



Application: Fountaingate Gardens

CCRC Type: Article 46

County: Suffolk

Purpose: To establish Gurwin Independent Housing, Inc. (GIH), d/b/a Fountaingate Gardens as the operator of a Continuing Care Retirement Community (CCRC) to be built on the Gurwin Campus on Hauppauge Road, Commack, NY.

Executive Summary

GIH, an existing New York not-for-profit corporation, requests approval to become the operator of a new CCRC to be built on the Gurwin Campus at 68 Hauppauge Road in Commack (Suffolk County). GIH plans to build 176 Independent Living Units (ILUs) consisting of 102 apartments and 74 terrace apartments in three separate buildings. The ILUs will be one or two-bedroom units ranging in size from 824 square feet to 1,555 square feet. Proposed amenities at the CCRC will include a community center with dining venues, an art studio, an indoor swimming pool, a fitness and exercise area, a salon/day spa, a game room, library, and a multi-purpose room.

The CCRC will be constructed on approximately 10.25 acres of land contiguous to the Gurwin Campus that is owned by the Gurwin Jewish Geriatric Foundation and will be leased to GIH under a 60-year lease with a bargain purchase option. The ILUs and community support structures will be built on the leased property to comprise the main CCRC campus. Skilled nursing facility and assisted living services for CCRC residents will be provided at the related licensed health care facilities on the existing Gurwin Campus. These services will be provided by the related entities through a contractual arrangement with the CCRC, whose residents will get priority placement at the facilities based on their clinical needs.

On June 24, 2015, GIH was approved to enter into priority reservation agreements and to solicit, collect and receive priority reservation fees for the prospective community in accordance with Section 4621 of the Public Health Law (PHL). To date, GIH has 196 active priority reservations for the community.

Upon approval of this application, GIH will be granted a conditional certificate of authority to enter into residency agreements and to accept 10% deposits on the ILUs for the community. Construction of the community will not begin until the applicant has met all requirements under PHL Article 46 and has received Department of Health written approval.

This application meets the programmatic, character and competency and financial feasibility requirements for approval as set forth in 10 NYCRR 900.4; therefore, Contingent Approval is recommended.

Program Review

Overview

CCRC Name:	Gurwin Independent Housing Inc. d/b/a Fountaingate Gardens
Address:	68 Hauppauge Road Commack, NY 11725
Independent Living Units:	176
Enriched Housing Units:	200 Assisted Living Residence Units via contract with existing facility: Gurwin Jewish Fay J. Lindner Residences
Skilled Nursing beds:	460 beds via contract with existing facility: Rosalind & Joseph Gurwin Jewish Geriatric Center of Long Island Inc. d/b/a Gurwin Jewish Nursing and Rehabilitation Center
ADHC Program Capacity:	133 slots at contracted facility.
Class of Operator:	Not-for-profit Corporation
Operator:	Gurwin Independent Housing, Inc. <u>Board of Directors:</u> <ol style="list-style-type: none"> 1. Bert Brodsky 2. Lee Brodsky, 3. Laura Gurwin Flug 4. Howard Gershowitz 5. Ronald Goldstein 6. Lee Launer 7. Shirley Levitt 8. Scott Roteman 9. Howard Simon 10. Carol Eglow Sussman 11. Adam Wolf 12. Cary Wolf

Gurwin Jewish Nursing and Rehabilitation Center (the Center) currently provides nursing and rehabilitation services comprised of 460 beds; adult day health care program services with 133 slots, and Gurwin Jewish Fay J. Lindner has 200 assisted living apartments including a dementia care unit. On June 9, 2016, GIH applied to the NYS Department of State as a 501(c)(3) to establish the CCRC and offer an expanded continuum of care on the Gurwin campus.

To these existing services, Gurwin would add independent living apartments and amenities by establishing Fountaingate Gardens on 10 plus acres contiguous to the current campus. Amenities for Fountaingate Gardens will include dining venues, an art studio, indoor swimming pool, fitness and exercise area, a salon and day spa, a game room, library and a multi-purpose room.

The campus is designed to incorporate walking paths, water features, a fountain and extensive gardens to allow residents to have a relaxed lifestyle in an interactive environment. The onsite parking is provided below the residential buildings to reduce paved surfaces allowing for more green space.

A wide range of home care, rehabilitation and therapies will be available on campus. Seminars and lecture series, theatrical performances and an onsite fitness center with personal trainers will be provided.

Size and Arrangement of Independent Living Units

Independent Living Unit apartments (ILUs) will be located in two different style buildings. Every apartment will have a new, modern kitchen with all appliances.

The Parkview will be the largest residential building with a total of 102 apartments arranged on four floors. This building design will have nine different floorplan options ranging in size from one bedroom apartments of 824 square feet, through two bedrooms with a den comprising of 1,350 square feet.

The remaining 74 apartments will be in the Terraces buildings whose floor composition will each have fewer than seven apartments. The Terrace buildings will have six different floorplan types with a range of options from 984 square foot one bedroom apartments through a 1,555 square foot two bedroom apartments with a den.

