

CCRC VI – Feasibility Study

RiverSpring Health Senior Living, Inc.
c/o The Hebrew Home for the Aged at Riverdale
5901 Palisade Avenue
Bronx, NY 10471

- A. The North Tower's Development Plan prepared by Eventus Strategic Partners, LLC is attached.
- B. The Actuarial Study prepared by A.V. Powell is attached.

The final feasibility study will be prepared prior to the North Tower's permanent financing and will be submitted to the Department.

DEVELOPMENT PLAN

FOR

RIVER'S EDGE

BRONX, NY

JULY 2019

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I. EXECUTIVE SUMMARY

A. BACKGROUND

RiverSpring Health Senior Living, Inc. d/b/a River's Edge (the "Sponsor"), an affiliate of The Hebrew Home for the Aged at Riverdale ("Hebrew Home"), is a not-for-profit corporation organized under the laws of the State of New York. The Sponsor is currently in the process of developing a Continuing Care Retirement Community ("River's Edge" or the "Community"), on a campus which includes the facilities of Hebrew Home and Hebrew Home Housing Development Fund Company, Inc. (the "RiverSpring Campus").

The Sponsor's sole corporate member is RiverSpring Health Holding Corp. ("RHHC"), a New York not-for-profit corporation that is the sole corporate member of nine not-for-profit entities (including Hebrew Home). Hebrew Home was founded in 1917 as a result of a small Harlem, New York synagogue's mission to provide shelter to poor, homeless, elderly people. In 1948, Hebrew Home purchased 19 acres along the Hudson River in the Riverdale section of the Bronx. Today, Hebrew Home owns and operates an 843 bed Article 28 licensed nursing facility, and a 35 bed Article 7 licensed adult care facility. Through affiliated entities Hebrew Home Housing Development Fund Company, Inc. and Hudson House Housing Development, Inc., the RiverSpring facilities also offer an additional 137 senior apartments ("RiverWalk") and a 59 unit HUD Section 202 senior housing community ("Hudson House").

Hebrew Home recognizes the importance of expanding the organization's philosophy of service to the elderly through other non-reimbursement based means and has set forth objectives including diversifying the services to include more private pay, independent living services that will serve a younger, more active customer.

B. MARKET ANALYSIS

Greystone Communities, Inc. ("Greystone") performed a comprehensive market analysis that evaluated the needs of the senior market and the market-place potential of River's Edge through demographics and real estate analyses and the competitive environment. The market analysis results confirm the viability of an independent living market sufficient to support the Community.

The Community's Primary Market Area ("PMA") is defined as a twenty-five ZIP code area located within an approximate 10 mile radius around the RiverSpring Campus, covering approximately 69 square miles of the Riverdale section of the Bronx and those communities in southwestern Westchester County along the Hudson River. For planning purposes, approximately 75% of the residents are expected to originate from the PMA. Approximately 7,758 senior households age 75 and older with annual incomes exceeding \$75,000 reside in the PMA. Median home sale values in the PMA have increased steadily since 2012, indicating a strengthening real estate market. Through June 2016, the median PMA home sales value was approximately \$751,800 and approximately 42% of PMA home sale prices were greater than \$650,000.

A penetration analysis was performed for the proposed 388 independent living apartment units that included the Phase 1 North Tower (currently at 270 units) and the proposed Phase 2 South Tower (up to 118 units). The highest step penetration rates for the total planned unit types yielded a 5.8% income penetration rate and a 2.9% home value penetration rate, indicating that sufficient market demand exists for the Community. Just considering Phase 1 units, the penetration rates are more favorable.

C. DEVELOPMENT STRATEGY

Based upon the results of the Market Analysis, there is an opportunity for the development of new independent living apartments. A phased development strategy has been crafted for River's Edge with a unit mix, pricing structure, and resident program offering that will resonate with the senior consumer and build upon the reputation of Hebrew Home. The Community is planned to consist of 388 independent living apartments located in a north tower and two south towers.

- The *first phase* (North Tower) will include approximately 270 independent living apartments ranging in size from approximately 750 square foot one-bedroom apartments to approximately 1,300 square foot two-bedroom and den penthouse apartments. The building will be constructed on property owned by Hebrew Home and located on the RiverSpring Campus.
- The *second phase* (South Towers) of development is anticipated to consist of up to 118 independent living apartments. The second phase of development will be constructed on property currently owned by The Hebrew Home for the Aged at Riverdale Foundation, Inc. (the "Foundation"), adjacent to the property owned by Hebrew Home, on the RiverSpring Health Campus.

The Community will be licensed under Article 46 of the New York Public Health Law and will offer a full Type A life care benefit, as well as a fee-for-service (Modified) type contract. Upon the estimated opening of the North Tower in 2024:

- **Life Care** – initial entrance fees will range from approximately \$445,000 to \$2,810,000 (depending on refundability and location in the building) in 2019 dollars with monthly service fees of \$6,480 to \$8,880 in 2024 dollars. In the case of a couple occupying an independent living apartment, the second person will pay entrance fee of \$80,000 and a monthly service fee of \$2,100. The second person entry fee will amortize 2% per month, over 50 months to zero percent refundable.
- **Modified** – initial entrance fees will be discounted by \$75,000 to \$135,000 depending on refundability and the monthly service fee will be discounted by \$1,000 from the corresponding Life Care fee. The second person entrance fee will be discounted by \$50,000 and the monthly service fee will be discounted by \$850 from the corresponding Life Care fee.

D. PROJECT ECONOMICS AND FINANCING PLAN

The financial analysis indicates that the first phase (North Tower) is financially viable. For the construction of the North Tower, it is anticipated that the tax-exempt bonds will total \$424,100,000 including \$193,500,000 in long-term bonds.

Project Budget and Financing Plan

The estimated total Project budget for the North Tower is \$441.3 million and related sources of funds (assumed financing plan) include the following:

In 000's

SOURCES OF FUNDS:	North Tower
Long-Term Tax-Exempt Bonds	\$ 193,500
Temporary Tax-Exempt Debt	
Short-Term Bonds	106,500
Construction Bank Loan	124,100
Equity	8,500
Interest Income	8,700
TOTAL SOURCES OF FUNDS	\$ 441,300

USES OF FUNDS:	
Land	\$ 25,367
Construction	226,319
Owners Work	5,403
Design, engineering	9,432
Marketing	15,473
Development fee	5,800
Insurance, Permits, Miscellaneous	10,538
Project Contingency	26,023
Escalation	21,487
TOTAL PROJECT COSTS	345,842
Legal & Financing	9,735
Pre-opening costs	500
Loan Commitment Fee	1,250
Funded Interest	53,491
Capitalized Construction Loan Interest	8,296
TOTAL FINANCING AND OTHER COSTS	73,272
Debt Service Reserve Fund	21,438
Working Capital	748
TOTAL USES OF FUNDS	\$ 441,300

Construction of the North Tower is anticipated to be funded with tax-exempt variable-rate short term debt and a fixed rate construction loan (“Temporary Debt”) and tax-exempt fixed-rate long term debt (“Permanent Debt”) issued by Build NYC Resource Development Corporation, equity and interest earned on bond funds. The Temporary Debt totaling \$230.6 million is planned to be retired with entrance fees from North Tower independent living apartment occupancies in 2024, 2025, and 2026. Permanent Debt is assumed to have a 35-year term with scheduled amortization to begin in Year 6. The currently assumed all-in interest rate for financing of the North Tower is 6.00% on the tax-exempt short-term debt portion of the Temporary Debt, 5.50% on the construction loan portion of the Temporary Debt and 6.75% on the Permanent Debt based on information provided by the investment banker, Herbert J. Sims & Co., Inc. (“Sims”). The final capital structure will be determined based on a collective review of the capital markets by Sims and financing team as development progresses.

Projected Financial Performance

The cash flow analysis demonstrates that the North Tower is financially viable after achieving stabilized occupancy. The North Tower is anticipated to reach stabilized occupancy in fiscal year 2026 after a 36 month fill-up period. In the first full year after reaching stabilized occupancy (anticipated to be 2027), the North Tower is anticipated to generate net cash flow before debt service and including net entrance fees from turnover, of approximately \$23 million.

	2027 ⁽¹⁾ North Tower
Funds Generated from Operations before Depreciation, Amortization and Interest Expense	\$12,603
Net Resident Turn-Over Deposits Received	10,541
Net Cash Generated before Debt Service	\$23,143
Maximum Annual Debt Service	\$15,047
Debt Service Coverage	1.54X
Debt Service Coverage Ratio From Operations Only	.84X
Cash Reserves	\$96,357
Total Debt Outstanding	\$189,393
Percentage of Cash Reserves to Debt Outstanding	51%
Unrestricted Days Cash on Hand	909

(1) Anticipate first full year of stabilized operations

Pre-finance Capital Requirements

Approximately \$45.0 million of development capital will be required prior to the start of construction for land costs, design and engineering, development, marketing and other project costs. Pre-finance development costs will be funded through the Foundation. At the time of permanent financing, the Foundation will be reimbursed for all but \$8.5 million of pre-finance costs pursuant to the contribution agreement between the Foundation and the Sponsor.

E. REGULATORY REQUIREMENTS

The Community will be governed under Article 46 of the New York Public Health Law. A Certificate of Authority is required prior to accepting 10% deposits.

F. KEY CONSIDERATIONS

This Development Plan (the “Plan”) is based upon a set of assumptions determined as of the date of the Plan, unless otherwise noted. With the development and operation of any business, assumptions change. Changes in assumptions may occur as a result of new data and other development information available to the Sponsor, regulatory changes and other factors and events beyond the control of the Sponsor. These changes may create reduced revenues, increased costs, or extended timelines. To the extent possible, the Plan will adjust to address such changes.

Certain factors and events may unfavorably impact the Plan. These factors and events may include, but are not limited to, increased costs, lower than anticipated revenues, employee relations, taxes, governmental controls, changes in regulations, changes in demographic trends, changes in general and local real estate conditions, changes in the competitive environment, changes in retirement living and health care industries, and general and local economic conditions. The Plan is not intended to identify, quantify, address or represent an exhaustive list of factors, nor can it predict events outside the control of Sponsor or Eventus.

G. PRELIMINARY DEVELOPMENT TIMELINE

Once the amended Certificate of Authority is received, currently anticipated in the fourth quarter of 2019, the Community will begin accepting 10% deposits for the North Tower independent living apartments. Achievement of 65% pre-sales of the North Tower is expected to be achieved in the third quarter of 2021. Completion of construction documents and receipt of a Guaranteed Maximum Price (“GMP”) is anticipated to occur in September 2021. Permanent financing and construction start for the North Tower is planned for October 2021. Construction of the North Tower is anticipated to take 26 months for full completion, with initial independent living occupancy anticipated after 27 months in January 2024. The North Tower independent living apartments are planned to fill to stabilized occupancy (95%) over a 36 month period. The first full year after reaching stabilized occupancy is anticipated to be 2027 (the Stable Year).

II. MARKET ANALYSIS

A. INTRODUCTION

The purpose of the market analysis is to define a market-driven project scope and size for a specific market by determining marketplace needs and potential. Local demographics are analyzed utilizing industry guidelines tailored to the local market to define the target population and primary market area. A review of existing and planned senior housing alternatives is conducted to understand how the needs of the marketplace have already been, or will be, met. Market penetration analyses are then completed to define: (i) the recommended number of residential apartments to be developed; (ii) the unit mix; and (iii) a market-based resident program and pricing structure.

B. PRIMARY MARKET AREA

The primary market area (“PMA”) is defined as the probable geographic area from which the Community will draw a majority of its residents. The PMA definition considers the zip code origin of existing Hebrew Home residents, experience of other senior living providers in the market, as well as taking into account man-made, socio-economic, and natural barriers. The PMA was also confirmed based on site visits to the market.

Based on the factors described above, the PMA for the Community is defined as encompassing a twenty-five zip code area covering approximately 69 square miles of the Bronx area. The primary market area is bounded by Manhattan to the south, the Hudson River to the west and the Tappan Zee Bridge to the north. This PMA encompasses the Riverdale section of the Bronx and those communities in southern Westchester County along the Hudson River as well as Scarsdale and New Rochelle. The PMA consists of the following zip codes that are generally within a five mile radius of Hebrew Home: 10458, 10461, 10462, 10463, 10466, 10467, 10468, 10469, 10470, 10471, 10475, 10502, 10522, 10530, 10583, 10701, 10703, 10704, 10705, 10706, 10707, 10708, 10709, 10710, and 10804. For planning purposes, approximately 75% of the Community’s residents are expected to originate from the PMA. Although the location of the site is in close proximity to New Jersey, it is geographically separated by the Hudson River. Generally, crossing a geographic barrier such as a river or moving a greater distance is a greater barrier to entry to the Community. Although New Jersey is not included in the PMA, it is expected that 25% of the resident population will come from other areas of New York, including Manhattan, and out-of-state (including New Jersey).

