Eaton Senior Communities

- Mission: To provide affordable housing in a service-rich environment that enables all to live to their fullest potential.
- Founded by the West Alameda Community Baptist Church.
- The Residences, a HUD-subsidized community, opened in 1980.
- The Summit opened in September 2019.
- Eaton promotes a culture of wellness and embraces community partnerships.
- Eaton is a non-profit community that is locally-owned and operated.
What is the middle-market?

- The Middle Market includes Older Americans whose financial resources disqualify them from government support programs (such as Medicaid or HUD-housing) but not enough to pay for most private pay options.

- “A study funded by the National Investment Center for Seniors Housing & Care projected that at least 54% of the 14.4 million middle-income older adults in 2029 in the United States will lack the financial resources to pay for senior housing and care.”

- These people often include: healthcare workers, teachers, government employees and trade union members.

- With baby boomers retiring with little-to-no savings, but with decent social security benefits, we are facing a crisis for middle-market senior housing availability.
A Tale of Two Residents in Jefferson County

<table>
<thead>
<tr>
<th></th>
<th>Resident A</th>
<th>Resident B</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Area Median Income</strong></td>
<td>60% AMI</td>
<td>100% AMI</td>
</tr>
<tr>
<td><strong>Income</strong></td>
<td>42000</td>
<td>70000</td>
</tr>
<tr>
<td><strong>Rent</strong></td>
<td>-12600</td>
<td>-19800</td>
</tr>
<tr>
<td><strong>Food</strong></td>
<td>-4320</td>
<td>-4320</td>
</tr>
<tr>
<td><strong>Health Insurance Premiums</strong></td>
<td>0</td>
<td>-4620</td>
</tr>
<tr>
<td><strong>Medical Expenses</strong></td>
<td>0</td>
<td>-7620</td>
</tr>
<tr>
<td><strong>Transportation</strong></td>
<td>-1200</td>
<td>-1200</td>
</tr>
<tr>
<td><strong>Cell Phone &amp; Internet</strong></td>
<td>-120</td>
<td>-1440</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>$23,760</td>
<td>$31,000</td>
</tr>
</tbody>
</table>

*Resident A is on Medicaid, Resident B is on Medicare with a Mid-Range Plan

**Scenario Assumes Public Transportation for A+B**

***Resident A Enrolls in Lifeline Cell Phone & Internet Essentials, Resident B Private-Pays

(Average Rent in Denver-Metro is $1650/month)

(Average Yearly Out of Pocket Expenses for a Medicare Beneficiary)
Eaton’s Role in Serving the Middle Market

- As demonstrated by the previous slide, although the actual yearly income difference is $28,000, the difference in net income (what they have left after they pay their bills) is only $7,240 per year.
- The Residences, Eaton’s HUD-subsidized building, can only serve people with up to $49,000 per year in income or 80% AMI.
- The Summit serves people with annual incomes up to 120% AMI ($84,000 per year). However, the Summit has 23 units that are eligible for Section 8 assistance.
- Residents at The Summit have full access to the array of supportive services, activities and amenities that The Residences offers.
- By providing on-site supportive services, residents can age-in-place.
The Beginning of The Summit

- Eaton Senior Communities previously had an Assisted Living (AL) Community on campus that opened in 1988.
- Eaton discussed the challenges of providing assisted living for low income seniors for many years before deciding to reposition.
- Reasons for closing the AL include: Medicaid rates remained flat and did not cover the cost of providing high-quality care, competition for private pay residents increased, the acuity of all residents increased, staffing became a challenge, increased regulations and increased liability.
- Eaton looked at various options to reconfigure the AL community in order to serve more low-to-moderate income seniors and decided to address the burgeoning need for housing and services for middle-income seniors.
Financing The Summit

- Eaton worked with Lancaster Pollard on refinancing its loan in November 2018 with Guaranty Bank (Now Independent Financial).
- Traditional tax-exempt bond financing. Bonds issued by Colorado Health Facilities Authority (CoHFA).
- Refinanced ~8M, added ~6.5M construction loan for a total refinance of ~14.5M.
- Renovated AL building to 64 independent living units (~100 K per unit cost for renovation).
- Covenants include: 1.15 Debt Service Coverage Ratio (DSCR), Reserve payments equal to $300 per unit per year up to 135 K.
- Non-recourse, 30-year amortization, 10-year term, 4.71% interest rate.
Construction and Development of The Summit

- Lancaster Pollard used for loan discovery.
- Market Study conducted by Elisabeth Borden, The Highland Group.
- Architects: Elizabeth Johnson, Alex Artel and Sara Webb from EJ Architecture.
- Construction company: Pinkard Construction working with Tony Burke, Blake Chambliss.
- Went from 66 studio assisted living units with kitchenettes to 55 one-bedrooms and 9 studios with full kitchens (total 64 units).
- Took most of the common area space in the Summit to accomplish this.
- 9 months construction time for Certificate of Occupancy, opened September 1, 2019.
- Currently 50% occupied, 64% pre-leased.
What makes The Summit unique?