All residential buildings will be within close proximity of the Commons building which will include the community's numerous amenities including two different dining venues. Each dining venue will offer three meals each day with a range of menu choices. Residents contracts will include thirty meals per month in the monthly fee, residents may choose to purchase additional meals beyond those in the contract.

Residency Agreements and Pricing

Fountaingate Gardens will offer both Life Care Contracts (Type A), and Modified Contracts (Type B) each with 80% and 50% refund options.

Life Care Contracts provide for both assisted living and skilled nursing care at no additional charge. Under the Life Care Contracts, a portion of Entrance Fee is set aside as a Life Care Fee.

If the resident dies or withdraws from the facility in the first 90 days of occupancy, 100% of the Entrance Fee and 100% of the Life Care Fee is refundable. After 90 days of occupancy, the refund to which a resident is entitled of both the Life Care Fee and the remaining portion of the Entrance Fee after the Life Care Fee is deducted, simultaneously decline on separate schedules.

The Life Care Fee refund will decline by an initial four percent (4%) as an administrative fee, and two percent (2%) per month after the Date of Occupancy for a period of up to forty-eight (48) months. At that time, the resident will not be entitled to any refund of the Life Care Fee.

The remaining portion of the Entrance Fee will decline by a one-time four percent (4%) administrative fee and two percent (2%) per month after the Date of Occupancy until the refundable portion reaches eighty percent (80%) or fifty percent (50%) depending on the refund option.

Modified Contracts provide for 60 lifetime days of skilled nursing care and 60 lifetime days of assisted living care included at no additional charge. For skilled nursing and assisted living stays beyond the initially covered 60 days, residents will pay their regular monthly service fee and any skilled nursing or assisted living costs in excess of that monthly fee. Modified contracts also have 80% refundable and 50% refundable options. The applicant had originally submitted modified contracts without the provision for 60 days of assisted living, but was required to include it in keeping with longstanding program policy. A sensitivity analysis was performed to quantify the impact of this change and is included as Attachment G. The impact was not material.

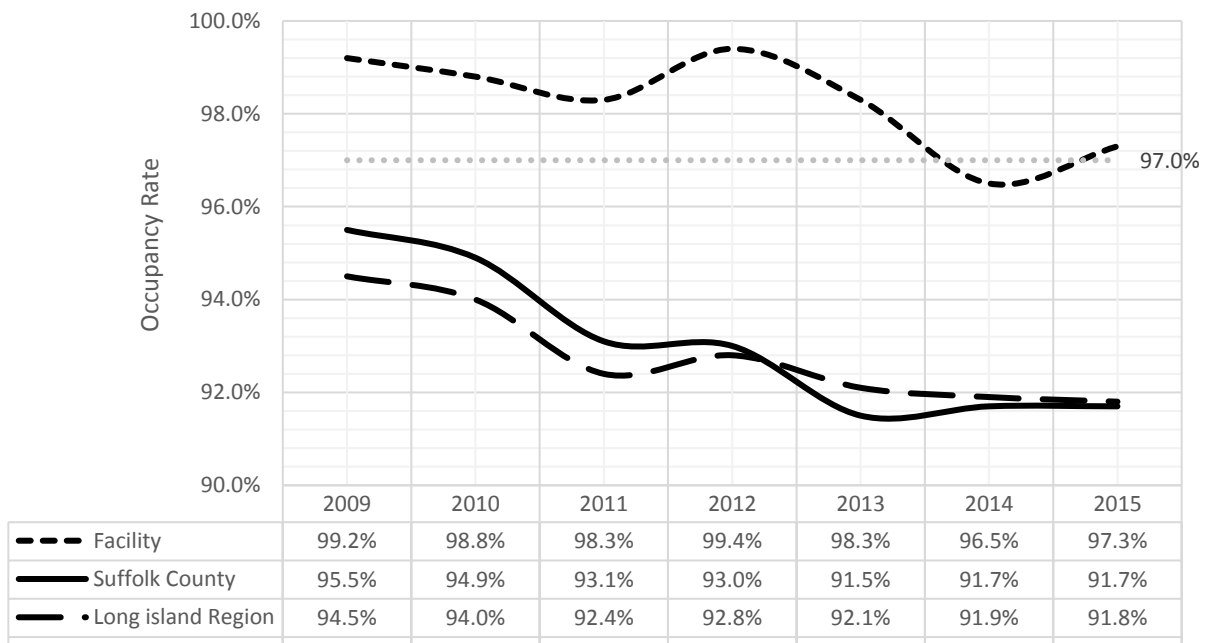
Refunds for modified contracts are made in the case of death or withdrawal. The refundable portion is 100% for each of these contracts during the first 90 days of occupancy. After 90 days, the refund is reduced

by 4% administrative fee plus 2% per month of occupancy with refund minimums of 80% and 50% based on the refund option that was initially chosen.