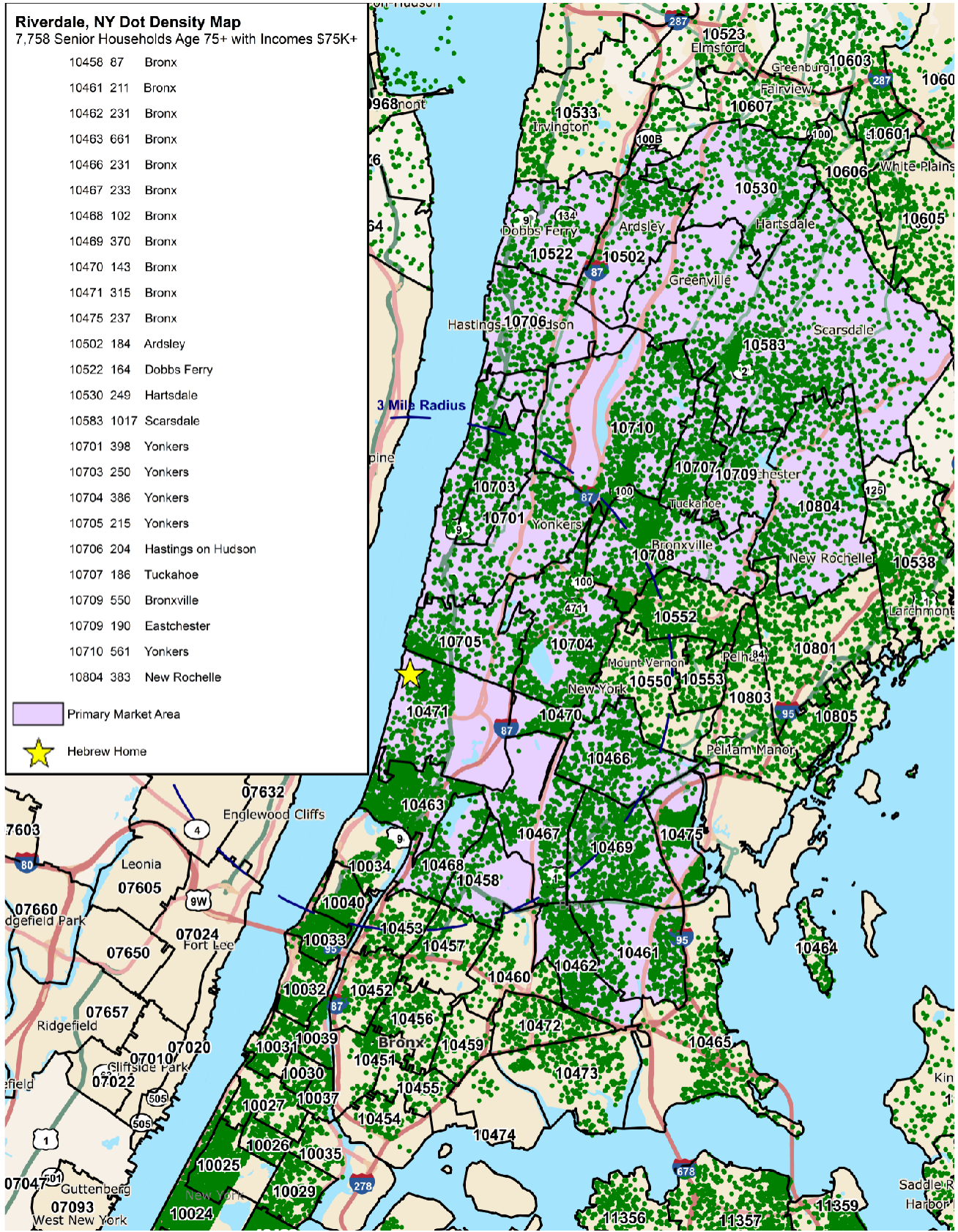
Figure 1 presents a map of the area that shows the PMA.

C. INDEPENDENT LIVING

Target Population

The target population for independent living is seniors age 75 years and older with incomes greater than \$75,000 residing within and around the PMA. Figure 2 reflects the distribution of approximately 7,760 senior households age 75 years and older with estimated annual income of at least \$75,000 in 2016. Approximately 75% of the residents for the Community are planned to originate from within the PMA. Although New Jersey is not included in the PMA, it is expected that 25% of the resident population will come from other areas of New York, including Manhattan, and out-of-state (including New Jersey). Seniors may also move from outside of the region to be near family or for other reasons.

Figure 2
PMA Dot Density Map



PMA Population and Growth

Population estimates for 2016 indicate there are approximately 68,427 seniors (42,469 households) age 75 years and older in the PMA. This represents 6.8% of the overall population and 11.2% of all area households and is projected to grow 1.7% annually over the next five years. Table 1 indicates the estimated senior population and projected rate of growth for the 75 years and older age group in the PMA.

**Table 1
Key Population and Growth Statistics
Year 2016 Estimates**

2016 ⁽¹⁾	
<u>Population</u>	
Total Population	1,010,944
Seniors Age 75+	68,427
% of Total Population	6.8%
Projected Annual Growth Rate (75+)	1.7%
Seniors Age 85+	23,378
% of Total Population	2.3%
Projected Annual Growth Rate (85+)	0.8%
<u>Households</u>	
Total Households	378,347
Senior Households Age 75+	42,469
% of Total Households	11.2%
Projected Annual Growth Rate (Age 75+)	1.7%
Senior Households Age 85+	14,016
% of Total Households	3.7%
Projected Annual Growth Rate (Age 85+)	0.8%

⁽¹⁾ Source: Nielsen Claritas

As Figure 3 below indicates, seniors age 75 years and older in the PMA as a percentage of the total population (6.8%) is more than Bronx and Westchester Counties (6.0%), the State of New York (6.7%) and the Nation (6.3%). The high concentration of seniors within the PMA indicates the area is a mature market. Mature markets such as this are expected to have slower growth rates; therefore, it is not unusual that the projected growth rate for the PMA is 1.7%, which is lower than Bronx and Westchester counties (2.0%) and the Nation (2.2%), however, it is higher than the state of New York (1.6%). Appendix A-1 and Appendix A-2 present an overview of the demographic characteristics of the PMA.

Figure 3
Comparative Senior Demographics in the PMA
Age 75 and Older
Percent of Total Population in 2016

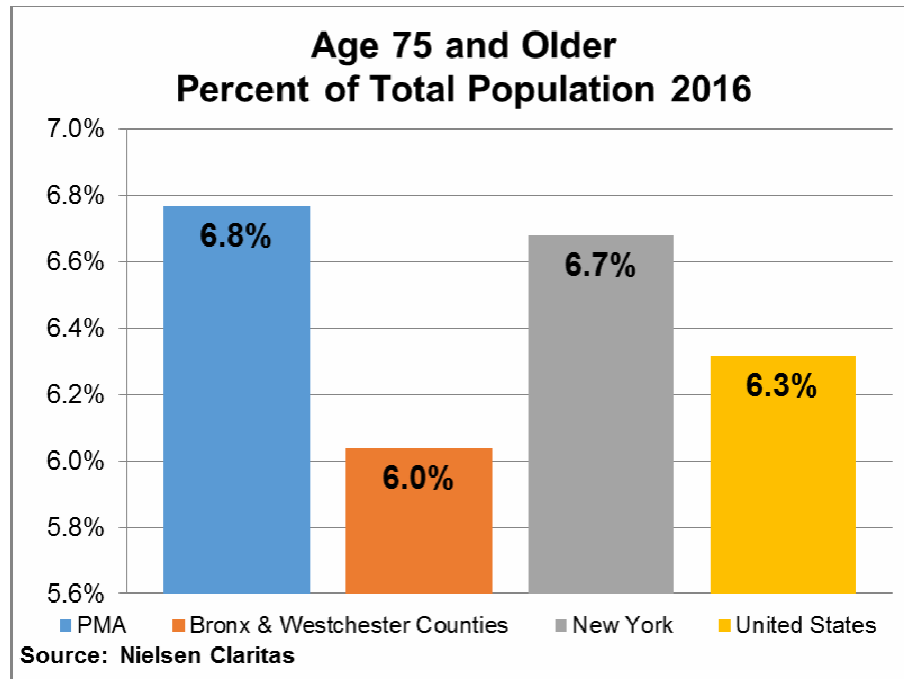
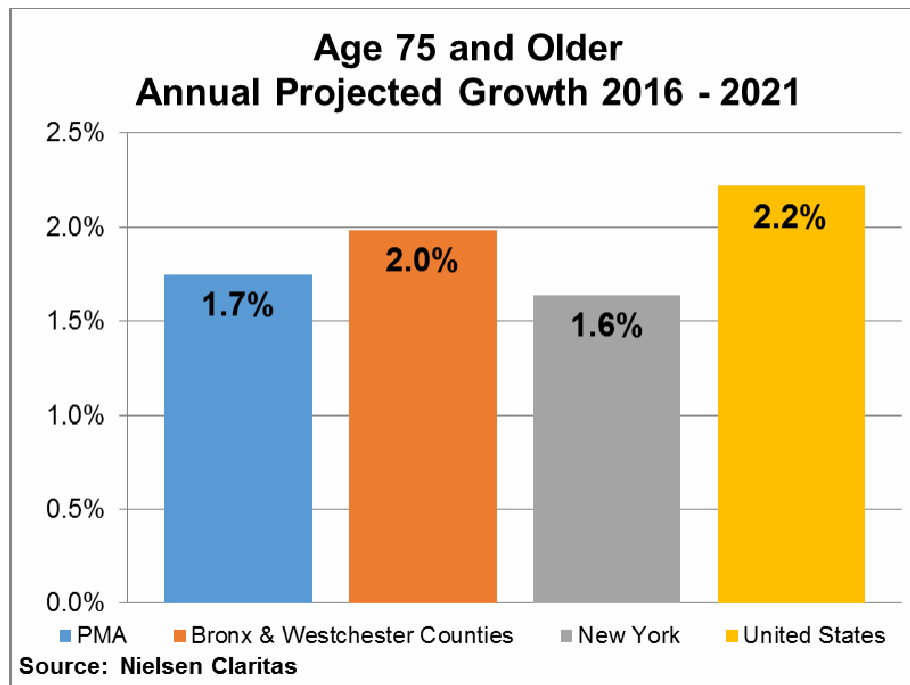


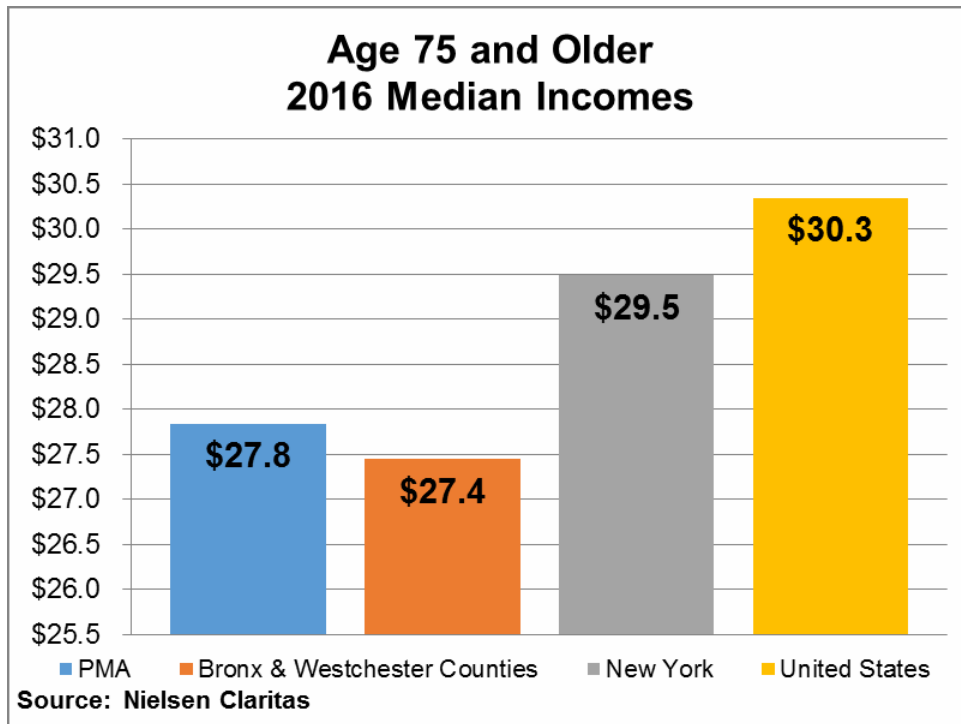
Figure 4
Comparative Senior Demographics in the PMA
Age 75 and Older
Annual Projected Growth 2016 – 2021



PMA Economic Characteristics

Using estimated 2016 median incomes as a measure, seniors age 75 years and older in the PMA have a level of economic affluence (\$27,800) higher than Bronx and Westchester counties (\$27,400), but slightly below that of the State (\$29,500), and the Nation (\$30,300), as illustrated in Figure 5 below. Appendix A-3 presents an overview of the economic characteristics of the senior population in the PMA.

