

Case Study: Sarah Moore Home

Property Type:

Assisted living and skilled nursing

Location:

Delaware, Ohio

Project Objective:

Expansion

Financing Amount:

\$8.9 million

Source of Funding:

Tax-exempt bonds enhanced by an “AA-/A-1+” bank letter of credit

Background and Challenges

Sarah Moore Home’s 16 assisted living beds in Central Ohio were in such demand that the property maintained an average occupancy rate of 99 percent for five years, with an extensive waiting list. The property also includes Sarah Moore Health Center, a 32-bed skilled nursing facility.

The Sarah Moore campus wanted to expand services and add assisted living units to increase operating efficiencies and cash flow, and to satisfy unmet market demand.

Financial Solution

Lancaster Pollard explained the story behind the numbers at Sarah Moore Home. The firm’s comprehensive credit profile showed several rated banks that increasing the number of private-pay assisted living units would help the Sarah Moore campus improve its cash flow and its ability to cover new debt service.

Lancaster Pollard was able to obtain an “AA-/A-1+” letter of credit at a low all-in cost of capital. Lancaster Pollard also negotiated performance-based pricing on the letter of credit, which creates the opportunity for Sarah Moore to reduce its cost of capital as it achieves additional cash flows.

Outcome

Forty-four new units will be dedicated to assisted living. The financing also refunds outstanding bonds, and the letter of credit structure allows Sarah Moore Home the financial flexibility to add services in the future.

Financing Progress

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