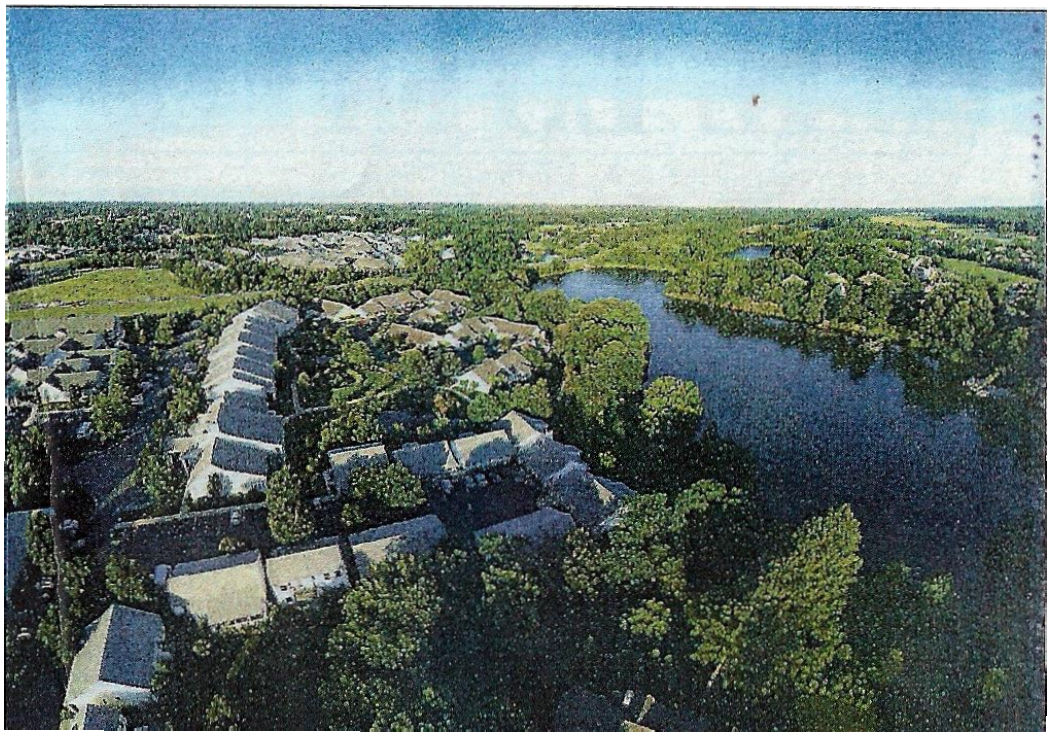
THE LONDONDERRY AIR

IMPRESSIONS OF THE HISTORY OF A RETIREMENT COMMUNITY



LONDONDERRY
RETIREMENT COMMUNITY OF EASTON, INC.

Collected By

David C. Hazen

Published by Doshaih Publishing Co.
Princeton Kanpur Washington Oxford Daytona Beach Easton

Contents

Forward	5
1. Beginnings — 1989	7
2. Early Development 1989 - 1994	14
3. Discord 1995 - 1996	25
4. Doldrums 1994 - 2000	30
5. Growth — Adolesence 2000 - 2003	37
6. Growth & Increasing Maturity 2003 - 2007	44
7. Toughened by Recession 2008 - 2011	51
8. Coming Out the Other Side 2012 - 2015	64
9. Sources & Acknowledgements	74
10. Appendix I Board of Directors	76
11. Appendix II Londonderry Manor Revisited	82
12. Appendix III Richard Upjohn	84

This book is dedicated to Elaine Utley, whose enthusiastic support of the screwy ideas of the inmates, from wine making to writing histories, is a major contributing factor in making Londonderry on the Tred Avon such a special place.

Foreword

My wife's and my families both moved to the Eastern Shore in 1937 when we were 10 years old, hers from Bala-Cynwyd, PA, mine from Rye, NY. With singular perspicacity, they arranged to be next door neighbors. We married 11 years later, lived in New Jersey for 32 years and Washington DC for 5 more before realizing the error of our ways and moving back to the Shore to live in a house we had built directly across Trippe Creek from the homes in which we had grown up.

While our mailing address was Oxford, shopping and other activities took us into Easton nearly every day. In the '80s we became aware, as we drove past, of activity, mostly in the form of dredging spoil being spread, on the property between the Easton Parkway and the shore of the Paper Mill Branch of the Tred Avon. Later we heard that it was to be developed into a retirement housing project in which Bishop Elliott Sorge was interested.

For the next decade or so, while aware that substantial construction had taken place, being busy with other concerns, we really paid very little attention to what was happening on that strip of land. We did know people living there, and were aware they thought highly of their community, but really had few occasions to visit.

Being fully occupied as care-givers for an ill son, we had no time to consider what we might do in our "Golden Years" until after his passing when they were no longer so "Golden." Given the speed and lack of hassle with which things fell in place immediately afterwards, we shall always believe he was orchestrating things from on high. The Tuesday after his service, on a whim, Mary Ann stopped by the Londonderry front office to see if she could pick up a brochure. Instead, she came away with an option to buy what became our apartment. Our house next sold to a neighbor's daughter without ever being put on the market — and so things went — obviously strings were being pulled in high places!

Without question our biggest problem was downsizing from a house in which 33 years of stuff had accumulated. It turned out that the biggest mistake we had made when designing the house was to build in lots of storage. Our bigger mistake while living there was to make of use of all of it. Although far from completely ready, we moved into our new way of life just 77 days after first stopping by for a brochure.

It didn't take us long to discover we had joined a remarkable community. The more involved in local activities we became, the more intrigued I became to learn how Londonderry had become its unique self. Discovering only sketchy outlines of its remarkable past, I undertook the research that has led to this volume which I offer as of possible interest to present and future residents who may share my curiosity.

One of the things I have not even tried to document as being well beyond my capability, is the remarkable diversity of the residents. An unavoidable characteristic of retirement communities is the transient nature of their populations. Mary Ann and I consider ourselves extraordinarily lucky to be here with the current group of very talented and interesting occupants, but have no doubt that future cohorts, while probably possessing a completely different mix of skills and experiences, will continue the Londonderry tradition of welcoming friendship and stimulating exchange.

Chapter 1
Beginnings — 1989

Measuring its existence in tens of thousands rather than hundreds of thousands of years, the Delmarva Peninsula is a mere youngster in terms of geological time. Created by the flow of the waters of the Susquehanna and its many tributaries as they scoured out the Chesapeake Bay, it had been the home of a variety of Indian tribes for unknown eons of time before it was initially explored by Captain John Smith in 1608.

The following years saw settlement and exploitation of its timberlands as ground was cleared for the growth of the cash crop of the day, tobacco, which quite literally served as currency. Because of the nature of its shore line, consisting of great numbers of navigable rivers, creeks, inlets and coves, ships collecting tobacco for shipment overseas could approach individual plantations closely. This obviated the need for the development of collection ports such as Annapolis and Baltimore which developed on the less accommodating western shore at the edge of The Piedmont. As a consequence, through the years Delmarva remained relatively rural while the western shore became increasingly urbanized.

With the depletion of the soil, tobacco gave way to other crops. The post Civil War expansion of rail lines, together with the development of refrigeration systems other than stored blocks of winter ice, opened new markets for the local farmers and watermen, but thanks to the Bay and the generally poor condition of the road system, the area remained relatively isolated, and the pace of life pretty much unchanged until WW II. That upheaval obviously brought some changes, but it was not until the post war construction of the Bay Bridge that the nature of life on the peninsula was forever altered.

For example, before the bridge Talbot County was connected to the outer world, but only tenuously. The road system consisted of a spider web of two-lane country roads leading either to the Matapeake ferry, and thus the world across the Bay, or to Wilmington, and points north. Because of the narrow roads, automobile travel speeds were generally slow, so many preferred to ride “The Bullet,” a two car diesel-electric train that ran every morning from Oxford to Wilmington with numerous stops in Maryland until reaching Middletown, Delaware after which it completed the trip non-stop. It retraced its route late in the afternoon, finally reaching Oxford after stopping in Easton long enough for the crew to have dinner.

All aspects of life, including aging, proceeded in a similarly leisurely manner. Arrangements for spending one’s “golden years” were generally family-centric. The details, of course, varied greatly depending upon economic status, but it was generally accepted that the younger generation assumed the responsibility for the older one. For the affluent, this might mean overseeing the old folks in their own home with hired servants or caretakers, but for many it meant bringing Mom, Dad, or Aunt Tilly into the home with the rest of the family.

In case of severe dementia or other health problems, there were some State Institutions. There were also a few dedicated boarding houses.

In Easton, as early as 1903, in temporary quarters, 5 widowed women were housed in the “Home for Aged Women of Talbot and Caroline Counties.” By 1910 this had been moved to a site on Higgins Street donated by the Dixon family — Amanda Dixon was one of the original supporters of the idea for the home. In 1984, in acknowledgement of the changes that were taking place in the nature of the expectations of the aging, its catchy name was officially changed to “Dixon House” in her honor, and men were admitted.

After the construction of the bridge, new roads were built and old ones improved. Along with the increasing evolution of the various forms of electronic media and devices, the effect was to destroy forever the isolation of the peninsula. Because this opened up the area to new residents (known to the locals as “Come Heres” among less complementary sobriquets), it radically changed many things, but especially real estate values, putting new strains on traditional housing arrangements. A population which had been comprised primarily of full time residents became increasingly mobile with part-time residency adding to the difficulty of providing for aged relatives. At the same time, with advances in medical knowledge and technology, there was a significant nationwide lengthening of life expectancy.

Acknowledged or not, the increasingly long lived elderly became more and more a burden for both the younger and older generations. To many this appeared as a growing problem, but to others it began to appear as if care for the elderly was an an increasingly attractive investment possibility. By the late ‘70s and early ‘80s a number of institutions began to appear about the state that were designed to provide the elderly with improved quality of life over the traditional “old folks,” or "nursing," homes by providing entire communities designed for independent living as long as possible.

On the Western Shore in 1970 a bequest of over 3 million dollars and 360 acres of what had been Fairhaven Farms was made to the Episcopal Diocese of Maryland by the estate of Mr. and Mrs. Frank B. Beasman for the purpose of establishing and maintaining a home for aged men and women. In 1974 this led to the Diocese establishing an independent non-profit corporation, Episcopal Ministries to the Aging, Inc. (EMA) charged with the responsibility of seeing the Beasmans’ dream fulfilled. Located in Sykesville, the resultant 240 unit retirement community officially opened on December 1, 1980. One of the people intimately involved in bringing this about was Paul Spadone, Jr. who would in a few years play a major (albeit at times controversial) role in the creation of Londonderry.

On the Eastern Shore, one of the people who recognized the creation of such a retirement community as both a community service and an investment opportunity was Dr. David Hill, the pharmacist who owned Hill’s Drugstore in Easton. With considerable foresight and business acumen, he organized the building of an upscale retirement community, and in 1981 opened William Hill Manor using a layout consisting of a central building containing both apartments

and community facilities surrounded by outlying residential cottages. Continuing care facilities were planned, and added at a later date.

Two years later, in 1983, the Right Reverend Elliott Lorenz Sorge was installed as the eighth Bishop of the Episcopal Diocese of Easton. Acutely aware of the problems of an aging population. as well as the pressing needs in the DIocese for affordable housing, he created a Committee on Aging, and later, in response to increasing problems of homelessness, a "Housing Task Force," chaired by the Rev. William Blood. Among its several objectives was the creation of "a retirement community for people of moderate income."

At about the same time, on the Western Shore, like David Hill, Paul Spadone, Jr. had also sensed the potential profits to be made working in the evolving field of retirement communities. A product of the Hill School and Yale University, his experience included working on the development of the planned community, Columbia, and a number of Rouse shopping centers as Vice President and Senior Project Director of the Howard Research and Development Company, a subsidiary of the Rouse Company. After working as a program manager on a variety of other construction projects, in the early 1970's he had decided on a career change, and became an independent consultant specializing in life-care facilities for the elderly.

It was in 1976 when he first started working in this capacity with EMA on the development of Fairhaven, and was credited by many with being a major factor in its successful completion. Under the name of "Development Services (To Non-Profit Organizations)" he also consulted for a number of other Maryland institutions, such as Stella Maris in Timonium and Pickersgill in Towson, as they transitioned from traditional nursing homes to more modern facilities. While so engaged, he seems to have concluded that he could achieve more as an actual developer than as merely a consultant. With this in mind, he conceived of the project that would eventually become Londonderry.

Possibly feeling that the Western Shore market for such communities, particularly in the Baltimore area, was becoming saturated, in 1987 he became attracted to the possibility of developing something akin to Fairhaven on the Eastern Shore. Despite having been trumped by David Hill, the mid-shore area still seemed a good potential marketing area provided one could come up with a lower cost alternative to William Hill Manor.

Since the savings that could be recognized by simply refining the construction and operational procedures used by Dr. Hill could be expected to be, at best, only marginal, there was little prospect of using only a modestly reduced initial investment as an enticement to attract potential residents away from applying to the already extant William Hill.

However, by structuring the new community as a cooperative entity owned jointly by those who lived there, thereby giving them control of its operational costs, and presenting the possibility of recovering, or perhaps even bettering, the initial investment upon resale at the time of their departure, a strong case could be made for choosing the yet to be constructed community rather than its older established competitor.

The profits to accrue to the developer of such a community, which might be considerable if the concept caught on, would come, not only in the profit from sales, but also in the form of a management fee set as a percentage of both a resident's initial purchase price and of the various operating fees charged in lieu of rent.

Getting started would, of course, require the expenditure of a considerable amount to cover the purchase of the land and the construction of the initial housing units. Presumably, once there was concrete evidence of the nature of the evolving community, the cost of later construction could be expected to be offset, at least partially, by down-payments from potential residents, but (and it was a big "but") to get started a would-be developer had either to possess, or have access to, the not inconsiderable necessary initial funds.

To help lend credence to his vision of this new community, calling upon his experience with Fairhaven, he sought the endorsement of the Episcopal Church. As summarized in a January 24, 1989 letter to Rev. William Blood, at a luncheon presentation earlier in the month that had been attended by Bishop Elliott Sorge and other key members of the Diocese, he set forth the following elements of his envisioned new variety of retirement community:

a) The community would be operated as a not-for-profit, cooperative, corporatio
b) An "Advisory Board" would oversee its development and operation.
c) Members of the Board should be comprised of concerned leaders of the Eastern Shore, all of whom might, or might not, be members of the Episcopal C
d) Members might include a lawyer, doctor, accountant, financial advisor, banker, soc
e) The function of the Board was envisioned to review and approve policies, pr
Board. Programs of fees and charges would be structured so that
funds for such allocations would be available.
f) All residents would pay the published rates, which would include a voluntary co
g) Dwelling units would include full housekeeping facilities (kitchen, bath and laundry
bedrooms (1120 s.f., large) units.
h) Prices were expected to range from $35,000 for an efficiency to $120,000 for a large
estimated at $543 per month for an efficiency unit, increasing to
$1135 per month, double occupancy, for a large two-bedroom cottage.
i) All sales of units would be based upon actual costs of development, including a ten
operating records would be subject to full disclosure and annual audit.
j) Upon the resale of a unit, any difference between the agreed upon resale price and the
k) At-home health care would be provided on a fee for service basis.
l) No State or Federal funds were to be used. No project would be
marketed to the public.

Based upon the projected program of fees and charges with a financial aid program administrated by the Board, Spadone made the point that it should be possible for a "lower income" to "very low income" person to be a resident. This outline of features, particularly the inclusion of a benevolence fund, found Bishop Sorge, who was familiar with the developmentof Fairhaven, an enthusiastic supporter of the idea of creating an affordable retirement community on the Eastern Shore.

As a result, he initiated the steps that were to lead, a little later in the spring, to the incorporation of "The Retirement Community of Easton, Inc." Organized as a Maryland housing cooperative, it was a limited partnership of private investors with the endorsement — but not the financial involvement — of the Episcopal Diocese of Easton.

As required by the Articles of Incorporation, Bishop Sorge, drawing upon the membership of some standing Diocesan committees, appointed an initial Board of Directors consisting of a retired Talbot County businessman, Richard W. Daspit, as President, himself as Vice-President, Rev. William Blood as Treasurer, Kathleen A. Francis as Recording Secretary, and W. Thomas Fountain as Legal Council. On May 2, 1989 these individuals signed the necessary papers as the incorporators. These papers were duly received and recorded by the State Department of Assessments and Taxation two days later upon receipt of a $220.00 fee.

Although it did not seem significant at the time, it is worth pointing out that in setting forth his concept of the new organization at the luncheon presentation that had resulted in obtaining Bishop Sorge's backing, Spadone had called for the formation of a "Board of Advisors," not a "Board of Directors." Some years later the distinction would lead to a clash of interpretation of roles resulting in an irreconcilable rift.

While the endorsement of his vision by the Bishop provided a needed credibility (and respectability) to his ideas even before the creation of the Retirement Community of Easton had been officially completed, Spadone realized that attracting potential investors would require more concrete evidence of his seriousness of purpose in the form of a substantial cash investment. His difficulty was the limited nature of the funds he personally had available for such a purpose.

A solution to this problem presented itself, or more accurately, himself, in the form of a fellow Yale graduate, Dr. Douglas G. Carroll III, a scion of the illustrious Maryland founding family. After graduating from Yale in 1938, he had gone on to get his MD from Johns Hopkins University. After a successful career serving both Johns Hopkins and Baltimore City Hospitals, by the end of the 1980s he was in semi-retirement serving two days a week as an emergency-room physician at the Greater Baltimore Medical Center.

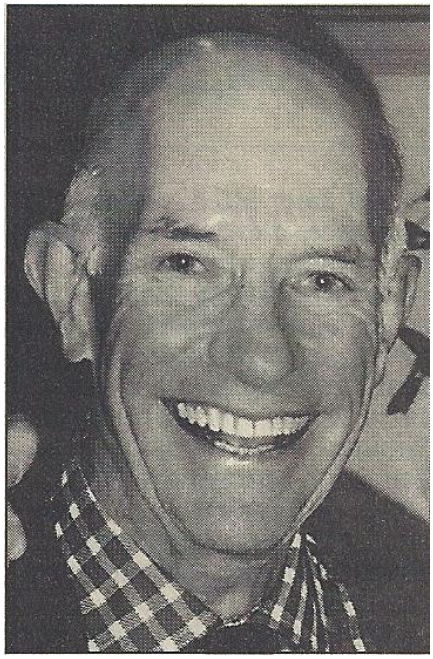
This gave him time to indulge in his other interests of farming, rehabilitating old buildings, and — by example — getting land owners to grant permanent conservation easements on their properties. In a number of newspaper articles explaining the tax advantages that resulted, he extolled this practice as the ideal method of assuring the preservation of the rural landscape. His primary m
had grown to know and love as a boy.

Since he had no interest in (and usually actively opposed) any form of development, it would appear that his purchase of 17 acres of shorefront property not far from Easton Point on March 20, 1989 for $725,000 can only have been made at the behest of his friend Paul Spadone with whom at the time he

had formed a limited partnership known as the Port Associates Limited Partnership.

In his January letter to Rev. Blood, Spadone, outlining his vision of the cooperative community had stated, “it is our intention to create a retirement community on the Easton Point site,” indicating that the yet to be acquired property had been an integral part of his concept from its inception. This property was low lying land, some little more than marsh, that earlier had been used as a dumping site for material dredged from the waters around Easton Point. This caused difficulties as it had proved to be a real problem both to keep the spill from flowing onto neighboring lands and, once stabilized, eventually to get it to dry out.

The site, along the shore of the southern extension of the Tred Avon River beyond Easton Point known as the Paper-Mill Branch, had been intended by its owners, George and William Seger, to be the site of the U.S. fabrication facilities of the Canadian firm, Whitby Yachts, but difficulties in assuring an adequate supply of energy on site had led to it being placed on the market. Its size, location on the water close to Easton, and general appearance fit with Spadone’s concept of the community he had in mind, so he was delighted to be able to secure it.



Paul Spadone, Jr.

One major responsibility of the Board of Directors spelled out in the Articles of Incorporation was the creation of a list of by-laws governing the operation of the Corporation. An impressive document, it enumerates 60 separate articles, but for the moment the most important one for Spadone and Carroll was:

11. Employ a Managing Agent to do those things empowered to the Board of Directors to direct the management of the Corporation.

Initially, the Managing Agent shall be the development partnership which shall contract to construct, finance and manage the cooperative corporation on behalf of the initial Board of Directors."

On June 20, 1989 two separate documents, "A Development Agreement" and "A Management Agreement" were signed by Richard W. Daspit in his capacity as President of the Retirement Community of Easton, Incorporated, and by Paul Spadone, Jr. and Douglas G. Carroll, III in their capacities as General Partners of the Retirement Community of Easton, Limited Partnership into which Port Associates Limited Partnership had morphed.

Chapter 2
Early Development 1989 - 1994

Whatever his motivation (and through the years there has been considerable speculation about whether it was true concern for the aged or merely the desire to make money) Paul Spadone was obviously very persuasive, be it addressing Bishops, contractors, or potential residents. Also, somewhat like a chameleon, he possessed the ability to blend into the background, preferring to have others — like the President of the Board — make public pronouncements. Until Londonderry asserted its independence of previous agreements some years after the first residents moved in, and elected their own Board members, there appears never to have been any real question about whose vision was being developed, or who was calling the shots.

