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August 11, 2020

Via Email to rich.wysocki@ct.gov
Connecticut Department of Social Services
Attn: Richard Wysocki
55 Farmington Avenue
Hartford, Connecticut 06105

Re: Covenant Living Communities and Services Financing 2020
Covenant Living of Cromwell, Cromwell, Connecticut

Dear Mr. Wysocki:

Erickson Peterson Cramer represents Covenant Living Communities and Services ("CLC") and the other Members of the Obligated Group (collectively "CLCS"), and is providing this notice pursuant to Chapter 319hh of the Connecticut General Statutes relating to Continuing Care Contracts.

CLC is the sole member of Covenant Living of Cromwell, Inc., a Connecticut nonstock corporation, that owns and operates a continuing care retirement community in Cromwell, Connecticut, known as Covenant Living of Cromwell. CLC and Covenant Living of Cromwell, Inc., are members, along with other affiliates/subsidiaries of CLC, of the Obligated Group that is currently undertaking a bond financing transaction in a principal amount not to exceed $250MM in the aggregate, consisting of a new tax exempt bond issuance in an amount not to exceed $75MM (the "Series 2020A Bonds") and a new taxable bond issuance in an amount not to exceed $175MM (the "Series 2020B Bonds", and together with the 2020A Bonds, the "2020 Bonds"). The Series 2020 Bonds will be issued through the Colorado Health Facilities Authority ("COHFA"), with the proceeds of such 2020 Bonds being applied and used as described below. It is anticipated the closing of this financing with respect to the Series 2020 Bonds will take place on or around the beginning of November 2020.

The proceeds of the Series 2020A Bonds to be issued through COHFA will be used:

(i) to refund and otherwise refinance the callable portion of the outstanding principal of the $104,205,000 Colorado Health Facilities Authority Revenue and Refunding Bonds, Series 2012A (Covenant Retirement Communities, Inc.) (the "Series 2012A Bonds") totaling $20,000,000, CUSIP number 19648AZP3;

(ii) to pay or reimburse CLCS or other members of the Obligated Group, as applicable, for the payment of the costs relating to certain capital improvements and expenditures as permitted under the 2020A Bonds at and related to the following facilities owned and operated by certain members of the Obligated Group:

1. Covenant Living of Florida, Plantation Florida;
2. Covenant Living of the Great Lakes, Grand Rapids, Michigan;
3. Covenant Living of Northbrook, Northbrook, Illinois;
4. Covenant Living at Windsor Park, Carol Stream, Illinois;

5. Covenant Living at the Holmstad, Batavia, Illinois;
6. Covenant Living of Golden Valley, Golden Valley, Minnesota;
7. Covenant Living of Colorado, Westminster, Colorado;
8. Covenant Living at Mount Miguel, Spring Valley, California;
9. Covenant Living at the Samarkand, Santa Barbara, California; and
10. Covenant Living of Turlock, Turlock, California;

(iii) to pay or reimburse CLCS or other members of the Obligated Group, as applicable, for the payment of the acquisition, construction, equipping, remodeling and renovation costs associated with a new independent living building and related health care facilities at the facility owned and operated by Covenant Home, d/b/a Covenant Living of Northbrook, in Northbrook, Illinois, which costs are currently estimated to not exceed $40MM;

(iv) to pay a portion of the interest on the Series 2020A Bonds; and

(v) to pay or reimburse CLCS and other members of the Obligated Group, as applicable, for the payment of certain expenses incurred in connection with the issuance of the 2020A Bonds and the refunding/refinancing of the 2012A Bonds (other than that portion included in the 2020B Bonds described below).

The proceeds of the Series 2020B Bonds to be issued through COHFA will be used:

(i) to refund and otherwise refinance the balance of the outstanding principal of the Series 2012A Bonds not included above in the 2020A Bonds;

(ii) to refund and otherwise refinance the outstanding principal of the $22,905,000 Colorado Health Facilities Authority Revenue and Refunding Bonds, Series 2012B (Covenant Retirement Communities, Inc.) (the "Series 2012B Bonds");

(iii) to refund and otherwise refinance the outstanding principal of the $23,060,000 Colorado Health Facilities Authority Revenue and Refunding Bonds, Series 2012C (Covenant Retirement Communities, Inc.) (the "Series 2012C Bonds");

(iv) to refund and otherwise refinance the outstanding principal of the $21,995,000 Colorado Health Facilities Authority Revenue Bonds, Series 2013A (Covenant Retirement Communities, Inc.) (the "Series 2013A Bonds");

(v) to refund and otherwise refinance the outstanding principal of the $20,450,000 California Statewide Communities Development Authority Revenue Bonds, Series 2013C (Covenant Retirement Communities, Inc.) (the "Series 2013C Bonds", and together with the Series 2013A Bonds, the "2013 Bonds");

(vi) to provide funding for CLCS and other members of the Obligated Group to offer alternative health care consultations and services through the acquisition, installation, and operating of Telehealth Services at various facilities;

(vii) to pay a portion of the interest on the Series 2020B Bonds; and

(viii) to pay or reimburse CLCS and other members of the Obligated Group, as applicable, for the payment of certain expenses incurred in connection with the issuance of the 2020B Bonds and the refunding of the 2012A Bonds (other than that portion included in the 2020A Bonds described above), 2012B Bonds, 2012C Bonds, and the 2013 Bonds with the proceeds of the 2020B Bonds described above.

At the present time, the underwriter anticipates that a debt service reserve fund will not be required in connection with the Series 2020 Bonds. In the event a debt service reserve fund is required for either or both of the 2020A Bonds or the 2020B Bonds, the proceeds of the 2020A Bonds and/or the 2020B Bonds, respectively, may also be used to fund such debt service reserve fund for the specific issuance of the 2020 Bonds. In addition, the existing Series 2012 and 2013 debt service reserve funds will be released upon closing and used as a source of funds to provide for the refinancing of the Series 2012 and 2013 Bonds.

Please contact me if you have any questions or need additional information.

Sincerely,

ERICKSON PETERSON CRAMER

Christopher W. Cramer

cc: David Erickson, Esq. via email
Ms. Kalen Carlson, via email