refinancing of our 2012 Bonds with results that exceeded our expectations."

— Charmaine Preiss, Executive Director

For more detailed information on how Brandermill Woods was Financed Right® by HJ Sims, please call or email:

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