

The Blueprint

Volume I,
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The Quarterly newsletter of

University Commons, an active senior learning community

Board selects Blue Hill to develop University Commons Project

University Condominium Association - President's Letter

Dear Friends, Colleagues,
and other members of the
University of Michigan Family,

Over the past two years we have reached a number of milestones in our journey to make University Commons a reality. In 1996, we received University approval to purchase a lovely 18.5 acre site on Huron Parkway, just north of Huron High School, for our project. Last spring, we received zoning change and initial site plan approvals from the City of Ann Arbor, as we announced at our June, 1997 meeting.

While making this progress, our volunteer board increasingly recognized the many challenges of designing and constructing a \$25 million real estate venture, and felt it would be prudent to engage a developer to oversee and lead the process for us. This past summer, the Board investigated at least a dozen potential builders. In November, we reduced the list to two excellent alternatives. Both finalists had ideas on how to develop the project, to capture what was especially good in the underlying concept, and to control price while maintaining quality.



I am pleased to tell you that this week we signed a memorandum of understanding with Geoffrey Baker, Principal of Blue Hill Development. Mr. Baker is an Ann Arbor native, but has worked most of the last decade in California as a co-founder and a director of Bay Apartment Communities, a highly successful NYSE multi-family development company. He returned home to Ann Arbor last summer, and is excited to have University Commons as Blue Hill's initial project. During our interview process he strongly impressed the Board, local leading institutions, and other interested people in the community. We believe he brings significant expertise and a creative mind to our endeavor.

This initial newsletter provides an introduction to Blue Hill and their plans for University Commons. We trust that as you become more familiar with their abilities and ideas, you will share our enthusiasm for the direction of our project. This is a major step forward for us, and the Board joins me in expressing the hope and expectation that University Commons will now move rapidly towards fruition.

Thank you for your interest and support.

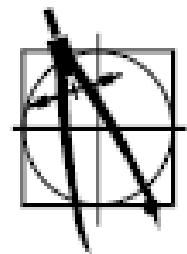
Yours truly,

A handwritten signature in black ink, appearing to read "George R. DeMuth".

R. DeMuth, President

George

Introducing Blue Hill Development



Let 's build your future together!

We are pleased to be selected by the UCA Board to lead the development of University Commons. Many of you have labored for over a decade in pursuit of a dream, and we applaud your dedication and leadership in moving the project forward to this point. We at Blue Hill take no credit for the underlying concepts, but passionately support your vision for an active senior learning community here at Michigan.

UCA and University Commons originated because market alternatives presently available in senior housing nationwide have significantly lacked the academic and cultural richness of life available in places like Ann Arbor. It is our mission to design and build an active senior community that will be of very high quality and provide tremendous value for UCA members, to preserve and enhance the objectives and features of the original UCA Design Statement. We will move swiftly and pragmatically to bring this long-awaited development from the drawing boards to project grand opening.

As experienced residential developers, we view as extraordinary the opportunity to build University Commons with you, the real future homebuyers and residents of the community, both identified and participating with us through the re-design process. The community is improved as we share ideas!

There is much work to be done. As we get to know each of you better, our excitement and confidence in the certainty of our collective success grows accordingly.

Geoff Baker and Jack Baker - Blue Hill

A Blue Hill/ UCA Partnership

The Memorandum of Understanding (MOU) executed this week between UCA & Blue Hill provides a sound platform for both groups to move forward together in the development & construction of University Commons. The agreement contains a number of important provisions intended to further align our interests and of significant benefit to current UCA Queue Members:



- Blue Hill is responsible for the funding of 100% of pre-development, construction and marketing costs in pursuit of the project and bears the risk of loss of its investments should we be unsuccessful in re-designing, building, and/or marketing University Commons.
- Following completion of all City and related approvals and the arrangement of project financing, Blue Hill will reimburse UCA, with interest, for certain pre-development expenses previously incurred on behalf of the project.
- Following approvals, Blue Hill has committed to make a significant equity contribution towards the financing requirements of the project.
- Existing UCA queue members who enter into a purchase agreement during the Pre-sales Marketing Period will receive a reduced sales price (below market profit level) on their University Commons residence.
- Blue Hill has agreed to contribute 25% of Excess Project Profit (as defined in the MOU) to UCA Building and Cultural Funds.
- As proud Michigan alumni and in honor of the University's continued support of University Commons through its embryonic periods, Blue Hill has agreed to contribute an additional 25% of Excess Project Profit to scholarship programs at Michigan.

Re-design Process Underway



On January 16-17, we kicked off the formal re-design of University Commons. The architectural team includes Hobbs + Black Associates, Inc. with the new addition of Seidel/Holzman of San Francisco.

Geoff Baker has extensive experience working with Seidel/Holzman and firm principal Alex Seidel in the development and design of over \$170 million worth of residential communities in California while at Bay. The firm has a focused residential design practice, with particular expertise in higher density projects like University Commons. They have been honored with prestigious design awards from the American Institute of Architects and the National Association of Home Builders.

