

## **Receiver Update**

### **July 19, 2024**

This is the first of our weekly updates that we will post to Casey's Pond website. The purpose of these updates is to provide Casey's Pond residents, staff, and the broader public the latest information available about the status of the receivership process. These updates do not replace or supersede any targeted notices, formal announcements or urgent critical messages that may be necessary in the future.

### **Background**

Casey's Pond was placed into receivership because it could not pay off the approximately \$44 million bonds, now over \$68 million with accrued interest and fees, that were needed to construct the community in 2013. Casey's Pond is a regulated, Colorado nonprofit corporation that regularly works with its bondholders to address the community's significant debt burden. It produced and provided annual financial statements audited by an independent accounting firm. After months of unsuccessful efforts by Casey's Pond nonprofit Board to find an acceptable buyer that would commit to continuing all aspects of the senior care community, the bondholders placed Casey's Pond into receivership.

### **Operational/Transition Activity**

During this past week, Bellann Raile and Tom Plumb from Cordes & Company visited Casey's Pond and met with members of the leadership team. Some of these discussions were to allow us to better understand the day-to-day operations of Casey's Pond and to have discussions about the various scenarios of how this community may change over the next several months. We are at the stage where we are outlining several alternative paths and discussing the potential impacts these paths would have on residents, staff, and the overall community. This planning is being done at the same time we are finalizing the sales process (discussed below).

The receiver court order requires us to develop a budget by the end of July. This budget will reflect the operational and transitional assumptions we will need to make based on what we know at that time. Like all forecasting, we will be working with incomplete information and these plans and budgets will almost certainly need to be adjusted as we learn more. As we move along over the next several weeks and get a better feel for the likely results from the sales process, we will communicate to impacted residents and staff all changes as they become more certain. The date of any specific closures has not been determined at this time.

### **Sale Process**

The receiver court order describes a specific process we must follow to ultimately sell the Casey's Pond community. We have retained a broker to lead this sales process and that

team was finalizing their marketing plans this week. The current plan is for the marketing launch to happen next week. This means that the broker will reach out to all kinds of parties that may have an interest in Casey's Pond and solicit their interest in buying it. During August, September and early October interested parties may visit and tour the community and will be given access to all sorts of materials about Casey's Pond that we have assembled for review. At the end of October, a buyer will be selected, and the actual sale may happen in November.

The broker team will cast a wide net trying to identify potential buyers. These potential buyers will include other senior care operators who may have an interest in continuing to keep Casey's Pond a senior living community. This potential buyer pool will also include non-senior care operators who may have alternative visions for Casey's Pod that don't include senior care. We are also very aware of local groups that may become potential buyers. At this moment, there is no way to predict who will express serious interest and have the financial capacity to buy Casey's Pond. All we can say with some certainty is that Casey's Pond will be sold.

As you can probably see, the unknown of who will buy Casey's Pond complicates the operational and transitional planning. For example, the questions of when and if we need to start shutting down various portions of Casey's Pond must be answered with incomplete information. Any shut-down of any portion of Casey's Pond takes time to do and requires significant notice periods for impacted residents and staff. One group of potential buyers (current senior residence operators) may not want any significant changes to Casey's Pond, while other groups (affordable housing developers) cannot buy the community if it remains operating as a licensed senior care community.

**Please understand that as we plan and weigh options, there is a lot of outside speculation and many rumors circulating. We remain committed to communicating our decisions directly to impacted residents and staff first. We will communicate these decisions more broadly once those directly impacted have been notified.**

**Cordes & Company**