**Figure 5
Comparative Senior Economics in the PMA
2016 Median Income**



MLS data for PMA single-family homes sales for the calendar years 2014, 2015 and 2016, which is summarized in Table 2 below, was obtained from Redfin. The data indicates an improving real estate market since 2014, with an increasing average and median sales prices.

Table 2
PMA Real Estate Statistics

Single Family Home Sales Data ⁽¹⁾							
ZIP Code	City	2014		2015		2016	
		No. of Homes Sold	Median Sale Price	No. of Homes Sold	Median Sale Price	No. of Homes Sold	Median Sale Price
10458	Bronx	7	236,338	9	\$ 336,611	2	\$ 1,262,500
10461	Bronx	68	409,900	72	\$ 407,101	24	\$ 402,792
10462	Bronx	13	328,600	10	\$ 340,352	11	\$ 385,204
10463	Bronx	18	621,720	20	\$ 488,797	2	\$ 412,500
10466	Bronx	58	326,443	62	\$ 313,220	18	\$ 347,822
10467	Bronx	16	319,931	21	\$ 334,665	4	\$ 344,150
10468	Bronx	6	429,000	10	\$ 360,220	0	\$ -
10469	Bronx	114	384,351	109	\$ 389,721	24	\$ 402,261
10470	Bronx	16	421,025	24	\$ 424,950	5	\$ 386,200
10471	Bronx	29	1,039,205	44	\$ 1,177,156	11	\$ 1,157,091
10475	Bronx	10	365,150	2	\$ 297,500	2	\$ 452,500
10502	Ardsley	56	760,409	59	\$ 773,245	17	\$ 686,324
10522	Dobbs Ferry	61	790,674	82	\$ 830,470	33	\$ 762,009
10530	Hartsdale	105	612,896	97	\$ 559,154	37	\$ 558,579
10583	Scarsdale	2	666,000	1	\$ 1,050,000	66	\$ 1,473,460
10701	Yonkers	78	460,915	67	\$ 396,242	35	\$ 420,102
10703	Yonkers	45	342,483	56	\$ 395,969	24	\$ 349,092
10704	Yonkers	83	372,373	81	\$ 393,062	37	\$ 396,825
10705	Yonkers	62	419,752	63	\$ 397,358	31	\$ 501,165
10706	stings on Hud	72	728,853	82	\$ 842,856	25	\$ 775,220
10707	Tuckahoe	65	615,559	52	\$ 584,253	19	\$ 610,868
10708	Bronxville	164	1,372,549	135	\$ 1,522,781	59	\$ 1,491,309
10709	Eastchester	78	747,702	68	\$ 745,724	34	\$ 761,529
10710	Yonkers	142	428,534	131	\$ 444,633	54	\$ 468,907
10804	New Rochelle	169	820,971	168	\$ 796,457	67	\$ 799,441
Total/ Wtd. Average		1,537	\$ 648,182	1,525	\$ 657,752	641	\$ 751,778

Highlighted ZIP Code indicates the location of the Community

⁽¹⁾ Source: Redfin through June 9, 2016, unless otherwise noted.

As shown in Table 3, 42% of homes sold in the PMA through June 9, 2016 were sold for \$650,000 or greater (approximately the lowest proposed entrance fee) and 21% of homes were sold for \$900,000 or greater (approximately the average proposed entrance fee) in 2016.

Table 3
PMA Real Estate Statistics
Depth of Home Value Market

PMA Depth of Real Estate Market ⁽¹⁾							
2016 Calendar Year							
	Under \$300K	\$300K - \$650K	\$650K - \$900K	\$900K - \$1,000K	\$1,000K - \$1,250K	Over \$1,250K	Total
Total PMA	33	348	130	24	32	75	618
% of Total PMA	5%	56%	21%	4%	5%	12%	

⁽¹⁾ Source: Redfin through June 9, 2016, unless otherwise noted.

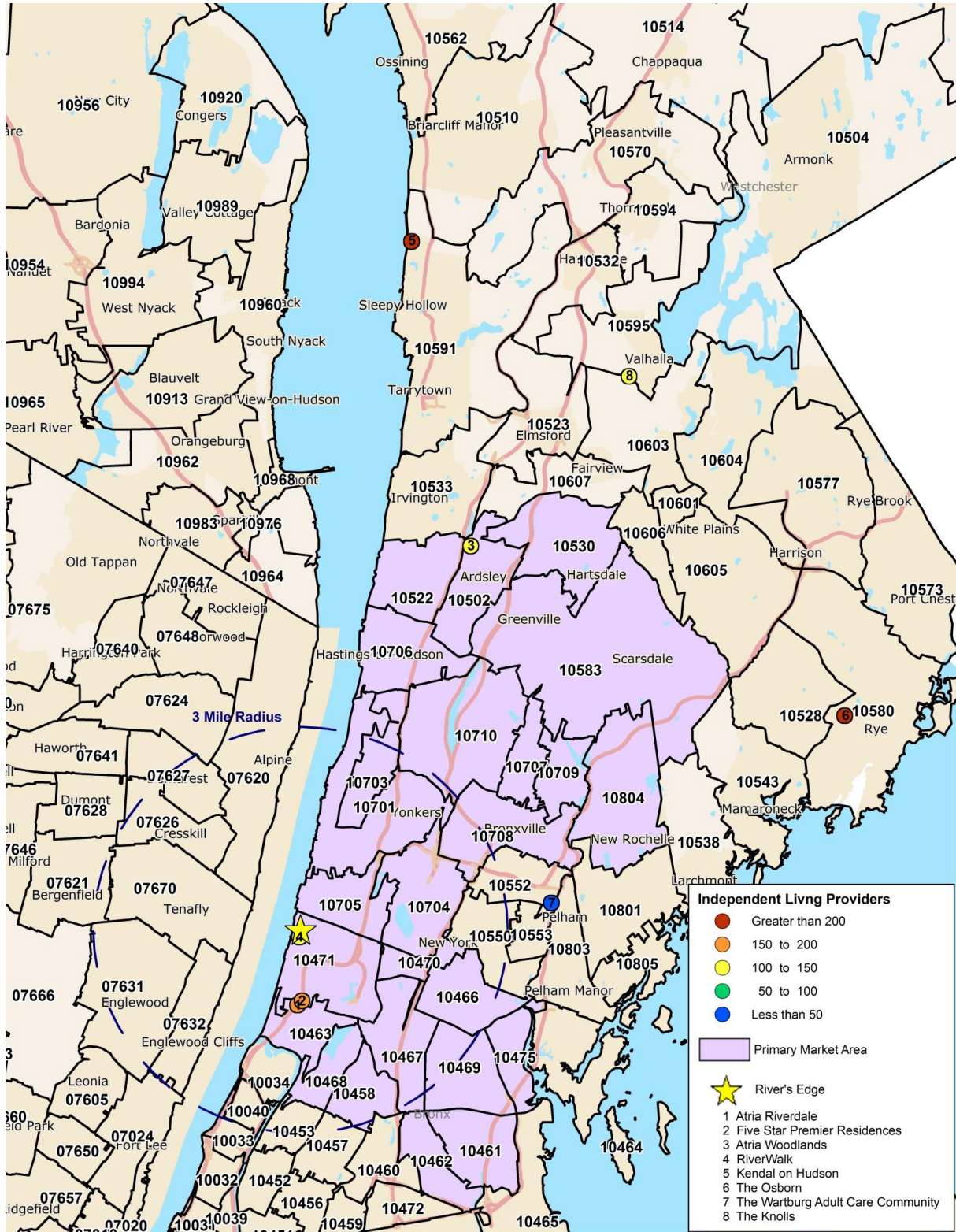
Competitive Environment

Existing and planned communities are evaluated to understand which providers may compete with the Community. To determine how competitive each provider may be in attracting the target population, a number of quantitative and qualitative factors are considered including resident program and service package, type of living apartments, levels of care provided, pricing structure, location, facility age, and appearance. Competitive survey results indicate:

- No CCRCs exist within the PMA, only rental apartments with assisted living services
- Four CCRCs exist near the PMA
 - All four offer a continuum of care
 - Two offer Life Care and are licensed under Article 46
- Four independent living communities in the PMA

Figure 6 reflects the location of the providers in relation to Hebrew Home

Figure 6
Location of Independent Living Providers within and Around the PMA



Each CCRC and market-rate independent living provider within and near the PMA is described below. To determine how competitive each provider may be in attracting the target population, a number of quantitative and qualitative factors are considered including resident program and service package, type of living apartments, levels of care provided, pricing structure, location, facility age, and appearance. Competitor ratings range from 0% to 100% in 25% increments, with 100% as the most competitive rating. These competitor ratings are used to estimate the number of competitive apartments for the penetration analyses.

Independent Living Providers Inside the PMA

Atria Riverdale (“Atria”) is a for-profit, Atria Senior Living Group community that opened in 2002 and offers independent living and memory support. The community consists of 170 independent living apartments and 38 memory support apartments. The community does not offer life care or a defined health care benefit but does work with Sterling Glen home health care on-site for all assisted living needs.

Independent living apartments are on a rental basis. The rental fee includes 3 meals per day (with Kosher options available) and weekly housekeeping and linen service. Residents are also expected to pay a deposit equal to first month’s rent. Residents have access to concierge service, fitness center, active Jewish lifestyle and a fee membership to the local YMCA.

Five Star Premier Residences (“Premier”) is a for-profit community that opened in 2000 and offers independent living, assisted living, and memory support. Premier includes a total of 199 independent living apartments, 75 assisted living units, and 35 memory support units. Premier does not offer life care or a defined health care benefit.

Independent living apartments are on a rental basis. The rental fee includes 2 meals per day (breakfast plus choice of lunch or dinner) and weekly housekeeping and linen service. Residents are also expected to pay a one-time community fee of \$2,500 and one-time security deposit of one and a half times the monthly fee upon signing the resident agreement. Residents have access to concierge service, fitness center, art center, media room, card and billiard space, library and on site salon.

Atria Woodlands (“Woodlands”) is a for-profit, Atria Senior Living Group community established in 2004 and offers independent living, assisted living, and memory support. The community consists of 100 independent living apartments, 50 assisted living apartments, and 25 memory support units. Independent living apartments are on a rental basis. The rental fee includes 3 meals per day and weekly housekeeping and linen service.

Independent Living Providers Outside the PMA

Kendal on Hudson (“Kendal”) is a non-profit entrance fee CCRC that opened in 2005. Kendal offers a full continuum of care and either a Life Care benefit or a Modified defined limited health care benefit to residents. The community includes 222 independent living apartments.

Independent living apartment monthly service fees includes a monthly meal plan and weekly laundry and linen service. Fees include all utilities except telephone. Residents have access to community center, indoor pool, library, on site bank, craft studio, and computer lab.

The Osborn (“Osborn”) is a non-profit rental and entrance fee CCRC that opened in 1908, with the most recent renovation in 1994. The Osborn offers independent living, assisted living, memory support, and skilled nursing. The community includes 225 independent living apartments (188 entrance fee and 37 rental), 67 assisted living units, and 84 private skilled nursing rooms (memory support units are part of the skilled nursing center. The Osborn does not offer Life Care.

The monthly service fee includes 15 to 30 meals per month and weekly housekeeping and linen service. The rental fee includes 1 meal per day and weekly housekeeping and linen service. Both fee types include all utilities except cable and telephone. Residents have access to the fitness center including an indoor pool, 24 hour media screening room, and game and billiard room.

Entrance fees are fully refundable, and residents have access to the full continuum of care on the Osborn campus with a fee-for-service program. Rental residents are provided up to 10 hours of Personal Care per year by Osborn Home Care with their monthly rental fee.