Seemingly, (the existing records are inconclusive) even before assuring the sponsorship of the Diocese of Easton, for help in defining the physical characteristics of the grounds and buildings of the community to be built on the property that he and his partner hoped to acquire, Spadone had approached a firm with the intriguing name of Schamu, Machowski and Doo Associates of Baltimore. Architect, Walter Schamu, had come up with a concept that created, "a village clustered around the centrally located Community Center." His plan,

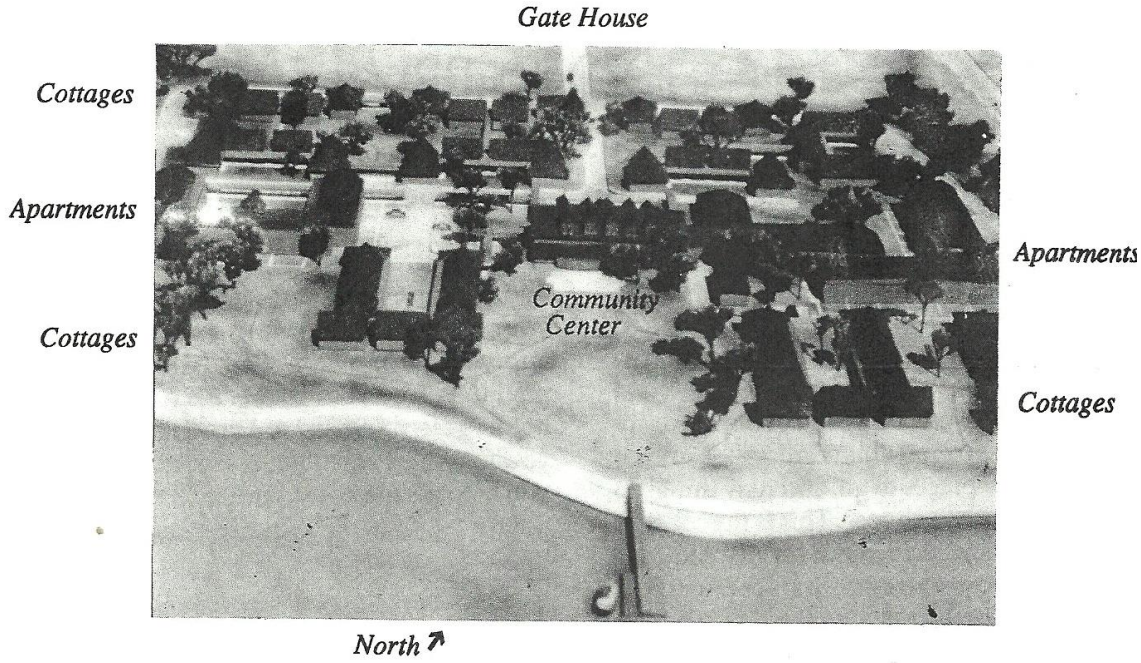
presented with a desk-top model of the layout to be used for promotion purposes, included nature paths, gardens, shuffleboard courts and a pitch and putt golf coarse.

Schamu's preliminary drawings formed the basis of the size and cost estimates that were originally presented to Bishop Sorge. Although for various reasons the details of these plans would be altered in many respects before construction actually began — really only the concept of dwelling units placed around a Community Center building being retained — these were also the plans presented in the early promotional materials touting the desirability of life in the proposed retirement community.

Quite correctly reasoning that, "The Retirement Community of Easton," was hardly the type of title that would look good on brochures or stick in peoples' minds, Spadone appropriated, to the intense displeasure of its current owner, Mr. Rhodes, the title "Londonderry" by which the existing Manor House (built in 1868) and the property on which it stood, part of an original 1667 grant, was known. This could, perhaps barely, be justified by the fact that the site along the Tred Avon had actually been a minuscule portion of the vastly larger original land grant which had included portions that had been used as the sites for both the Talbot County Court House and the Friends' Meeting House in Easton.

By mid 1990, the town of Easton had approved the necessary annexation and zoning requests, and it began to look as if things had progressed far enough, should a builder willing to risk the necessary capital be found, that it might not be unreasonable to hope that the first residents could move in by the end of 1991 instead of 1992, the date being quoted in advertisements.

To attract potential residents, along with the ad campaign and frequent news releases, a series of three well advertised "informational coffee hours" were held. According to newspaper articles they were well attended. An "information center" was established on the second floor of the Maryland National Bank Building in Easton with a staff of two "advisors," Shirley Kelly of Oxford and Carrington North of St. Michaels, available to answer calls seven days a week, and to meet with prospective residents by appointment.



The Original Schamu Desktop Model of the Planned Layout

Having nothing physical to display, the early brochures prominently displayed a picture of the Schamu model along with a listing of the facilities expected to be available to residents. Like the model itself, this list would be outdated shortly both by the increasingly evident unpleasant reality of sluggish sales, and by the more detailed design and planning being concurrently carried out by the selected builder, the Krapfcandoit Company, and its contractors.

The information provided indicated that, “Londonderry will consist of 140 units ranging in price from $37,000 for a studio apartment to $144,000 for the most expensive first floor two bedroom cottage.” Also offered were two story cottages with prices ranging up to $199,000. The brochure went on to explain that, “The plan features private cottages with patios, two three story garden apartment buildings, the three story community center, walkways, nature paths, community gardens, shuffleboard courts, and a pitch and putt golf green.”

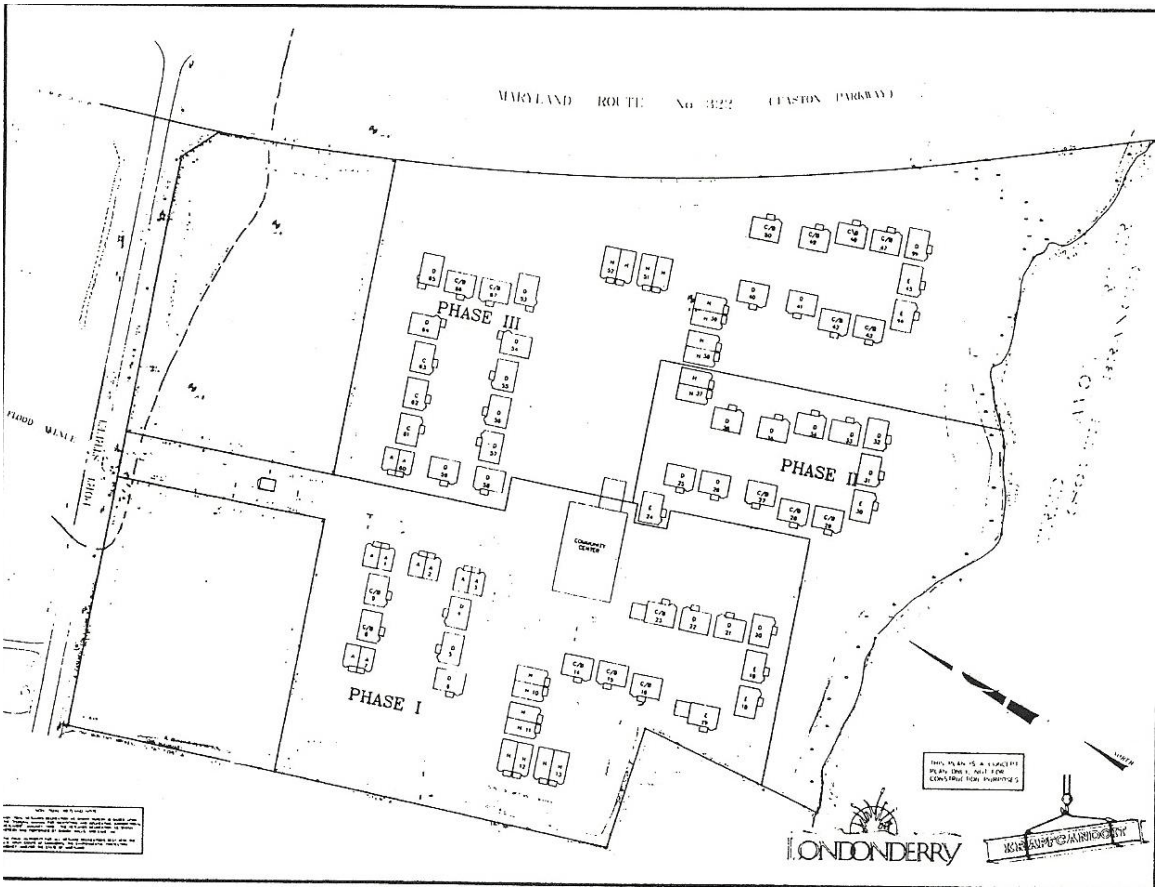
Within the Community Center there was to be a gift shop, lounge, dining room, full service bank, library and auditorium, private party and dining room, central mail room, and barber and beauty shops. Additional features were to include, “A coffee shop with commissary service, a fitness center with sauna and jacuzzi, and recreational spaces for arts and crafts, woodworking, cards, games and billiards.”

By the early spring of 1991, no builder having yet been selected, it had become obvious that the estimate of the first residents being able to move in by December had been wildly optimistic. Part of the problem was that there had been bureaucratic delays associated with having the property annexed to Easton, and later getting the zoning adjusted to permit the construction of a residential community, a procedure greatly exacerbated by the fact the property was within the newly created 1,000’ buffer zone next to the shore.

However, in reality, an even greater problem had been the lack of people seemingly willing to commit to the purchase of something that so far existed only on paper. There seemed to have been a lot of interest expressed as a result of the “coffee hours” and ad campaign, but, interest, and commitment to the extent of putting down cash on the uncertain future of the paper promise, proved to be very different things. All hope of building the community in a single step vanished, and a phased construction plan was adopted to be initiated when firm commitments of a sufficient size (a size, it turned out, that would vary as circumstances dictated) were received.

By November 15, 1991 Mr. Daspit, President of the Board, was able to write Mr. & Mrs. Thomas Ingerson, who, among a number of others, had been willing to bet on the Londonderry vision coming true, that all zoning and financial difficulties (it appeared that banks were as leery of paper promises as were prospective buyers) had been cleared up. Two experienced building firms were preparing proposals, and after the selection of one, upon the issuance of building permits during the winter, construction would start, and he was now certain that they could anticipate moving in sometime during the fall of 1992.

Out of a number of potential builders who had expressed a willingness to share the initial risks and expenses, Thomas B. Krapf, president of the imaginatively named Krapfcandoit Company of Wilmington, DE that had been in the construction business for 75 years, focusing on life care/retirement facilities for the last 15, was selected to join the project as a full development partner (i.e. put up cash for construction) and principal builder and designer. He in turn selected Bernadon & Associates of Kennet Square, PA for land planning, architecture and interior design. Rauch, Walls and Lane, Inc. of Easton and Centreville were chosen to do the necessary civil engineering and surveying work.



Plat Showing the 1992 Plan for Phased Development

This time Mr. Daspit's predicted completion date proved more accurate, but only because Mr. Krapf proved willing to overlook a number of provisions in his contract, the main one being that 40 units would be sold at the time construction began. Bowing to reality, on April 9, 1992 a luncheon hosted by the Krapfcandoit Company at the Tidewater Inn was held for the 20 "Charter Members of Londonderry." A week later on a dreary, overcast, April 16, 1992, before an audience consisting of some charter members, the Board, town officials and the press — with appropriate ceremony and photo ops — ground was broken for the construction of the first cooperative retirement community in Maryland. Present at the ceremony was Easton Mayor, George Murphy, who took advantage of the opportunity to thank Bishop Sorge for his successful efforts in bringing Londonderry into existence, and to welcome all future residents of the community.

Not mentioned in the news release covering the ceremonies were the facts that, not only was this construction restricted to just the first of three planned phases, but that its extent would actually fall far short of even that limited goal. Venture capital not being readily available in the existing sluggish real estate market, it had been decided not to undertake the construction of any cottage until the potential buyer had entered into a purchase agreement and 20% of its purchase price collected. At the time only 20 of the projected 37 units had

been reserved. Additionally, it had further been decided that construction of the Community Center, and hence the delivery of many of the advertised services, would be postponed until this first set of cottages had been occupied.

Richard Daspit, Rev. William Blood and Bishop Elliott Sorge Start the Construction of Londonderry

Shortly after the ground breaking ceremonies, Can-Do Construction, a subsidiary of the Krapfcandoit Company, started clearing and grading the site. Though flat and largely devoid of large trees, because in spots the soil contained an overlying stratum of dredging spoil, soil borings had to be taken to assure that foundations could be properly laid. By early summer all the purchased units were under construction plus one that had been designated to serve as both a model and sales office. Several had reached such a stage of completion that they could be shown during an open house held over the weekend of September 12-13, 1992 that attracted some 420 visitors.

Encouraged by this show of interest, in an effort to push the sale of the remaining 16 units, the National Bank Building office was moved to the model cottage that was open for inspection Mondays through Saturdays. Additionally, in an attempt to encourage more decisions to buy now, it was announced that prices were expected to rise 5% in Phase II and again in Phase III, so an immediate purchase would represent a bargain. Without a Community Center building and the amenities it was promised to provide, it became clear this was less than a sufficient incentive, and only 5 more units were sold before a much reduced Community Center building was completed nearly two years later in July of 1994.

In an effort to see that the Charter Members would receive at least some of the services promised, the Board undertook to hire sufficient personnel to provide onsite security from 6PM to 6AM. This was the only addition to be made

to the existing staff that was manning the sales office. House cleaning and grounds care (grass mowing and snow plowing) were contracted for from outside sources, but neither linen service nor meals were provided. Limited medical care could be arranged for at an extra charge through Home Call of Easton.

At the Board meeting held November 18, 1992 the schedule for final settlement and occupancy was set as December 1, 1992. In accordance with their subscription agreements, a 30 day notice letter announcing this date was sent to the "Charter Members."

The first person to move in was Mrs. Mary E. Coburn of Easton who occupied #109 on December 1. She was followed the next day by Miss Edna J. O'Malley, also of Easton, who took #101. Three others took up occupancy before the end of 1992, but it was not until September of 1993 that the entire group of Charter Members had settled in.

Without a Community Center and only a skeleton staff providing little more than security, these early settlers were very much on their own without meals or any of the other promised amenities. Recognizing they were in a very real sense pioneers, rather than waste time complaining, they banded together in a closely knit mutual support group, gathering in each other's homes to share pot luck meals, and mutually confronting the teething problems of the new community as they occurred.

CHARTER MEMBERS OF LONDONDERRY

Name	Unit	Occupancy	Former Residence
Mrs. Grace B. Bartlett	#102	1/5/93	Centreville,MD
Mrs. Lillian S. Baynard	#112	2/93	Easton, MD
Mrs. Ann B. Bossert	#106	6/29/93	Easton, MD
Mrs. Dorothy A. Bossert	#104	5/27/93	Guilderland, NY
Mrs. Mary E. Coburn	#109	12/1/92	Easton, MD
Dr. & Mrs. John Dumler (Grace)	#122	3/15/93	Queenstown, MD
Mrs. Emslie N. Gault (Margaret)	#125	2/1/93	Queenstown, MD
Mr. & Mrs. Paul B. Harper (Hazel)	#134	1/4/93	Royal Oak, MD
Mr. & Mrs. Thomas N. Ingerson (Ruth)	#132	7/22/93	Severna Park,MD
Mrs. Phyllis T. LaRoque	#107	12/3/92	Tilghman, MD
Mrs. Mary E. Manning	#126	12/29/92	Denton, MD
Mrs. Dorothy D. Mayberry	#108	7/1/93	Sykesville, MD
Mrs. Edna J. O'Malley	#101	12/2/92	Easton, MD
Mrs. Sidney R. Orem (Margaret)	#130	9/1/93	St. Michaels, MD
Mr. & Mrs. Henry C. Poole (Roselle)	#114	2/1/93	Federalsburg, MD
Mrs. Margaret R. Shattuck	#116	1/5/93	Easton, MD
Mr. Donnelly Smith	#103	2/1/93	Queenstown, MD
Mr. & Mrs. Benjamin Stewart (Clara)	#113	3/93	Easton,MD
Ms.Ruth E. Swensen	#133	12/3/93	Royal Oak, MD
Miss Mary D. Thompson	#135	2/1/93	Oxford, MD
Mr. William N. Thompson	#136	2/1/93	Oxford, MD

The First Annual Stockholders Meeting was held in the model cottage on June 24, 1993 at which time 3 resident members, Mrs. Paul B. Harper, Mrs. Benjamin Stewart and Dr. John Dumler were added to the Board.

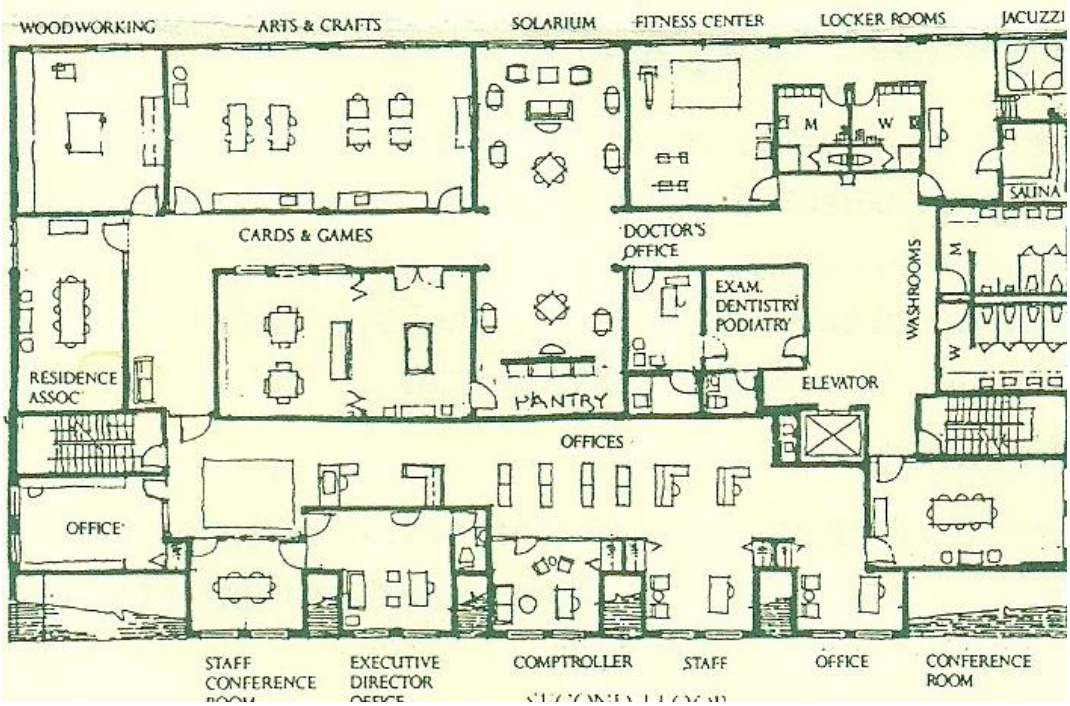
The bonds of friendship forged by this first group were extraordinary, as was the resilience with which the lack of amenities was tolerated, but it was apparent to all, residents, investors and general public alike, that the new community was struggling and falling far short of expectations. Spadone ascribed the lack of new buyers to the poor real estate market which made it difficult for those who would like to make the move to sell their existing homes in order to afford it. The Board was less sure that was the major reason, but was certain that nothing would change much until a Community Center came into existence.

The original vastly overly optimistic plans for completing Phase I had called for the start of construction of the Community Center building, redesigned from the initial Schamu 3 story concept to a two story one to comply with building code height restrictions, as soon as 60 dwelling units had been reserved. This revised design still accommodated all of the amenities promised in the brochures used to attract residents except for health care facilities, which had from the very beginning been envisioned as a separate building.

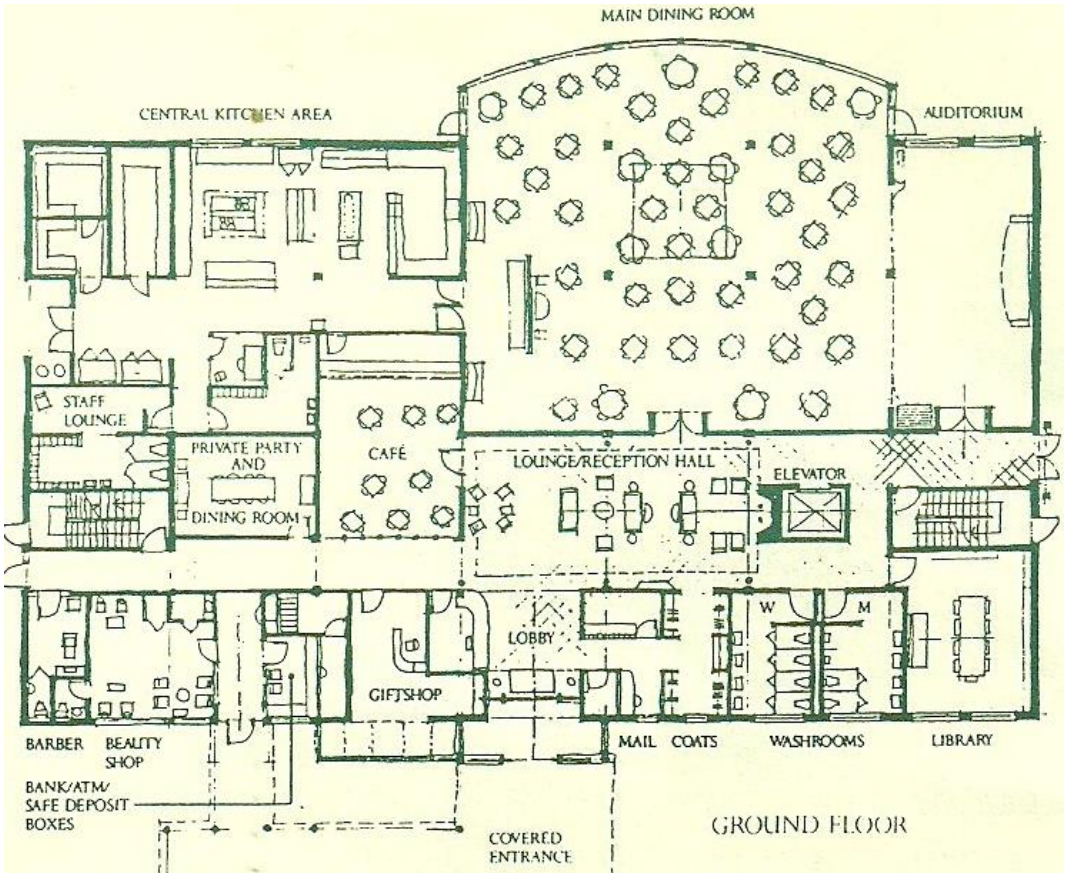
By the middle of the year, confirming the Board's opinion, it was obvious that, despite having a couple of new cottages under construction and a couple of new applications, the lack of anything other than paper promises regarding future facilities was seriously impairing the efforts to attract new residents. Given the lack luster response to date, there was really no hope of selling anything like 60 units without having something more concrete to show. Clearly it was time to rethink the development strategy.

