



Update on the Sale of the Inner Light Center June 15, 2020

Below is an update on the sale of the Inner Light Center to Oakmont CSL for a proposed 3-story 87-bed senior assisted living and memory care facility.

Pursuant to our two-year Purchase Sale Agreement dated December 17, 2017, Oakmont had two 6-month options to extend, if permits and entitlements were not yet received. The 1st extension was exercised in December, 2019 pushing the closing date to June, 2020. With the Planning Commission approval of the project on March 11 and the Soquel Water District issues being resolved, both parties were anticipating closing by mid-June. Then COVID hit and we were informed in March that they would be exercising their 2nd extension in mid-June. For weeks, we have been discussing their desire to add on another 60 days on to their second extension option. This would have come with a small advance on the sales proceeds.

With senior assisted living being their only business, COVID-19 has taken a tremendous toll on their current projects, those under construction, and those in planning. Some of what Oakmont is dealing with are having, the most vulnerable population in both health and the economy as their sole client base, devaluations of their businesses, inability to complete projects under construction, inability to get facilities ready for occupancy furnished, new regulations on operating such facilities that impact their profitability.

For these reasons and more, Oakmont will not be able to complete the transaction at all in this COVID climate. This is notification that the sale escrow has been closed. This was a difficult and most challenging decision for them to make due their dedicated interest in our site. When the property first come on the market in 2015, Oakmont presented us with a full price offer. We chose another company because they also offered interim bridge financing. When the first escrow fell through due to zoning issues, Oakmont presented a full price offer again in 2016, but were not able to close that escrow due to issues regarding securing water rights. With the help of Supervisor John Leopold with various regulatory bodies in the County, Oakmont offered another full price offer and we entered into a second escrow with them in December 2017, which just recently closed. Should the environment change and the property still be available, Oakmont has indicated that they may well approach us again. They built the Aegis project down the street and are familiar with the area.

Needless to say after five years, this is a shock. Oakmont regrets any hardship this has caused. However, given that Senior Assisted Living is Oakmont's only business, their inability to complete the transaction is understandable, given the economic impact of COVID.

As a community, it behooves us to ride out this pandemic in our current location to "Shelter in Place." We had not found another permanent location, and COVID unraveled even our temporary plans. At the point in time when we were expected to open Sunday Services at the Vet's Hall in downtown Santa Cruz, the County converted the facility into a homeless shelter.

In our own home is the place for us to be right now.



Financially, many community members had a lot riding on this escrow, including myself. We will find other means to make ourselves whole. A blessing of COVID is that it compelled us to move forward into the virtual world where we are gaining much momentum, especially given the awakening of social conscience. We will make our way through. We were all expecting to be paid off by now. No one wants another delay. We do sincerely regret the continued hardship that delay has created on everyone who has been waiting, whether patiently or not. We have no control over the general economy and how it will recover. We can, though, be creative in how we make it through to the other side. Despite the enormous disappointment, my personal faith has never been stronger. Inner Light will make good on every promise to pay.

This does require, however, rethinking our plans and budgets and creating new short-term and long-term goals. We will be engaging in conversations with our bank and our junior lenders, as well as our other investors. It will be incumbent upon us to re-structure our debt. Restructuring of the debt has always been the primary desire, not divesting of our real estate. This economic climate has created a demand for secured investing like real estate, given the volatility of the stock market. We will explore refinancing our current mortgages in the private market.

We will also need to take a look at all expenses and all potential income streams to bring cash flow into balance. This needs to happen regardless of whether we move or not. Fiscal sustainability is an imperative. We look forward to visioning and exploring our community's future.

There will be a series of Zoom meetings early this week with different configurations of stakeholders – team leads, investors, etc. We will make the announcement to community as a whole during our Community Meeting on Thursday, June 18, 2020. We will also be unveiling our new logo and the amazing progress of our branding team on design, messaging, web development, social media, and video storytelling. We are poised to soon launch Inner Light 2.0, surely to help set us on a path of fiscal sustainability.

In summary:

1. The Buyer is unable to complete the sale transaction. Escrow has been closed.
2. Inner Light will not be moving from its current site in the near future.
3. We are exploring alternate means of paying off and restructuring our debt
4. As a community, we will explore our path to fiscal sustainability
5. We have expanded into the virtual participation
6. We are poised to soon launch our new branding which includes new marketing campaigns and social media strategies
7. We stay off the Victim/Villain/Hero Triangle. Oakmont, the Buyer, is not our God. We put into action our highest values and principles.

Thank you, Inner Light Community for your continued support and consciousness. Will provide an update in mid-July, 2020. Forward together.

“This, Lord, or something better.”

BREATHE!!!

Rev Deborah L. Johnson,
Founder and Spiritual Director