- **Innovative Programs:** Eaton offers a robust variety of free services and programs for residents. Many of these programs are the first of their kind.

- **Affordable Rents:** Starting at $1,000 (utilities included).

- **No Entrance Fee:** Many senior living communities require an “Entrance” fee for their retirement communities. These can often be $100,000 or more.

- **On-Site Services:** The Summit offers many of the same services and amenities of a high-end retirement community at affordable price points.

- **The Summit is much more than an apartment building:** it provides a sense of community and a wide range of services for seniors to help them age-in-place.
## IL Community Comparisons

(AKA The Summit is Unique!)

<table>
<thead>
<tr>
<th></th>
<th>The Summit</th>
<th>Community A</th>
<th>Community B</th>
<th>Community C</th>
<th>Community D</th>
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</thead>
<tbody>
<tr>
<td><strong>Monthly Rent</strong></td>
<td><strong>Starts at</strong></td>
<td>$1,000.00</td>
<td>$4,400.00</td>
<td>$921.00</td>
<td>$1,640.00</td>
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<tr>
<td><strong>Size</strong></td>
<td></td>
<td>Studio &amp; 1-Bedroom</td>
<td>2-Bedroom</td>
<td>1-Bedroom</td>
<td>1-Bedroom</td>
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<tr>
<td><strong>Activities</strong></td>
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<td>X</td>
<td>X</td>
<td>X</td>
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<td><strong>Calendar</strong></td>
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<td>X</td>
<td>X</td>
<td>X</td>
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<tr>
<td><strong>Service</strong></td>
<td></td>
<td>X</td>
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<td>X</td>
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<td><strong>Coordinator</strong></td>
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<td><strong>Housekeeping</strong></td>
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<td>X</td>
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<tr>
<td><strong>Services</strong></td>
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<td>X</td>
<td>X</td>
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<tr>
<td><strong>Dining Options</strong></td>
<td></td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
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<tr>
<td><strong>Available</strong></td>
<td></td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
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<tr>
<td><strong>Fitness Center</strong></td>
<td></td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
</tbody>
</table>
Virtual Tour- Model Units

- Pikes Peak Unit
- Black Mountain Unit
On-Site Health & Wellness Services & Providers

- Exercise Classes
- Annual Wellness Interviews
- Basic Health Screening
- Massage Therapy
- Physical & Occupational Therapy
- Dermatology
- Podiatry
- Mammography
- Audiology
- Vaccine Clinics
- Wellness Coaching
- Low-Vision Support Groups
- Foot Care
- Counseling and Case Management
- Eyeglass Repair
- Veterinary Clinics

AND MORE!!!
Other On-Site Events, Activities & Amenities

- On-Site Dining Program
- Service Coordination
- Art Classes
- Gardening
- Happy Hour & Parties
- Scheduled Grocery Trips
- TEDTalks & Trivia
- Live Music
- Bible Study
- Prayer & Share
- Housekeeping & Laundry Services
- Library & Computer Room
- Hair Salon
- Bingo
- Museum & Restaurant Trips
- Volunteer Opportunities

AND MORE!!!
Innovative Programs & Partnerships

- Eaton relies heavily on partnerships to bring in programs and services to the community.
- Some of the organizations that we partner with include:
  - SeniorReach: provides on-site mental health counseling and case management.
  - Legacy Healthcare Services: provides on-site physical and occupational therapies.
  - Inhabitech: provides sensors for a health-aware smart home.
  - OPTUM: provides a Medicare special needs plan with nurse case management.
  - Bloom Healthcare: provides on-site physician services.
  - Metropolitan State University of Denver: provides interns in healthcare management and integrative healthcare.
  - Golden Animal Clinic: provides low-cost vet services on-site.

AND MANY MORE...
Program and Partner Highlight: Companion Robots with University of Denver
Program and Partner Highlight: Cycling Without Age
Program and Partner Highlight: Wellness Coaching