This meant starting to build the Community Center as soon as possible, and Spadone commenced pushing towards that goal. In a letter dated July 13, 1993, Thomas B. Krapf, Sr., President of the Can-Do Construction Company, the subsidiary of Kraptcandoit performing the work, poured a liberal dose of cold water on the idea, stating that after meeting with Art Bernardon, the architect, they both had agreed that the proposed building was way too large for the planned size of the community, that it could not possibly be built for the $750,000 that had been pared down from an original budget of $2,000,000, and if things weren't drastically changed it was, "totally impossible to continue with this project." As an alternative, he stated that he and the architect had concluded that a one story building of much reduced size would provide all the space that would be required for a community of the now expected total of 100 or so units.

Despite meaning that numerous promised amenities would not be provided by the Krapt/Bernardon proposed solution, given the anemic nature of sales, the Board deemed it far more realistic than the larger building. They gave the green light to go ahead with plans for a much reduced Community Center building. These drawings had advanced sufficiently that at a general meeting with the residents held on December 1st it was possible to report that the new architectural plans had been reviewed by the Board, that the Talbot Bank had



Second Floor of Originally Proposed Community Center



First Floor of Originally Proposed Community Center

agreed to reissue its permanent financing commitment letter upon completion of

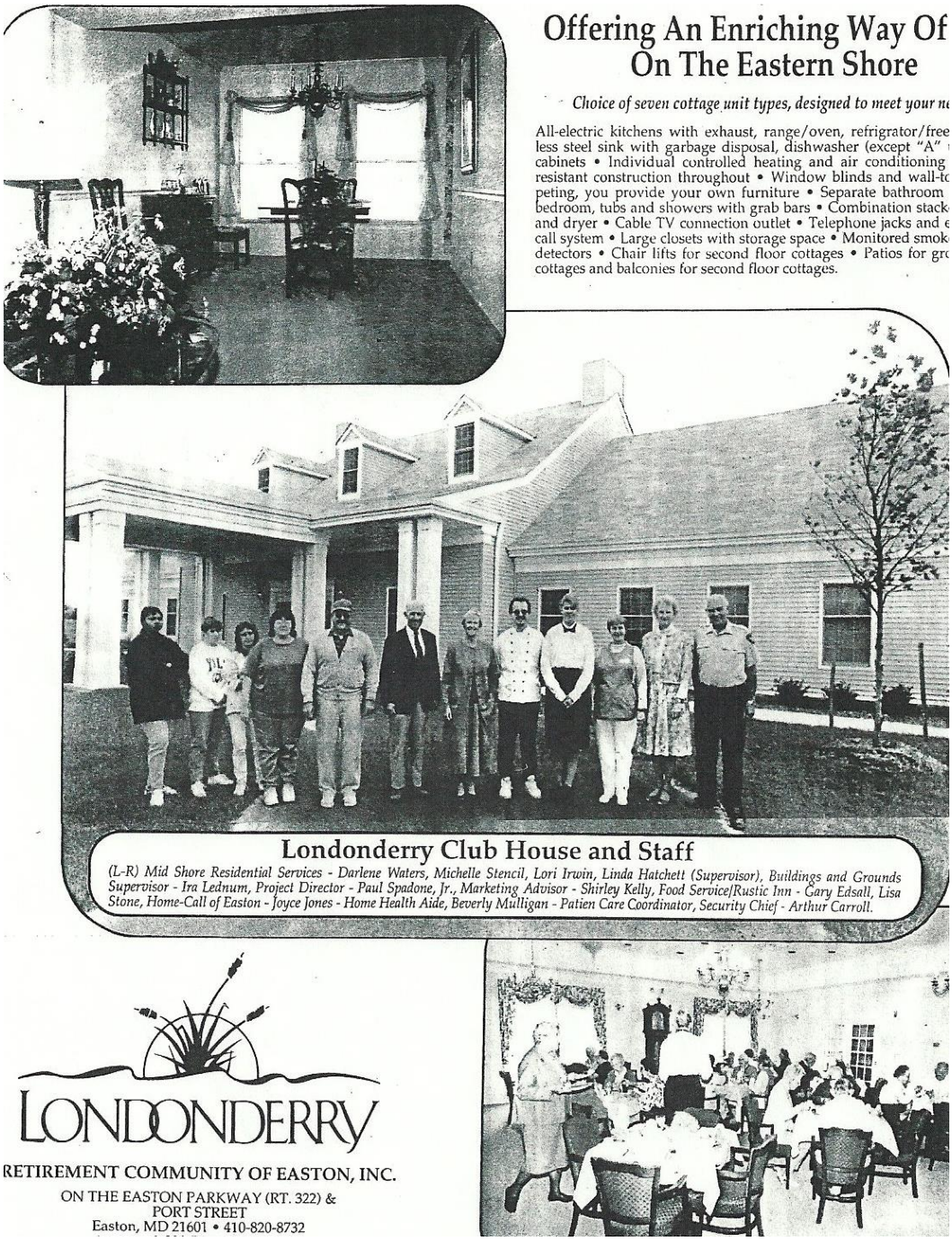
an acceptable appraisal, and Can-Do Construction was preparing “a standard AIA lump sum turn-key contract for construction of the Community Center Building.”

An April 8, 1994 news release covering the start of construction quoted Spadone as explaining that the new plan called for the Community Center, like the community itself, to be built in phases, this one, of 5,800 square feet, to provide a kitchen, main dining room, a game room, arts and crafts space, mail room, library, and administrative offices. Two future wings would include a medical director's office with an examination room, fitness center, barber shop/beauty salon, branch bank with ATM and safe deposit boxes, and a gift shop (all items that had been included in the original two story plan).

The Community Center As Built

Community Center Ribbon Cutting, July 16, 1994

Construction was completed in 3 months, and on July 16 Bishop Sorge, his successor at the head of the Diocese of Easton, Bishop Townsend, President of the Board, Richard Daspitt, and Easton Mayor, George Murphy, provided the press with a photo-op by cutting a ribbon stretched in front of the front door. By the time the Star



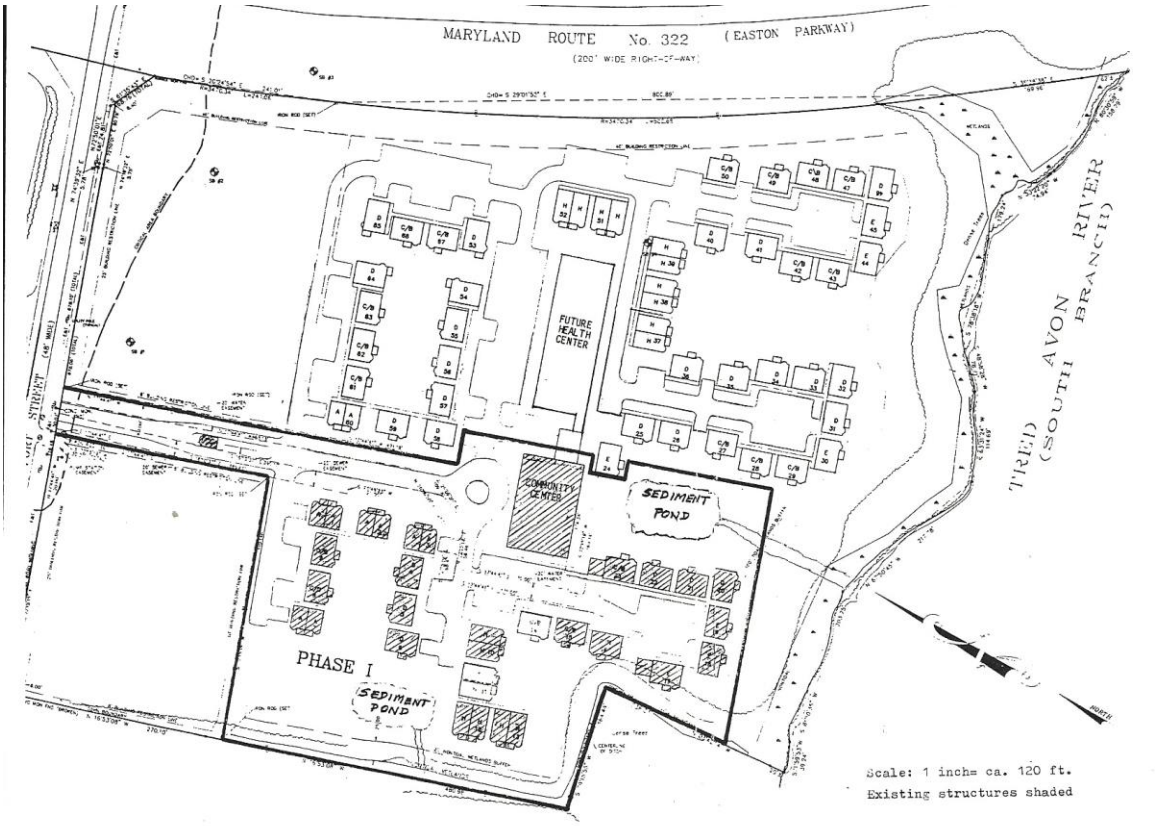
Full Page Advertisement in 1994 Star Democrat Waterfowl Special Supplement

populated dining room and a furnished room in the model cottage, but also of the "Londonderry Club House and Staff."

Lined up with the Community Center ("Club House") as a backdrop were 12 persons identified under the caption as: Mid Shore Residential Services - Darlene Waters, Michelle Stencil, Lori Irwin, Linda Hatchett (Supervisor); Building and Grounds Supervisor - Ira Lednum; Project Director - Paul Spadone, Jr.; Marketing Advisor - Shirley Kelly; Food Service/Rustic Inn - Gary Edsall, Lisa

Stone; Home-Call of Easton - Joyce Jones (Home Health Aide), Beverly Mulligan (Patient Care Coordintor); Security Chief - Arthur Carroll.

Though many of these were clearly not employed exclusively by Londonderry, a ratio of 12 involved staff to the 28 residents at the time could be viewed, depending upon one's optimism, or lack thereof, either as an attractive aspect of the new community which might help to interest potential new residents, or as the disastrous result of anemic sales.



State of Affairs as of September 9, 1994
Crosshatching Indicates Buildings Built and Occupied

Chapter 3

Discord 1995 - 1996

Though the opening of the Community Center, and the initiation of food service, were terrific boons to the residents, they utterly failed to provide the expected boost in new applications, not one appearing before the end of 1994. For Paul Spadone, even if things should eventually pick up, it was already too late. The functions of his role as director of an investment venture limited partnership (seeking profit) and those as manager of a retirement community (seeking to maximize services and minimize expenses) often diverged. Although he had displayed exceptional skill in reconciling both roles up to this point, there was an increasing feeling by the Board, which now contained 5 resident members, that given the indefinite delay of the often promised, but not delivered, amenities, as well as the paucity of new candidates for residency, he was decidedly not worth the $70,000 fee he was collecting.

On February 22, 1995 the original Development and Management Agreements of 1989 were renegotiated. Part IV of the Development Agreement which stipulated: “Prior to opening the Community, the Partnership, under separate contract with the Owner, will appoint a resident manager to be responsible for the day-to-day operation of the Community” was invoked. Part of the Board’s discontent resulted from the fact that, despite increasing numbers of staff, albeit mostly part timers, Spadone, rather than being “a resident manager” continued to live on the Western Shore, and was pretty much out of touch with the nature of their performance. It was agreed that, although development was far from complete, and the other aspects of the Development Agreement still applicable, the Community was by now very much “open,” and so the Management Agreement — and Spadone — could be dispensed with.

It was promptly cancelled, relieving Spadone of his duties as manager of the Community, and a new Development Agreement signed that continued most of the previous developmental arrangements, including a specification that no development would be allowed on the property other than that contracted for by the Partnership. Under this new agreement the Board agreed to undertake to pay, with interest, the payments to the Spadone/Carroll partnership (now registered as the Retirement Community of Easton, L. P.) that had been deferred during the start-up years 1993 and 1994.

Apparently so relieved to be rid of the managerial aspects of the agreements with the Partnership, the Board failed to fully appreciate the restrictive nature of the remaining development stipulations, particularly those limiting further development on the property only to that contracted for by the partnership.

Immediately upon Spadone's departure, a search was started for a replacement manager. Out of the 126 applicants who answered the advertisement of the new position, the Board rapidly decided to hire Mrs. Carole Abruzzese. Formerly the director for property and facilities at Columbia Hospital for Women in Washington, D.C. where she was involved in the operation and management of the hospital's office building, as well as having oversight of construction projects, she would hold the position with distinction, and the affection of both the residents and staff, until her retirement in 2011.

Perhaps anticipating trouble brewing, one of the first things Carole did after assuming the position of manager was to hire an attorney, Sidney Campen, who in 2006 went on to become a judge. She also rapidly discovered, as many of the residents had long suspected, that some of the staff had in fact been taking advantage of their only loosely supervised state under Spadone. The "chef" who put out the meals from the Rustic Inn as a buffet was found making beer in the kitchen during the afternoon; the maintenance man, who did not want to see any expansion of his tasks, was found to have started the rumor in town that there were Indian burial grounds by the waterfront; and the Marketing Director was spending her time doing cross word puzzles. More egregiously, it was later found she had also relieved her boredom by taking sips of the resident's liquor, replacing the missing amount with water. This was perhaps forgivable except for some 25 year old scotch. Corrective measures were rapidly taken.

In June President Daspit resigned and Vice-President Sorge moved up into the position. As he had already retired as Bishop of the Diocese of Easton, this was really just in name only. He would submit his official letter of resignation from the Board in September. The leadership had in reality already fallen upon the next in line, Oncken Owens, who would now head a Board comprised of 5 residents and only 3 outsiders.

After signing the new agreement with the partnership in February, the Board made four payments to the partnership, but, with the resignations of both Daspit and Sorge, the residents, now in the majority, decided that they had been deliberately misled and duped into signing it. At this point, after consultation with council, it was decided to suspend any additional payments until a clarification of the facts, and a mutually acceptable establishment of indebtedness, could be obtained.

The section of the Agreement dealing with termination by the owner read: "This Agreement may be terminated by the Owner at any time for cause. 'Cause,' for purposes of this provision, will be limited to those situations in which the Partnership has acted fraudulently, or has been grossly negligent with respect to the performance of its responsibilities hereunder." Clearly the

residents were interpreting the nondelivery of oft promised amenities and services as both fraud and negligence.

In a letter to Bishop Sorge as,"President of the Board of Directors of Londonderry and, of course, as a friend" dated August 21, 1995, Spadone stated that, "Since signing the Agreement on 2/22/95, four monthly payments have been made. Now, for reasons unknown to the Partnership, the Board has terminated payments, excluded the Partnership from Board meetings, and violated the covenant that no development shall be allowed on the property other than that contracted for with the Partnership." This was followed by the threat, "These are serious breaches of the Development Agreement. If this default is to be resolved in court, as your counsel indicates, all parties associated with Londonderry will severely suffer."

Neither Bishop Sorge, Owens, nor the rest of the Board were intimidated. When Spadone and Carroll's limited partnership filed a suit for the $1,000,000 they claimed was owed to them, the Board filed a counter suit for $7,000,000 charging them with fraud, accusing them of reworking the payment formula so that it continued to pay them hefty dividends even though the project had stalled. This resulted in the curious case title of: "Circuit Court Case No. CG 22807, The Retirement Community of Easton, L. P. v. The Retirement Community of Easton, Inc."

While this legal spat made for good newspaper material, reflecting the close camaraderie the charter Londonderry residents had developed, they were described in a Star Democrat article by Margaret "Peggy" Gault, a resident since 1993 (and a future President of the Board) as "happy campers" not worried about the outcome, but simply enjoying each other and their living arrangements.

On September 27, 1995 Elliott Sorge submitted his resignation as a member of the Board of Governors because he had sold his house and was in the process of moving westward to be closer to his family. In his letter of resignation he never mentioned the legal dispute under way, but expressed his opinion that " the Board, with Carole's talent and energy to work with you, will have a bright future." He went on to hope that upon his future visits he would, "encounter Phase II well along in development."

The legal maneuvering dragged on for a year. When the development of Londonderry had started, the price of each unit had been worked out to include both the price of construction, which included a pro rata amount to cover the cost of the infrastructure (roadways, guardhouse, landscaping, etc.) and the cost of the property which was apportioned to each structure. The construction charge went to Can Do Construction which performed the work for the Spadone/Carroll Partnership as the developer. The charge for the land went directly to the Partnership which owned the property. Thus, should all connections with the Partnership be severed, Londonderry would find itself consisting only of Phase I construction surrounded by property that might very well be denied to it for future growth. Clearly a negotiated settlement was called for.

No records have yet appeared about the detailed nature of the negotiations that took place extending over the period from August 1995 to the spring of the next year, or to what degree they were conducted solely by legal

council or by direct contact between Spadone and members of the Board, but in a letter dated March 12, 1996 from David R. Thompson, representing the partnership, to Lee M. Quick, representing Londonderry, a settlement in the form of the payment of the amount still owing Can Do Construction for work already performed (not really in contention) plus a payment to the partnership of $350,000 was proposed. Attached was the following rationale for this proposed figure:

Fees and Payments Due Partnership per 6/20/89 Development Agreement as Amended 2/24/94

Price of 27 units sold as of 7/95 Board notification of termination of Development Agreement	$2,800,000
Extras	88,600
Permanent financing for Community Center building	800,000
	$3,688,600
Less:	
Prices of units paid Can Do	$2,236,320
Cost of extras paid Can Do	74,131
Construction cost of Community Center building	653,156
*Commissions paid S. Kelly 1993, ’94, ’95	38,000
**Marketing costs per Jos. E. Carrins	44,147
Land cost on units sold as of 4/6/95 & Community Center building	305,000
Benevolent Fund @ 1% of sales	28,000
Working capital reserve (2months)	$59,290
	$3,438,044
Sales income	$3,688,600
Building costs	3,438,044
Profit	$ 250,556
Management fee @ 6% of sales made prior to termination of Management Agreement:	
24 units $2,447,600 @ 6%	$ 146,856
Total = Development profit + Management fee	$ 397,412
Less payments to the partnership on 4, 5, 6, 7/95	29,699
Balance due the partnership	$ 367,713
Settlement offer	$ 350,000

*Shirley Kelly was one of the two “Advisors” who had manned the “Information Center” in the the Maryland National Bank Building and later the model cottage or

**This name does not appear in any of the extant records, but he must have been responsib

On Friday, August 30, 1996 the Star Democrat carried a story captioned “Londonderry residents, developers settle suit.” Under the terms of the settlement the Can Do Construction Company agreed to accept $520,000 as payment in full for the amount still unpaid for the construction work so far performed, which included the three cottages started after Spadone had been relieved as manager. As part of a separate agreement, the Spadone/Carroll partnership received $350,000, as payment for the land already occupied and their promised dividends in exchange for an option to buy the remaining surrounding land still owned by the partnership. The option to buy what was estimated as between $900,000 to $1,000,000 of real estate was scheduled to expire in December if not extended by mutual consent.

One final claim was made by Spadone. At their September 4, 1996 meeting the Board considered a request, accompanied by invoices, for the payment of $3,500 for furniture (3 chairs, 1 table, 2 lamps and a file cabinet) bought by the limited partnership.

Because the wording of the settlement agreement stated that it was contingent upon the mutual dismissal of all claims by and against all parties in the litigation, the Board referred the matter to Sidney Campen, their current attorney, for review and action.

Thus, with something of a whimper rather than a bang, ended the association with Londonderry of the man who undoubtedly, (despite seeming merely a crass money grubber in the eyes of some), was its conceiver and developer, Paul Spadone, Jr, who was to die 8 years later of cancer at age 73 on January 2, 2004.

Chapter 4
Doldrums 1994 - 2000

In the days of the clipper ships sailors were well aware that there were regions of the oceans over which the winds were generally reliable with respect to strength and direction — the trade winds. Between these regions were areas around the equator where the winds became fickle and light, blowing from almost any direction — the doldrums. To cross the doldrums from one trade wind to the other it was necessary continually to change sail and course to match local conditions in hopes that each change would contribute something to progress in the desired direction.

Given the relatively anemic response to the initial development efforts, it could be argued that Londonderry had never really been in the trade winds, but as early as September 1994, when the completion of the Community Center had failed to produce the hoped for surge in new applications, the Board had recognized that the young community was in for an extended period of stagnation. Like a ship's passage through the doldrums, it would be exasperating and require numerous changes of direction.

In preparation to weather it, the then resident members were asked — and agreed — to pay a 15% surcharge on their investment. This was to be repaid rapidly as soon as the Corporation's financial state permitted it. Essentially, it was a no interest loan providing funds to help defray the cost of construction of the then still unsold Phase I units.

Unfortunately, by the following July both the developer and the builder had ceased operations. For the next year, until the suit was settled, progress of any sort effectively came to a halt. Appearing in the newspapers as embroiled in a suit/countersuit contest did not help sell cottages. When settlement was finally reached there were still only 27 of the originally planned 32 Phase I units completed; 26 being occupied while one served as a show model and sales office.

Though the residents might have been glad that the settlement was for somewhat less than the million dollars Spadone and Carroll had sued for, there was still a sum of $870,000 ($520,00 to the builder plus $350,000 to the partnership) that had to be paid before anything further could be undertaken. Even without purchasing the property still owned by the partnership (everything other than the lots occupied by the then extant cottages and Community Center), this stretched the funds on hand and the available credit, somewhat beyond its limit. Undismayed, by December of 1996, the Board had negotiated a loan with the Talbot Bank (at a hefty 9.75% interest) for $900,000 to buy the remaining 15.4 acres covered by the option agreed upon with the partnership at settlement. Negotiations to lower the price with Dr. Carroll, the original source of the funds

the partnership had used to acquire the property, proved fruitless, and the purchase at the full asking price was completed by the end of the year.

