

Receiver Update

August 23, 2024

This is the sixth 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, which 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

On Monday, August 19, all Casey's Pond employees were provided notice that their employment would end as early as October 18, 2024. Federal and state law (as well as the receivership court order) requires that employees receive sixty-day notice of their job termination if the facility is closing. While we are still unsure on the exact timing of when a sale of Casey's Pond will close (and unsure of what the plans are of a prospective buyer), we determined it was necessary to provide this notice and inform Casey's Pond team members what the impact of such a sale will have on their employment.

Bellann Raile and Tom Plumb were on site during the early part of this week. Bellann met with various groups of the staff to discuss these notices. There was also a meeting with Independent Living Residents where we discussed the status of the overall community transition. Jeanine Woosley took notes from this meeting and will provide a Q&A document summarizing this meeting.

At this meeting, we discussed two topics that we know residents have questions about:

- 1) Resident Move Reimbursement. The receiver court order directs us to pay up to \$5,000 reimbursement to residents for move-related expenses resulting from the closure of various communities within Casey's Pond. As of today, we have announced the closure of the Doak Walker and the Assisted Living neighborhoods. All residents living in either of these neighborhoods are now eligible for move-related reimbursements. Jeanine Woosley will administer this reimbursement program and will provide procedures to

apply for reimbursement. The receiver will have the final approval for each reimbursement request. In addition to typical obvious expenses (transportation, moving services, etc.) we have determined the following types of expenses will be considered for reimbursement:

- a) Expenses associated with adaptations necessary for residents to move into a private home setting;
- b) One-time entrance fees assessed by a new continuing care or senior community;

2) Life Care Contract Refunds. The court order requires the return of the reimbursable amount for all life care contracts. We will refund the reimbursable amount to each resident holding a life care contract within 180 days of receiving a resident's notice of them leaving Casey's Pond. Furthermore, we expect all life care contract holders to automatically receive a refund shortly after the sale of Casey's Pond which will likely be less than 180 days from any resident move-out date. The only possible exception to this refund plan is if the buyer of the community specifically offers to assume these contracts and continue to offer the services and programs described within the contracts.

Sale Process

The property went on the market on July 25, 2024. Prospective buyer interest appears to be robust. As of Monday, 59 prospective buyers have been pre-qualified, signed confidentiality agreements and have access to the data room. Site tours are in full swing and will continue over the next several weeks.

As a reminder, here are the key future dates and deadlines for this sales process:

Deadline for Stalking Horse Bids	September 9, 2024
Deadline for Bids or Overbids (as applicable)	October 24, 2024
Auction (if Applicable)	October 29, 2024

No Stalking Horse bids have been submitted at this time. As defined in the receiver order, the bondholders are the party making final decisions on what offers are acceptable to them. As has been publicized, there is a continuing community effort to develop an offer that would be acceptable to the bondholders and potentially maintain Casey's Pond as a continuing care community. As of today, we have no update to share on this situation.

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