Wartburg Adult Care Community (“Wartburg”) is a not-for-profit community offering independent living, assisted living and memory support. Wartburg originally opened in 1866 and underwent renovation in 1995. The community consists of 31 independent living cottages, 88 assisted living units, and 15 memory support units. Wartburg does not offer life care or a defined health care benefit.

The rental fee includes 1 meal per day (lunch) and bi-weekly housekeeping. No utilities, cable or television is included in the monthly fee. Residents have access to all amenities available at Meadowview, the assisted living center.

The Knolls is a non-profit entrance fee community that opened in 2002. Formerly known as Westchester Meadows, the Knolls was recently purchased by Bethel Communities. The Knolls offers independent living and enriched housing. The community includes 120 independent living apartments, 10 enriched housing units. The monthly service fee includes 1 meal per day and weekly housekeeping and linen service. Fees include all utilities except premium cable and telephone. Residents have access to wellness center, indoor pool, library and communications center, card room, beauty salon and barber shop, and on-site convenience store.

Market Penetration Analysis

Market penetration analyses are performed to assess the senior market's ability to support additional independent living apartments based on the target population, PMA, senior demographics, economics, and competitive environment. The market penetration analyses measure the relative strength of the market by determining the percentage of financially-qualified senior households in the PMA that are required to fill the independent living and competing apartments within a reasonable time period. The analyses also help to define a unit mix and resident fee structure that can be supported by the market. In order to measure the market's ability to support the Community, the market penetration analysis includes all 388 planned independent living apartments.

Reasonable market penetration rates vary based on the characteristics of the local market analyzed. Based on the defined PMA demographics, senior economics, and competitive characteristics, a market penetration less than 10% is considered reasonable.

The number of competitive apartments utilized in both penetration analyses is determined by:

- Estimating the number of available apartments in the PMA, based on current occupancy at each provider;
- Estimating the number of turnover apartments (resold and reoccupied units) each year (ranges from 12% for entrance fee-based CCRCs to 25% for rental providers); and
- Adjusting the total available and turnover apartments at each provider by applying a competitive factor ranging from 0% to 100%.

Income-Qualified Market Penetration

Income qualification assumes seniors utilize 60% of their annual income to afford the monthly service fee. 2021 demographic and economic projections indicate that there are over 6,000 households in the PMA age 75 years and older have sufficient income to comfortably afford the smallest new one bedroom independent living apartment.

Home Value-Qualified Market Penetration

Seniors may use the proceeds from selling their primary residence to pay the entrance fee. Therefore, home values are used as a basis to calculate entrance fee penetration rates.

Approximately 11,642 households in the PMA age 75 years and older are projected to have a home value of \$769,900 or higher in 2021. Approximately 6,852 households in the PMA age 75 years and older are projected to have a home value of \$1,039,900 or higher in 2015.

D. MARKET CONCLUSIONS

Market conditions in the PMA are summarized below:

Independent Living Apartments

- Market penetration rates and current occupancy at comparable providers support the addition of independent living units based on:
 - Over 6,000 age- and financially-qualified senior households can afford the lowest priced monthly service fee and over 12,000 can afford the lowest priced entrance fee.
 - 42% of homes sold in 2016 were sold for \$650,000 or more.
 - No CCRCs are located within the PMA currently, however there are four CCRCs outside the PMA not in close proximity.

Accordingly, market conditions in the PMA would support a Community development of 388 independent living apartments.

III. PROJECT SCOPE

A. RECOMMENDED PROJECT SCOPE

Sponsor, Hebrew Home, RHHHC and related organizations have the ability to expand their common philosophy of service to the elderly through other non-reimbursement based means which includes diversifying services to include more private pay, independent living that will serve a younger, more independent customer. Based on the results of the market analysis described in Section II, the recommended project scope consists of 388 independent living apartments to be implemented in two phases consisting of a North Tower and two South Towers. The project will be constructed in two phases consisting of a North Tower that includes 270 independent living apartments, and South Towers that can include up to 118 independent living apartments. By contract, assisted living, memory support and nursing services will be provided by an affiliate of Sponsor – Hebrew Home.

Residents of the Community will enjoy use of its various common areas. The common areas of the North Tower will include, but are not limited to the following:

- Main Dining Room and Private Dining Rooms;
- Bistro/Bar;
- Entry Way/Lobby with Mailroom;
- Beauty Salon and Day Spa;
- Theater;
- Library/Business Center;
- Game Room;
- Assembly/Multi-Purpose Room;
- Arts Studio; and
- Wellness Center and Health Spa with Swimming Pool and locker rooms.

The North Tower will be constructed on property owned by Hebrew Home and located on the RiverSpring Campus; the South Towers will be constructed on property currently owned by the Foundation, adjacent to the property owned by Hebrew Home, on the RiverSpring Health Campus. Both the North and South Towers will have covered parking in a parking garage underneath each respective tower in addition to surface or other structured parking to accommodate both residents and staff.

B. RESIDENT SERVICE PACKAGE

The package of services available to future residents is an essential component to the success of the Community. The proposed service package is intended to:

- Encourage lifelong independence;
- Provide a supportive environment for the current and future needs of the residents;
- Offer a life care benefit program to reduce potential future health care costs for residents;
- Create an attractive social setting and leisure lifestyle;
- Meet the quality standards and expectations of Hebrew Home; and
- Meet the regulatory requirements of the State of New York.

1. Independent Living

The services to be offered by the Community to residents of the independent living apartments and included in the basic monthly service charge for independent living residents are outlined below:

Life Care Benefit

Under the Life Care Contract option, the independent living resident will receive a life care benefit to reduce the costs associated with higher levels of care. The life care benefit is designed to provide residents with access to and care in the appropriate level of care at the same residential monthly fee. Basic assisted living, memory support or nursing services, as needed, will be provided at an adjacent, affiliated community, Hebrew Home, subject to applicable law. If it is determined that a resident requires assisted living services or skilled nursing care in the future, the resident will receive priority access to assisted living or skilled nursing services at Hebrew Home.

Modified Benefit (Fee-For-Service)

Under the Fee-For-Service Contract option, the independent living resident will receive 100 days of access to and care in the appropriate level of care (100-day Health Care Benefit) at the normal Monthly Service Fee. The 100-day Health Care Benefit is cumulative and shall apply to both temporary and permanent stays in the appropriate level of health care and is a lifetime maximum per Resident. After the 100-day Health Care Benefit, the resident will receive a 10% discount off the then published rates for the respective level of care. We will provide you with assisted living or skilled nursing care at the adjacent affiliated Hebrew Home, as described below, subject to applicable law.

Apartment Furnishings. Independent living apartments will be furnished with floor coverings, window coverings, self-defrosting refrigerator and freezer with ice maker, range and oven, dishwasher, microwave oven, garbage disposal, washer/dryer, and an emergency call system, fire sprinkler system and telephone/data communications port. Apartment furnishings may change from time to time as determined by management of the Community.

Food Service. Residents will be entitled to one meal credit per resident for each day of the month (for example, 30 meal credits for June and 31 meal credits for July). Residents may purchase additional meals, guest meals, or use accumulated meal credits for additional meals or guests at any time during the month. Any unused meal credits for any month will be forfeited at the end of each month and may not be applied as a credit against meal charges for any other period. Residents absent from the campus for more than 14 consecutive days will receive a meal credit allowance in conformance with a meal credit policy, provided the Community is given written notice of the intended absence at least ten days in advance. For health-related absences, the prior notice requirement may be waived at the Community's sole discretion. Tray service will be provided when medically necessary.

Housekeeping. The Community will provide scheduled housekeeping of the apartments bi-weekly, including vacuuming, light housekeeping, and changing of personal bed linens.

Linen Service. The Community will provide scheduled laundry service for personal flat linens weekly.

Utilities. The Community will provide sewer, water, waste disposal, electricity, heat and air-conditioning, and basic cable television service for each apartment. Apartments will be centrally wired for basic cable television and telephone service. Residents will pay for all telephone, premium cable television and internet service provider charges.

Security. Each apartment will be equipped with smoke detectors and a sprinkler system. A twenty-four (24) hour reception desk will be located at the first floor entrance as well as twenty-four (24) hour television monitoring and on-site security personnel.

Maintenance. The Community will maintain all buildings, grounds, and common areas and will be responsible for providing repair, maintenance, and replacement of furnishings provided in the apartments. This is provided such repairs, maintenance, and replacement are not required as a result of other than normal wear and tear.

Mail. A U.S. mailbox will be provided in a central location for each apartment.

Transportation. The Community will provide local transportation to designated shopping centers, local events, medical facilities, and other local destinations on a regularly scheduled basis, based on resident demand and within limits prescribed by the Community. Additional transportation may be provided on a fee-for-service basis.

Social, Recreational, and Wellness Programs. A Social Director will coordinate a variety of social, recreational, educational, and cultural programs for those residents wishing to participate. In addition, the staff of the Community will coordinate educational and screening programs promoting wellness and preventive health maintenance. Specific programs will be based on residents' interest. Participation in these activities is voluntary.

Property Taxes and Insurance. The Community will pay for real property taxes or payments in lieu of taxes for the Community, except for those assessed on personal property of residents. The Community will also obtain property and casualty insurance coverage on the buildings and grounds of the Community. Such coverage will not insure against loss or damage to personal property or damage or injury to others caused by residents.

Access to Assisted Living, Memory Support, and Nursing Services. Independent living residents will receive priority access to assisted living, memory support, or skilled nursing as needed at an adjacent, affiliated community, Hebrew Home, to the extent allowed by law.

Additional Independent Living Services. The following services will also be available on a fee-for-service basis:

- a. Guest meals;
- b. Catering for special occasions;
- c. Barber and beauty salon service;
- d. Tray service, if not medically necessary;
- e. Additional resident meals;
- f. Parking, subject to availability;
- g. Additional housekeeping services;
- h. Laundry services for personal items;
- i. Personalized transportation;
- j. Home health services; and
- k. Clinic/Physician services.

Charges for these additional services and others that may be offered will be made in accordance with the additional services fee schedule then in effect and will be billed monthly.

2. Assisted Living, Memory Support Assisted Living and Nursing Services

In addition to the services set forth above in Section III.B, assisted living residents will be provided, in a standard private assisted living unit, services designed to assist with the activities of daily living in accordance with New York regulations. Services may include assistance with dressing, eating, bathing, toileting and ambulation. In addition, residents will receive three meals per day and daily personal laundry service. Residents requiring memory support assisted living services will receive the same services as assisted living residents as well as specialized services and activities related to residents with Alzheimer's disease or related disorders. Specialized services include programming specifically designed to enhance residents' comfort by creating an environment promoting choice and evoking pleasant memories through familiar schedules and surroundings.

Residents requiring nursing services will be provided, in a standard private nursing room, the same basic services as assisted living, as well as 24-hour medical assistance and a full complement of physical, social and recreational services consistent with their needs.

In the event that one or both residents of an independent living residence have a temporary need for assisted living or skilled services, the resident(s) will continue to pay the current monthly service for their independent living residence. In the event, that one or both resident of an independent living residence has a permanent need for assisted living or skilled nursing services, the resident(s) will continue to pay the current monthly service for their independent living residence. In the event, that both residents of an independent living residence have a permanent need for assisted living or skilled nursing services, the resident(s) will be required to release the independent living residence and continue to pay the current monthly service for their independent living residence.

C. RESIDENT FEE STRUCTURE

The resident fee structure is designed to be affordable to as many area seniors as possible, and to provide for a financially viable project. The recommended resident fee structure for the independent living apartments include a reasonable monthly service fee and entrance fee. The amount of the entrance fee will depend on the contract type and the unit type and location. The monthly service fee depends on the contract type and unit type selected. The entrance fees are stated in current 2019 dollars and monthly service fees are stated in 2024 dollars. The monthly service fees are expected to increase at an annual inflation rate of 3.0%. Entrance fees will be increased at different times throughout the development process to create a sense of urgency in the market.

1. Independent Living Monthly Service Fees

The Life Care monthly service fees for the North Tower independent living apartment will range from \$6,490 to \$8,880 in fiscal year 2024 dollars, depending on unit type selected. In the case of a couple occupying an independent living apartment, the second person will pay \$2,100. The Modified Fee-For-Service monthly fees are \$1,000 less for the first person and \$850 less for the second person. The financial projections assume that monthly service fees increase 3%, annually. The first person Modified monthly service fees will receive a \$1,000 discount and the second person will receive an \$850 discount off the respective Life Care monthly fee.