Skilled Nursing and Assisted Living Services

Skilled nursing services will be provided to Fountaingate contract holders through a contractual relationship with the Gurwin Jewish Nursing and Rehabilitation Center. This facility offers: long term skilled nursing care, short-term rehabilitation, ventilator dependent care, palliative and hospice care, as well as adult day health care. The facility has a total of 460 beds, therefore placement at this facility should not be a barrier to Fountaingate contract holders. Facility occupancy and quality ratings are shown below.

Gurwin Jewish Nursing and Rehabilitation Center
Facility vs. County vs. Region



CMS Star rating is from Medicare Nursing Home Compare. More information on this data can be obtained from: <https://www.medicare.gov/NursingHomeCompare/About/Ratings.html>

NYS Nursing Home Quality Initiative data can be found at: https://www.health.ny.gov/health_care/medicaid/redesign/nursing_home_quality_initiative.htm
The highest quality homes are in quintile 1 with the lowest in quintile 5.

Provider Name	Overall	Health Inspection	Quality Measures	NYS Quintile
GURWIN JEWISH NURSING AND REHABILITATION CENTER	***	**	*****	2

Assisted living services will be provided to contract holders at Gurwin Jewish Fay J. Lindner Residences. There is a total of 200 assisted living beds at this facility. 90 of these beds are also licensed as enhanced

assisted living. There is also a fourteen bed special needs assisted living residence located in a secure memory care unit called Enriched Pathways.

No quality comparison data is available for New York State adult homes. However, quarterly survey results can be found via the DOH website: http://www.health.ny.gov/facilities/adult_care/reports.htm Results for Gurwin Jewish Fay J. Lindner Residences will only be listed in quarters when surveillance activity took place.

Staffing

The following table summarizes projected staffing levels of GIH’s ILUs for all departments based on a projection of 93.7% occupancy in June 2023.

Schedule of ILU Staffing Levels (FTEs-Full Time Equivalents) – Fiscal Year 2023 (At Stabilization)	
Administration	10.0
Housekeeping	7.9
Facilities	7.3
Dining	22.5
Healthcare	1.7
Total FTEs	49.4

Source: Management and Eventus Strategic Partners

Conclusion

The program to be operated meets the approval requirements for a CCRC as set forth in 10 NYCRR 900.4(c)(1), (2), & (6).

Character and Competence Review

Facilities Reviewed

Note: as per 10 NYCRR 900.4(d)(1), health care operations are reviewed for the past 10 years as shown below.

Nursing Homes

Gurwin Jewish Nursing and Rehabilitation Center 06/2007 to present

Assisted Living

Gurwin Jewish Fay J. Lindner Residences 06/2007 to present

Diagnostic and Treatment Center

(Huntington Hospital) Dolan Health Care Center 06/2007 to 06/2015

Individual Background Review

Herbert H. Friedman is a Licensed New York State Nursing Home Administrator in good standing. Mr. Friedman is employed as Chief Executive Officer, Executive Vice President of Gurwin Jewish Nursing and Rehabilitation Center, and Gurwin Certified Home Health Agency. Mr. Friedman discloses that he serves as Assistant Secretary on the boards of the following health facilities:

Gurwin Jewish Nursing and Rehabilitation Center	01/1986 to present
Gurwin Jewish Fay J. Lindner Residences	01/1998 to present

Bert Brodsky lists that he is chairman of Sandata Technologies, a data processing company in the home care industry. Mr. Brodsky served as Board President of Lindner Residences between 2003-2007. In 2008 he became Board Chairman of Lindner Residences and still serves in this capacity. Mr. Brodsky has held the position of Board President of Gurwin Jewish Nursing and Rehabilitation since 2006. His board service to each of these healthcare entities includes:

Gurwin Jewish Nursing and Rehabilitation Center	12/2003 to present
Gurwin Jewish Fay J. Lindner Residences	07/1988 to present

Lee Brodsky holds a NYS Real Estate License, and lists his employment as the Managing Director of Newmark Grubb Knight Frank commercial real estate where he has held employment since 2005. Mr. Brodsky does not hold interests or board positions in any health care companies

Laura Gurwin Flug has been retired from paid employment for the past ten years. Ms. Flug's father, the late Joseph Gurwin, helped establish the Gurwin Jewish Nursing Home. She currently serves as Board Vice President for Gurwin Jewish Nursing and Rehabilitation Center, a position she has held since December 2011. Her board service includes:

Gurwin Jewish Nursing and Rehabilitation Center	12/2010 to present
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Howard Gershowitz is co-owner, and Vice President of Sales and Marketing at MKTG, Inc., a market research firm in East Islip, NY. Mr. Gershowitz has served as Vice President of Gurwin Jewish Fay J. Lindner Residences from 2003-2008, and has served as their Board President. Additionally, Mr. Gershowitz's board service includes:

Gurwin Jewish Nursing and Rehabilitation Center	12/2003 to present
Gurwin Jewish Fay J. Lindner Residences	07/1998 to present

Ronald Goldstein is a NYS licensed real estate broker and attorney in good standing. Mr. Goldstein lists employment at Goldstein Rubinton Goldstein and DiFazio, PC. This firm primarily focuses on real estate, zoning, and civil law and is located in Huntington, NY.