With both the Bank loan and the surcharge funds absorbed by this purchase and the settlement, the resulting acute need for additional funds if Phase I was to be completed and Phase II to proceed, drove the Board to consider a variety of means of raising them. The one that seemed most promising was to sell limited portions of the newly acquired property. The region bordering Port Street was offered as a site for commercial enterprises.

Another scheme, driven by the desire to provide long term care facilities to members of the Community needing them, led to the idea of selling a few acres to a potential developer of such facilities for cash combined with a guarantee that Londonderry residents would get priority treatment when applying for admission. In theory such a scheme would both produce an important portion of the funds needed for continued cottage construction, while also providing residents with continuing care facilities without the necessity of Londonderry providing the required staffing and management.

For the next year, working with various real estate sales organizations, consideration was given to proposals of all sorts. These ranged from an interest expressed by Right Aid Drugs to buy property for a pharmacy at the corner of Port Street and the Easton Parkway, to an offer from a development company to buy ten acres to build an assisted living facility along with additional independent living cottages (which would also be independent of Londonderry).

Finally a course of action emerged upon which the members of the Board, after weighing the pros and cons of the numerous proposals, could agree. At the end of August 1997 the Board, having held a general meeting with the residents to discuss the matter, decided to accept an offer from Gracious Living, Inc. to buy 3 acres on which they agreed to construct an assisted living facility architecturally conforming with the surrounding buildings, specifically the Community Center. Londonderry residents would be guaranteed priority consideration for admission.

A significant factor in the interest of Gracious Living on the selected site adjacent to the Community Center (where the current apartments are now located) was its proximity to the Community Center kitchen and the possibility of sharing dining facilities.

When the Community Center had been finished in 1994, it had been equipped with complete kitchen facilities, but the contract by which the Rustic Inn prepared dinners and delivered them, now to the main dining room instead of the individual cottages, had stayed in effect. In time, however, it became apparent that increasingly the Center’s kitchen was being used in the final stages of meal preparation.

In October of 1996, for the first time since the original contract had been signed, Rustic Inn raised the price of meals from $8.00 to $9.00. This led to a study comparing the costs of cooking meals using resident staff as opposed to relying on a caterer. As a result of the apparently slight difference between options, in January the Board decided to continue the existing contract for at least another six months.

However, at the very next meeting of the Board in February !997, at the request of Carole Abruzzese, the question had been reopened. It appeared that Dennis Klotzer, who handled the Londonderry orders for the Rustic Inn, would be available to serve as manager of food services, and claimed he could operate the kitchen for savings estimated at between $18,000 to $20,000 a year.

A meeting with Holt Arnold, owner of the Rustic Inn, found him, close to retiring and closing the restaurant anyway, amenable to the idea of terminating the existing contract. Arrangements were made for Koltzer to take charge of the operation starting June 1, 1997. There being no funds for wait staff, service remained as a single buffet meal each day. As plans developed for the adjacent assisted living unit, It was felt that, with only slight modifications, these facilities could be expanded to handle the increased demand.

With a signed contract with Gracious Living in hand, the Board turned its attention to the possibility of moving ahead with the construction of the Phase II cottages. Lacking staff to do the job in-house, an agreement was reached with the Nily Real Estate Company to act as Londonderry's agent to develop, and carry out, a marketing plan to attract residents to the new (as yet unbuilt) cottages.

Since most of the land on which the proposed building was to take place had been covered by dredging spoils, a geotechnical survey (test borings) of the area was required before the cost of construction could be estimated. Because their property was also involved, Gracious Living agreed to share the cost estimated to be between $3,000 to $5,000.

At about this same time, the residents started to form their own committees to organize their activities. The first was a House Committee which drew up a set of house rules and policies for future use and guidance. This was immediately followed by an Activity Committee which planned to develop at least one trip or in-house activity per month. One of their first major events was a pumpkin carving competition and cocktail party held on Halloween.

During the fall, progress was made on all fronts. Nily Realty reported a good response to their mailing of letters and brochures had led to a number of tours of the community. A number of builders, including Peninsula Construction, showed interest in developing the cottages for Phase II, and Gracious Living appeared before the Zoning Board with their plans.

By February 1998 things had advanced to a point that a contract with Peninsula Construction had been signed to build on a vacant Phase I lot a two bedroom cottage with garage to serve as a model of proposed Phase II construction. Gracious Living re-affirmed its intention to build the assisted living facility, but was meeting with the architects and the Fire Marshall's Office which had raised concerns about the structural rating of the proposed building. They were in hopes of having everything settled by mid April.

Winners of First Pumpkin Carving Contest

By April the structural questions had been settled by switching from wooden framing to metal, but Gracious Living still delayed closing on the purchase of the land. The Board grew increasingly concerned about the community's tight cash situation. On the 24th of the month these concerns were more than confirmed by a call to Londonderry's lawyer, Sydney Campen, announcing that Gracious Living, having lost their financial backing, was abandoning all of its assisted living projects.

As often happened in the doldrums at sea where the emergence from the region of light and baffling breezes frequently was marked by passage through an intense squall, the disappointment, loss of time and money resulting from the Gracious Living fiasco, though wrenching at the time, actually marked the beginning of Londonderry's growth from a struggling left-over from a failed development project to a vibrant successful retirement community.

It was, of course, necessary to sue for breach of contract, but clearly, based on the previous experience with the Spadone/Carroll partnership, a rapid settlement was deemed best for all concerned. This was achieved (at a cost to Londonderry of $12,500 — the return of a letter of credit) by September 1998.

Although not sought until matters had been settled with Gracious Living, a number of proposals for developing an assisted living facility on campus were received over the summer. These ranged from one in which Londonderry would retain ownership of the land while others built and operated the facility, to one from Constellation Health Care that was similar in most respects to the original one from Gracious Living except that the three acres to be used were located along the entry drive instead of attached to the Community Center.

At their October meeting, after reviewing four of such proposals from different organizations, and particularly after hearing the impressions gathered by Carole Abruzzese from investigatory visits she had made to several existing facilities associated with the different proposers, the Board selected that of Constellation Health Care.

A change, made in July in hopes of more rapidly developing funds to compensate for the loss of the Gracious Living sale, had replaced Nily Real

Estate as promotion and sales agent for Phase II. A full time in-house employee was hired expressly for the job of Marketing Director.

Ms. Donna Hanbidge, the first to hold the position, soon proved the change to have been a wise one. To keep costs low, as an addition to her minimal salary, she was given the use of Cottage #126. She furnished it, paid the utilities and vacated it for use by guests, or prospective buyers, on weekends.

She took responsibility for advertising, public relations, marketing and sales. Within a month of taking the position, she had sold a vacated cottage and took deposits on two others yet to be built. Her pace accelerated as more Phase II cottages were completed and became available.

Actually, it is difficult to establish a precise date when Phase II really started. As early as February 1996 the Board had investigated the possibility of employing modular construction for the new cottages, holding discussions with both the North American Housing Corp. and Nanticoke Houses, but negotiations related to the assisted living facility diverted their attention, and the idea was dropped.

At that time, still engaged in the marketing of the yet unbuilt cottages, Nily Realty also expressed an interest in building them, but it was the offer to join in a joint venture (i.e. a willingness to put up cash for their construction) that resulted in Sunset Properties (aka Peninsula Construction Company) being selected. The cottage they built on Phase I property to use as a model of the new Phase II cottages later became #124. It was completed July 15, 1998. Owned by Mrs. Gault, President of the Board, it was rented back to Sunset Properties to serve as a sales model in hopes of stimulating sales.

Phase I Completed

Having been disappointed in their original effort to obtain working funds by the sale of property to Gracious Living, the Board hoped that this effort to stimulate the development of Phase II by encouraging the construction of the new model designs proposed by Peninsula Construction would permit things to proceed without having to give up property.

However, even if it succeeded, nagging concerns about providing assisted living options to the residents still lingered. Although approached with

considerable skepticism based on their recent experience in attempting to provide such capabilities without assuming either development or management expenses, the interest shown by Constellation Health Care proved overwhelmingly tempting. They had agreed to contribute the $12,500 for the settlement with Gracious Living. In October 1998 the Board decided to accept their proposal to purchase 3 acres of land adjacent to the entry road just beyond the Community Center.

After the near stagnation of the past years, things now moved rapidly. The geological surveys made for the proposed Gracious Living site had included the Phase II property, so Peninsula Construction was able to proceed with site work, grading, excavating storm water management ponds and installing utilities during the late fall and winter months. In January Peninsula Construction started two new cottages. Additionally, the Constellation site plan was approved by the Planning and Zoning Commision, and Willow Construction contracted to build the new facility. On May 20, 1999 Mr. & Mrs. George Cole and Mrs. Edythe Nelson took possession of the first new cottages of Phase II. Two more cottages were under construction, and building permits had been obtained for six more.

HeartFields and Phase II Cottages Under Construction

By this time construction of the assisted living facility, now known officially as HeartFields, was proceeding apace with a completion date projected as January 2000. This changed in September when Sunrise Assisted Living Facilities, Inc. purchased all of Constellation Senior Services including the unfinished HeartFields. Both Sunrise and Constellation assured Mrs. Abruzzese that construction would continue and there would be no change in the existing relationship with Londonderry which had been assisting HeartFields by offering

space in a vacant cottage to house their marketing efforts. Opening of the facility was rescheduled for March 1, 2000.

On May 27, 1999 just after the first Phase II cottages were occupied, the Board had voted to pay back 30% of the $160,120 surcharge collected from the original residents. With continuing sales, by the start of 2000 the entire debt was repaid.

It appeared that Londonderry was definitely emerging from its doldrums.

Chapter V
Growth — Adolescence 2000 - 2003

By the summer of 1999, measured from the date of its incorporation, Londonderry was ten years old. Though it had weathered some pretty severe storms, and was not only still afloat, but actually showed a significant rate of growth. It, or more specifically, its Board of Directors and staff, still felt a bit immature and unsure as they approached their tasks. As a consequence, they often depended upon the input and reassurance from, (frequently expensive) "expert" consultants.

While the increased activity was welcomed by all, there was no question that it was straining both the staff and the existing management systems. The agreement with Peninsula Construction called for the completion of 7 cottages per year. A consulting firm, Howell Associates, was hired to examine marketing strategies to handle this number, but it rapidly became apparent that marketing was just part of a larger need. Discussions with Episcopal Ministries to the Aging (EMA) led to the signing on January 24, 2000 of a contract with them to provide not only advice but active participation, in all aspects of management from personnel hiring and training to financing.

After examining all aspects of Londonderry's operations, one of their first initiatives was to meet with the Board and coach them through the process of creating a Strategic Plan. As a first step, they were asked to list their concept of both the strengths and weaknesses of the community with the following results:

Strengths

- The waterfront - All felt the need to provide easy access to the waterfront for all residents. Possibilities of an observation deck and/or a pier for residents to enjoy. Benches along the waterfront. One of our greatest assets.
- Cooperative structure - Unique form of ownership. Co-op ownership brings residents closer together. Residents serve as members of the Board and provide oversight of the community.
- Residents - Smaller community offers more opportunity for "family" atmosphere. Informal structure or non-institutional feel.
- Professional Management Contract with EMA. Inc.
- Size and variety of floor plans for cottages offering more light storage, etc. Attractive cottages offering wide choice of floor plans.
- Location within the town of Easton offering easy access to stores, doctors, hospital, libraries, etc., however, one can be in larger cities such as Baltimore, Washington, or Wilmington in one and a half to two hours.

Weaknesses

- Lack of curb appeal when driving into the community. Port Street gives bad impression. Entrance needs to be landscaped. Lighting in new phase is poor.

Sidewalks do not always connect. Lack of covered walkways. No easy access to the waterfront.
•Lack of formal marketing plan. Ads need to reach a wider area.
•Cottages within Phase I need improvements.
•Non-ownership of assisted living facility. Lack of a nurse on premises or medical support.
•No plan for the best use of front lots.
•Lack of programs & lack of onsite recreational opportunities.

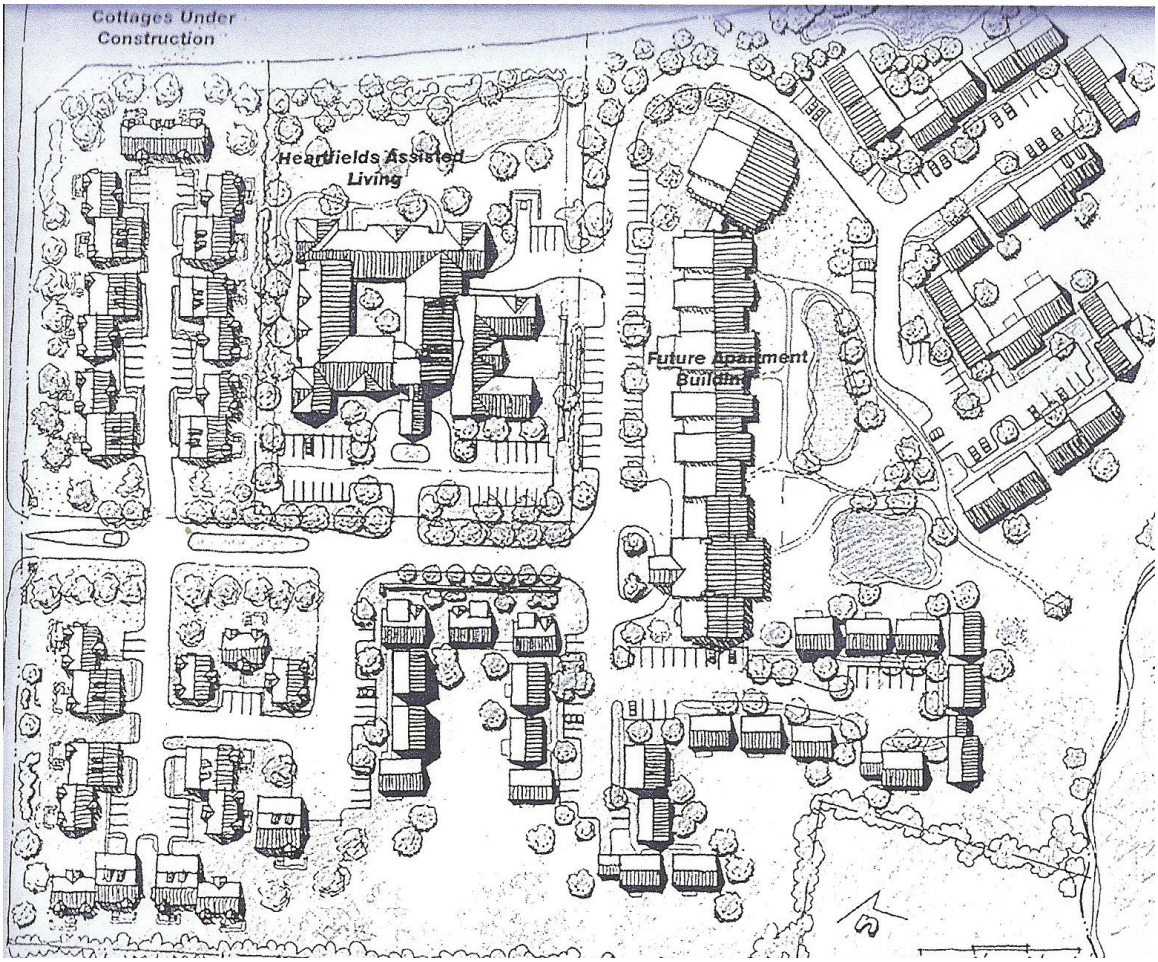
Based on this exercise, during the next month, with EMA's assistance, a series of goals were established:

Goal I. Londonderry will assure that residents health care needs are met throughout the continuum.
Goal II. Londonderry will explore options for land use.
Goal III. Londonderry will expand its base as an affordable cooperative
Goal IV. Londonderry will provide services and amenities that enhance the quality of life for residents; services will be available either on site or through expanded access and transportation to external locat
Goal V. Londonderry will develop a strong financial base to permit realization o

It was noted that accomplishment of many of these goals required something of a critical mass of residents, emphasizing the need for encouraging continued expansion by the creation of a master plan for community growth, particularly of land use, that could be periodically reviewed and modified as necessary. With aid from the EMA staff, just such a master plan, emphasizing newly conceived uses of the undeveloped portions of the property, was prepared.

It was reviewed and adopted by the Board at its August, 2000 meeting. With HeartFields now a functioning reality, the use of the area between it and the bypass road, along with the matching plot across the entrance drive, that once had been considered for sale to commercial interests, were now proposed as the site for a Phase III construction of additional cottages. The area adjacent the Community Center that had been reserved for Gracious Living's assisted living facility became, instead, the site of a similarly sized building housing apartment units.

By spring of 2001 construction of the final units of Phase II was nearly complete. Detailed drawings had been completed and the necessary approvals were being sought from the town for the construction of 29 additional Phase III cottages and 26 apartments. By summer, while Peninsula Construction busied itself with modifications (porches, garages, etc.) to the existing Phase I cottages, led by EMA, marketing of the proposed new units got under way.



Phase III Cottage & Apartment Building Layout

While both EMA and Board attention was perforce concentrated on factors related to the physical expansion of the facilities, the residents' committees were concentrating on those factors related to the quality of life within the community. Though expanded to handle the increasing number of residents, meal service remained one meal per day served buffet style each evening with only occasional exceptions on special occasions. Organized community activities continued to expand, regularly including dinner theaters, day trips to interesting locations, baseball games between local teams, and similar excursions. At Christmas 2001 a bus trip to New York to see the Radio City Christmas Show was a particular success.

Surveys mailed to the residents found them in general very satisfied with their community and services. Comments were particularly favorable about the cooperative structure, the location and appearance of the campus, the friendliness of the staff, and the feeling of security within the community. Concerns were expressed about the lack of nursing or health care services, and about the lack of transportation and staff coverage on weekends. A need was also expressed for more variety in the meal menus. The Board found these results gratifying, and Mrs. Abruzzese undertook to address the relatively few perceived shortcomings.

By spring 2002 a third cook had been hired making it possible not only to offer more flexible meal plans and menus, but also permitting the introduction of luncheon service. Health care proved a more difficult nut to crack. In March, Betty Mackintosh, serving as the community's R.N., went on full time status, and EMA renewed its offer to purchase HeartFields — with a singular lack of success. In a convoluted way this led to an investigation of the merit of EMA purchasing Londonderry and starting a whole new continuing care community on its own. After due study, this idea was abandoned, but the concept of purchasing HeartFields was transferred as a future project to Londonderry. In a desultory way, in one form or another, it has continued to the present, with occasional inversions during which HeartFields offered to buy Londonderry.

While these efforts to improve the residents' living environment were occupying the Board's attention, progress on developing Phase III and the apartment building steadily advanced. Site work for the new cottages was completed in January 2002 and permits for two new cottages sought from the town. Construction started in February.

Sales continued at a lively pace, and by June Mrs. Abruzzese was able to report to the Board that all 14 cottages planned for the west side of the drive had been sold, and the engineering plans for those to be constructed on the east side had been submitted to the town for approval.

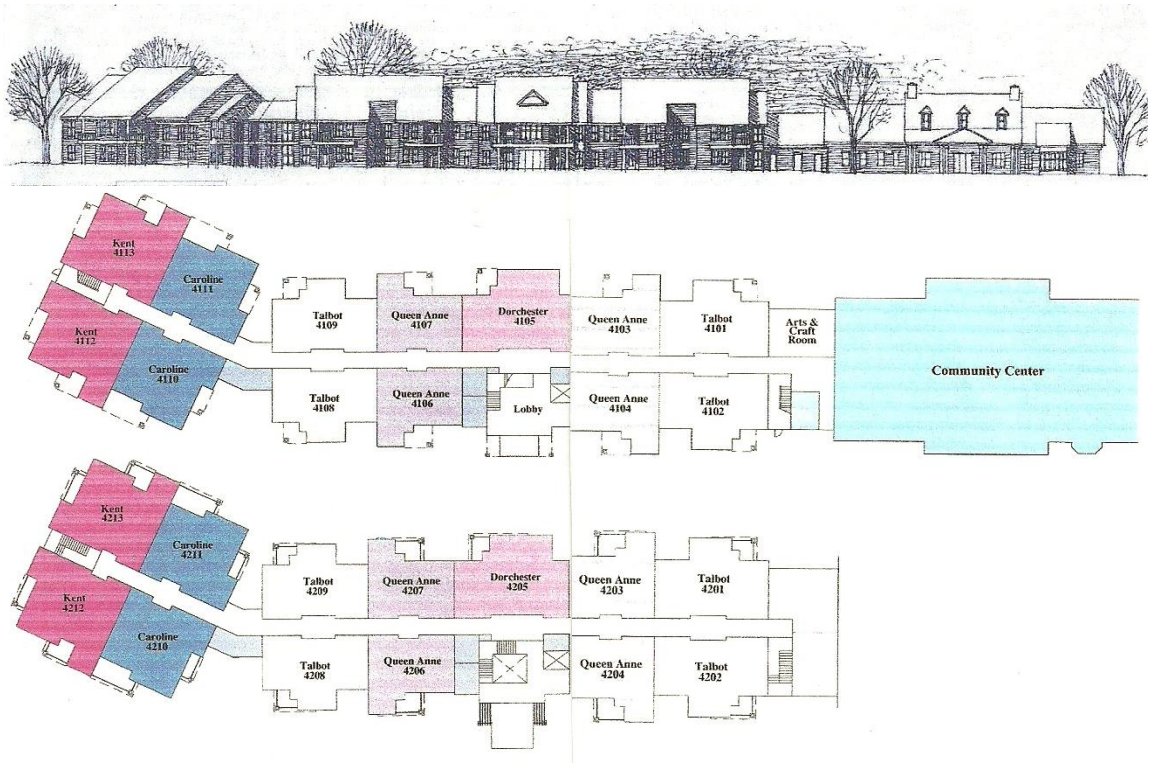
Things were not nearly as advanced with the apartment building. Unlike the cottages, which represented an extension of the contract with Peninsula Construction, and were built as sold using the resultant funds, there was no partner for the apartments. Willow Construction had expressed interest in building, but not in sharing development expenses.

