

**TRUSTEES OF ARDENTOWN
2308 East Mall
Ardentown DE 19810**

Trustees
ROBERT E. DeNIGRIS
HARRY F. THEMAL
CHARLES W. TILL

Secretary
BETTY ANN THEMAL
(302) 475-8193

Feb. 17, 1997

Dear leaseholders and residents of Ardentown,

The trustees of Ardentown are writing to you in order to update you on the recent request for expansion at the Kamin/Ingleside Assisted Living facility. In order for you to have a clear picture of the process, we are including a brief history of this project.

In 1986, the YWCA decided to vacate the property after 24 years. The trustees at that time were Richard Cherrin, Howard Lovett and Charlie Pettit. Several proposals were made for the property, including one as a new location for the Wilmington Montessori School (then at the old Arden School) and one from what was then called the Church Home Foundation (now Ingleside Homes, Inc.) for an assisted living facility. The latter became the new leaseholder and built a facility to blend in with Ardentown. Kamin was completed in August 1988.

Kamin's lease agreed to pay 100% of the land rent. This was not the case for the YWCA, which received an adjustment in its land rent from the trustees. As a non-profit organization, Kamin pays no taxes on the building, so the trustees are not billed by New Castle County for school or property taxes for the building. In the years since Kamin has held the lease, it has paid a total of \$102,568.36 in land rent to the trust. This figure includes 1997.

Now to the present expansion proposal: Carol Berster, head of Ingleside Homes, Inc., the owners of Kamin, and Georglann Deist, the director of Kamin, asked to meet with the trustees to discuss their present financial conditions and how to approach improving them. This initial contact was held on May 23, 1996. The trustees at that time were Doris Boller, Bob DeNigris and Harry Themal. Ingleside Homes felt that Kamin needed to expand to survive. Berster and Deist explained that trends in assisted living were toward single rooms, for which there was a growing demand but which made its present 24 mostly double-occupancy rooms no longer that economically competitive. A market study had also found a community need for adult day care. Some rough, preliminary sketches were shown, indicating a wing at the back of the structure, in the direction of Harvey Road. This was just the beginning of the thoughts about expansion. The trustees asked Ingleside Homes to let us know when more concrete plans were devised.

The second and only other meeting between the trustees and Ingleside Homes was on Jan. 8, 1997. By this time Charlie Till had replaced Doris Boller as trustee. Assisted by their architect, builder, and various board members, Ingleside Homes officials presented various plans as they had evolved in the intervening seven months. Clearly the last plan, approved by Ingleside's board in December and the one presented to the town meeting, was very different from the thoughts of the initial discussion. Ingleside Homes did not seek nor receive trust approval at that time, but wanted to take these plans to the Village of Ardentown for the town's input.

Consequently, at the next coordinating committee meeting on Jan. 27, the trustees introduced the expansion project and had it placed on the agenda. The issue came up again at a meeting of the trustees with the civic committee on Feb. 8. And then Carol Berster and Georglann Deist spoke at the town meeting on Feb. 10.

After their presentation and a question period, Berster and Deist left. After other town business was completed, the discussion returned to the expansion project. The overwhelming sentiment of the town meeting was against this expansion, as outlined in a notice that Lisa Riblett prepared. Other ongoing problems with Kamin were also discussed. When a vote was taken, expressing the feeling of the town: 15 wanted no expansion, while 9 were willing to look at other options.

After gathering other information, the trustees met on Friday, Feb. 14, to discuss the situation and to consider their own position. Harry had talked to the trust lawyer, Joseph Rosenthal, who confirmed that the trust as the legal owner must approve any building or zoning plans before they can be taken to New Castle County. Harry and Bob also talked to Richard Cherrin about the lease that brought Kamin to Ardentown. Kamin's original variance application to the county was also reviewed. The trustees voted unanimously not to approve the presented plans and to inform Ingleside Homes of the decision. A meeting was immediately scheduled, for Feb. 17. The trustees asked Chris Coburn, as town chairman, to be included at the meeting with Ingleside Homes and Chris agreed to come as the town's representative. And the trustees agreed to send out a communication, which you are now reading, immediately after Monday's meeting.

At the meeting with the Ingleside Homes officials, board members and consultants, the trustees explained why they had voted not to give permission for the expansion plan that had been presented to them and to the town. A key reason was that its sheer size and location would have an adverse impact on the village. Another reason was that the original 1986 Board of Adjustment application called for no expansion beyond the size of the old YWCA and that "there is no intention to take any of the current gardens to build any additional buildings." Since new construction would thus probably require a new variance, the citizen opposition at a public hearing might be such that the Board of Adjustment would not likely grant a variance. The Ingleside officials seemed to understand and accept our decision and gave no indication they might try to proceed without the trustees' approval.

We then went on to discuss the consequences of this action. The trustees are convinced that Kamin cannot survive financially in the present facility without some change. One option is for Ingleside Homes to leave and sell the property, which makes the future perhaps even more uncertain. Another option is to add some kind of reduced but viable facility in a less obtrusive part of their leasehold. But it's doubtful Ingleside would proceed in this direction if the results were to be the same as with the original proposal. Everyone agreed additional study was needed. One suggestion discussed was that a trustee, the town chairman and a representative of the nearby residents might participate in Kamin's future planning sessions.

Also discussed were other older issues that presently affect the village, such as traffic, noise and lighting. Berster and Deist said they had not been told previously about these situations and said that they would work to correct them where feasible.

The trustees believe that Kamin has been a responsible leaseholder and has tried to be part of our community. It has let residents and visitors use its parking lot. It invites in groups to interact with its residents. Several Ardentown residents have had relatives or close friends at Kamin and one of our favorite senior citizens spent part of her last months there. It would be a shame to lose a facility that meets such an important need in our Delaware community.