Lee Launer has been retired from paid employment for the past ten years. Mr. Lauer currently serves as Secretary for Gurwin Jewish Nursing and Rehabilitation Center, and has held this position since December 2015. Mr. Launer's health care board experience includes:

Gurwin Jewish Nursing and Rehabilitation Center	12/2013 to present
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Shirley Levitt has been retired from paid employment for more than the past ten years. Ms. Levitt previously held the role of Vice Chairman of the Dolan Family Health Center. Ms. Levitt's indicates health care board service includes:

Dolan Family Health Center	1995 to 06/2015
Gurwin Jewish Nursing and Rehabilitation Center	07/2013 to present

Scott Roteman is a NYS licensed Medical Doctor in good standing. He lists employment as the Medical Director at Eastern Island Medical Care, P.C. located in Brentwood, NY. Mr. Roteman's health care board experience includes:

Gurwin Jewish Nursing and Rehabilitation Center

03/2015 to present

Howard Simon is employed as the Assistant Director of ACLD (Adults and Children with Learning and Developmental Disabilities, Inc.) since 2015. Prior to holding this position, he pursued his M.S. in Education. Mr. Simon discloses no previous health care board experience or interests.

Carol Sussman lists that she retired in April 2015. Her most recently held position was Independent Consultant working a start-up fund to develop investor relation strategies to appeal to institutional investors. Prior experience includes Director of Real Estate for the Office of NYC Comptroller June 2011-June 2014. Ms. Sussman does not list any health related board or health facility ownership experience.

Adam Wolf holds a NYS real estate license and a NYS Life, Accident, and Health Insurance agent, both in good standing. Mr. Wolf lists his employment as Chief Operating Officer of Bill Wolf Petroleum Corporation, which is a gasoline distributor in Jericho, NY. Mr. A. Wolf does not disclose any health related board or health facility ownership experience.

Cary Wolf is employed as Chief Executive Officer of Bill Wolf Petroleum Corp, which is a gasoline distributor in Jericho, NY. Mr. C. Wolf currently serves as Vice President of the following health care related board:

Gurwin Jewish Nursing and Rehabilitation Center

12/1992 to present

All health care facilities are in substantial compliance with all rules and regulations. No negative information has been received concerning the character and competence of the applicants identified as board members of Gurwin Independent Housing, Inc.

A review of operations for Rosalind and Joseph Gurwin Jewish Geriatric Center of Long Island, Inc. d/b/a Gurwin Jewish Nursing and Rehabilitation Center for the 10-year review period reveals there were no enforcements.

A review of the operations of Gurwin Jewish Fay J. Lindner Residences for the 10-year review period reveals there were no enforcements.

A review of the operations of Dolan Health Care Center (Huntington Hospital) for the period identified above reveals there were no enforcements.

Conclusion

This application meets the requirements for approval on Character and Competence as set forth in 10 NYCRR 900.4(c)(3) &(d).

Market Demand Review

Gurwin commissioned two studies to assess the market for the proposed project.

The first was conducted in 2013 by Brecht and Associates. They defined the Market Service Area (MSA) as contiguous areas within approximately 15 miles of the proposed site comprised of 24 zip codes within Nassau and Suffolk Counties. The demographic highlights for this market are presented in the following table:

	2013	2018	Change
Total Population	577,106	580,415	+ .1%
Age 75+	44,799	46,780	+ .9%
Age 75+ households	26,925	28,013	+ .8%
Age 75>+ Income > 50K	12,097	14,211	+3.3%
Age 75+ Income > 75K	7,928	10,006	+4.4%

The population projection indicates growth in key demographic segments that support Senior Living Projects in this MSA.

A second market study was conducted on Gurwin's behalf in 2014 by Love & Company. The study consisted of multiphase consumer research confirming that this site would be acceptable to local seniors. The study consisted of a formal survey of the MSA and input from various focus groups, testing potential price points, consumer knowledge and marketability. The findings are listed below.

Survey

- 22% of the respondents indicated they planned to reside in a CCRC.
- 25% of the respondents indicated they were either likely or very likely to consider moving to a CCRC
- 46% respondents indicated that the fees shown in the survey were less than expected or about what they expected.
- 14% of the respondents indicated they were very likely or likely to consider a community in which Gurwin was the sponsor.

Focus groups

- Participants self-identified themselves as being interested in learning more about CCRCs.
- Participants also had low awareness of existing Long Island CCRCs.
- 60% of focus group participants completed a form indicating interest in receiving additional information as the project planning progresses.
- Focus group participants were very positive about Commack and the proposed site location.
- All four focus group sessions had a high number of positive comments about Gurwin.