As late as May, the architects were still making changes in the various apartment layouts that had been suggested by "focus groups" formed among the residents. Until these drawings were complete it was impossible to obtain an estimate of the construction costs involved. Without those estimates, it was impossible either to seek the necessary funds, or start the sales program.

A further delay was occasioned by two distractions demanding Board attention. The first was the decision by Mr. & Mrs. Rhodes, owners of Londonderry Manor, to offer it, and the land adjoining the east side of the community's property, for sale for $1,600,000. The other was a cry for help from an Easton senior assisted living facility operated by Abbey Manor called Candlelight Cove. The Londonderry Manor offer demanded attention as it represented about the only expansion area available after the completion of the Phase III cottages. Besides a desire to help, Abbey Manor;s request demanded attention since it presented a possible way of circumventing HeartFields' reluctance to sell.

At the November 2002 Board meeting, Carole Abruzzese reported that the Rhodes property had been taken off the market with Londonderry being granted first refusal, if and when, it again became available. She also went on to say that EMA was taking over all three Abbey Manor facilities, including Candlelight Cove in Easton.

Open for over a year, Candlelight Cove had served some 32 individuals, but was currently down to 4 residents, and was considering becoming solely a dementia facility. Along with EMA, Londonderry was supplying services to it (mostly from part-time personal) while investigating the possibility of purchasing the facility as a solution to the perceived continuing care requirements.



The Apartment Building - Facade, First and Second Floor Layouts

Even though no contract had been signed, Willow Construction, under the impression they had a verbal agreement to build the apartment building, provided the necessary estimates of the construction costs which permitted the start of an aggressive sales campaign that by March 2003 had sold all but 3 apartments. Given the growth in numbers of residents, both as a result of the Phase III cottages and the anticipated occupants of the apartments, it was decided that modifications to the Community Center — particularly the size of the kitchen and dining room — were badly needed, and should be undertaken as part of the planned apartment building construction.

At this point, a figurative monkey wrench was thrown into the works by EMA deciding that Willow's estimates were too high, and calling for new bids, while simultaneously going back to the architects to try to cut costs. Besides clearly upsetting Willow Construction, which had already expended substantial unreimbursed time on the project (estimated to be between $15,000 to $20,000 worth), this introduced new delays as the possible legal implications were explored. As it turned out, along with Willow, Whiting Turner and J. J. Deluca submitted new bids. After they were evaluated, despite the concerns expressed

by EMA, Willow was judged as being, “pretty much on track,” and eventually officially awarded the contract in July 2003.

Unlike the apartment building that had been delayed by indecision and bureaucratic wrangles, cottage construction had moved ahead, albeit somewhat sporadically. By March of 2003, site work on both sides of the entrance drive had been completed, and new footings were being poured. A new guard house, replacing the original one located nearer the Community Center — (needed to control access to the new cottages) — was being constructed close to the Port Street entrance. The work, which had been delayed by the heavy snows during the winter, was again under way. Some urgency was felt since the marketing efforts had succeeded in selling all of the planned cottages and all but 3 of the proposed apartments.

New Guardhouse Nearing Completion

A complicating factor was added at about this time by Mr. & Mrs. Rhodes deciding to again place the Manor and its surrounding property on the market. A special meeting of the Board was called on April 10, 2003 to thrash out the question of what Londonderry really wanted to be when it grew up. There were residents who were questioning the need for expansion beyond Phase III and the apartment building. Nearly everyone was questioning how, given the existing commitments, further expansion could be funded. In addition to Mrs. Abruzzese, Mr. Sands of EMA, and former Board Chairman Ingerson, were invited to contribute their thoughts.

When the possibility of acquiring the Manor property had first come up the year before, a study of possible cottage locations had indicated that it would be advantageous also to acquire three acres of adjoining land belonging to Mr. Frost, but he had not been contacted, so there was no way of knowing whether it would be available, or at what cost. The Rhodes’ offer was a “put up or shut up” one requiring a non-refundable payment of $50,000 upon signing the contract. A further complication was the need, if town utilities were to be used, to get the

town to annex the property and issue the necessary permits, a process, which based on past experience, could be expected to take at least two years.

Understanding all these factors, there was, nonetheless, a unanimous decision by the Board that Londonderry should continue to expand by buying the Rhodes' property, and try also to acquire the necessary portion of that belonging to Mr. Frost. However, before any action could be taken, it was first necessary to obtain the approval of the residents. A number of focus groups were formed in May to assist them in understanding the various factors involved in order to vote their shares in an informed manner. By the next Board meeting, Mrs. Abruzzese was able to report that when the question had been put to them, a decisive majority (7,000 of 10,000 shares) had voted in favor.

Unlike the arrangement with Peninsula Construction which absorbed the cost of construction of each cottage until settlement by the purchaser, Willow's contract called for these costs to be borne by Londonderry. Fortunately, thanks to the response to the marketing efforts which had resulted in reservation of nearly all the planned units, both cottages and apartments, Talbot Bank reacted favorably to a request for a $4,000,000 construction loan. This left the remainder of the existing line of credit available for the purchase of the Rhodes and Frost properties.

It is difficult to read between the lines of the factual reporting of documents such as Governing Board Meeting Minutes, but it is clear that, beginning with the EMA-initiated request for new bids and the consequent delays in the start of the apartment building construction, the dependence of the Board upon the services and opinions of EMA's staff had significantly waned, as also had EMA's interest in Londonderry since they were actively exploring other options for purchase on the Eastern Shore. The decision to purchase the Rhodes and Frost properties had been reached almost independently of EMA input.

In July Mrs. Abruzzese met with EMA's management to explore the possibility of formally cutting back on their services except in the financial area by the end of the year. EMA's response was a letter to the Board's Acting President, Meta Mills, (President Edith Hardcastle having passed away earlier in the month) announcing that everything, except their financial services, was being terminated by August 31, 2003. Unable to acquire Londonderry, EMA had turned towards William Hill Manor.

Ready or not, Londonderry was leaving its adolescent years.

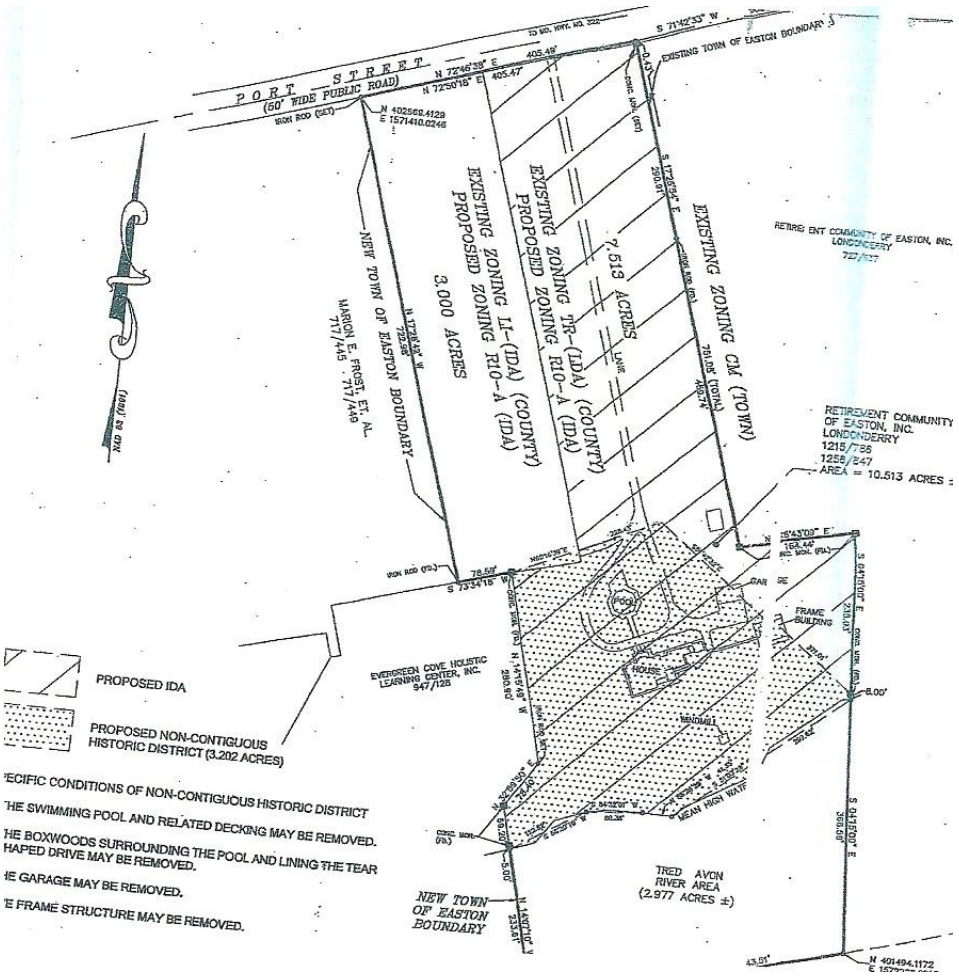
Chapter VI
Growth & Increasing Maturity 2003 - 2007

When eight of the last Phase III cottages were under roof with only six remaining to go, the long delayed construction of the apartments and the associated modifications to the Community Center got under way at the beginning of September 2003. To take the place of EMA's supervision, Richard Getsinger, a retired construction executive living in Oxford, agreed to assist the Board by overseeing Willow Construction's progress on a pro bono basis. His regular reviews throughout the process served greatly to reassure the members that all was proceeding as it should.

Though every effort was made to minimize their impact on the residents, the fairly extensive modifications to the Community Center, creating new offices as well as enlarging both the kitchen and dining room, caused unavoidable disruptions in their routines. The largest took the form of the closing of the building and a return to meal deliveries to the cottages. Though the Fire Marshall approved the opening of the Community Center to limited personnel on a temporary occupancy permit which allowed, among other things, a restricted use of the kitchen equipment, the dining room did not reopen until the end of January 2004.

Two important events took place on December 31, 2003. The first was the termination of the last of EMA's operations when the accounting functions were turned over to Anthony, Walter, Duncan & Wilcoxon, LLC of Easton. The second, of greater lasting significance to the growth of the Community, was the purchase of the Rhodes property.

Mr. & Mrs. Rhodes continued to occupy the Manor House, agreeing to pay a monthly rent of $500 for two years, or until Londonderry should be ready to develop the property. The Frost property was not included in this transaction, but arrangements for its purchase were nearly completed, and the purchase of these three additional acres took place three and a half months later in April 2004. Negotiations were si necessity to assure the use of town sewer, water and utilities for the planned expansion in whatever size and form it might take.



Plat of Purchased Rhodes & Frost Properties - Historic District Crosshatched

Work on the apartment building was scheduled to be completed by the middle of August with settlement to take place the first part of September, and new residents to begin moving in after September 15th. As is common with such projects, there were glitches and changes as the building proceeded. These eventually added roughly $40,000 to the final cost, but the first occupants, Mr. & Mrs. Charles Wilson, were able to move in slightly ahead of schedule on September 12, 2004.

The contract with Peninsula Construction for the Phase III cottages had been closed out in August. That with Willow Construction for the apartments was finally closed the end of September after all the items on the applicable punch lists had been cleared.

With the exact nature of the use of the Rhodes and Frost properties still a future concern, completing these more immediate construction goals had absorbed most of the Board's attention for the greater part of 2004. However, another event of potential significance for Londonderry also took place during the year.

The largest unreached goal in the strategic plan was still the provision of continuing care facilities for the residents. The priority arrangement with

HeartFields, owned and operated by Five Star Constellation, remained in effect (as periodically did the continuing exploration of other cooperative programs with them, including the possible outright purchase of the facility), but while giving Londonderry residents first choice of available openings, the existing agreement did nothing towards ensuring such openings would be available when needed. Increasingly during the preceding year, it had seemed that HeartFields was fully occupied just when such accommodations were sought, frequently forcing the hurried search for other options.

A possible opportunity to develop an alternative solution had appeared in February in the form of a renewal of a previous proposal that Londonderry undertake the management of the operations of all the Assisted Living Facilities run by Abbey Manor. These consisted of three units, the ones in Elkton and LaPlata being for assisted living only, while that in Easton, Candlelight Cove provided dementia and Alzheimer's care as well. Under the terms of the proposal, Londonderry would benefit both by receiving 4% of the gross revenues from all three units as well as receiving priority for placement in both their assisted living and Alzheimer's units.

The proposed agreement called for Londonderry to handle only the fiscal management of the Elkton and LaPlata facilities, but, in addition to this, to include supervision of both the food service and maintenance functions for Candlelight Cove. Based on the previous 2002 experience of supplying much the same services to Candlelight Cove along with EMA, Mrs. Ambruzzeze felt she could handle the increased oversight responsibilities, and that the existing staff could manage the additional work, so an agreement was signed in April 2004 for a 6 month period, renewable if both sides were satisfied.

After firing some of the existing staff, and replacing them (largely with some disaffected staff members who had left William Hill Manor after EMA took over) by the end of July she had operations running so smoothly that Candlelight Cove actually was considering erecting another building since they were turning away increasing numbers of applications for assisted living.

Her management worked so well that the arrangement continued in existence until March 1, 2006. Though the regular fees (generally averaging over $10,000 per month) were paid directly to Londonderry, since Carole Ambruzzeze was primarily responsible for the services provided, the arrangement was generally known as "Carole's Contract."

While it failed to lead to Candlelight Cove becoming part of Londonderry, both organizations benefitted from it. The not inconsiderable funds Londonderry received were largely used to defray the initial expenses associated with the engineering and architectural studies required to decide how best to develop the recently acquired Rhodes and Frost properties.

At the September 2005 meeting of the Board Mrs. Abruzzeze was able to report that another building would indeed be constructed at Candlelight Cove to handle the growing demand for assisted living — the existing building would be used solely for dementia and Alzheimer's patients.

Although this expansion of facilities would increase the revenue Londonderry had been receiving through the management contract, it would also

increase both the administrative and service demands. In October, in an effort to bring the two organizations still closer together, a meeting was held in the Manor House for the supervisors at Londonderry and Candlelight Cove to explore development related questions of mutual interest. Though intended to build communication and teamwork, this meeting raised enough concerns for Mrs. Abruzzeze that at the November Board meeting she reported that she was apprehensive about the loss of quality of care due to cost-cutting measures being initiated at all three Abby Manor facilities to help defray the cost of the new construction. She was, as a consequence, considering giving 90 days notice of the termination of the management contract by way of protest.

Unable to see any satisfactory way of either alleviating the situation, or of absorbing Candlelight Cove into Londonderry, the Board gave approval to terminate the contract on March 1, 2006 despite the resulting loss of income. Relationships between the two organizations, though not as close as before, have, nonetheless, remained cordial ever since.

Though only in a limited sense a substitute for the desired assisted care facilities and staff, a major step towards providing on-site limited medical care was taken on June 22, 2006. After hearing a presentation from Betty Mackintosh, the resident Director of Health Services, who had just completed the training and educational requirements to become a Certified Geriatric Care Manager, the Board unanimously approved the funding of her recently conceived “It’s Good To Be Home Program” for its initial year. It was anticipated (i.e. greatly hoped) that, after this start-up, the program, by which members paid for medical services received in-house, would become self-sustaining.

A year later, at the Board’s June meeting, Carole Abruzzese reported that the program was going well with six residents enrolled and receiving services. At that moment work was proceeding on developing the necessary written statements of health related policies required by the State. After they had been reviewed and accepted by the Continuum of Care Committee, the application for Londonderry to be designated as a Health Care Agency would be filed.

As planned, this was done in October, and, after some tweaking (developing policies for the handling of medical wastes, etc.) was accepted. Though it did not grow as rapidly, or become as robust as initially hoped, the program has been a valued element of Londonderry life ever since.

Diverting as the investigations into possible ways of meeting the perceived need for continuing care may have been, the Board’s major attention during the period of 2004 to 2007, after the completion of the apartment building and the last of the Phase III cottages, was very much focused on determining the ways of making the most advantageous use of the Rhodes and Frost acquisition. From the time of the earliest thought about purchasing the property, this question had quite naturally split itself in two parts: what to do with the Manor House, and what to do with the rest of the property. The sole unifying factor shared by both questions was the necessity to have the entire property rezoned and annexed by the town of Easton in order to have access to water, sewerage and utility services.

Early in the process various development schemes, from creating a subsidiary corporation to shelter Londonderry from the risks involved, to selling the property to an outside developer, were considered. Eventually, because of its historic architectural significance as a Richard Upjohn creation, as well as the cost of its upkeep, it was decided to create a nonprofit foundation to handle all matters associated with the Manor House and its environs, while the rest of the property was to be devoted to increased residential facilities.

Just what form those facilities would take remained undecided until nearly the end of 2006. Action on what use to make of the Manor House would take even longer, but even before any decisions could be reached, or actions taken, a number of matters had to be settled with the town of Easton.

A major factor affecting the scheduling of any development was the necessity to complete upgrades to the water and sewer facilities that would be involved before any new hook-ups could be made. Additionally, a number of bureaucratic hurdles had to be cleared. Not only did the property have to be annexed and appropriately rezoned, but a growth allocation had to be obtained.

In an attempt to control urban sprawl, the State of Maryland had allotted designated acreage for growth to all towns within the State. Easton had already used its allocation, and hence would have to apply to the county for additional acreage if Londonderry's expansion was to be accommodated. Assuming no major glitches, it was estimated that the entire process would take nearly a year and cost a considerable sum of between $100,000 to $150,000.

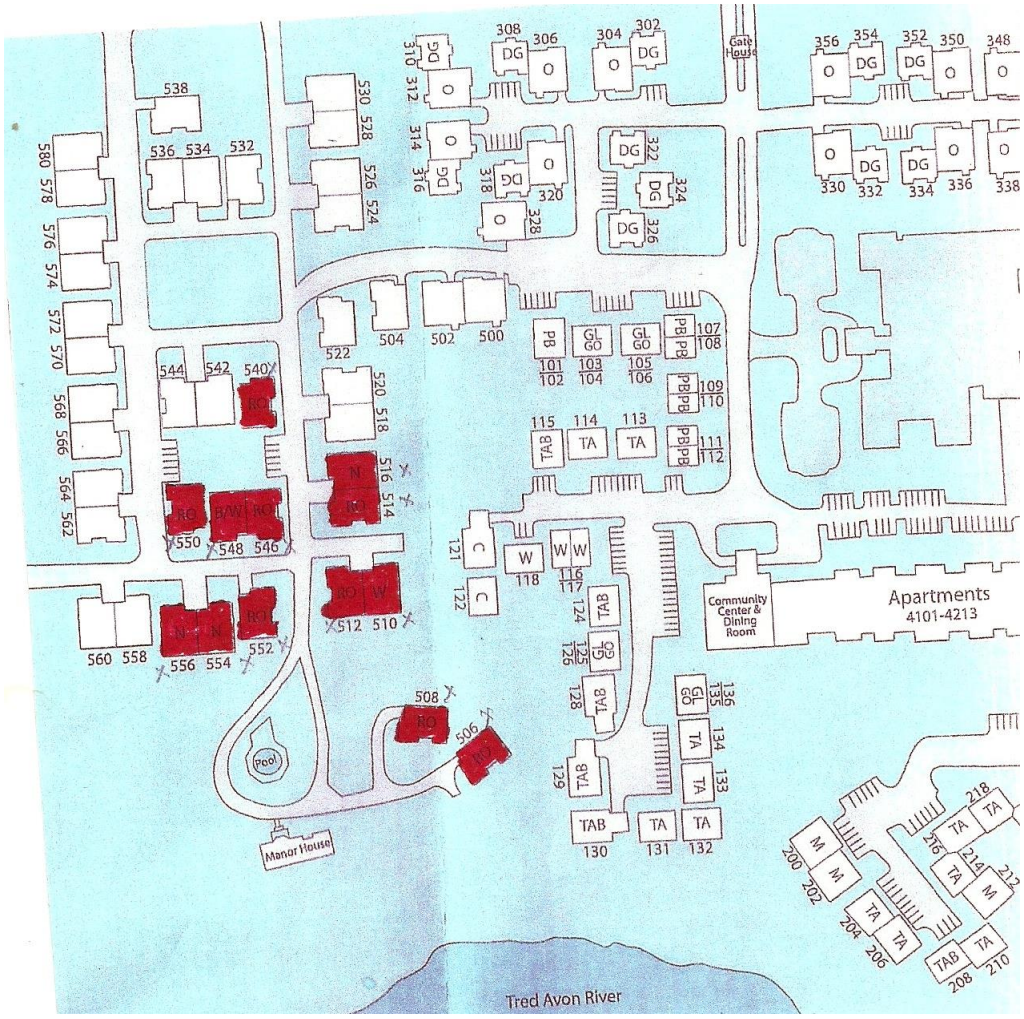
By October 2006 the development schemes had been narrowed to two vastly different options. One was a high density arrangement essentially replicating the already existing community with a new campus featuring apartment buildings with 109 units and 10 new cottages. The other proposed the construction of an additional 41 cottages having much the same appearance and surrounding spacing as the existing ones. The high density version called for meal service in one of the new apartment buildings. The lower density one required only an extension of the existing dining room in the Community Center along with slight modifications to the kitchen.

A number of investment firms, including the owners of the Tidewater Inn, had expressed interest in undertaking the development of the high density arrangement, but residents' concerns, and the legal and financial requirements that would be placed on the Community by the town and county, caused the Board to conclude that the scheme was unacceptable.