2. Independent Living Entrance fees

Life Care entrance fee plans with different refundability, as well as Modified Benefit service options will be available. Initial entrance fees for the various units, contract types and refundability are shown in Appendix B-6. In the case of a couple occupying an independent living apartment, there will be a second person entry fee under Life Care and Modified. The second person entry fee will amortize 2% per month, over 50 months, until zero refundable. Entrance fees will be increased approximately 3.0% annually for second and future generation residents beginning in January 2027.

In order to broaden the appeal to the market, 90% and 50% refundable contracts and traditional fully-amortizing contracts are planned. The financial projections currently assume 40% of the contracts will be 90% refundable, 30% will be 50% refundable and 30% will be traditional amortizing contracts. The anticipated plan types are described in Table 7 below.

**Table 7
Proposed Contract Types**

Plan Type	EF discount ⁽¹⁾	MSF discount ⁽²⁾	EF refundability ⁽³⁾	Life Care Benefit ⁽⁴⁾
<i>Life Care</i>				
Plan A	0%	0%	90%	Yes
Plan B	29%	0%	50%	Yes
Plan C	44%	0%	0%	Yes
<i>Modified</i>				
Plan D	8%	\$1,000	90%	No
Plan E	8%	\$1,000	50%	No
Plan F	8%	\$1,000	0%	No

- 1) Entrance Fee discounts for Plans B and C are discounted from Plan A. The average Entrance Fee discounts for Plans D, E and F are discounted from Plans A, B and C, respectively. Second person entrance fees for the fee for services plans A,B & C is \$80,000 and D,E & F is projected to be \$50,000.
- 2) Represents first person discount. The second person discount is \$850.
- 3) Entrance Fee will amortize at a rate of 2% per month.
- 4) Plans D, E and F offer a modified health care benefit as described above.

Table 8 below shows the proposed unit mix and corresponding average square footage for the independent living apartments in the North Tower. Related resident fees for each of these unit types and contract types are shown in Appendix B-6.

**Table 8
Proposed Independent Living Unit Mix
North Tower**

	Unit Mix	Avg. Square Footage
Independent Living Apartments		
One bedroom, prime	55	770
One bedroom den, prime	80	970
One bedroom deluxe, prime	25	870
Two bedroom prime	60	1,070
Two bedroom den, prime	50	1,215
<i>Total / Weighted Average</i>	<i>270</i>	<i>988</i>

D. COMMON AREA SPACES

Residents of the North Tower will enjoy use of its well-appointed common area spaces. The common spaces to be incorporated in the North Tower include the following spaces, which may be combined within the same space as other common areas:

- Various gathering spaces;
- Main dining room;
- Cafe casual dining area;
- Private dining room for special occasions;
- Wellness/fitness center and health spa;
- Beauty salon and day spa;
- Library/business center;
- Creative arts center (art studio, craft room);
- Game room;
- Theater;
- Residential storage;
- Mail alcove; and
- Administrative areas.

IV. PROJECT ECONOMICS AND FINANCING PLAN

A financial analysis and economic review of a proposed senior living North Tower development is essential to determine the North Tower's financial viability. This section analyzes the financial elements of the North Tower including project budget, debt and equity requirements, pre-finance cash requirements, projected cash flow and financial performance. Preliminary financing plans are also presented.

A. PROJECT SITE

The North Tower of the Community is to be situated on an approximately 6 acre parcel of land on property owned by Hebrew Home and located on the RiverSpring Campus. Hebrew Home is an affiliate of Sponsor, whose sole corporate member is also RHHC. The South Towers will be constructed on property currently owned by the Foundation, adjacent to the property owned by Hebrew Home, on the RiverSpring Campus. Sponsor has entered into a 99 year ground lease for the use of the property on which the North Tower will be located. Sponsor has entered into a Contribution Agreement with the Foundation whereby the Foundation will transfer all of its rights, title and interest in the property on which the South Towers will be developed. Such transfer will occur when the financing for construction of the North Tower is secured, currently anticipated in September 2021.

B. ESTIMATED PROJECT COSTS

The total budget for the development, construction and financing related costs of the North Tower is estimated at approximately \$441.3 million and is anticipated to be financed primarily with tax-exempt bonds. The Project financing also includes approximately \$8.5 million in permanent equity. A portion of certain reserves are planned to be funded from entrance fees.

The estimated project budget includes fixed rate temporary (short-term) debt and fixed rate long-term debt, interest earned on bond funds and equity. The entrance fees collected from the first generation of independent living residents are anticipated to be utilized to establish reserves, pay some project costs and retire the short term temporary debt.

Table 9 summarizes estimated North Tower Project costs before financing related costs, Debt Service Reserve Fund and Working Capital.

Table 9
Estimated Project Costs – Before Financing Related Costs (\$000s)

Land	\$ 25,367
Construction	226,319
Owners Work	5,403
Design, engineering	9,432
Marketing	15,473
Development fee	5,800
Insurance, Permits, Miscellaneous	10,538
Project Contingency	26,023
Escalation	21,487
TOTAL PROJECT COSTS	\$ 345,842

C. ESTIMATED PROJECT COSTS ASSUMPTIONS

Estimated project costs presented in Table 9 are based on the following key assumptions and rationale:

- (1) Land. The budget includes costs related to the acquisition of the adjacent land for the South Tower, as well as survey, entitlement, and site due diligence related expenditures.
- (2) Construction. Includes direct construction, site improvements, landscape and irrigation. Estimates are based on input from the proposed construction manager, Lend Lease.
- (3) Owner’s Work. This amount is an estimate to provide for common areas, office furniture and related décor, preconstruction services, owner testing, owner’s representative fees, and tap fees.
- (4) Design, Engineering. Includes fee estimates for the architect, interior designer, civil engineer, other related design professionals, and budgeted reimbursable expenses.
- (5) Marketing. The budget includes all costs of marketing including personnel, media and promotions, office operations, office set-up, and signage and collateral materials through construction.
- (6) Development Fee. The development fee includes costs paid to Eventus for development of the project and the related financial documents.
- (7) Insurance, Permits, Miscellaneous. Includes costs for legal fees, regulatory fees, pre-opening property taxes, insurance, travel and related reimbursables, pre-opening expenses, administrative fees and development planning fees
- (8) Project Contingency. The budget includes a 9.5% on Construction; Owner’s Work; Design, Engineering; Marketing; Development Fee; and Insurance, Permits and Miscellaneous for unbudgeted costs and changes.
- (9) Escalation. This budget allows room for the escalation of construction costs from the present through the construction period.

D. ESTIMATED SOURCES AND USES

Table 10 summarizes the estimated sources and uses of funds for the North Tower.

Table 10
Estimated Sources and Uses of Funds
(\$000s)

SOURCES OF		North Tower
Long-Term Tax-Exempt Bonds		\$ 193,500
Temporary Tax-Exempt Debt		
Short-Term Bonds		106,500
Construction Bank Loan		124,100
Equity		8,500
Interest Income		8,700
TOTAL SOURCES OF FUNDS		\$ 441,300
USES OF FUNDS:		
Land		\$ 25,367
Construction		226,319
Owners Work		5,403
Design, engineering		9,432
Marketing		15,473
Development fee		5,800
Insurance, Permits, Miscellaneous		10,538
Project Contingency		26,023
Escalation		21,487
TOTAL PROJECT COSTS		\$ 345,842
Legal & Financing		9,735
Pre-opening costs		500
Loan Commitment Fee		1,250
Funded Interest		53,491
Capitalized Construction Loan Interest		8,296
TOTAL FINANCING AND OTHER COSTS		73,272
Debt Service Reserve Fund		21,438
Working Capital		748
TOTAL USES OF FUNDS		\$ 441,300

E. ESTIMATED SOURCES AND USES ASSUMPTIONS

Estimated costs presented in Table 10 are based on the following key assumptions and rationale:

- (1) Funded Interest. Interest is funded in the Project budget for a period of 33 months, including the construction period to first occupancy and the first six months of operations. Funded Interest are presented net of investment earnings on project funds held by the trustee during the construction period.
- (2) Financing and Issuance Costs. These costs include fees to Sims as underwriter or bank and related issuance and financing costs.
- (3) Debt Service Reserve. A reserve equaling maximum annual debt service on long and short-term Bonds is funded in the Project budget.
- (4) Cash Requirements after Opening and Working Capital Reserves. Prior to achieving break-even occupancy, initial entrance fees will be utilized to fund the start-up deficits of the project.

F. PRE-FINANCE CAPITAL REQUIREMENTS

To fund the North Tower project costs prior to the start of construction, approximately \$45.0 million will be required as development capital for site acquisition, design and engineering, indirect construction, development fees, marketing, and other costs. Pre-finance development costs will be funded through a loan from the Foundation.

Pre-finance expenditures outlined in Table 11 are included within total budgeted project costs in Table 10.

Table 11
Estimated Pre-Finance Capital Requirements
(\$000)

SOURCES OF PRE-FINANCE CAPITAL

Hebrew Home at Riverdale Foundation	<u>\$45,037</u>
Total sources of pre-finance capital	<u>\$45,037</u>

USES OF PRE-FINANCE CAPITAL

Land Acquisition and Related Costs	\$25,367
Design	8,162
Marketing	6,000
Insurance, Permits, Miscellaneous	1,050
Contingency	258
Development Management	<u>4,200</u>
Total uses of pre-finance capital	<u>\$45,037</u>

Pre-finance capital requirements may change based on delays in the timeline and other unexpected factors. Estimated pre-finance capital requirements presented in Table 11 are based on the following key assumptions and rationale:

- (1) Land Acquisition and Related Costs. These costs are for the acquisition of the south campus property, future site of the South Tower.
- (2) Design. These are estimated costs to complete design, engineering, and permit activities required prior to closing on permanent financing.
- (3) Occupancy Development/Marketing. These costs include personnel costs, media and promotions, office related costs, and collateral materials in order to achieve 65% presales of the North Tower.
- (4) Insurance, Permits, Miscellaneous. These costs include owner legal fees, regulatory approval fees, feasibility study fees, and actuarial study fees.
- (5) Contingency. These costs include unexpected Project expenses and changes.
- (6) Development Management. These are fees related to development management services incurred during the pre-finance period.

G. PLAN OF FINANCE – PERMANENT FINANCING

The financial projections for the North Tower assume utilizing tax-exempt revenue bonds sold through a public offering and supported by approximately 65% pre-sales (10% deposits) of the independent living apartments. Key parameters of the North Tower’s assumed plan of finance provided by Sims, include:

Debt Structure

Funding:	Permanent debt includes tax-exempt, fixed-rate revenue bonds. Permanent debt will approximate \$195.0 million and the temporary debt will approximate \$230.6 million ⁽¹⁾ .
Issuer:	Build NYC Resource Development Corporation
Maturity/ Amortization:	The tax-exempt revenue bonds are assumed to have a 35 year term, of which, the first five years would be interest only. Scheduled amortization thereafter would be on an approximately level debt service basis.
Cost of Capital:	The assumed all-in interest rate for North Tower is 6.75% on the Long-Term Debt and average 5.75% on the Temporary Debt.
Debt Retirement:	All Long-Term Debt is planned to be retired through ongoing operations over the 31-year amortization period. All Temporary Debt is planned to be retired with initial entrance fees in 2024 through 2026, upon release of the entrance fees held in escrow in accordance with Article 46 of the NY Public Health Law.

⁽¹⁾ The final mix of debt securities will be determined based on a collective review of the capital markets as the North Tower nears financing.

Debt Security Features

Security/ Collateral Features:	The security for the bonds are expected to include at least the following: <ul style="list-style-type: none">• Gross revenue pledge, including entrance fees as permitted by state statutes;• First mortgage;• Debt service reserve fund equal to one year's maximum annual debt service; and• Monthly payments to the Trustee sufficient to pay interest and principal due on the next debt service payment date.
Construction:	Construction costs and completion guarantees to be provided by contractor along with 100% payment and performance bonds.

Other Requirements and Covenants

Presales:	It is assumed that approximately 65% of the independent living apartments will be required to be pre-sold prior to closing the permanent financing. A presale is defined as a resident executing a residency agreement or reservation agreement and paying a deposit equal to 10% of the entrance fee on the selected unit.
Rate Covenant:	It is anticipated that the North Tower will be required to set its fee structure such that net income available before debt service will be at least 1.30x its maximum annual debt service requirement beginning in the Stable Year and thereafter.
Cash Reserve Covenant:	The facility is anticipated to be required to maintain a minimum cash-reserve-to-debt ratio of 30% by the Stable Year.