Existing CCRC's on Long Island

The Amsterdam at Harborside in Nassau County is approximately 25 miles away, this community offers life care contract with three different refund options: 80% refundable, 50% refundable, and a traditional declining balance. At the end of 2016, the community had an ILU capacity of 229 at 96.9% occupancy.

Jefferson's Ferry located in Suffolk is the facility closest to the applicant at approximately 14 miles away. This community offers life care contracts with two refund options: 90% refundable, and a traditionally declining balance. At the end of 2016, the community had an ILU capacity of 248 at 95.2% occupancy.

Peconic Landing is also located in Suffolk county approximately 60 miles away from the applicant. The CCRC offers life care contracts, as well as fee for service (type C), which is intended for couples where one individual may not be able to pass medical underwriting for full life care or for anyone who cannot pass health underwriting and wants to move to Peconic Landing. Refund options at this community are made

via a co-op model where refunds depend on contractual rules/fees involving sale/transfer of the co-op share certificate. At the end of 2016, the community had an ILU capacity of 296 at 90.5% occupancy.

Conclusion

According to both market studies conducted, the Fountaingate CCRC is sized appropriately with available units that should be attractive to potential residents at the price points and contract types offered. There appears to be opportunity in the market to support sales levels that will lead to stable CCRC occupancy. The applicant has demonstrated that the proposed CCRC meets the requirements for approval as set forth in 10 NYCRR 900.4(c)(1) & (6).

Financial Review

Attachment (A) is an Independent Accountants’ Examination Report prepared by Dixon, Hughes, & Goodman LLP that provides a financial feasibility assessment of the plans of Gurwin Independent Housing, Inc. (the “Corporation”) to undertake the development of a not-for-profit Article 46 CCRC to be known as Fountaingate Gardens in Commack, New York.

The financial feasibility study was undertaken to satisfy the Certificate of Authority Application Requirement and was conducted in accordance with the guidelines and standards promulgated by the American Institute of Certified Public Accountants (“AICPA”) regarding financial forecasts and projections. The analysis includes the following:

- The Corporation’s objectives, timing and financing;
- Debt service requirements and estimated financing costs;
- Salaries and wages, related fringe benefits and other operating costs;
- Anticipated monthly fees for the community residents;
- Funding Sources and operating and non-operating revenues; and
- Revenues/expenses/volume relationships.

The total project cost for the establishment and construction of the CCRC, pursuant to Article 46, is \$139,182,000. Below are the sources and uses statement showing how the total project cost will be met.

Use of Funds:	
Construction	\$74,551,000
Furnishings and Equipment's	2,072,000
Design and Engineering	5,420,000
Marketing and Budget	6,676,000
Fee Permits and Development Costs	5,983,000
Escalation	8,534,000
Legal and Financing	3,357,000
Pre-opening Costs	650,000
Loan Commitments Fees	300,000
Funded Interest	11,058,000
Seed Money Interest	1,043,000
Debt Service Reserve Fund	5,781,000
Repayment of Bond Anticipation Notes	5,750,000
Working Capital	965,000
Project Contingency	7,042,000
Total Project Costs	\$139,182,000

Funding for this projects will be provided from the following sources indicated below:

Sources of Funds	
*Series 2018A: Short term Tax Exempt Bonds	\$62,500,000
*Series 2018B: Long term Tax Exempt Bonds	32,400,000
*Series 2018C Direct Purchase Tax Exempt Bonds	29,408,000
Bond Anticipation Notes	5,750,000
Interest Income	1,124,000
Subordinate Debt	4,000,000
Equity Contribution	4,000,000
Total Sources of Funds	\$139,182,000

*Collectively referred to as the Series 2018 Bonds.

A letter of interest was submitted by HJ SIMS to provide the Fountaingate Gardens community the above noted bond financings with several amortization schedules and financing dates that will be agreed upon once the certificate of approval is satisfied. HJ SIMS, the anticipated underwriter of the bond, anticipates all bond resources will be provided from the Town of Huntington, Local Development Corporation. Collectively, long and short-term interest and costs related to this project are based on 2017 current rates according to the independent study.

Three series of tax-exempt bonds are expected to be issued in 2018 as follows:

- \$62,500,000 of non-rated tax exempt bonds (the “Series 2018A Bonds”) with an average interest rate of 5.0%. The Series 2018A Bonds are projected to have a stated final maturity of January 1, 2029, and are anticipated to be redeemed in full at par by June 30, 2021, upon approximately 83% occupancy of the ILUs;
- \$32,400,000 of non-rated tax exempt bonds (the “Series 2018B Bonds”) with an average interest rate of 6.5% consisting of maturities to January 1, 2049; and
- \$29,408,000 of tax exempt direct purchase bank revenue bonds (the “Series 2018C Bonds”) to be advanced on a draw-down basis, consisting of term maturities to December 31, 2023, with an average interest rate 4.5%. The Series 2018C Bonds, including accrued interest, are expected to be redeemed in FY 2020.