In anticipation that this would be the case, Peninsula Construction had already initiated preliminary talks about renewing, and/or revising, its Phase III contract under which it would both construct the cottages and perform the required infrastructure work. This would consist of general earthwork, water and sewer extension, natural gas and electricity connections, interior roads, storm water management, walkways. landscaping and engineering work. They would be reimbursed on a cottage by cottage pro rata basis as they were sold.

As expected, it took a full year for all the required permits to be obtained, but by the end of October 2007 the affected 7.5 acres had been rezoned from a Limited Development Area (LDA) classification to an Intensely Developed Area

(IDA). Concerns raised by the Critical Area Commission had been answered by moving the proposed location of one the cottages close to the Manor House to a point further from the shore. With this accomplished, a contract with Peninsula Construction had been signed.



The Lower Density Plan Selected for the Rhodes/Frost Acquisition
Only the #500 Units Marked in Red Were Constructed Before 2015

In parallel with these actions relating to creating new residences, the arrangements associated with the Manor House had also advanced. Little had been done with it until, working with the Talbot County Historical Society, a Decorator Show House was organized in which various designers were invited to use individual rooms within the Manor to demonstrate their ideas and talents. As a result of the show, which ran from October 11, 2006 through the second weekend in November, the old house took on a whole new look. Many walls had been repainted, and numerous rugs and pieces of furniture brought in for the show were retained to equip it to act as a guest house.

Though such conveniently located and reasonably priced accommodations for guests were both appreciated, and increasingly used by the

residents, it was obvious that the resulting income would be far less than the costs involved in maintaining the building and its surrounding grounds. For this example of Richard Upjohn's architectural style not to become a constant drain on the community's resources another way of financing its maintenance had to be sought. In response to the need, on Octpber 25, 2007 the Articles of Incorporation of the "Londonderry Manor and Windmill Foundation" were filed as a non-profit charitable organization dedicated to the preservation and maintenance of the historic structure.

To qualify for tax exempt status under Section 501 (c)(3) of the Internal Revenue Code, the foundation had to be quite separate from the Retirement Community of Easton, Inc., so not only did it have its own Board of Directors chaired by Mrs. Irene Miller, but in March 2008 it obtained control of the Manor House through a long term (75 years) lease. The intent was that the foundation would raise preservation funds by both seeking grants and donations as well as renting the facilities for public and private functions. Even before having completed all of the associated bureaucratic details, by the end of December an extensive program of events to be held in the Manor House during the coming year had been announced.

By the end of 2007 Londonderry, having proven itself fully capable of handling its own affairs, was a fully mature organization poised to take full advantage of all elements of the Rhodes and Frost properties acquisition. The extent and nature of the future development had been decided, and construction was about to start. Plans for activities within the Manor House for the coming year gave promise of moving the new Foundation towards self sufficiency. Though unable to acquire an assisted living facility, the innovative "Its Good To Be Home Program" was growing and promised to greatly lengthen the time residents could stay in their cottages or apartments.

With so much going right, it was easy to overlook a report that appeared for the first time in the minutes of the Board for October 25, 2007 noting that the Marketing Department was hearing concerns about the slow housing market. No one had any idea of how deep the causes for these concerns would grow, nor how severe their effect upon the growth of Londonderry would become during the coming years.

Chapter VII
Toughened By Recession
2008 - 2011

At the beginning of 2008, a review of the loans Londonderry was carrying showed an “operating mortgage” of $3.6 million at 6.5%, the “Rhodes & Frost mortgage” of $1.955 million also at 6.5%, and a “line of credit” to cover advertising and other costs related to the new development of $1.4 million at the prime rate plus 1/2%. The expansion plan was that Londonderry, already bearing the cost of the land, would also assume all promotional and sales expenses, while, as co-developer, Peninsula Construction would be responsible for all construction and infrastructure costs. As each cottage was sold, a proportionate amount of the sale price would be used to reimburse Peninsula, the rest being used to pay down both the $1.955 million debt and the line of credit.

As finally decided upon, the plans for the Rhodes & Frost property development called for 9 single family and 32 duplex units. The contract with Peninsula Construction — in a form similar to that used for Phase III — called for a fixed construction price of $256,000 or $268,000, depending upon the model selected. The total cost of the infrastructure required for the development, including the conditions imposed by the town for improvements along Port Street, estimated by Lane Engineering to be $1,930,471, was to be split between the 41 units and paid to Peninsula as a $47,085 fee per cottage. Various extras (such as garages, sunrooms, fireplaces, etc.) and/or other changes to the standard designs, would be billed separately. Payment of these sums was scheduled to be made within 30 days after the closing with the new owner. Significantly, as it later turned out, no limit was placed on the length of time required to sell the planned new cottages.

As a condition for approval of the annexation of the Rhodes & Frost properties, the town had required that certain infrastructure improvements be made both to the property and to the side of Port Street, partly to support the planned construction, and partly to handle the anticipated increased use and traffic resulting from the development after its completion. These “improvements” included grading and sediment control during construction, a master utility plan, internal roads on the property, sidewalks, curbs, storm-water management facilities, sewer and drain installation, augmentation of the existing pumping capacity and landscaping after construction was completed.

Much of the work involved in providing this infrastructure had to be conducted before actual construction of the cottages could begin. Calculated with appropriate allowances to cover interest on the funds to be expended plus a

profit, along with a contingency amount to cover the possibility that a few cottages might take a while to sell, it seemed certain at the time that, at $47,085, this payment-upon-cottage-completion scheme would comfortably repay Peninsula for the pre-construction work to be performed.

Referencing recent history which showed Londonderry's waiting list growing at an impressive rate as proof of their ability to repay, Peninsula Construction, before beginning the cottage construction, applied to the Talbot Bank on February 7, 2008, for 2 loans. One, for $1,640,000, was to be used to cover some of the already performed tasks, such as architectural and engineering work, as well as those portions of the required infrastructure that had to be completed before construction of the cottages could begin. The other, a $1,600,000, line of credit, was to be drawn upon to cover the cost of construction of each cottage as it began following the commitment to a specific site by a buyer. Both loans required monthly payments and the return of principal in full upon their maturity in two years time. There seeming no reason to do so, neither Peninsula nor the Bank discussed either of these loans with Londonderry.

By the end of April 2008 a garage and some storage sheds on the Manor House property had been demolished, and four building permits for new cottages applied for. One of these, #506, next to the Manor House, was the first completed in the new development. It was occupied in November 2008 with #508 not far behind.

In the hopeful anticipation that the new Foundation might attract large numbers to activities within the Manor House, in July a parking lot for cars unable to find space along the side of the drive was constructed to the side of the circle in front of the Manor. This consisted of concrete pavers set in the ground on their side so that they could not only take the load of cars, but also provide enough open space that water could enter and grass grow, nearly hiding their existence when not in use.

By August 2008 two additional cottages were under construction with permits for two more applied for. The storm water and sewer lines were complete, and the water lines were being installed. The grading for the roadways had begun with the base material to be spread in September. The new pumping station had been approved by the town, and State approval, along with county approval of the Port Street upgrades, were expected within weeks. In every way the program seemed to be on schedule and proceeding nicely. Even though there were increasing cases of prospective residents having to change plans owing to encountering difficulty in selling their homes, there was still enough activity to support the belief (hope) that the housing market would soon recover.

In an effort more fully to understand what might be involved in the maintenance/restoration of the Manor House, during the summer Voith & Mactavish Architects LLP of Philadelphia were retained to do a study of the building and to provide suggestions for better adapting it for use as a meeting/guest house. Part of their task was to estimate what it would cost to restore it to its original design — as a result of a fire in the1960s the entire third floor and its handsome mansard roof had been removed and replaced with a low pitched substitute over the remaining second floor. Their proposal, submitted the

end of October 2008, in addition to a new third floor, included restoring the porch and piazza of the original design as well as installing an elevator to better suit the building for service within a retirement community. The very handsome and practical result had only one major drawback — its estimated $2,262,500 cost!

The Manor House as Designed

Windmill Before Restoration

Restoration Under Way

Since the amount that would be needed to service a debt of this magnitude was well beyond even the most wildly optimistic estimate of what the Foundation could raise through use fees and room rentals, the idea of restoration of the Manor House to its former glory was tabled in favor of completing the windmill. Of a unique design, part of the structure had been built, but seemingly never finished, close to the turn of the century. Fabricating the upper structure and establishing a working windmill would be a way of demonstrating the Foundation's serious intention to preserve/restore the historic structures for which it was custodian, and — with Londonderry's financial help — be a project within its limited means.

In addition to the windmill project, which it was hoped would attract public attention, and thus possibly contributions, a full program of public events ranging from the dedication of the windmill through historic preservation workshops to flower and art shows, was conducted throughout 2008. The most dependable source of income, however, remained room rentals from Londonderry guests. Despite Herculean efforts by all concerned, the goal of self-sufficiency has continued to the present to elude the Foundation.

Through the winter, development continued with three more cottages being started along with the construction of a new Maintenance Building, for which a separate contract was signed for $206,000. By spring of 2009, although inquiries from potential residents remained relatively high, it was noted that the interest being expressed was primarily in the smaller existing cottages and apartments as they became available rather than in any new construction. As a result, Mike Stevenson, President of Peninsula Construction, started to explore

the possibility of building smaller (1,000 sq. ft.) units on selected plots within the new development.

On May 1, 2009 something of a thunderbolt arrived at Carole Abruzzese's office in the form of a letter from Mr. Bruce Mackey, CEO of Five Star Quality Care, Inc. owner and operator of HeartFields (and some 200 other such facilities), indicating an interest in buying Londonderry. Recognizing that they were in no position even to consider the question, let alone to set a reasonable asking price without a great deal more information about what the implications of such a move might be, the Board hired HealthTrust of Sarasota, Florida to help provide some answers.

A company specializing in seniors' housing and healthcare real estate advisory services, it was asked to do an appraisal of the physical assets, and future prospects, of the Community. Based on this appraisal and their knowledge of the retirement home/health care field, an opinion was sought as to what an appropriate asking price of the Community might be. In order to avoid the spreading of uninformed rumors, and further compromising the staff's already struggling marketing efforts, the Board kept these developments under wraps until there were solid facts to share with the residents, with whom any final decision would, of course, rest.

The Board debated at length what the pros and cons of selling the Community might be. On the pro side, residents, while still retaining their unit, would receive a return on their original investment which, even if not much, given the state of the housing market, could still help recoup some income lost in the recession. Perhaps, even more importantly, the sought-for combination with HeartFields would be accomplished. On the con side, not only would there be no payment to its estate upon a resident's death, but it was only to be expected that the Community would change from a cooperative to a rental operation, and, consequently, that the monthly fees would increase to provide the operator with expected profits.

In a very well documented report, HealthTrust used three different methods to reach their range of estimates of Londonderry's value:

Cost — based on what it would cost to build a similar facility;
Sales Comparison — based on what similar organizations have recently sold fo
Income — based on estimates of what kind of cash flow the property would

The results, reported to the Board in August, showed that the appraised value of Londonderry was between $26.5 and $29.6 million. HealthTrust also confirmed that they were fairly certain that any prospective buyer would scrap the existing cooperative model, and operate the Community as a direct rental operation.

While these were good appraisals of the value of the grounds and buildings, and therefor probably of the order of a reasonable offer to expect from Five Star, they did not consider the two important elements that Londonderry would have to cover in setting a purchase price, namely, the "Member Transfer Value" and the several outstanding debts that would have to be paid off.

The “Member Transfer Value” was specified in the By-Laws as the amount, should the members dissolve the corporation, that should be returned to each of the shareholders. It consisted of their investment plus the appreciation from the time they bought their unit. This, as worked out by the Comptroller, Terry Bowen, computed to be just a little under $32 million, well above the top appraised value from HealthTrust.

Added to this amount were three loans, all from the Talbot Bank, that had to be paid off. One, to cover operations, was refinanced in 2008 for $3,557,037, another, for $1,551,255, to cover the purchase of the Rhodes and Frost properties had also been refinanced in 2008, and $459,331 remained in the $1.4 million line of credit to cover the new construction. In total, Londonderry was in hock to Talbot Bank for $5,567,623. Thus, just to meet its obligations, the sale would have to net Londonderry something of the order of $38 to $39 million.

Based on the appraisals performed by HealthTrust (even if they might be wildly inaccurate — which was highly unlikely) this was well beyond anything the Board could imagine Five Star — which had only expressed interest without making an offer — would possibly consider. They, thus, after agonizing over the matter through several meetings, concluded that pursuing such a sale would not be in the Community’s best interests.

Finally deciding they had enough information to answer the residents’ questions, the Board announced the existence of Five Star’s expression of interest, and called for a meeting to discuss the matter on November 2, 2009. It was attended by 50 to 60 of the residents who listened to President Zwemer’s presentation of what had transpired, and the Board’s reactions and reasoning for declining to explore the matter further. After extensive discussion, the meeting ended with a request for a show of hands of those in favor of remaining a self-governing cooperative. The overwhelming majority raised their hands.

With that distracting matter behind them, because new construction had completely stalled since mid-summer despite the introduction of new much smaller one bedroom models, and with resales of existing units being the only marketing activity, the Board returned its attention to the need to consolidate and refinance the three outstanding loans due for renewal in February 2011.

Feeling that what was needed, rather than the short-term loans available from the Talbot Bank that required renegotiation every few years, was a long-term (25 years if possible) one that consolidated all debts into one package, the Comptroller had approached three potential loaners, BB&T, M&T and the National Bank of Cooperatives. They had responded with only mild interest, BB&T seemingly having the most, but without real enthusiasm.

Feeling they weren’t getting proper attention from any of the banks, in January 2010 the Board engaged the firm of Shattuck Hammond to seek out potential sources of long-term loans. Though in contact with many more banks than Londonderry, like the Board’s earlier efforts, they also met with a singular lack of success. This was blamed on the fact that those banks which loaned to retirement communities either didn’t understand cooperatives, or were leery of loaning to organizations that operated only one facility.

Despite the lack of interest shown by most of the banks, the search was pushed in hopes of being able to lock something in place during the period of low interest rates before the expected (and fervently hoped for) economic recovery.

For some that recovery couldn't come too soon. For the first time, Mike Stevenson, owner of Peninsula Construction, expressed his concerns to Carole Abruzzese regarding his carrying costs and loans associated with the new construction which had halted at 8 completed units, a cottage used by the marketing department as a sales model (built under separate contract), and two unsold shells under roof (built on spec). He was talking with the Talbot Bank about restructuring his loans, but for the moment was asking nothing of Londonderry. Nonetheless, the report of this conversation caused the Board growing concern about what would happen should he be unable to continue to fulfill his contract.

The recession was not the only reason that construction and sales had come to a halt. Winter weather was literally having a chilling effect. While Peninsula, the Board and the Finance Committee struggled with fiscal problems, potential buyers, the current residents and staff had to contend with physical problems associated with one of the snowiest winters in years.

The result of two separate storms, each dropping 7 to 8 inches, though budgeted for $3,500, by the end of February over $20,000 had been spent on snow removal, temporary labor and employee overtime. The residents and visitors alike were impressed and pleased with the manner in which the roads and important walkways on campus were kept clear even under blizzard-like conditions. It appeared that Londonderry's crews did a far better job than either the municipality or the county, where roads remained messy for days, discouraging all efforts to attract potential new residents.

Only Kids Could Like It!

The emergence from the snow, however, found Londonderry, like the rest of the nation, still wrestling with the problems created by the continuing recession

that showed no signs of an impending recovery. It seemed that the timing of the planned expansion could not have been worse. Many potentially interested buyers had had to back away because of the inability to sell their homes.

The situation was no better with potential lenders approached in hopes of refinancing the debt. Shattuck Hammond had contacted 139 lenders in their database, 88 had outright declined to consider Londonderry as a client, and only 10 had indicated enough interest to request more detailed information about the Community, only to withdraw upon receiving it.

Recognizing it needed relief in the form of an immediate infusion of funds, Peninsula approached the Board to see if the contract could be modified — essentially asking that Londonderry assume the responsibility for repaying its Talbot Bank loans — arguing that the framework of the agreement had been predicated on the projection that the project would be complete in 2 years, that their construction performance had been compatible with that goal, and that the failure to complete was owing to Londonderry's failure to make sales, not to any deficiency on their part.

While the Board granted that much of Peninsula's argument had merit, Londonderry was not responsible for having taken out the loan against which all the infrastructure work had been charged in anticipation of reimbursement within a period of two years. By contract, repayment had instead been dependent upon the sale of all (or nearly all) 41 planned cottages. The Marketing Department had done, and was continuing to do, all it could to bring about sales. Given its own long term indebtedness, Londonderry was in no position to absorb any new debt.

On April 16, 2010, (in a move the legality of which was later challenged), at the Bank's request, Peninsula assigned all of its "right, title and interest" in its contract with Londonderry to the Talbot Bank. This led the Bank to put out new feelers to see if Londonderry would assume Peninsula's debt for the infrastructure, quoting a figure of $3.2 million. As a possible carrot to do so, they indicated the possibility of refinancing the debt on the entire development for 5 or more years.

By June, since Peninsula was unwilling — or unable — to provide invoices supporting the higher figure, the cost of the infrastructure had been reduced by a million dollars, but was still above the $1.9 million that had been used as the basis of projected payments in the contract.

Even more significantly, as a pleasant surprise, a letter had been received from the Talbot Bank proposing long term financing of a single $6,510,000 loan combining the three existing ones. There was no mention of payment for the in-ground infrastructure or other conditions other than the normal ones (covenants).

After negotiations assuring that there would be no penalty for pre-payment of the loan, and setting the terms of the loan covenant requirements (the amount of cash-on-hand to be maintained, etc.), the Bank's proposal was presented to the residents. 94% of the shares voted in favor of the restructuring proposal as presented.

In what appeared at first to be an attempt to pull a classic "bait and switch," a July 16, 2010 letter from Jerry McConnell, Executive Vice President of

the Talbot Bank, stated that Talbot Bank felt that Londonderry should assume the debt for the infrastructure already in the ground.

Interpreting this as a new condition on the consolidated loan, the Board held an emergency meeting on July 19 at which it was decided to tell the Bank that the residents (stock holders) had approved the terms of the loan as presented by the Bank in the original proposal dated June 18, and the Board was not authorized to negotiate changes after the fact. Whatever had been the Bank's intention, this approach worked, and at the regular August 2010 Board meeting Ms. Brynja Booth of Cowdrey, Thompson & Karsten Corp., Londonderry's lawyers, was able to announce that a commitment letter for the consolidated loan had been issued and mutually signed.

Since it was counter to their usual practice of giving only short term loans, it is probable that the Talbot Bank granted this new one, which coalesced the three outstanding ones, and spread their repayment over a period of 17 and a half years, in the belief (and hope) that, despite their concern about Londonderry's future and the debts incurred by Peninsula, it was the best way of assuring at least some repayment of the existing debt.

In order to save approximately $43,000 in mortgage stamps, Ms. Booth persuaded the Bank to provide the refinancing as an indemnity deed of trust instead of a mortgage. "Port Street Limited Associates" was listed as the borrower, with the "Retirement Community of Easton" being the guarantor.

Although confirmation of this consolidated, longer term, loan for $6,510,000 did, in fact, meet a sought-for goal, many Board members, along with Mrs. Abruzzese, actually shared many of the Bank's concerns about the ability of Londonderry to survive the coming years as a stand-alone cooperative retirement community. It was clear that none of the other banks that had been approached for loans thought it was a good bet.

The lack of interest shown in purchasing the new cottages, and the increasing number of vacant existing ones (in spite being offered at reduced prices), reinforced the idea that despite the residents' earlier rejection of the idea, a sale to an organization that would operate the Community as a for-profit rental operation was probably the best option for its continued existence and for the current occupants, in spite of the probable increases in their monthly charges that would result.

A possible alternative that was also discussed was again to hire a management company to operate the community. This had the advantage that while it permitted the retention of the cooperative structure with the Board of Directors guiding decisions, it offered some efficiencies over in-house staffing, and might provide, owing to name recognition and contacts, better access to financial support when needed.

Mrs. Abruzzese pointed out that Episcopal Ministries to the Aged had managed Londonderry for three and a half years. Though their expertise was required at the time, it had been expensive (4% of gross revenue plus expenses). She feared that fees would be even higher now. Attention of the Board was next focussed back on Five Star, not just as a potential buyer, but as a possible

alternative to EMA as a manager since it did not own all of its 300+ affiliated retirement communities, but managed some instead.

The firm of ParenteBeard, which did the annual financial audit for Londonderry, had a consulting arm that specialized in evaluating optional business models for retirement communities. At the November Board meeting, Mr. Jarrod Leo, a Director of the company, presented a report of a study that this branch of his company had prepared looking at the ten year financial projections for Londonderry.

This had been done to investigate how the potential impact of various business models, ranging from the present stand-alone cooperative, through a managed community, to being part of a multi-site for-profit organization, would affect the residents. Its conclusions simply reinforced the feeling that the community's continued existence depended upon finding an alternative to its current cooperative mode of operation.

On January 26, 2011 an undesirable, but not unexpected, complication was added to the Board's already full load of concerns when Mike Stevenson of Peninsula Construction filed for bankruptcy. It appeared that during the construction of the 500's section, when Londonderry paid him upon settlement of a cottage sale, he had not applied any of those amounts to the Talbot Bank loan.

Counsel Ms. Booth, advised the Board to be cautious about assuming any responsibility for portions of the debt — it was the Bank's problem, not Londonderry's, and that filing of bankruptcy was considered an act of default of contract. She further pointed out that the assignment of the contract to Talbot Bank was not legitimate because it was a unilateral action to which Londonderry did not consent. Her best advice was to sit tight and await developments.

Carole Abruzzese reported that Five Star had indicated that it was still very much interested in Londonderry. The Board concluded that, as a result, Londonderry really had three options for the future: to stay as it was; to hire a manager (probably Five Star); or to sell out-right to Five Star. Each course had its own advantages (and perils) that had to be carefully explored and evaluated before approaching the residents. Prudence dictated care, and it was the unanimous opinion of the Board members that nothing should be done until the Talbot Bank/Penisula Construction affair played out further, and was better understood.