We also hope that this communication will help to clear up the rumors, innuendo and false accusations that traveled around town after the town meeting. Somewhere along the line, the expansion project seemed to be replaced by a town vs. trust confrontation. This was unfortunate. We hope you understand that the trust is working and will continue to work for the best interests of all of Ardentown, a community in which we are also residents as well as trustees.

Several of you consulted with us about this issue during the past week in order to get a clear picture of what was happening. If more had made that effort, false information and rumors might not have dominated some recent conversations. As trustees, it is our policy to be available to any one of you to answer questions or to discuss our actions. We encourage you to contact any one of us whenever the need arises. Thank you.

Bob DeNigris
Harry Thernal
Charlie Till

Bob Harry Charlie

A Not-for-Profit Community Serving Older Adults

Dear Leaseholders and Residents of Ardentown:

By now you have read the letter from the Trustees of Ardentown regarding our proposed expansion at Ingleside Assisted Living. It is our opinion that the letter is an accurate representation of the facts. We hope that you will take the time to read our letter as well so that we can give you a little more information. It is very clear to us that our current plans are not acceptable, but it is also clear that we have to do something. We hope that we will have another opportunity to discuss this with you.

Ingleside Homes is a not-for-profit organization which began in 1971 as a coalition of United Methodists, Episcopalians, and Presbyterians. Our mission is to provide quality, affordable, comprehensive services, including retirement living, health care and community outreach to a diverse population. Services provided are aimed at enabling people to live the fullest possible lives. We are not a part of any larger organization nor do we receive any financial support from the denominations listed. Local individual churches do provide volunteers and support fund raising campaigns. Our first facility, Ingleside Retirement Apartments, opened in 1975. This community has 208 apartments some of which are HUD subsidized. In 1988, Kamin opened as an effort to provide another level of care for our residents and others in the area who would benefit from assistance with the activities of daily living. In 1991, our organization, then called Church Home Foundation, merged with the Episcopal Church Home Foundation to form Ingleside Homes. Episcopal Church Home, a 171-bed nursing and rehabilitation facility in Hockessin, became known as Ingleside Care Center. This enabled Ingleside Homes to offer a more complete continuum of care. As the needs and wants of older adults change, we must change to meet those needs. This is really not any different than any other service organization. That is why we are hoping to renovate and expand at Ingleside Assisted Living (the new name for Kamin -- this more closely identifies it with our other communities). In 1988, when we opened this facility, semi-private rooms were used because they met market needs and helped to keep the fees affordable. Today, seniors are looking for private rooms. In order to provide private rooms and still keep the fees affordable, it is necessary to add additional units. According to our preliminary financial feasibility studies, it will take 78 units to enable us to break even within three years of starting construction. The increase in resident capacity would be from 48 current to 78 proposed. To further enhance the continuum of care, we would also add adult day services for approximately 25 to 30 older persons with symptoms of early Alzheimer's disease. Currently, there are very long waiting lists for the existing facilities providing these services. For caregivers, these day services provide respite or the ability to continue to hold jobs or just take a break from caregiving. For the people themselves, the facilities provide wonderful therapeutic activities. Van transportation morning and evening has minimal impact on traffic flow from adult day services. Since assisted living residents don't drive and the staffing requirements are not as high as for a nursing home, we expect minimal impact on traffic flow from an expansion. There would likely (and hopefully) be more visitors, but except for times of major events, such an increase would not occur all at one time.

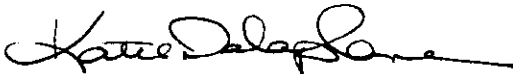
Actual hard construction costs are estimated at \$4.2 million for the expansion and \$352,000 for renovations. The total financing of \$7.6 million includes architectural, marketing and financing fees as well as \$1.7 million of capitalized interest and a debt service reserve fund.

Although we are one organization, we look at each one of our communities as an independent entity for budgeting and financial reporting purposes. They do not subsidize each other. Each one covers a portion of our corporate office expenses which provide centralized accounting, payroll, fund-raising, marketing and planning support. As a not-for-profit organization, we try primarily to break even. If there is any profit, it goes back into funding operations to carry out our mission to those we serve.

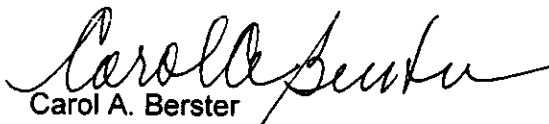
As our mission states we are committed to providing quality, affordable, comprehensive services. At the same time we want to be good neighbors wherever we serve. That's why when our project team formed last May, we immediately met with the Trustees of Ardentown to seek their counsel and guidance before we engaged an architect or contractor. We were encouraged to proceed with our plans and advised that when we had more concrete plans we should make a presentation to the town. Once we hired an architect in July, our statement of goals from the team's meeting on August 9 included "Be a good neighbor", "Tie in the Carriage House", and "Extend the life of the existing mansion". We are sorry that you did not get a sense of these concerns and sincerely hope that we will have an opportunity to meet with you again. We will set a time and place for the meeting once we determine how many of you are willing to talk with us and help us find a solution that will help us continue to fulfill our mission and address your concerns. Please return the enclosed post card indicating whether or not you are interested and we will contact you about a future meeting.

Thank you for taking the time to read what has turned into a very long letter. If you have any concerns about the operation of Ingleside Assisted Living at any time, we hope you will call Carol Berster (575-0283 ext. 226) or Georgiann Deist (475-9580 ext. 11) at any time. We are interested in addressing your concerns and in being good neighbors.

Sincerely,



Katherine K. Delaplane
Chairman of the Board of Trustees



Carol A. Berster
President/CEO



Georgiann Deist
Administrator, Ingleside Assisted Living

cc: Ingleside Board of Trustees