

Report from the BFHCA Purchasing Committee:

The Purchasing Committee met on January 6, 2012 in the King Meeting Room at Town Hall. Attorney Jim McGiffin, Esq., from the Community Legal Aid Society was present to discuss our options regarding the purchase of our community.

Jim explained that under Delaware Law, Title 25 Chapter 70 our homeowners association was given the right of first offer to Barclay Farms Community, LLC. to make an offer. While the asking price was stated at \$13.8 million with other terms including upfront deposits and assumption of other loans, our financial advisors NCALL and ROCUSA recommended an offer of \$11.4 million. This offer was approved by the BFHCA membership at a meeting held in the Caesar Rodney High School Cafeteria The offer was presented through Attorney McGiffin, as our legal representative in mid April 2011.

The offer was not accepted but remains in place for a period of one year. Mr. McGiffin explained that should the final negotiated sale price be equal or no more that 6% of our offer then we would have another opportunity to negotiate.

The BFHCA membership, at a later meeting, also held at Caesar Rodney High School, voted to offer the owner the requested \$13.8 million This subsequent offer is not related to the rights conferred by the law.

Mr. McGiffin explained that under the code of ethics for attorneys he is not able to represent BFHCA directly to Mr. Sobel. He has communicated to Mr. Sobel's lawyer BFHCA's interest in a deal paying Mr. Sobel his asking price.

Jill Fuchs, BFHCA president, noted that Sobel Co., the land owner, is aware of our willingness to meet the original asking price. Should they approach BFHCA, with our "Right of First Offer" in place, Mr. McGiffin would be able to represent us.

The Purchase Committee voted unanimously to leave our current \$11.4 million offer in place.

Some members of the committee noted that residents have expressed concern regarding the amount of potential rent increase should we have the opportunity to negotiate a higher price. Residents are urged not to speculate on the effect on rent because there are many factors involved in such a negotiation which the committee does not have access to at this time. The advantages of the BFHCA being the buyer over an outside investor include but are not limited to:

1. The board of directors of the HOA will oversee the manager of the community.
2. Rents will be controlled by the HOA.
3. The HOA is a not for profit corporation so annual increase, should they be required, would be based on operating expenses and not profit margin.

While the Purchase Committee and Executive Council have not been told who the other interested party is, please be assured when we do have FACTS that can be shared they will be shared.

Residents are urged to avoid discussing rumors and if they hear such unsubstantiated information send it to the Executive Committee for investigation.