The next day, January 27, 2011, not the result of these most recent struggles, but of a long-term intension leading to a decision taken only after long consideration, Carole Abruzzese sent a letter to President Zwemer announcing her intention to resign the position that she had held for the past 16 years as Executive Director of Londonderry. She asked that her resignation become effective 4 months hence on May 27, 2011.

Though the timing, just as what promised to be a major squabble was brewing, was perhaps unfortunate, it was widely recognized that probably no one had had more influence on how Londonderry had developed, nor had been more effective in seeing that it had happened, than she. Retirement after long and dedicated service was richly deserved.

On February 22, Peninsula Construction filed Bankruptcy under Chapter 7 (Mike Stevenson's had been a personal bankruptcy). As of that date, Peninsula had neither completed the 29 remaining units of the planned development, nor the infrastructure improvements to Port Street (curbs and sidewalk) that had been mandated by the Town of Easton as a condition for the approval of Londondery's expansion. None of Peninsula's creditors (except for the Bank, they were mostly subcontractors) were pleased.

This, of course, opened a whole new can of worms, particularly since (though not agreed to by Londonderry) the contract had been assigned to the Talbot Bank. Even though there appeared to be buyers for two yet to be constructed cottages, it was clear that no further building could take place until the bankruptcy court proceedings had run their course.

There was, however, nothing to preclude exploratory discussions of possible options with Mr. Bruce Mackey, CEO of Five Star, which started with a luncheon in the Manor House on March 30th. Unbeknownst to most of the residents, who were largely unaware of the potential consequences and complications associated with Peninsula's bankruptcy, and these discussions with Five Star, these matters were to absorb the Board's attention for the most of the rest of 2011.

At their counsel's advice, Londonderry's Board's position was that, there being no specification of the period within which the sales of the cottages had to be completed, Londonderry had in no way failed to meet its obligations, and if the Bank, having been assigned the contract, would undertake to complete the remaining cottages, upon the settlement of each sale they would be reimbursed as per the contract with the specified amounts covering both the cost of the infrastructure and the construction.

With both sides talking past each other, it was judged that Londonderry's best course of action would be filing with the Circuit Court a Complaint for Declaratory Judgement, asking that the Court determine, since Londonderry did not terminate the contract, what was owed, and when it was due. The Bank responded with a plea that Londonderry had breached the contract by not selling the specified number of cottages, had thus caused the bankruptcy, and, hence, was responsible for Peninsula's debts.

On April 15, 2011, the Bankruptcy Court granted Talbot Bank's motion for relief from the resulting automatic stay imposed upon Peninsula's filing for bankruptcy, so it could pursue its "rights and remedies" with respect to the Londonderry contract. While this was intended to permit the Bank to take possession of all "Fixed Price and Infrastructure Payments," it also allowed the Bank to assume Peninsula's responsibilities under the contract, specifically those related to the unbuilt cottages. The Bank refused, asserting that the contract was terminated, and requesting payment for all of Peninsula's remaining unpaid costs related to the infrastructure work already performed.

This led, during the next month to Londonderry filing its own complaint, asking both that, as Peninsula's assignee, the Talbot Bank be compelled to perform the obligations required by the contract by completing the construction of

the cottages, and that a determination be made regarding the rights and liabilities of the parties involved regarding the payment of the fixed infrastructure fees.

This, of course, resulted in the filing of a counterclaim by the Bank accusing Londonderry of breach of contract and unjust enrichment based on the fact it had failed to sell the cottages within a reasonable time, thereby justifying the Bank in seeking to recover the roughly $1.5 million in costs and expenses Peninsula had incurred for the infrastructure improvement work already performed for which it had not been reimbursed.

Taking a break from the fray, Carole Abruzzese attended a farewell party given in her honor by the residents on May 19th. One of her last acts as Executive Director was to give a power point presentation to the Board at their May meeting putting the current difficulties in context by running through a history of the problems faced by Londonderry during her years as Director. She urged that a clear picture of what was desired as Londonderry's future be formed before starting a search for her successor. She offered to help in whatever way she could after her retirement to clarify matters with Five Star as a possible major factor in that future.

Carole Abruzzese, Executive Director 1992 - 2011

Even though the Board had been able to shield the residents from many of their own concerns, by mid 2011 it was evident to everyone that the "Great Recession" was taking its toll. Thoughts of developing the Manor House as, at least a self-supporting operation, and even a possible source of income, had been abandoned as the realities of its aging oil-fired boiler based heating system led to an expensive geothermal replacement.

The Bankruptcy Court argument by the Talbot Bank that Londonderry had willfully terminated the contract with Peninsula by giving up selling cottages was more than refuted by evidence of the Marketing Department's nearly desperate efforts to obtain, not only sales of new cottages (if any more were to be produced), but the increasing number of previously occupied units that kept coming on the market.

At the end of August there were twelve units for sale, including the model home which had been built under a separate contract (and not yet paid for). To augment the ads and open houses, additional incentives such as reduced prices and waiving of the application fees, were pushed without much effect. New units kept becoming available — sometimes as the result of the demise of the occupant, but, increasingly, because of a resident's financial difficulties — at a rate well beyond that of sales.

Surprisingly, despite concerns expressed by numerous Board members, neither these conditions, nor the court action, seemed to dampen Five Stars' interest in acquiring Londonderry, a move that increasingly looked as if it would be Londonderry's best bet as a way of weathering the raging financial storms.

As talks continued with Mr. Mackey, a required major decision which seemed to be impeding progress related to whether Londonderry should state a sales price, or Five Star should make an offer. All the information developed by HealthTrust two years before, updated as required, was turned over to Five Star to aid them meeting their due diligence requirements to their stockholders, but they still preferred that the Board come up with a figure that could be used as the basis for an offer.

When the difficulty of getting 147 share holders to set a price was explained, after determining that Five Star would not have to break out the figure into individual offers, Mr. Mackey felt that a single offer could be worked out. A written proposal was submitted to the Five Star Board of Directors. This resulted in a visit by some of their Board to Londonderry, followed by a flurry of emailed questions indicating that they were having trouble working their way through the numbers, particularly the HealthTrust appraisal.

Shortly after Labor Day, an email was received stating that Five Star would not present an offer. Though this caused a certain amount of dismay and dissension about what to do next, freed of the possibility of a sale, the Board was able to refocus its efforts on finding in-house ways of working through the current problems. Marketing was also able to return to pushing the concept of the cooperative, an effort that had been suspended when the change to a rental arrangement had seemed imminent.

2011 ended with many of the questions facing the Community unresolved. The economy showed few, if any, signs of improving. No replacement Executive Director had yet been found — the search had really just begun with the end of the Five Star negotiations. The Court was still taking deputations in the Talbot Bank case. The Discovery period was scheduled to end December 30th at which time the Court would decide whether to give a Summary Judgement, or to have both parties present their cases before a jury.

Nonetheless, regardless of outcomes, good or bad, and no longer seeking easier ways out of, or around, its problems, Londonderry, toughened by experience, faced the challenges of the new year with increasing confidence in its own ability to meet whatever challenges might be in store — and they seemed legion.

Chapter VIII

Coming Out The Other Side
2012 — 2015

Toughened as it may have become, Londonderry faced real questions as the new year began that challenged the likelihood of its very survival. Throughout the country people of retirement age were increasingly staying in homes they could not sell rather than joining retirement communities. Locally, the constantly worsening depression of the housing market, the widely publicized dispute with the Talbot Bank, the uncertainty of the Five Star negotiations, and the general lack of focus without the guidance of an Executive Director, all contributed to a marked loss of interest in Londonderry by potential residents. Trends noted by the Marketing Department were that the average age of those who were still showing interest had passed 85, and, consequently, these applicants were more frail than previously, thereby increasing the importance of the “Its Good To Be Home” program.

By early March there were 24 units, constituting 20% of the Community, for sale. The number would grow as the year wore on. A few of these vacancies resulted from residents moving elsewhere, either for care or to be closer to children, but most resulted from the death of the occupant. Distressingly, many had been vacant for months. The published arrangements of the cooperative were that the heirs of the former occupant were responsible for the monthly carrying fee until the unit was sold, but increasing numbers were finding themselves fiscally unable to do so. While whatever amount the estate was in arrears would be deducted from the proceeds of the sale when it finally took place, in the interim operating funds were significantly curtailed.

After the end of the Discovery period on December 30, 2011, the Circuit Court set the hearing of the motion for a summary judgement for March.

The motions were heard by the Court on March 26, 2012. They resulted in the following five point judgement:

1) Peninsula was incapable of performing under contract.
2) Peninsula’s performance remained incomplete.
3) Londonderry’s obligation was only to pay the portion of infrastructure cost assigned
4) The assignment agreement did not delegate Peninsula’s duty to

5) Should Talbot Bank choose not to continue performance of the contract, Londonderry had no obligation to pay for infrastructure

Essentially upholding Londonderry's position, this ruling came as a major morale boost at a very difficult time even though less than a month later, on April 20, 2012, Talbot Bank filed notice of its appeal of the Circuit Court's summary judgement.

Along with the uncertainties produced by the prolonging of the court action, on the positive side, April also saw a major step taken towards addressing the Community's many problems when Andy Hollis was appointed Executive Director. Holding a degree in urban planning from the University of Maryland, he had served as Town Manager of St. Michaels and as County Manager of Talbot County. His most recent position had been Assistant Operating Officer of Delmarva Community. A skilled administrator, he also combined a personal acquaintanceship with many of the town and county officials with a deep understanding of the recession related problems confronting organizations such as Londonderry. His appointment did much to restore confidence in both residents and staff that, daunting as the immediate problems seemed, they would be successfully met and overcome.

Andy Hollis, Executive Director 2012 - 2014

Since legal council advised that pursuing further construction might adversely affect the outcome of the ongoing court action, with the exception of the completion of the two shells under roof — the work being conducted in-house and directed by Roscoe Clough, Manager of the Buildings and Grounds Department — all efforts to build out the remaining #500 section were

suspended. The site was cleaned up and landscaped to give the campus a more finished look. With the exception of the two shells which were customized for buyers who had specifically selected them, all sales efforts were concentrated on the increasing numbers of vacant existing units. The building suspension would last until mid-summer 2015 after the settlement with Talbot Bank had been reached, and nearly a year of 100% occupancy achieved.

One of the advantages of having an Executive Director with experience serving in municipal and county positions became apparent in September 2012 when Mr. Hollis was able to announce that, with the Town's help, the State Highway Administration had been convinced of the need (long felt by residents) for a left turn arrow at the intersection of Port Street and the Easton Parkway (Bypass). It was scheduled to be installed within six to nine months.

With the second court action promising to take quite a while to play out — the argument date had been set for April 2013 with a ruling probably coming several months later — and with a new Executive Director in place, the Board felt free to return to questions of strategic planning. High on the list of topics for discussion was the uncomfortable fact that Londonderry's opponent in court was also the holder of Londonderry's consolidated debt. Since the rate was 6.375%, scheduled to increase in December 2013 to 7.2%, at a time of historically low interest rates, there was considerable motivation for change despite the earlier experience with banking reluctance to deal with cooperative retirement communities.

As a result of discussions the Treasurer, Bill Ginder, had with representatives of the Susquehanna Bank of Baltimore, in August the Susquehanna offered a refinancing proposal with both a lower interest rate and less restrictive loan covenants than those of Talbot Bank.

At the end of September, an unexpected approach, apparently in no way connected with the Susquehanna negotiations which had been kept confidential, was made by the Talbot Bank offering to refinance the existing loan at 5% if Londonderry would take on an additional $1.1 million debt representing what Mike Stevenson owed them. After examining it carefully, the offer was rejected, and negotiations renewed with the Susquehanna to thrash out details related to the new loan.

Among these was an updating of the earlier HealthTrust appraisal along with an environmental study necessitated by the removal of the no longer used oil tank that had supplied the Manor House prior to the installation of its new geothermal system. Settlement took place on December 13, 2012, and the loan from Talbot Bank was paid off in full.

Included in the settlement was an arrangement that Londonderry could borrow an additional $500,000 should it decide to do so before April 13, 2013. Since it was possible the Court might decide the appeal in favor of Talbot Bank, the Board considered this as a prudent precaution, but to do so would require the stock holders approval. After a number of general meetings designed to inform the residents of the questions involved, on March 13, 2013 a favorable vote was received from more than two thirds of the outstanding shareholders. The

additional amount was added to the loan and given to the Finance Committee to invest until needed.

In February the Community was shaken by reports of seven jewelry thefts on campus. The police investigated. A well known, and, generally well liked, member of the Maintenance Department, Rob Earl, who, of course, possessed a pass key to all Londonderry's locks, confessed when confronted. His preliminary hearing was held in May with his trial set for November. In July the State's Attorney's office met with the affected residents because they might be subpoenaed should he not plea bargain. As it turned out, he did plead guilty, and was sentenced to 18 months in the local detention center where he had work release each day, returning to spend his nights there.

Once the theft matter was in the hands of the police, having settled the refinancing question, the Board turned to an outfit called "Point Forward Solutions" to help define Londonderry's future objectives, and how to achieve them. Ryan Frederick, a consultant from the firm specializing in strategic planning, spent time visiting the Community starting in late October. At the November Board meeting he not only submitted his report, but gave a Power Point presentation entitled, "Where are we now? Where should we consider going? How should we actually get there?"

Although his observations produced little the Board was not already aware of, his presentation, and his knowledge of national trends among communities for the aging, was useful in setting priorities. To no one's surprise, with 27 vacant cottages at the time (later to grow to over 30), the top one was marketing. After talking with the residents, he reported that he felt Londonderry's greatest asset was, thanks to the co-op arrangement, the residents feeling they controlled things, and considering it home.

He pointed out that, with 80% of the residents coming from the Eastern Shore, primarily from the Easton/ Oxford/ St, Michaels area, Londonderry was unlikely to attract many people who were not, either already living on the Eastern Shore, or connected to it in some way, such as having a long term yachting attachment to the area, or children living close. For this reason marketing should be heavily weighted to areas close to home.

Further, given that the average age of new residents was now in the low to mid-80s, he also pointed out that the existence of the "It's Good To Be Home" program should be emphasized in all material given to prospective residents.

A suggestion was made that, as sort of a bridge program, if someone were unable to sell their home, perhaps the "It's Good To Be Home" staff could supply care for them in their home until they were able to move to Londonderry. After discussion, it was generally concluded that, not only would such an arrangement open a can of regulatory worms, but the program really should not be thought of as a feeder, but rather as a stand alone service available to residents to help them stay healthy and remain in their units once occupied.

Impressed by Mr. Fredrick's knowledge and organizing skills, the Board elected to have him continue to consult with the two committees formed at his suggestion. Made up of residents, but chaired by members of the Board, one was to address healthcare issues, the other marketing and occupancy questions.

These committees were to work throughout the coming months providing direction to the Executive Director and the staff.

One of the Healthcare Committee's immediate concerns was finding a replacement for the Director of Healthcare Services, Betty Macintosh. A major contributor to the creation of "It's Good To Be Home," she had announced her intension to retire by the end of June, but agreed to stay on, if needed, to the end of July to help with the transition to her replacement. That proved to be Lori Schmick, a registered nurse from Preston who started work on July 25, 2013.

With changing State regulations, Ms. Brynja Booth, Londonderry's attorney, felt that the legal relationship between the Community, its wellness program, paid for by Londonderry, and "It's Good To Be Home" program, funded by those residents who used it, needed to be clarified and documented, since "It's Good To Be Home," created in 2007, was licensed as a Residential Service Agency, but Londonderry, its owner and sole member, was not. The problem was resolved by establishing a contract between the two entities with the Executive Director of Londonderry serving as the Managing Member of "It's Good To Be Home," LLC. Additionally, since Cowdrey Thompson, Ms. Booth's firm, had a member, Elizabeth Evins, who was both a registered nurse and a lawyer, arrangements were made for her to have regular contact with Ms. Schmick to assure compliance with the frequently changing State regulations.

Even with the real estate market showing signs of improving by the middle of 2013, the Marketing and Occupancy Committee was still confronted with the fact that, despite a series of five well attended marketing events that had noticeably improved sales, more than doubling those of entire 2012 by June, the number of new vacancies being generated had more than kept pace.

From the stand point of operations, not only was the declining number of carrying fees that thus resulted a concern, but another troubling trend was that residents were increasingly selecting the cheapest of the three meal plans offered.

Quite aside from the fiscal problems this trend was increasingly presenting the kitchen, there was real concern that residents might, by such frugality, be seriously endangering their health. The solution adopted was to scrap the existing three different priced meal plans, replacing them with a single one having a monthly minimum, thereby making it far easier to keep tabs on an individual resident's food consumption. Not only did this appreciably increase the average inhabitant's weight, it introduced a whole new activity, fully as intriguing as Bingo, in the attempt to bring the minimum charge as close to zero as possible.

Continuing to work with Mr. Frederick on ways of improving Londonderry's image in the eyes of prospective members with the aim of attracting more, and possibly younger, residents, the Committee came up with a number of proposed changes to both the public relations program and the appearance of the Community Center. Feeling that "Retirement" in a title had a slightly negative connotation, a name change from "The Londonderry Retirement Community of Easton" to "Londonderry on the Tred Avon" was chosen after rejecting a number of other suggestions such as "Londonderry on Paper Mill Creek," which

technically was more correct. The web site and logo were modernized, and a new tag line, “Your life, your way” adopted.

Suggested changes to the Community Center included enlarging and redecorating the lobby as it is the first impression a visitor gets of the Community. The other public spaces that might also affect a visitor’s impressions were to be given a more contemporary appearance (presumably more appealing to aging Baby Boomers) by rearranging and redecorating the living room, library, bistro and dining room. Additionally, changes in office allocation giving the Marketing Department more space were suggested.

Though it took over a year, and wasn't completed until the occupancy crisis had been replaced by one resulting from burst water pipes, all of these suggestions were accepted and carried out.

While the Board and various committees tussled with these problems, the rest of the residents continued to enjoy the life and amenities offered by what had become “Londonderry on the Tred Avon.” One of these resulted from Ed Schmidt’s son, John, abandoning his hobby of brewing beer and giving all of his equipment to his father. Within a year of his arrival, Ed had attracted a group of interested fellow residents. They moved the gear to the Manor House kitchen and tried their luck. It took only one brew for the new “Beer Masters” to realize that changes in some of the equipment was necessary to make it more compatible to the physical limitations — strength, eyesight, and (on occasion) memory — of “mature” brewers.

Among these changes were a switch from glass carboys to lighter plastic brew pails and the fabrication of a cooling coil of copper tubing through which water chilled in an ice bath could be circulated thereby reducing the time to cool the brew from boiling to 80 degrees to less than an hour. Kits were obtained from Annapolis Home Brew, and Ed and his crew started to produce 5 gallon batches which would fill about 40 bottles. Stocked in a refrigerator in the Bistro, these were made available to the residents as desired, the only proviso being that the empty bottle be returned to be reused.

A short while later in October, another collection of beverage making equipment was moved into the Manor House kitchen. Belonging to Dr. and Mrs. John Dalton, it took up residence at Londonderry 2 weeks before its owners. It took John, who had been making his own wine for years, a very short time to recruit a group, surprisingly similar (and largely identical to) the “Beer Masters,” interested in learning how to make wine.

Their first effort, also a kit from Annapolis Home Brew, was a Chilean Chardonnay started on October 15, 2013 followed a week later by a Merlot. Though the p
placed in barrels and aged for years, in the kit process the barrel (in the form of sawdust) is put in the
wine, reducing the required aging time to weeks. After everything (dead yeast, sawdust) etc. has settled to the bottom of the container (identical to the brew pail used for beer) the wine is drawn off into bottles to age some more.

Again, the kit process is much shorter than the traditional one, white wines requiring 3 months, reds twice that long. The cellar of the Manor House, where

the bottles are stored in racks on their sides, is almost perfect for this purpose, displaying only slight temperature variations throughout the year.

Unlike the beer which is kept stocked in the Bistro for use by the residents at any time, the wine is served on designated “wine nights” and special occasions, when Dr. Dalton and other members of the wine group, in dress shirt and black tie, with towels on their arms, serve as sommeliers. Not generally associated in the public mind with retirement communities, these activities when covered by the local press, served to reinforce the image of “Your life, your way.”

As a sign of an improving real estate market, it was reported that Marketing had handled 21 sales and 2 leases in 2013 compared to 13 sales the previous year, but with more than 20 units still on the market, it seemed that the Marketing Department’s efforts were barely keeping up with the increasing availability of units.

To help close the gap, a new program through which a successful referral would award a resident with a “finder’s fee” of $500 or a $700 donation to a favorite charity, was instituted, but it was not until a consultant from Love & Co., a company with senior housing specialists, was contracted for a three month period starting in May 2014 that things truly turned around.

The 3 month consultant turned out to be Irma Toce.

Ymkje Geertje Kamminga (Irma Toce)

Originally from the Netherlands, she had graduated from the Agogische Akademie Friesland University with a major in Social Work, and moved to the U.S. in !987. Having served in executive positions of senior living and assisted living organizations for nearly 20 years, she hit the ground running (and hasn’t stopped yet). Within two weeks of her arrival she had sold two of the empty cottages. Her three month stay was extended. By August there were only 9 units available. By November 100% occupancy had been achieved.

In August, Andy Hollis was offered a non-solicited job as Manager of Talbot County that would protect and augment his previously earned retirement pension. Upon tendering his resignation, he agreed to stay until the end of November while the Board put together a search committee for his successor. Among a number of very strong candidates, given her sales successes (a total of 35 units by the end of the year), experience and personality, it surprised very few that Irma Toce was selected as the next Executive Director of Londonderry on the Tred Avon.

In another significant change of staff, in August, Shelly Stone, a registered nurse with extensive administrative and personnel management experience in the field of geriatrics, was appointed Director of Health Services replacing the retiring Lori Schmick in that increasingly important, owing to the increasing age of the resident population, position on the staff.