The addition of Seidel/Holzman

compliments the considerable ability, expertise, and regional and local market experience of Hobbs + Black. Several members of the UCA Board participated in an interesting January 17th brown bag luncheon and discussion regarding leading trends in senior housing and community design.

We are now in the early stages of the re-design effort, with conference calls, mail, and faxes traversing the country nearly every day. This collaborative process between the firms has already uncovered some significant enhancements to site plan concepts presented by Blue Hill to the UCA Board in November.

Our goal is to re-submit site plans to the City of Ann Arbor by May 1st. We will be soliciting UCA member input on our plan revisions over the coming weeks.

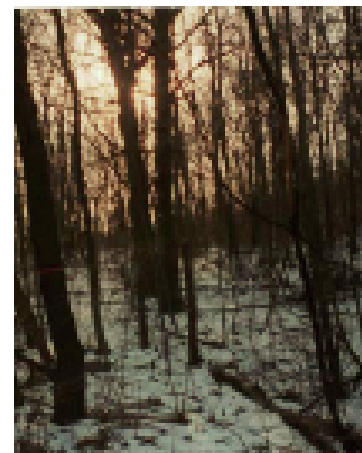
University Commons Professional Team

Blue Hill Development
O'Neal Construction, Inc.
Hobbs & Black Architects
Seidel/Holzman Architects

Re-Design Goals and Objectives

The UCA Design Statement and April, 1997 building plans contain an abundance of quality design concepts. Our re-design efforts are focused on refinements to the initial UCA plan to:

- Create an extraordinary, learning-oriented active senior community.
- Strengthen the "Michigan identity" of the architecture in the tradition of grand residential buildings on the Ann Arbor Central Campus.
- Fully utilize the natural features and existing terrain of the exceptional Huron Parkway site.
- Refine the design of the residences and common areas to make certain that major cost elements add substantial value.
- Broaden floorplan choices to prospective buyers, with housing types to include flat, townhouse and villa style condominium residences.



As winter storms ravage both coasts, we have enjoyed a mild season thus far in Ann Arbor. Winter is a wonderful time to hike our site - with the foliage in hiding, the trees and rolling terrain reveal their full beauty.

What's Next?

Over the next 7-8 weeks, we will be developing revised plans for submission to the City of Ann Arbor by May 1st. We will be soliciting design feedback from the UCA Design Committee and from members of the Queue at large, so expect to hear from us by March 15th to schedule your session. The city approval process will likely take 4-6 months. We are still hopeful of having a shovel in the ground later this year! We will be busy moving the project forward on your behalf, but please do not hesitate to contact us.



Jack Baker, George DeMuth, Geoff Baker and Margaret DeMuth at the signing of the memorandum of understanding.

Here to serve you

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Meet the Bakers

The Baker clan moved to Ann Arbor from Boston in 1961. Geoff, Jack and their four siblings grew up in Ann Arbor, and were all educated in the Ann Arbor public schools, including Huron High School.

After graduation from Michigan in 1977, Jack joined IBM and has spent 19 years in a variety of marketing and management roles, most recently as head of IBM's Automotive Industry group. Outside of IBM, Jack has been very active in non-profit community groups including recently serving as Board President for Neighborhood Senior Services in Ann Arbor. Jack and his wife Diame have two small boys and moved back to Ann Arbor in 1993 from Troy, to raise their children in this culturally diverse, academically oriented community.

After completing his MBA at Michigan's Business School in 1986, Geoff worked for a Detroit-based development company then headed off to the San Francisco Bay area in 1988 to join Bank of America as a Vice President in their commercial real estate group.

In 1992 Geoff left B of A, and was a co-founder, Chief Development Officer, and Chief Operating Officer of Bay Apartment Communities (NYSE ticker symbol "BYA"), a public Real Estate Investment Trust based in San Jose. Under Geoff's leadership, Bay has been the top performing multi-family REIT in the U.S. over the past three-and-a-half years since coming public. Bay has developed and acquired/repositioned 60 residential communities along the west coast, and owns and manages over 15,000 apartment homes.

Geoff was married to Hollis Eugs, in August of 1997, and returned to Ann Arbor to form Blue Hill Development in September. Geoff and Holly bought and are restoring a 160 year old farm house on Jackson Road. If it seems like University Commons is taking a long time, remember that it will still be here in the year 2160, so it is important we get it right!

Following 10 years of ski-trip musings about forming a business venture together "some day", Jack left IBM to join Geoff at Blue Hill in January. Both Geoff and Jack look at helping to build community-oriented projects like University Commons as the ultimate alignment of their personal and professional interests.

The Blueprint is published by Blue Hill Development for the benefit of members of the University Condominium Association and other interested parties. University Commons is an active senior learning community under development at the University of Michigan. Special thanks to George DeMuth and Claire Bernstein for their editorial assistance.