A \$4,000,000 equity contribution was provided via the Gurwin Jewish Foundation (Foundation), which was utilized for planning, design, development and legal fees. \$4,000,000 of subordinated debt has been/will be provided via a loan from the Foundation to GIH to be used for design, marketing, development, legal and other expenses. The Foundation financed the amount to be loaned to GIH as subordinated debt. The Foundation intends to enter into a loan agreement with GIH on the same terms that it has on the loan that it entered into.

The applicant maintains that the financial projections set forth in the application are conservative and that their working capital requirement projected at \$965,000 is based on estimated operating costs during initial occupancy. (Attachment A, page 15, line (18)). The Corporation expects that they may be able to achieve significant financial efficiencies upon starting operations.

Gurwin’s overall business model is to maintain the day-to-day senior citizen services of the residents, and to ultimately provide the long-term health care needs to those entrusted with its care. The Corporation currently provides skilled nursing facility, adult day health care program and assisted living services on the Gurwin Campus. The land purchase and anticipated CCRC plans have been formulated with a vision to expand the existing continuum of care to include independent living apartments and other amenities. Residents will be able to enjoy independent living for as long as possible with a knowledge that priority will be given to them for any emergent long-term health care needs that may develop due to aging and related debilitating illnesses that may ensue.

The Development Timeline from the Independent Accountants’ Financial Report indicates that, in accordance with PHL 4621, the applicant may enter priority reservations agreements and solicit, collect or

receive priority reservations agreements (approval obtained in July 2016). Construction is anticipated to commence in January 2018 with units available for occupancy in July 2019. The independent study indicates that stabilized occupancy of 94% will be achieved by July 2023.

Based on Attachment (A), the facility shows a Net income for year 2023 in the amount of \$1,735,000 and 678 Days Cash on Hand. Based on the examination, the assumptions show the CCRC will be capable and feasible to meet its financial projections.

GIH will enter a land lease with Gurwin Jewish Geriatric Foundation, Inc. where the facility will be located with the terms, rate and conditions provided below.

Land Lease:	10.27 acres
Lessor:	Gurwin Jewish Geriatric Foundation, Inc.
Lessee:	Gurwin Independent Housing, Inc. d/b/a Fountaingate Gardens
Term:	Sixty Years (60 Years) with a \$1 purchase offer at the end.
Rate:	\$216,000 first year payment estimate
Subsequent Lease Payments:	3.5% increase annually
Conditions:	Lease payments will begin after completion of construction and after attaining 50% occupancy. The lease payments to be subordinate to debt service on the Project financing.

Shared Services Agreement

GIH intends to enter into a Shared Service Agreement with the Center to provide certain administrative services to the community. The term of the agreement is 5 years, commencing on the date on which GIH receives the Certificate of Authority. The shared services fee will be payable monthly at 4.0% of total monthly operating expenses, exclusive of interest, depreciation and amortization. Also, it should be noted that GIH will enter into a transfer agreement with the Center to provide skilled nursing care to Fountaingate Gardens’ residents to ensure the appropriate level of services are available to the residents.

Skilled Nursing and Assisted Living Services Agreement

GIH intends to enter into agreements with the Center (SNF) and the Gurwin Jewish-Fay J. Lindner Residences (ALR) to provide residents appropriate accommodation for needed services per the resident agreement. A Medical Director employed by GIH will determine if assisted living (200 assisted living beds) or skilled nursing care (460 skilled nursing beds) is needed. If services are required, Gurwin Jewish and Rehabilitation Center and Gurwin Jewish-Fay J. Lindner Residences will invoice GIH for services rendered. Final rates will be determined upon a final executed contract.

Fees

Residents of Fountaingate Gardens are required to pay an entrance fee upon move-in to the CCRC that is tied to the size of the ILU selected. Both entrance fee types shown below include 60 lifetime days of skilled nursing care and 60 days of assisted living, should they be needed. Residents opting for the life care fee will receive unlimited skilled nursing days and assisted living days at no increase in monthly fee. The Second Person Entrance Fee does not apply when the second person purchases the Life Care Option. However, the Life Care Option Monthly Fee applies to both residents if both choose the Life Care Option. Following is the current fee schedule that summarizes the types of ILUs with approximate square footage, monthly service fees, and entrance fees proposed by Fountaingate Gardens.