Other Financing Assumptions

Underwriter's Fee:	1.75% of the Bonds and .6% of the Bank Loan.
Funded Interest:	33 months (construction period to first Independent Unit occupancy plus 6 months).

While the assumed plan of finance is anticipated to be achievable at the time of financing, it is always possible that changes in the capital markets or other factors may require necessary changes to the financing plan.

H. PROJECTED FINANCIAL PERFORMANCE

During the estimated 36-month fill-up period to 95% independent living occupancy for the North Tower, an initial entrance fee pool of approximately \$323 million will be generated. The finance plan assumes \$230.6 million of initial entrance fees (approximately 71%) are used to retire the temporary debt.

The North Tower Stable Year is projected to be 2027. Net cash flow, including net entrance fees from turnover, is anticipated to approximate over \$7 million in 2027. Cash flow projections indicate the North Tower will have generated cash reserves of approximately \$96.4 million through 2027. The North Tower projected debt service coverage ratio from operations and entrance fees is 1.54 (based on maximum annual debt service) and days cash-on-hand is projected to be over 900 in 2027.

The cash flow projections for the North Tower are based on a set of assumptions believed to be reasonable and prudent. However, actual financial results may vary. Tables 12 and 13 on the following pages present the detailed cash flows and cash reserves and ratios, respectively.

Table 12
North Tower
Projected Cash Flow
Fiscal Years Ending December 31

STATEMENT OF FORECASTED CASH FLOW	Pre-Finance	2022	2023	Opens 2024	2025	2026	Stabilized 2027
OPERATING ACTIVITIES							
Excess (Deficit) of Revenues over Expenses	\$ 8,500,000	\$ -	\$ (500,000)	\$(35,783,170)	\$(17,417,586)	\$ (4,264,930)	\$ (758,219)
Earned Entrance Fees	-	-	-	(2,816,543)	(7,426,390)	(10,196,187)	(11,326,664)
Entrance Fees Received declining refunds	-	-	-	-	-	-	7,114,879
Entrance Fees Refunded	-	-	-	-	-	-	-
Depreciation & Amortization	-	-	-	12,944,901	12,896,285	11,774,198	11,831,948
Change in AR and Prepays	-	-	-	(588,775)	(152,911)	(103,635)	(105,072)
Change in Payables	-	-	-	1,520,488	241,272	(832,908)	(331,223)
Accrued Expenses	-	-	-	194,907	5,847	6,023	6,203
Incr (Decr) Interest Payable	-	-	-	-	-	-	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>8,500,000</u>	<u>-</u>	<u>(500,000)</u>	<u>(24,528,193)</u>	<u>(11,853,484)</u>	<u>(3,617,439)</u>	<u>6,431,853</u>
INVESTING ACTIVITIES							
Land Deposits	(23,728,802)	-	-	-	-	-	-
Construction in progress	(4,210,103)	(149,921,088)	(164,595,140)	-	-	-	-
Increase in deferred financing costs	-	-	-	-	-	-	-
Increase in deferred marketing costs	(1,028,571)	(4,372,121)	(4,007,777)	-	-	-	-
Equipment additions	-	-	(5,402,900)	(500,000)	(550,000)	(605,000)	(665,500)
NET CASH (USED) BY INVESTING ACTIVITIES	<u>(28,967,476)</u>	<u>(154,293,209)</u>	<u>(174,005,817)</u>	<u>(500,000)</u>	<u>(550,000)</u>	<u>(605,000)</u>	<u>(665,500)</u>
FINANCING ACTIVITIES							
Increase in debt	-	39,684,359	46,827,695	-	-	-	-
Initial Entrance Fees and deposits	-	-	-	165,464,424	103,383,794	73,502,579	-
Refundable Entrance fees	-	-	-	-	-	-	10,513,121
Entrance Fee Refunds	-	-	-	(1,358,088)	(3,869,512)	(5,507,205)	(7,087,336)
Temporary funding from affiliate	20,467,476	-	-	-	-	-	-
Principal Reductions	-	-	-	(115,483,193)	(93,613,664)	(23,486,387)	(2,120,468)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>20,467,476</u>	<u>39,684,359</u>	<u>46,827,695</u>	<u>48,623,143</u>	<u>5,900,618</u>	<u>44,508,987</u>	<u>1,305,316</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ -	\$ (114,608,850)	\$(127,678,123)	\$ 23,594,950	\$ (6,502,866)	\$ 40,286,549	\$ 7,071,669
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	\$ -	\$ 274,194,278	\$ 159,585,428	\$ 31,907,306	\$ 55,502,256	\$ 48,999,390	\$ 89,285,939
AT END OF YEAR	\$ -	\$ 159,585,428	\$ 31,907,306	\$ 55,502,256	\$ 48,999,390	\$ 89,285,939	\$ 96,357,608
Cash and Equivalents	\$ -	\$ (0)	\$ (0)	\$ 27,652,873	\$ 24,529,379	\$ 64,503,774	\$ 70,455,848
Trustee Held Reserves	\$ -	\$ 159,585,428	\$ 31,907,306	\$ 27,849,383	\$ 24,470,012	\$ 24,782,165	\$ 25,901,760
Available for Reserves	\$ -	\$ 159,585,428	\$ 31,907,306	\$ 55,502,256	\$ 48,999,390	\$ 89,285,939	\$ 96,357,608

Table 13
North Tower
Projected Financial Ratios
Fiscal Years Ending December 31

Debt Service Coverage:

	2022	2023	Opens 2024	2025	2026	Stabilized 2027
Excess (Deficit) of Revenues over Expenses	\$ -	\$ (500,000)	\$(35,783,170)	\$(17,417,586)	\$ (4,264,930)	\$ (758,219)
Deduct:						
Earned Entrance Fees	-	-	(2,816,543)	(7,426,390)	(10,196,187)	(11,326,664)
Add:						
Subordinate Debt Interest						
Interest Expense	-	-	24,265,259	18,290,729	13,639,209	12,855,603
Depreciation & Amortization	-	-	12,944,901	12,896,285	11,774,198	11,831,948
Entrance Fees Received	-	-	(1,358,088)	(3,869,512)	(5,507,205)	10,540,664
Net Revenues Available for Debt Service	\$ -	\$ (500,000)	\$ (2,747,640)	\$ 2,473,526	\$ 5,445,086	\$ 23,143,333
Maximum Annual Debt Service ⁽¹⁾		na \$ -	\$ -	\$ -	\$ 15,047,637	\$ 15,047,637
Annual Debt Service Coverage Ratio	0.00	0.00	0.00	0.00	0.36	1.54

Reserve Ratio

Cash & Investments (Incl DSR and Oper. Reserve)	21,437,637	21,437,637	55,502,256	48,999,390	89,285,939	96,357,608
Total Indebtedness	300,000,000	300,000,000	300,000,000	215,000,000	191,513,613	189,393,144
Reserve Ratio	0.00	0.07	0.19	0.23	0.47	0.51

Days Cash-on-Hand

Cash & Investments (Incl Oper. Reserve, Excl DSR)	\$ -	\$ (0)	\$ 34,064,619	\$ 32,661,753	\$ 74,238,302	\$ 81,309,971
Daily operating expense	\$ -	\$ 1,370	\$ 91,712	\$ 87,107	\$ 83,345	\$ 89,410
Days Cash-on-Hand	-	(0)	371	375	891	909

I. OPERATING BUDGET ASSUMPTIONS

The operating budget is based on operating results and experience at similar communities. The following outlines the key operating budget assumptions. Refer to Appendix B-3 to see a detailed listing of operating assumptions for the North Tower. The expense budget is created based on the proposed resident service packages and 95% stabilized occupancy for the independent living apartments.

- Monthly service fees are assumed to escalate 3.0% annually beginning in January 2025;
- Initial entrance fees are assumed to increase at 3.0% twice during construction and 3.0%, annually, thereafter.;
- Operating expenses are assumed to escalate 3.0% annually during the entire projection period;
- Stabilized occupancy is assumed to be 95% for the independent living apartments;
- Wage rates are based on wage rates prevalent in the area for corresponding positions;
- Employee fringe benefits and taxes are assumed to average 39.5% of salaries and wages, based on local experience;
- Utilities are estimated at approximately \$2.28 per square foot per year in 2019 dollars;
- Average raw food costs are estimated to be \$10.61 per independent living resident meal in 2019 dollars based on comparable communities;
- The couples mix is estimated at 45% initially for the independent living apartments (declining 2% per year beginning 2025);
- Property tax payments are estimated at approximately \$1.6 million in 2024;
- Investment earning rates are projected to be 2.75% for entrance fees collected and retained cash flow, 1.5% for project funds, including construction, and 3.5% for the debt service reserve fund; and
- Other income, consisting of income from guest meals and miscellaneous revenues, is estimated to be approximately 4.0% of independent living revenue.

V. PROJECT TIMELINE

The Sponsor began accepting priority reservation deposits in January 2019. The Community currently anticipates receiving the amended Certificate of Authority in the fourth quarter 2019, thereafter allowing the Community to begin accepting 10% deposits for the North Tower. Achievement of 65% pre-sales for the North Tower is expected to be achieved by September 2021. Completion of construction documents and receipt of a Guaranteed Maximum Price (“GMP”) contract is anticipated to occur in September 2021. Permanent financing and construction start are planned for October 2021. Construction of the North Tower is anticipated to take 27 months for full completion in December 2023. Independent living apartments of the North Tower are planned to be available for occupancy in January 2024 and fill to stabilized occupancy (95%) over a 36 month period, and the first full year after reaching stabilized occupancy, or the stable year, is anticipated to be 2027.

Table 14 presents the detailed North Tower development milestones timeline.

Table 14
Estimated Development Timeline

Event	Date
Initiate pre-sales process	September 2018
Final GMP Bidding	September 2021
Achieve 65% pre-sales	September 2021
Begin construction	October 2021
First ILU occupancy	January 2024
Achieve IL stabilized occupancy	December 2026

VI. REGULATORY REQUIREMENTS

A. CONTINUING CARE RETIREMENT COMMUNITIES (CCRC)

Article 46 of the New York Public Health Law governs the development and financing of CCRCs in the State of New York. The regulatory powers of Article 46 are vested in the Continuing Care Retirement Community Council (the “Council”) which consists of the Attorney General of the State, the State Commissioner of Health (the “Commissioner”), the State Superintendent of Insurance, the State Director of the Office of the Aging, the State Commissioner of Social Services, or designees of any of them, and eight public members appointed by the Governor. No CCRC may be established unless the Commissioner, in consultation with the Council, issues a Certificate of Authority.

Regulation under Article 46 is limited to CCRCs. Article 46 defines CCRCs as facilities providing at a minimum:

- Independent living apartments and a meal plan;
- A range of health care and social services;
- Access to health services; and
- At least sixty days of prepaid nursing center services to all residents.

Prior to obtaining a Certificate of Authority, the operator of a proposed CCRC is permitted to enter into cancellable Priority Reservation Agreements (“Reservation Agreements”) and accept refundable Priority Reservation Fees (“Reservation Deposits”) up to \$2,000, contingent upon obtaining the written authorization of the Commissioner. To receive written authorization, application must be made in the proscribed form and include the proscribed information, primarily consisting of a description of the proposed project, its owners and the plan to solicit the Reservation Agreements (“Priority Program”). Any Reservation Deposits received during the Priority Program must be placed directly into escrow. In addition, a sales office, model apartments and other marketing materials may be constructed, created and utilized for the Priority Program, subject to certain restrictions.

As previously mentioned, in order to operate a CCRC under Article 46, an operator must obtain a Certificate of Authority (“Certificate”). The Certificate allows the operator to enter into life care contracts, in addition to collecting Reservation Deposits (subject to escrow requirements). The Commissioner, in consultation with the Council, can also authorize the operator to provide adult care and/or health care center services to direct entrants, for a limited period.

If the Council and the Commissioner approve an application, the Commissioner will issue a Certificate. After receiving a Certificate, CCRCs are subject to various escrow, financial disclosure and sophisticated actuarial and accounting requirements. The approval process for a Certificate requires approximately nine to twelve months.