Along with an end to its recession woes, 2014 also saw the resolution of the dispute with the Talbot Bank. After the Bank filed notice of its appeal of the Circuit Court's summary judgement in Londonderry's favor, the Court of Special Appeals undertook an extensive review of the entire history of the controversy. There being no disagreement about the facts involved, the Court's deliberations focused on the question of "unjust enrichment."

There was no question that Londonderry had benefitted from — and would in the future continue to benefit from — the performance of infrastructure work and material it had not paid for. By the same token, Londonderry needed the income from the sales of the yet unbuilt cottages to defray those expenses. There was nothing in the contract relating to the length of time for which it was to remain in effect, nor to penalties related to underperformance, either in building, or in sales. The two year maturity of the construction loan was an agreement solely between Peninsula Construction and the Talbot Bank. No malfeasance could be assigned to any of the parties involved.

In a Solomonic manner the Court in essence decided to return the matter to the bargaining table, declaring on June 11, 2013:

> "Judgement of the Circuit Court for Talbot County on Count I affirmed.
> Judgement on Counts II and III vacated, and case remanded for further proce

There followed a period of offers and counter offers between Londonderry and the Bank, but with both parties realizing there would be no winners (other than the lawyers), an agreement, essentially halving the amount expended by Peninsula on the infrastructure, was reached by mid summer 2014. This freed the Board to start considering ways of completing the construction of the remaining 29 unbuilt cottages, or making use of the property in whatever other manner seemed to best fit the evolving strategic plan.

Although the winter of 2014 - 2015 did not produce exceptional amounts of snow, it did achieve a notorious place in Londonderry history by producing extensive damage in both the Community Center and a number of the cottages as a result of burst pipes. To add insult to injury, during one of the first thunderstorms of the new year, the Manor House was struck by lightning, starting

a fire that burned through the roof. In the process of putting it out a significant amount of water damage was added to that caused by fire and smoke.

The flooding in the Community Center occurred just as the changes to the lobby, living, and dining rooms, recommended as a result of the strategic planning exercise, were getting started, so workmen were already on site. Repairs thus seamlessly became part of the remodeling process, thereby minimizing the amount of inconvenience to the residents. Damage to the cottages was also promptly taken in hand, but, beyond spreading a tarpaulin over the hole in the roof, nothing was done to the Manor House pending inspection by, and settlement with, the insurance company. That process took so long that the tarpaulin was blown off in another storm producing still more damage.

With the Manor House — even the undamaged parts of it — declared a construction zone, and thus off limits for all but authorized workers, beer and wine manufacture there came to a halt. The bottles of aging wine were removed from the cellar to Dr. Dalton's garage in which an air conditioner had been installed. It looked as if, with frugality, the existing supplies could keep "wine nights" going until the end of year by which time it was expected (fervently hoped) that the Manor House will again be available.

Beer making moved to the driveway and porch of the Schmit's cottage with mixed results. On a number of occasions during the summer, temperatures around the brew pot on the outdoor grill became so high that they moved from just uncomfortable to dangerous. At some point during the fall and early winter it has to be expected that cold temperatures will become the problem. For Londonderry's thirsty, Manor House repair cannot come too soon

As part of the refurbishing of the Community Center, a system of adjustable wire hangers was installed on the walls of the hallway leading to the entrance lobby permitting pictures to be hung without putting nail holes in the walls. This has converted an otherwise completely utilitarian transit space into a very effective art galley where the works of the extraordinarily talented group of resident artists are displayed in periodically changed exhibits.

In response to the often expressed feeling that Londonderry should take greater advantage of its location on the banks of a branch of the Tred Avon, in addition to the existing facilities providing space to sit and admire the view, a floating dock was installed on the shore behind the Manor House during the winter. Catering to those residents who want to enjoy the water more actively than merely looking at it, during the summer this had attracted an impressive number of kayaks and canoes stored on racks nearby.

By August 2015, though still waiting for the necessary permits to undertake the repairs to the Manor House, construction of the first two of the redesigned larger cottages planned as a restart to the recession interrupted expansion, was begun. With commitments to buy several more in hand, Londonderry was again beginning to grow.

Though much has changed since Paul Spadone first discussed the possibility of establishing a cooperative retirement community with Bishop Sorge,

Londonderry has not only survived the variety of challenges with which it has been faced, but has grown and been strengthened by the process. In the 26th year since its creation as a legal entity, Londonderry On The Tred Avon, nee The Retirement Community of Easton, Inc., can face the future knowing that it has been a great home for its residents of the past, while looking forward to being an even greater one for those of the future.

Sources And Acknowledgements

Researching the history of Londonderry has been both interesting and a lot of fun, while at the same time somewhat challenging. My primary source of information has been the minutes of the meetings of the Board of Directors. These have been recorded with diligence by those holding the position of Secretary of the Board through the years. Unfortunately they have not been preserved with the same diligence. Londonderry has no Archivist, so at times it has been difficult to find a copy of a desired document, but with the enthusiastic

help and support of Elaine Utley and many others whom I hereby acknowledge, I think a reasonably accurate and complete account of the events making up Londonderry's history to date has emerged.

Past copies of Londonderry Lines, edited by Rosemary Soldano and Elaine Utley have also been valuable sources of information as have the reports of various studies commissioned by the Board, particularly those of Voith & Mactavish Architects LLP studying the Manor House and HealthTrust of Sarasota , FL that did an extensive appraisal of Londonderry in response to a purchase offer.

For a number of years, the exact dates are uncertain because of the fragmentary references to it in the records that have been found, a Londonderry History Committee existed. I have been unable to find any written material that it may have produced, but a number of scrap books attributed to the Committee containing both photographs and newspaper clippings have been most informative, and helpful.

Singling out specific individuals for acknowledgement is always an activity of potential peril because of the danger slighting those not mentioned. The peril increases immeasurably with age as memory cells deteriorate. At 88 I consider myself lucky if I can remember my own name much less those of others. Nonetheless such acknowledgements are necessary not only to give credit where its due, but to give the reader an idea of the extent and nature of the effort that has been expended. If, in the following I have overlooked someone I assure you it is not intentional.

Without question my greatest debt of gratitude is owed to Elaine Utley. Not only did she encourage the effort when I first suggested it, she located missing documents, suggested people to interview, arranged meetings, and as a final demonstration of self flagellation, she read and edited the manuscript.

As might be expected, the years leading up to Londonderry's founding and early development have been the hardest to document. Many people have contributed to my understanding of the many factors affecting those years. Art Leiby, the Archivist of the Diocese of Easton helped by finding the early correspondence and minutes relating to Bishop Sorge's involvement. Richard Daspit, President of the First Board of Directors, Thomas Fountain a member of that Board and Marjorie Blood, Londonderry resident and widow of Rev. William Blood, the Board's first Treasurer, supplied insight into the motivating factors behind the Episcopal Church's interest and support.

George Seger, owner of the first land purchased as the Community's site detailed the problems encountered when it was first used as a place to spread dredging spoil. Richard Cover's knowledge of both Paul Spadone and Dr. Carroll from his days with the Rouse Company added greatly to my understanding of their motivating drive. Carole Abruzzese supplied me with many details of the life of the early residents as well as describing the reasoning behind many Board decisions such as the sale of property to HeartFields and the purchase of the Manor House.

In addition to Elaine Utley and Margie Blood, other Londonderry residents who have been most helpful have been Irene Miller, who supplied me with the

records of the Londonderry Manor and Windmill Foundation, Howard Zwemer, who has led me through the complexities of the dispute with the Talbot Bank, and Patricia Lewers who shared many of her photographs of Londonderry's developing stages.

Appendix I
Boards Of Directors

1989 - 1993

President	Mr. Richard W. Daspit	
Vice-President	The Rt. Rev. Elliott L. Sorge	
Treasurer	Rev. William W. Blood	Deceased 1993
Treasurer	Mr. Randolph Dunham	Started 1993
Secretary	Ms. Kathleen A. Francis	

Board Member	Mr. W. Thomas Fountain	
1993 - 1994		
President	Mr. Richard W. Daspit	
Vice-President	The Rt. Rev. Elliott L. Sorge	
Treasurer	Mr. Randolph Dunham	
Secretary	Ms. Kathleen A. Francis	
Board Members	Mr. John Dumler	
	Mr. W. Thomas Fountain	
	Mrs. Paul Harper (Hazel)	
	Mr. Benjamin Stewart	
1994 - 1995		
President	Mr. Richard W. Daspit	(Resigned 6 - 95)
President	The Rt. Rev. Elliott L. Sorge	(Started 6 - 95)
Vice-President	Mr. Oncken Owens, Jr.	
Treasurer	Mr. Randolph Dunham	
Secretary	Ms. Kathleen A. Francis	
Board Members	Mr. John Dumler	
	Mr. W. Thomas Fountain	
	Mrs. Emslie Gault (Peggy)	
	Mrs. Paul Harper (Hazel)	
	Mr. Benjamin Stewart	
1995 - 1996		
President	The Rt. Rev. Elliot L. Sorge	(Resigned 9 - 95)
President	Mr. Oncken Owens, Jr.	(Started 9 - 95)
Vice-President	Mr. Oncken Owens, Jr.	
Vice-President	Mr. Thomas Ingerson	(Started 9 - 95)
Treasurer	Mr. Randolph Dunham	
Secretary	Mrs. Emslie Gault (Peggy)	
Board Members	Mr. Edward Barnes	
	Mr. John Dumler	
	Mr. W. Thomas Fountain	
	Mr. Benjamin Stewart	
1996 - 1997		
President	Mr. Oncken Owens, Jr.	
Vice-President	Mr. Thomas Ingerson	
Treasurer	Mr. Randolph Dunham	
Secretary	Mrs. Emslie Gault (Peggy)	
Board Members	Mr. Edward Barnes	
	Ms. Ann B. Bossert	
	Mr. W. Thomas Fountain	
	Mr. Mark Greene	(Appointed 10/23/96)
	Mr. Frank May	
1997 - 1998		
President	Mr. Thomas Ingerson	
Vice-President	Ms. Edith Hardcastle	
Treasurer	Mr. Randolph Dunham	(Resigned 6 - 98)

Treasurer	Mr. William Ginder	(Started 4 - 98)
Secretary	Mr. Oncken Owens, Jr.	
Board Members	Mr. Edward Barnes	
	Ms. Ann B. Bossert	
	Mr. W. Thomas Fountain	
	Mr. Mark Green	
	Ms. Mary E, Manning	
	Mr. Benjamin Stewart	

1998 - 1999

President	Mrs. Emslie Gault (Peggy)	
Vice-President	Mr. Oncken Owens, Jr.	
Treasurer	Mr. William Ginder	
Secretary	Ms. Edith Hardcastle	
Board Members	Mr. Edward Barnes	(Resigned 1 - 99)
	Mr. Clinton Bradley	(Started 2 - 99)
	Mr. Oscar Carlson	(Started 2 - 99)
	Mr. W. Thomas Fountain	
	Mr. Mark Green	(Resigned 1 - 99)
	Ms. Mary E. Manning	
	Mr. Benjamin Stewart	

1999 - 2000

President	Mrs. Emslie Gault (Peggy)
Vice-President	Mr. George Cole
Treasurer	Mr. William Ginder
Secretary	Ms. Mary Roberts
Board Members	Mr. Clinton Bradley
	Mr. Oscar Carlson
	Ms. Margaret Orem
	Mr. Oncken Owens, Jr.
	Rev. William Trumbore

2000 - 2001

President	Mr. George Cole
Vice-President	Ms. Margaret Orem
Treasurer	Mr. William Ginder
Secretary	Ms. Mary Roberts
Board Members	Mr. Clinton Bradley
	Mr. George Briggs
	Mr. Oscar Carlson
	Mr. Thomas Ingerson
	Rev. William Trumbore
	Mr. Charles Waite

2001 - 2002

President	Mr. Thomas Ingerson
Vice-President	Ms. Jane Russell
Treasurer	Mr. William Ginder
Secretary	Ms. Jane Moore

Board Members	Mr. Clinton Bradley	
	Mr. George Briggs	
	Mr. Oscar Carlson	
	Rev. William Trumbore	
	Mr. Neil Van Bourgendien	
	Mr. Charles Waite	
2002 - 2003		
President	Ms. Edith Hardcastle	
Vice-President	Mr. Neil Van Bourgendien	
Treasurer	Mr. William Ginder	
Secretary	Ms. Jane Moore	
Board Members	Mr. Clinton Bradley	
	Mr. Oscar Carlson	
	Ms. Linda Layton	
	Ms. Meta Mills	
	Rev. William Trumbore	
	Mr. Charles Waite	
	Mr. William Walcott	
2003 - 2004		
President	Ms. Meta Mills	
Vice-President	Mr. Thomas Ingerson	
Treasurer	Mr. William Ginder	
Secretary	Ms.Jean Griffith	
Board Members	Ms. Hetty Corrigan	
	Mr. Oscar Carlson	(Resigned 9 - 04)
	Ms. Linda Layton	
	Rev. William Trumbore	
	Mr. William Walcott	
	Dr. Robert Whitlock	
2004 - 2005		
President	Mr. Thomas Ingerson	
Vice-President	Mr. Charles Stephens	
Treasurer	Mr. William Ginder	
Secretary	Ms.Jean Griffith	
Board Members	Ms. Hetty Corrigan	
	Mr. William Farberman	
	Ms. Linda Layton	
	Rev. William Trumbore	
	Dr. Robert Whitlock	
2005 - 2006		
President	Mr. Charles Stephens	
Vice-President	Mr. William Farberman	
Treasurer	Mr. William Ginder	
Secretary	Ms.Jean Griffith	
Board Members	Ms. Hetty Corrigan	
	Mr. Thomas Ingerson	

		Ms. Linda Layton
		Mr. John Masone
		Rev. William Trumbore
		Dr. Robert Whitlock
2006 - 2007		
	President	Mr. Charles Stephens
	Vice-President	Mr. William Farberman
	Treasurer	Mr. William Ginder
	Secretary	Mr. John Masone
	Board Members	Mr. Robert Jenkins
		Ms. Linda Layton
		Mr. Warren Papin
		Mr. George Radcliffe
		Rev. William Trumbore
		Dr. Robert Whitlock
2007 - 2008		
	President	Mr. George Radcliff
	Vice-President	Mr. Warren Papin
	Treasurer	Mr. William Ginder
	Secretary	Mr. John Masone
	Board Members	Mr. Robert Hall
		Mr. Robert Jenkins
		Rev. William Trumbore
		Dr. Robert Whitlock
		Mr. Howard Zwemer
2008 - 2009		
	President	Mr. Warren Papin
	Vice-President	Mr. Howard Zwemer
	Treasurer	Mr. William Ginder
	Secretary	Mr. John Masone
	Board Members	Ms. Audrey Brown
		Ms. Julie Crocker
		Mr. Robert Hall
		Mr. Robert Jenkins
		Rev. William Trumbore
		Dr. Robert Whitlock
2009 - 2010		
	President	Mr. Howard Zwemer
	Vice-President	Mr. James Maffitt
	Treasurer	Mr. William Ginder
	Secretary	Mr. John Masone
	Board Members	Ms. Fran Appell
		Ms. Audrey Brown
		Ms. Julie Crocker
		Mr. Robert Hall
		Mr. Ernest Heinmuller

		Mr. Robert Jenkins — 11/24/09 Mr. James Maffitt
		Dr. Robert Whitlock — 2/24/10 Mr. Clay Railey
2010 - 2011		
	President	Mr. Howard Zwemer
	Vice-President	Ms. Nancy Orr
	Treasurer	Mr. William Ginder
	Secretary	Mr. John Masone
	Board Members	Ms. Fran Appell
		Ms. Audrey Brown
		Ms. Julie Crocker
		Mr. Ernest Heinmuller
		Mr. James Maffitt
		Mr. Clayton (Clay) Railey
2011 - 2012		
	President	Mr. Howard Zwemer
	Vice-President	Ms. Nancy Orr
	Treasurer	Mr. William Ginder
	Secretary	Mr. John Masone — 11/17/11 Mr. Darian Sump
	Board Members	Ms. Ruth Buescher
		Ms Julie Crocker
		Mr. James S. Maffitt
		Mr. Clayton (Clay) A. Railey, Jr.
		Ms. Elaine Utley
2012 - 2013		
	President	Ms. Nancy Orr
	Vice-President	Mr. James S. Maffitt
	Treasurer	Mr. William Ginder
	Secretary	Mr. Darian Sump
	Board Members	Ms. Fran Appell
		Ms. Ruth Buescher
		Ms. Julie Crocker
		Mr. John Masone — 2/27/13 Dr. Lane Wroth
		Mr. Clayton (Clay) A. Railey, Jr.
		Ms. Elaine Utley
		Mr. Howard Zwemer
2013 - 2014		
	President	Ms. Nancy Orr
	Vice-President	Mr. James Maffitt
	Treasurer	Mr. Darian Sump
	Secretary	Mr. John Masone
	Board Members	Ms.Ruth Buescher — 3/16/14 Joan Cox
		Ms. Julie Crocker
		Mr. Clayton (Clay) A. Railey
		Ms. Elaine Utley
		Mr. Howard Zwemer

2014 - 2015

President	Ms. Nancy Orr
Vice-President	Ms. Elaine Utley
Treasurer	Mr. Darian Sump
Secretary	Mr. John Masone
Board Members	Ms. Joan Cox
	Ms. Julie Crocker
	Mr. Robert LaForce
	Mr. Clayton (Clay) Railey
	Mr. Edward Schmit

2015 - 2016

President	Ms. Elaine Utley
Vice-President	Ms. Julie Crocker
Treasurer	Mr. Darian Sump
Secretary	Mr. John Masone
Board Members	Mr. Robert LaForce
	Ms. Patricia Lewers
	Ms. Nancy Orr
	Mr. Edward Schmit
	Dr. R. L. Wroth

Appendix II
Londonderry Manor Revisited by Janet Howie

The original land grant for the tract of land known as Londonderry was made to Francis Armstrong in 1649 for 600 acres, with an additional 400 acres in another grant later that same year. Still later, he settled for an additional 1,000 acres from Samuel Tilghman. Born in Ireland, Capt. Armstrong owned a tavern in Oxford known as Armstrong's Tavern, employed the first bookkeeper on the Eastern shore, and sold many acres of land to the early settlers of Talbot County.

After his death, his son, Phileman, and wife, Mary, lived on the piece of land known as Londonderry. He sold three acres of land to Talbot County for the first Court House. It was built in 1711 at a cost of 115,000 pounds of tobacco. A court ratification certifies a gift of three acres to the Third Haven Meeting House in 1716.

Phileman died in 1713, and in 1745 his grandson sold Londonderry to Samuel Chamberlaine, who had been born in England, and made his fortune in shipping and farming. He married Henrietta Marie Lloyd and their grandson, Robins, inherited Londonderry in 1783. By 1798 Robins was heavily in debt, had mortgaged Londonderry, and, because of a lavish life in Baltimore, had lost most of his possessions.

Edward N. Hambleton purchased Londonderry in 1821, married Mary Sherwood of Peach Blossom and they made their home close to the present Manor House (exact location never established) and upon his death left his home to his daughter and her husband, Dr. Ninian Pinkney.

The Pinkneys built the present Manor House, designed by Richard Upjohn, and finished by 1867. The chandelier came from Paris and the fireplace was found in Italy. Dr. Pinkey was the Medical Director for the US Navy and the family served on both sides in the Civil War. They had one daughter, Amelia, and at his death in 1877 she sold the whole estate to Rear Admiral John Febinger, USN. Admiral Febinger had a heroic naval career, and was commended for “gallantry and skill” during the Civil War. He died in 1892, was buried in Arlington National Cemetery, and left Londonderry to his two sons.

On May 19, 1906 the estate was sold to Beverley Beebe who obviously enjoyed Londonderry, owning a yacht in order to cruise his friends in Eastern Shore waters. Of considerable interest, the New York Times of February 8, 1911 recorded the marriage of Minnie Moore Beebe to Randolph Neeser of Fifth Ave., New York City when a special railroad car brought guests to the nuptials here at Londonderry.

Kenny L. Butler purchased Londonderry on June 5, 1920 for $35,000, and since he was from Ohio, for the first time the land was no longer owned by a family from the Shore. In 1930 he was listed in the census as “Fireman, railroad.”

After Butler’s death the property was sold to Arnold A. Schwartz from Plainfield, NJ whose will devised the property to Rita Ralston, Harold Ralston, and Lillian Sherwood. Rita Ralston sold the property to Frank Rhodes in 1982, our previous owner. As we all know, Londonderry Retirement Community bought the Manor in 2001.

Appendix III

Richard Upjohn

Richard Upjohn was born in Shaftsbury, England where he was apprenticed to a builder and cabinet-maker. He eventually became a master-mechanic. He and his family emigrated to the United States in 1829. They initially settled in New Bedford, Massachusetts and then moved on to Boston in 1833, where he worked in architectural design. He became a naturalized citizen of the United States in 1836. His first major project was for the entrances to the Boston Common, the town's central park, and his first church was St. John's

Episcopal Church in Bangor, Maine. He had relocated to New York City by 1839 where he worked on alterations to the famed Trinity Church on Wall Street in lower Manhattan. The alterations were later abandoned and he was commissioned to design a new church, completed in 1846, and still extant today.

He published his extremely influential book, *Upjohn's Rural Architecture — Designs, Working Drawings and Specifications for a Wooden Church and Other Rural Structures* in 1852. It was at this time that he designed the rectory of Christ Church in Easton, Holy Trinity Church in Oxford and the Dorchester County Courthouse and Jail in Cambridge. When Holy Trinity's construction was halted in the late 1850s, as an interim measure until its completion at the turn of the century, the Oxford congregation built Grace Chapel, a wooden structure design taken from his book

In 1857, along with 13 other architects, he co-founded the American Institute of Architects, serving as its president until 1876. Although primarily known for his churches and public buildings, he on occasion also did private dwellings of which Londonderry Manor is an example. Built right after the end of the Civil War, it was constructed of the same Port Deposit stone as Holy Trinity and the Christ Church rectory.