

Receiver Update

July 26, 2024

This is the second 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 with 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 Steamboat 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 and produced and provided annual financial statements audited by an independent financial firm. After months of sustained efforts by Casey's Pond nonprofit Board and its bondholders to find a 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, we continued to work closely with Casey's Pond leadership team developing plans and outlining the several alternative paths available as the Sales Process kicks off. We continue to talk directly to residents and staff and answer those questions that we can – unfortunately, there remain several unknowns and we don't yet have definitive answers. There are a few themes that have come up that we'd like to address for residents and staff.

Relocation Assistance: The receiver court order states "each resident shall receive one moving expense reimbursement of up to \$5,000". For residents to be eligible for this reimbursement, they will need to **receive a formal notification** that Casey's Pond will discontinue their level of service within a specified period, and they are required to relocate. Casey's Pond will work with each impacted resident to provide reimbursement in a manner that fits their individual circumstances. The receiver is not defining what these reimbursement funds may be used to pay for but will require documentation (e.g., receipts, copies of bills, etc.) to approve such reasonable reimbursement.

Life Care Deposit Refunds: The receiver court order directs the receiver to satisfy entrance fee obligations in full to residents residing in the facility in accordance with the applicable resident contracts. Currently, fifteen residents have life care contracts with Casey's Pond. Refunds will be made to these residents who either choose to leave Casey's Pond or are formally notified that Casey's Pond will discontinue their level of service within a specified period, and they are required to relocate. Also, residents who remain at Casey's

Pond through the sale of the facility will most likely receive refunds because we expect the new owner of the facility will not assume these life contracts. As all contracts state, refunds will be made within 180 days of the resident leaving the community. The receiver plans to issue refunds at the time of sale of the facility which we fully expect will be within the 180-day timeframe stated within the contracts. This timing is necessary because a portion of the funds necessary to make these refunds will come from the sales proceeds.

Sale Process

Our broker team launched the marketing process. Over 1,000 notifications were sent to parties who the broker believes may have an interest in buying Casey's Pond. These notifications communicate the sales process timeline to prospective parties and the following key dates:

Data Room Available for Potential Bidders	Immediately
Stalking Horse Bid Deadline (discussed below)	September 9, 2024
Receiver Selection of Stalking Horse Bidder Deadline	September 19, 2024
Bids/Overbids Deadline	October 24, 2024
Auction Held	October 29, 2024
Sale Hearing	TBD

To receive access to due diligence information (details about Casey's Pond), prospective purchasers will be required to sign a confidentiality agreement and show their ability (both financial and experience) to close on a possible sale.

We worked with Casey's Pond management to build an electronic "data room" that contains detailed information about the Casey's Pond building, location, operations and history.

A "stalking horse" bidder is a party that is willing and able to offer a first bid for Casey's Pond and this offer is acceptable to the bondholders. They would sign a purchase agreement that lays out their offer in detail. If a stalking horse bidder is selected, all subsequent bidders would need to submit offers that exceed the stalking horse bid in the auction process.

One of the questions we received this last week is what, if any, information we can share with you about the progress of this sales process. We will be able to give you general updates (e.g., number of potential bidders, number of data room visits, etc.). However, we are not able to share any information about specific prospective buyers, their prospective plans for Casey's Pond, their offer details, etc. This is a closed auction, and the confidentiality of prospective bidders is necessary to maintain the integrity of the sales process.

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