Under Article 46, an operator seeking industrial development agency (“IDA”) financing for a proposed CCRC must also obtain the Council’s approval for the financing in the form of a Certificate of Authorization. Requirements for a Certificate of Authorization include:

- 65% pre-sales of independent living apartments secured by 10% deposits or 60% pre-sales secured by 25% deposits;
- Receipt of a contingent Certificate;
- The Community has a not-for-profit owner with either an equity position in the Community equal to 15% of the debt, or meets the following covenants:
 - Achieves a cash and investments to debt ratio of 25% at the end of the first quarter after twenty-four months from receipt of a certificate of occupancy;
 - Maintains the 25% cash and investments to debt ratio until debt reduction of 25% of total debt is accomplished; and
 - Reduces total debt by 25% within five years of receipt of a certificate of occupancy.
- A feasibility study prepared by a reputable accounting firm accustomed to preparing CCRC feasibility studies; and
- Establish a fully funded debt service reserve fund equal to the maximum annual debt service on all bonds authorized.

The proposed Community will be subject to regulation as a CCRC under Article 46. The regulatory environment will continue to be monitored as development progresses to determine if any changes to the proposed regulatory oversight are necessary.

B. FEE-FOR-SERVICE CCRC DEMONSTRATION PROGRAM

In August 2004, legislation was passed establishing Article 46-A of the New York Public Health Law and allowing for the development of a limited number of Fee-for-Service CCRCs. Under the demonstration program, the Commissioner, in consultation with the Council, may approve up to eight Fee-for-Service CCRCs.

Regulation under Article 46-A is limited to Fee-for-Service CCRCs. Under Article 46-A a Fee-for-Service CCRCs is to provide access to the same services as those of a CCRC, but such services are on an as-needed basis, pursuant to the terms of the contractual fee-for-service schedule.

Article 46-A provides for the same basic regulatory requirements over Fee-for-Service CCRCs as Article 46 provides over CCRCs, including vesting regulatory authority with the Council. However, the State Superintendent of Insurance has no role in the review process of Certificates of Authority issued for Fee-for-Service CCRCs, as Fee-for-Service CCRCs are not required to provide prepaid care to residents. This creates difference in regulatory requirements between Article 46 and Article 46-A, with respect to reserve requirements.

Fee-for-Service CCRCs are only required to maintain reserves equal to fifteen percent (15%) of projected annual operating expenses, exclusive of depreciation. Note that Fee-for-Service CCRCs seeking IDA financing remain subject to the additional Certificate of Authorization requirements (including covenants and reserves) as CCRCs (see subsection B above).

Appendix A

Primary Market Area Demographics

Appendix A-1
PMA Demographic Characteristics

	CENSUS	ESTIMATED 2016	PROJECTED 2021	PROJECTED 2021	PROJECTED ANNUAL GROWTH 2016 - 2021
<i><u>POPULATION ESTIMATES</u></i>					
	<u>2010</u>				
Total Population	968,619	1,010,944	1,043,876	1,043,876	0.6%
Population Age 65 & Older	129,450	149,477	172,654	172,654	2.9%
Percent of Total Population	13.4%	14.8%	16.5%	16.5%	
Population Age 75 & Older	64,192	68,427	74,616	74,616	1.7%
Percent of Total Population	6.6%	6.8%	7.1%	7.1%	
Population Age 85 & Older	21,233	23,378	24,323	24,323	0.8%
Percent of Total Population	2.2%	2.3%	2.3%	2.3%	
<i><u>HOUSEHOLD ESTIMATES</u></i>					
	<u>2000</u>				
Total Households	356,042	378,347	391,755	391,755	0.7%
Head of Household Age 65 & Older	80,103	91,842	105,158	105,158	2.7%
Percent of Total Households	22.5%	24.3%	26.8%	26.8%	
Head of Household Age 75 & Older	40,045	42,469	46,099	46,099	1.7%
Percent of Total Households	11.2%	11.2%	11.8%	11.8%	
Head of Household Age 85 & Older	8,845	14,016	14,593	14,593	0.8%
Percent of Total Households	2.5%	3.7%	3.7%	3.7%	

SOURCES:

U.S. Census Bureau
Nielsen Claritas, Inc.
Greystone Communities

Appendix A-2

PMA Annual Growth and Percent of Total Population

AREA	ANNUAL GROWTH		SENIORS AS A PERCENT OF TOTAL POPULATION	
	2010 - 2016	2016 - 2021	2016	2021
	ESTIMATED	PROJECTED	ESTIMATED	PROJECTED
<u>PMA</u>				
<u>25 ZIP Codes</u>				
Age 65+	2.4%	2.9%	14.8%	16.5%
Age 75+	1.1%	1.7%	6.8%	7.1%
Age 85+	1.6%	0.8%	2.3%	2.3%
<u>Bronx & Westchester Counties</u>				
Age 65+	2.5%	3.1%	13.6%	15.3%
Age 75+	1.3%	2.0%	6.0%	6.4%
Age 85+	2.1%	0.9%	2.0%	2.0%
<u>New York</u>				
Age 65+	2.5%	2.9%	15.3%	17.3%
Age 75+	0.9%	1.6%	6.7%	7.1%
Age 85+	1.7%	0.7%	2.2%	2.2%
<u>United States</u>				
Age 65+	3.2%	3.3%	15.1%	17.1%
Age 75+	1.6%	2.2%	6.3%	6.8%
Age 85+	2.1%	1.1%	1.9%	2.0%

SOURCES:

- U.S. Census Bureau
- Nielsen Claritas, Inc.
- Greystone Communities

Appendix A-3
PMA Median Income

	Total Households	Households Age 65+	Households Age 75+	Households Age 85+	Percent of 75+ Households with Income \$50,000+	Percent of 85+ Households with Income \$50,000+	Home Values Total Homeowners
PMA	\$51,298	\$39,680	\$27,839	\$22,892	29.1%	23.2%	\$433,411
Bronx & Westchester Counties	\$49,013	\$38,510	\$27,448	\$23,506	30.0%	25.4%	\$474,753
New York	\$60,445	\$41,416	\$29,486	\$24,167	28.7%	22.3%	\$296,329
United States	\$55,551	\$40,973	\$30,349	\$25,043	27.6%	21.5%	\$192,432

SOURCES:
 U.S. Census Bureau
 Nielsen Claritas, Inc.
 Greystone Communities

Appendix B
Detailed Operating Assumptions

Appendix B-1
Departmental Staffing - FTEs

	2024	2025	2026	2027	2028
General and Administration					
Executive Director	1.00	1.00	1.00	1.00	1.00
Mkting Director	1.00	1.00	1.00	1.00	1.00
Marketing Asst	2.00	2.00	2.00	2.00	2.00
Move in Coordinator	1.00	1.00	1.00	1.00	1.00
Administrative assistant	1.00	1.00	1.00	1.00	1.00
Transportation	2.00	2.00	2.00	2.00	2.00
Activities	1.50	2.00	2.00	2.00	2.00
Reception	2.10	2.10	2.10	2.10	2.10
Business Office manager	1.00	1.00	1.00	1.00	1.00
Lifeguard	0.25	0.25	0.25	0.25	0.25
Wellness	1.00	1.00	1.00	1.00	1.00
EPC	<u>0.53</u>	<u>0.53</u>	<u>0.53</u>	<u>0.53</u>	<u>0.53</u>
Total General and Administration	14.38	14.88	14.88	14.88	14.88
Housekeeping					
Laundry staff	0.28	0.54	0.54	0.54	0.54
Housekeeper - IL units	4.86	7.17	8.49	8.49	8.49
Common area	2.35	2.35	2.25	2.25	2.25
Supervisor	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>
Total Houskeeping	8.49	11.06	12.28	12.28	12.28
Maintenance					
Security	7.75	7.75	7.75	7.75	7.75
Mechanics	3.00	3.00	3.00	4.20	4.20
Dept head	1.00	1.00	1.00	1.00	1.00
Grounds	<u>0.50</u>	<u>0.50</u>	<u>0.50</u>	<u>0.50</u>	<u>0.50</u>
Total Maintenance	12.25	12.25	12.25	13.45	13.45
Food Service					
Food Service director	1.00	1.00	1.00	1.00	1.00
Managers	1.00	1.00	1.00	1.00	1.00
Chef	1.02	2.02	2.02	2.02	2.02
Cooks	2.60	2.60	2.60	3.00	3.00
Cold Food Prep/ Baker	0.50	2.17	1.60	1.60	1.60
PTKitchen Aides/Utility	1.10	2.00	2.85	2.85	2.85
Hostess	3.20	3.18	4.60	4.60	4.60
Destination Dining	7.01	7.01	7.01	7.01	7.01
FT Servers	5.00	10.00	10.00	10.00	10.00
Sous Chef	1.00	1.00	1.00	1.00	1.00
Replacement	<u>3.45</u>	<u>4.74</u>	<u>5.72</u>	<u>5.72</u>	<u>5.72</u>
Total Food Service	26.88	36.72	39.40	39.80	39.80
Total FTE	<u>62.00</u>	<u>74.91</u>	<u>78.81</u>	<u>80.41</u>	<u>80.41</u>

Appendix B-2

North Tower Departmental Wage Rates (\$/hour)

	2024	2025	2026	2027	2028
General and Administration					
Executive Director	\$ 122.22	\$ 125.88	\$ 129.66	\$ 133.55	\$ 137.56
Mkting Director	66.58	68.58	70.64	72.76	74.94
Marketing Asst	40.14	41.35	42.59	43.87	45.18
Move in Coordinator	39.79	40.99	42.22	43.48	44.79
Administrative assistant	22.38	23.05	23.74	24.46	25.19
Transportation	22.38	23.05	23.74	24.46	25.19
Activities	29.28	30.16	31.06	32.00	32.96
Reception	24.92	25.67	26.44	27.23	28.05
Business Office manager	31.84	32.79	33.78	34.79	35.83
Lifeguard	19.66	20.25	20.86	21.48	22.13
Wellness	53.73	55.35	57.01	58.72	60.48
EPC	24.66	25.40	26.17	26.95	27.76
Average wage	40.04	40.87	42.10	43.36	44.66
Housekeeping					
Laundry staff	20.82	21.45	22.09	22.75	23.44
Housekeeper - IL units	20.82	21.45	22.09	22.75	23.44
Common area	20.82	21.45	22.09	22.75	23.44
Supervisor	34.25	35.27	36.33	37.42	38.54
Average wage	22.40	22.70	23.25	23.95	24.67
Maintenance					
Security	22.15	22.82	23.50	24.21	24.93
Mechanics	25.94	26.72	27.52	28.35	29.20
Dept head	63.15	65.04	66.99	69.00	71.07
Grounds	21.91	22.56	23.24	23.94	24.66
Average	26.42	27.21	28.03	28.82	29.68
Food Service					
Food Service director	50.37	51.89	53.44	55.05	56.70
Managers	39.18	40.36	41.57	42.81	44.10
Chef	39.18	40.36	41.57	42.81	44.10
Cooks	26.25	27.04	27.85	28.68	29.54
Cold Food Prep/ Baker	22.37	23.04	23.73	24.44	25.18
PTKitchen Aides/Utility	21.45	22.09	22.75	23.43	24.14
Hostess	23.51	24.21	24.94	25.69	26.46
Destination Dining	21.45	22.09	22.75	23.43	24.14
FT Servers	21.45	22.09	22.75	23.43	24.14
Sous Chef	27.99	28.83	29.69	30.58	31.50
Replacement	22.72	23.41	24.11	24.83	25.58
Average	24.99	25.35	25.98	26.78	27.58
Average	28.41	28.34	28.92	29.76	30.65

Appendix B-3

North Tower Departmental Operating Costs

	2024	2025	2026	2027	2028
General and Administration					
Salaries, taxes and benefits	\$ 1,704,863	\$ 1,818,322	\$ 1,872,872	\$ 1,929,058	\$ 1,986,929
Insurance & other	430,139	531,652	1,239,774	1,590,113	1,637,817
Real estate taxes	<u>1,265,058</u>	<u>1,563,611</u>	<u>1,610,520</u>	<u>1,658,835</u>	<u>1,708,600</u>
Total general and administration	3,400,060	3,913,585	4,723,166	5,178,006	5,333,346
Land Lease	946,560	946,560	946,560	946,560	993,888
Housekeeping					
Salaries, taxes and benefits	330,828	728,679	828,932	853,800	879,414
Housekeeping other	31,880	39,404	40,586	41,803	43,058
Laundry other	<u>101,436</u>	<u>125,375</u>	<u>129,137</u>	<u>133,011</u>	<u>137,001</u>
Total housekeeping	464,144	893,458	998,655	1,028,615	1,059,473
Maintenance					
Salaries, taxes and benefits	1,033,234	1,064,231	1,096,158	1,237,659	1,274,789
Other maintenance	512,013	632,848	651,833	671,388	691,530
Utilities	<u>909,740</u>	<u>1,124,439</u>	<u>1,158,172</u>	<u>1,192,917</u>	<u>1,228,705</u>
Total maintenance	2,454,987	2,821,518	2,906,164	3,101,965	3,195,023
Food Services					
Salaries, taxes and benefits	1,488,752	2,701,809	2,971,149	3,093,587	3,186,395
Other	<u>600,284</u>	<u>1,309,290</u>	<u>1,785,629</u>	<u>1,914,133</u>	<u>1,909,496</u>
Total food services	2,089,035	4,011,099	4,756,778	5,007,720	5,095,891
Health services	410,622	1,307,781	2,714,977	4,665,596	7,003,018
Total operating expenses	<u>\$ 9,765,408</u>	<u>\$ 13,894,001</u>	<u>\$ 17,046,299</u>	<u>\$ 19,928,461</u>	<u>\$ 22,680,640</u>