Proposed Independent Living Unit Configuration

<i>Independent Living Unit Type</i>	Number of Units	Square Footage	Monthly Fee	80% Refund Entrance Fee (1)	50% Refund Entrance Fee (1)
<i>Apartments Units:</i>					
<i>One Bedroom</i>					
1 Bedroom Average	8	824	\$3,450	\$565,000	\$424,000
1 Bedroom Average	16	828	3,450	570,000	428,000
1 Bedroom Den	14	954	3,880	648,000	486,000
1 Bedroom Den	8	1,040	4,230	718,000	539,000
1 Bedroom Den	8	1,170	4,540	797,000	598,000
<i>Two Bedroom</i>					
2 Bedroom	16	1,057	4,230	707,000	530,000
2 Bedroom	8	1,126	4,500	744,000	558,000
2 Bedroom Den	16	1,280	4,880	824,000	618,000
2 Bedroom Den	8	1,350	5,080	852,000	639,000
Apartment Totals/Avg	102	1,060	\$4,213	\$706,824	\$530,235
Terrace Units					
<i>One Bedroom</i>					
Terrace Bedroom	11	984	\$4,140	\$723,000	\$542,000
Terrace Bedroom Den	8	1,064	4,330	771,000	578,000
<i>Two Bedroom</i>					
Terrace 2 Bedroom	11	1,225	4,920	841,000	631,000
Terrace 2 Bedroom	22	1,349	5,330	928,000	696,000
Terrace 2 Bedroom	11	1,403	5,370	961,000	721,000
Terrace 2 Bedroom Den	11	1,555	5,630	973,000	730,000
Terrace Units Totals/Avg	74	1,284	\$5,035	\$879,216	\$659,459
Total/Avg	176	1,154	\$4,558	\$779,307	\$584,568
Second Person Fee (3)			\$850	\$26,000	\$20,000
Life Care Fee (2)			\$930	\$65,000	\$65,000

Source: Management and Eventus Strategic Partners

- (1) Both Entrance Fee types will include sixty lifetime days of skilled nursing and sixty lifetime days of assisted living services, should they be needed, in the Center or Gurwin Jewish Fay J. Lindner Residences.
- (2) Residents of the Community will have the option of paying an additional per person Life Care Fee to provide for unlimited assisted living and/or skilled nursing days at no increase in cost above the Monthly Fee for the Resident's Living Accommodation (the "Life Care Option").
- (3) The Second Person Entrance Fee does not apply when the Second Person purchases the Life Care Option. However, the Life Care Monthly Fee applies to both residents if both choose the Life Care Option.

Residency Agreements

Residents of Fountaingate Gardens are required to execute a Residency Agreement that specifies the terms and conditions of residency in the CCRC. Upon execution, the residents have the option of a 50% or an 80% refund of the entrance fee. Also, selection of a life care contract or a modified continuing care contract that specifies how long term care services are paid for should they choose to become a resident.

There are 6 types of Residency Agreements as follows:

- 80% Refundable Life Care Contract
- 80% Refundable Modified Continuing Care Contract
- 50% Refundable Life Care Contract
- 50% Refundable Modified Continuing Contract

For Couples:

- 80% Refundable First Person Life Care, Second Person Modified Continuing Care
- 50% Refundable First Person Life Care, Second Person Modified Continuing Care

Insurance Requirements

The Residency Agreement includes a provision that residents of Fountaingate Gardens are required to maintain, at their own cost, Medicare Parts A and B and one supplemental health insurance policy that is approved by the Superintendent of the Department of Financial Services as Medicare Supplemental Insurance.

Organizational Relationships

Attachment (D) shows the relationship between Gurwin Independent Housing, Inc. d/b/a Fountaingate Gardens, a stand-alone not-for-profit corporation with no active or passive parent relationship with any other company. Affiliated with the Gurwin Nursing and Rehabilitation Center, Gurwin Jewish-Fay J. Lindner Residences, and Gurwin Healthcare Foundation, Fountaingate Gardens has an independent Board of Directors that has fiduciary responsibility for the strength and stability of the corporate entity.

Fountaingate Gardens will have an ongoing contractual relationship with both Gurwin Nursing and Rehabilitation Center and the Gurwin Jewish Fay J. Lindner Residences, for the skilled nursing and assisted living needs of its residents. Each of the Gurwin Corporate entities is a separate not-for-profit corporation.

Conclusion

Based on the materials submitted and the assumptions used, this application as proposed meets the requirements for approval as set forth in 10 NYCRR 900.4(b)(1).

Recommendations

Office of Attorney General

This application does not require Office of Attorney General review for issuance of a Certificate of Authority as per Public Health Law 4604(4)(e) since no aspect of this community is an equity arrangement for independent living.

Department of Financial Services

The Department of Financial Services (DFS) recommends contingent approval based on a review of the financial feasibility study, actuarial study, initial fee structure, proposed initial disclosure statement, and residency agreements for new residents, all as provided by Fountaingate Gardens. Based on the data presented in the certificate of authority (COA) application, the proposed community will operate in

compliance with the financial requirements of New York State Public Health Law Article 46 and DFS Insurance Regulation No. 140 (11 NYCRR 350).

The information and projections presented in the COA application from Fountaingate Gardens are based on numerous assumptions. Actual results may vary as events and circumstances occur. DFS makes its recommendation under its assumption that all materials in the COA application are, to the best of the applicant's knowledge, accurate, and represent a fair and complete portrayal of the information required for consideration of approval, and that all representations made by the applicant's management, officers or advisors, whether oral or written, are complete and accurate.