Appendix B-4

North Tower Fill Up Schedule by Month

Month	IL Units	Cumulative IL	%
1	10.80	10.80	4.0%
2	12.15	22.95	8.5%
3	9.45	32.40	12.0%
4	14.85	47.25	17.5%
5	12.53	59.78	22.1%
6	9.96	69.74	25.8%
7	9.96	79.70	29.5%
8	9.96	89.67	33.2%
9	9.96	99.63	36.9%
10	9.96	109.59	40.6%
11	9.96	119.56	44.3%
12	10.45	130.01	48.2%
13	7.48	137.48	50.9%
14	7.96	145.45	53.9%
15	7.99	153.44	56.8%
16	6.97	160.41	59.4%
17	6.97	167.37	62.0%
18	6.99	174.37	64.6%
19	5.97	180.33	66.8%
20	5.97	186.30	69.0%
21	5.99	192.29	71.2%
22	4.97	197.26	73.1%
23	4.99	202.26	74.9%
24	4.74	207.00	76.7%
25	5.22	212.22	78.6%
26	4.97	217.19	80.4%
27	4.99	222.18	82.3%
28	4.97	227.15	84.1%
29	4.00	231.15	85.6%
30	3.97	235.12	87.1%
31	4.00	239.11	88.6%
32	4.00	243.11	90.0%
33	3.97	247.08	91.5%
34	4.00	251.07	93.0%
35	3.00	254.07	94.1%
36	1.92	255.99	94.8%

Appendix B-5
North Tower Debt Amortization Schedule

DEBT AMORTIZATION SCHEDULE							
Period	Year	Principal	Interest	EF debt Payments	Total Debt Service	Ending Principal	
1	2021	0	1,597,500	0	1,597,500	300,000,000	
2	2022	0	6,390,000	0	6,390,000	300,000,000	
3	2023	0	6,390,000	0	6,390,000	300,000,000	
4	2024	0	19,451,250	0	19,451,250	300,000,000	
5	2025	0	18,251,250	85,000,000	103,251,250	215,000,000	
6	2026	1,986,387	13,639,209	21,500,000	37,125,597	191,513,613	
7	2027	2,120,468	12,855,603	0	14,976,071	189,393,144	
8	2028	2,263,600	12,707,641	0	14,971,241	187,129,544	
9	2029	2,416,393	12,549,691	0	14,966,084	184,713,151	
10	2030	2,579,500	12,381,080	0	14,960,579	182,133,652	
11	2031	2,753,616	12,201,087	0	14,954,703	179,380,036	
12	2032	2,939,485	12,008,945	0	14,948,430	176,440,551	
13	2033	3,137,900	11,803,833	0	14,941,733	173,302,651	
14	2034	3,349,708	11,584,876	0	14,934,585	169,952,943	
15	2035	3,575,814	11,351,140	0	14,926,954	166,377,129	
16	2036	3,817,181	11,101,626	0	14,918,807	162,559,948	
17	2037	4,074,841	10,835,271	0	14,910,111	158,485,108	
18	2038	4,349,892	10,550,936	0	14,900,828	154,135,215	
19	2039	4,643,510	10,247,409	0	14,890,919	149,491,705	
20	2040	4,956,947	9,923,393	0	14,880,340	144,534,758	
21	2041	5,291,541	9,577,507	0	14,869,048	139,243,217	
22	2042	5,648,720	9,208,273	0	14,856,993	133,594,496	
23	2043	6,030,009	8,814,116	0	14,844,124	127,564,488	
24	2044	6,437,034	8,393,353	0	14,830,387	121,127,453	
25	2045	6,871,534	7,944,189	0	14,815,723	114,255,919	
26	2046	7,335,363	7,464,706	0	14,800,069	106,920,557	
27	2047	7,830,500	6,952,858	0	14,783,358	99,090,057	
28	2048	8,359,058	6,406,461	0	14,765,519	90,730,998	
29	2049	8,923,295	5,823,181	0	14,746,476	81,807,704	
30	2050	9,525,617	5,200,530	0	14,726,148	72,282,086	
31	2051	10,168,596	4,535,851	0	14,704,447	62,113,490	
32	2052	10,854,977	3,826,305	0	14,681,282	51,258,513	
33	2053	11,587,688	3,068,865	0	14,656,553	39,670,826	
34	2054	12,369,857	2,260,298	0	14,630,155	27,300,969	
35	2055	13,204,822	1,397,153	0	14,601,975	14,096,147	
36	2056	14,096,147	475,745	0	14,571,892	0	

Appendix B-6
North Tower Unit Mix and Pricing

River's Edge					
Proposed Unit Mix and Pricing					
<i>Plan A - 90% Refundable Lifecare</i>					
	Unit Mix	Square Footage	2024 Monthly Fee ⁽¹⁾		Initial Entrance Fee ⁽²⁾
Independent Living Apartments					
One bedroom, prime	55	772	\$ 6,480	\$	930,802
One bedroom deluxe, prime	25	872	\$ 7,180	\$	1,367,932
One bedroom den, prime	80	971	\$ 7,780	\$	1,408,996
Two bedroom prime	60	1,068	\$ 8,390	\$	1,882,112
Two bedroom den, prime	50	1,217	\$ 8,880	\$	2,420,302
Total / Weighted Average	270	988	\$ 7,799	\$	1,600,200
Second person fee			\$ 2,100	\$	80,000

⁽¹⁾ Monthly fees are expected to increase at 3.0%, annually, for inflation.

⁽²⁾ These initial entrance fees represent the weighted average entrance fee for each unit type. The actual entrance fee for a particular unit will vary from minus 16% to plus 21% depending on the location in the building. First person Entrance Fee as proposed is 90% refundable. Second person Entrance Fee as proposed is 0% refundable.

Appendix B-6
North Tower Unit Mix and Pricing (Continued)

River's Edge					
Proposed Unit Mix and Pricing					
<i>Plan B - 50% Refundable - Lifecare</i>					
	Unit Mix	Square Footage	2024 Monthly Fee ⁽¹⁾		Initial Entrance Fee ⁽²⁾
Independent Living Apartments					
One bedroom, prime	55	772	\$	6,480	\$ 664,859
One bedroom deluxe, prime	25	872	\$	7,180	\$ 977,094
One bedroom den, prime	80	971	\$	7,780	\$ 1,006,426
Two bedroom prime	60	1,068	\$	8,390	\$ 1,344,366
Two bedroom den, prime	50	1,217	\$	8,880	\$ 1,728,787
<hr/>					
Total / Weighted Average	270	988	\$	7,799	\$ 1,143,000
<hr/>					
Second person fee			\$	2,100	\$ 80,000

(1) Monthly fees are expected to increase at 3.0%, annually, for inflation.

(2) These initial entrance fees represent the weighted average entrance fee for each unit type. The actual entrance fee for a particular unit will vary from minus 16% to plus 21% depending on the location in the building. First person Entrance Fee as proposed is 50% refundable. Second person Entrance Fee as proposed is 0% refundable.

Appendix B-6
North Tower Unit Mix and Pricing (Continued)

River's Edge					
Proposed Unit Mix and Pricing					
<i>Plan C - 0% Declining Balance - Lifecare</i>					
	Unit	Square	2024		Initial
	Mix	Footage	Monthly		Entrance
			Fee ⁽¹⁾		Fee ⁽²⁾
Independent Living Apartments					
One bedroom, prime	55	772	6,480 \$		517,112
One bedroom deluxe, prime	25	872	7,180 \$		759,962
One bedroom den, prime	80	971	7,780 \$		782,776
Two bedroom prime	60	1,068	8,390 \$		1,045,618
Two bedroom den, prime	50	1,217	8,880 \$		1,344,612
Total / Weighted Average	270	988	\$ 7,799 \$		889,000
Second person fee			\$ 2,100 \$		80,000

(1) Monthly fees are expected to increase at 3.0%, annually, for inflation.

(2) These initial entrance fees represent the weighted average entrance fee for each unit type. The actual entrance fee for a particular unit will vary from minus 16% to plus 21% depending on the location in the building. First person Entrance Fee as proposed is 0% refundable. Second person Entrance Fee as proposed is 0% refundable.

Appendix B-6

North Tower Unit Mix and Pricing (Continued)

River's Edge					
Proposed Unit Mix and Pricing					
<i>Plan D - 90% Refundable - Modified</i>					
	Unit Mix	Square Footage		2024 Monthly Fee ⁽¹⁾	Initial Entrance Fee ⁽²⁾
Independent Living Apartments					
One bedroom, prime	55	772	\$	5,480	\$ 782,985
One bedroom deluxe, prime	25	872	\$	6,180	\$ 1,088,612
One bedroom den, prime	80	971	\$	6,780	\$ 1,406,854
Two bedroom prime	60	1,068	\$	7,390	\$ 1,698,867
Two bedroom den, prime	50	1,217	\$	7,880	\$ 2,250,038
Total / Weighted Average	270	988	\$	6,799	\$ 1,471,340
Second person fee			\$	1,250	\$ 30,000

(1) Monthly fees are expected to increase at 3.0%, annually, for inflation.

(2) These initial entrance fees represent the weighted average entrance fee for each unit type. The actual entrance fee for a particular unit will vary from minus 16% to plus 21% depending on the location in the building. First person Entrance Fee as proposed is 90% refundable. Second person Entrance Fee as proposed is 0% refundable.

Appendix B-6
North Tower Unit Mix and Pricing (Continued)

River's Edge					
Proposed Unit Mix and Pricing					
<i>Plan E - 50% Refundable - Modified</i>					
	Unit Mix	Square Footage	2024 Monthly Fee ⁽¹⁾	2024 Monthly Fee ⁽¹⁾	Initial Entrance Fee ⁽²⁾
Independent Living Apartments					
One bedroom, prime	55	772	\$	5,480	\$ 559,204
One bedroom deluxe, prime	25	872	\$	6,180	\$ 777,508
One bedroom den, prime	80	971	\$	6,780	\$ 1,004,825
Two bedroom prime	60	1,068	\$	7,390	\$ 1,213,405
Two bedroom den, prime	50	1,217	\$	7,880	\$ 1,607,099
Total / Weighted Average	270	988	\$	6,799	\$ 1,050,886
Second person fee			\$	1,250	\$ 30,000

(1) Monthly fees are expected to increase at 3.0%, annually, for inflation.

(2) These initial entrance fees represent the weighted average entrance fee for each unit type. The actual entrance fee for a particular unit will vary from minus 16% to plus 21% depending on the location in the building. First person Entrance Fee as proposed is 50% refundable. Second person Entrance Fee as proposed is 0% refundable.

Appendix B-6
North Tower Unit Mix and Pricing (Continued)

River's Edge				
Proposed Unit Mix and Pricing				
<i>Plan F - 0% Declining Balance - Modified</i>				
	Unit Mix	Square Footage	2024 Monthly Fee ⁽¹⁾	Initial Entrance Fee ⁽²⁾
Independent Living Apartments				
One bedroom, prime	55	772	5,480 \$	434,992
One bedroom deluxe, prime	25	872	6,180 \$	604,784
One bedroom den, prime	80	971	6,780 \$	781,586
Two bedroom prime	60	1,068	7,390 \$	943,815
Two bedroom den, prime	50	1,217	7,880 \$	1,250,021
Total / Weighted Average	270	988	\$ 6,799 \$	817,411
Second person fee			\$ 1,250 \$	30,000

(1) Monthly fees are expected to increase at 3.0%, annually, for inflation.

(2) These initial entrance fees represent the weighted average entrance fee for each unit type. The actual entrance fee for a particular unit will vary from minus 16% to plus 21% depending on the location in the building. First person Entrance Fee as proposed is 0% refundable. Second person Entrance Fee as proposed is 0% refundable.