Approval Contingent Upon:

1. Submission of the following documents/information regarding the financing of Fountaingate Gardens CCRC: preliminary term sheet, resolution from the bond issuing entity (e.g., economic/local development corporation) approving the issuance of the bonds, preliminary bond prospectus, information on bond covenants to be included in the proposed bonds, and all loan agreements. (The terms of financing not varying significantly from those included in the application submission.)
2. Submission of acceptable responses to all outstanding DFS inquiries and correspondence.
3. Submission of the final executed construction contract, and the cost of construction not varying significantly from the costs put forth in the application submission.
4. Submission of an updated/final financial feasibility study, acceptable to DFS.
5. Submission of an updated/final actuarial study, should the current study be impacted when the financing is finalized, acceptable to DFS.
6. Submission of executed Ground Lease by and between Gurwin Jewish Geriatric Foundation, Inc. and Gurwin Independent Housing, Inc. (with all exhibits completed).
7. Submission of a final updated disclosure statement (prior to distribution to prospective residents) that is properly updated for the latest/final financial feasibility study, actuarial study, ground lease, etc. and with all typos, grammar, etc. corrected, acceptable to DFS.
8. DOH finding the terms and conditions of the following agreements acceptable: Shared Services Agreement between Gurwin Jewish Nursing and Rehabilitation Center and Gurwin Independent Housing, Inc.; Agreement for Skilled Nursing Services between Fountaingate Gardens and Gurwin Jewish Nursing and Rehabilitation Center; and Agreement for Assisted Living Services between Fountaingate Gardens and Gurwin Jewish Fay J. Linder Residences.

Approval Conditional Upon:

1. At completion of the financing transaction, submission of a copy of all the final financing documents.
2. Determination by DOH whether the Shared Services Agreement between Gurwin Jewish Nursing and Rehabilitation Center and Gurwin Independent Housing, Inc. would be considered a management contract pursuant to Section 901.10 (10 NYCRR 901.10) and if it is, the impact on the COA application.

Department of Health

The Department of Health has recommended contingent approval based on a review of the materials presented in this application. The material presented in the application indicates that the proposed community will operate in compliance with New York State Public Health Law Article 46 and associated regulations unless otherwise noted below. The Department makes its recommendation under the assumption that all materials in the application are accurate and represent a fair and complete portrayal of information required for approval.

Approval contingent upon:

1. Executed Land Lease agreement acceptable to Department of Financial Services and Department of Health.

2. Executed Agreement for Skilled Nursing Services with Gurwin Jewish Geriatric Center of Long Island Inc. d/b/a Gurwin Jewish Nursing and Rehabilitation Center and Gurwin Independent Housing, Inc. d/b/a Fountaingate Gardens acceptable to the Department of Health.
3. Executed agreement for Assisted Living services between Gurwin Independent Housing Inc. d/b/a Fountaingate Gardens and Gurwin Jewish Fay J. Lindner Residences acceptable to NYS Department of Health.
4. Submission of an executed shared service agreement between GIH and Gurwin Jewish Nursing and Rehabilitation Center acceptable to DOH.

Approval conditional upon:

1. Adherence to the terms of regulatory considerations set forth as part of this approval.
2. Monthly reporting to the Department of Health and Department of Financial Services as to the status of the following:
 - Increase/Decrease in ILU occupancy with details on contract type.
 - Other enhanced reporting as deemed necessary to ensure compliance with the terms and conditions of this approval.
3. Department of Health and Department of Financial Services approval of any transfer of equity from Fountaingate Gardens to any related party organization. This includes the submission and Department of Health approval of any contracts with the CCRC that will result in payment to a related party or the establishment of a related party receivable.
4. Assets of the CCRC are not to be used to collateralize the debt of another entity.

Council Action Date

June 22, 2017

Attachments

- A. Financial Feasibility Analysis
- B. Actuarial Study
- C. Gurwin Independent Housing, Inc. – 12-31-16 unaudited financial statements
- D. Organization Chart
- E. Standard information/ Price sheet
- F. Proposed Residency Agreements, Disclosure Statement to the Residency Agreements
 - (F 1) Life Care 80% Refundable Contract
 - (F 2) Life Care 50% Refundable Contract
 - (F 3) Modified Continuing Care 80% Refundable Contract (60-60)
 - (F 4) Modified Continuing Care 50% Refundable Contract (60-60)
 - (F 5) 1st Person Life Care - 2nd Continuing Care 50 % Refund (60-60)
 - (F 6) 1st Person Life Care - 2nd Person Continuing Care 80% Refund Contract (60-60)
 - (F 7) Disclosure Statement plus sample residency agreement
- G. Sensitivity analysis of the impact of adding 60 days Assisted Living to modified contracts
 - (G 1) Cover for Sensivity Analysis
 - (G 2) Sensitivity Analysis 60 days assisted living