



January 16, 2008

**RE: WOOD PARTNERS' 42 NORTH MULTIFAMILY DEVELOPMENT**

Dear Mayor Hieftje and Members of Ann Arbor City Council:

On behalf of Wood Partners, I would like to thank all of you for your consideration of our proposed apartment development located on Maple Road in Ann Arbor. Over the previous year, we have been pleased to work with the Ann Arbor City Planning Department, Ann Arbor Planning Commission, local consultants, and all the people and companies necessary to effectively plan and coordinate the technical aspects of this community.

Wood Partners has developed over 35,000 apartment and condominium homes since its inception in 1998. Wood Partners has also developed five student- housing developments, with another five in the current pipeline, totaling over \$150 million in activity. Over the decade, we have developed a reputation throughout our industry for providing innovative developments that set the standard for quality in real estate development. We encourage you to visit our website to view our previous developments, learn more about our business model and our culture.

As it pertains to our management philosophy, you will receive or have received by now informational packages documenting our management plan, rules and regulations, rental leases, and operational manual. This will provide a foundation for discussion at our Sunday caucus and Tuesday City Council meetings. Each of our development successes around the country has depended upon our reputation for quality and our staying true to our mission statement: building distinguished communities of lasting value.

A recent letter, dated January 3, 2008, from Mr. James D. Gleason, a Dickens neighborhood resident, and addressed to the Mayor and members of Ann Arbor City Council, makes several implications and assumptions that warrant clarification and discussion, as it speaks directly to a development we own and operate.

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**WOOD PARTNERS IS A GROUP OF LIMITED LIABILITY COMPANIES**

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Our 88 West development serves the University of Illinois and Parkland Community College populations in Champaign, Illinois, and can safely be described as a best-in-class student property. This current school year is our first year of full occupancy. We achieved a 91% occupancy percentage with 240 apartment homes serving 792 students. This development has been well received by the market and leasing for the fall 2008 semester has already started as we anticipate achieving an even higher occupancy this fall.

It is important to note that the make-up of residents at 88 West is atypical. A significant number of residents are coming from each of two institutions instead of the vast majority coming from one. In fact, when marketing began, we started receiving a high volume of interest from students attending Parkland Community College. By the end of the leasing season, sixty-five percent of our resident base was made up of Parkland Community College students.

Parkland Community College has been growing consistently and serves as a feeder school to the University of Illinois. Students who attend Parkland typically are there for two years improving their GPA's with the eventual goal of finishing their undergraduate study at University of Illinois. Parkland does not have on campus housing; therefore, all freshmen must find suitable living arrangements off campus and on their own. This has produced an unusually high number of freshman students living without supervision for the first time.

Ambling Companies, our property manager, has taken great strides to provide strong management for our residents as evidenced by the management materials you will receive or have received by now. Nonetheless, the 88 West development originated a high number of calls to the local police department as evidenced by the memo from Mr. Gleason. This was unusual for a Wood Partners development but not for Champaign, Illinois.

Compared to many other college towns, the Champaign market has unusually high number of calls to local law enforcement. Other developments in the area recorded similar, and in many cases higher, call volumes, according to local police officials. No matter the disposition of the market, the number of calls at our property is unacceptably high. We are prepared to commit whatever resources necessary to provide a remedy.

To do so, we have already begun objective study of the report. A cursory glance certainly gives one pause; but a closer analysis of the list reveals a manageable situation.

Reviewing the call log:

- 68% of the calls were due to false alarms occurring during construction, alarm testing, and noise complaints; as is often the case with noise complaints, many are duplicate calls regarding the same disturbance. Noise complaints were to be

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directed to our on-site management team not the local police department. We will better educate our residents to utilize the on-site management team, and we will be sure that the management team has the staffing it needs to service our residents.

- 18% of the calls were due to serving notices, false 911 calls, traffic stops that happened to fall on our property, delivering messages for distressed family out of state, attempting to locate an individual for an agency or family member, and other notifications.
- 14% were domestic in nature involving typical items missing from residences, altercations (all minor enough such that no charges were filed), car damage, and items missing from cars.

Perhaps most pertinent to our neighbor's letter is that Champaign police could not recall a single complaint about 88 West made by anyone other than those living at 88 West. Its neighbors were unaffected.

Further, the level of call activity is not typical throughout the country and certainly is isolated to this market so far as it concerns Wood Partners-owned communities. We've reviewed Wood Partners' other student communities: the average yearly calls range from 43 at our Mississippi State University development to 59 at our Florida State University development. Given the quality of student at the University of Michigan, the lack of freshman living off campus, and that this a much smaller development than we typically provide, we feel strongly that our development will produce very few calls to Ann Arbor police. If we are wrong, we will spare no expense in making the situation right.

Mr. Gleason also suggests we desire to avoid working with AATA, to hire extra security, and to sell 42 North soon after its completion. Working with AATA is imperative to the success of our development, and we will continue to do so to provide the best possible transportation service to our community. Our conversations with them have been pleasant and productive. We will supplement the availability of public transportation if necessary. We will do so as a service to Mr. Gleason's community, to Ann Arbor, and to the University, that traffic to and from our site may be mitigated.

Hiring security for evening service is typical for apartment developments of any kind, and we encourage our managers to advocate for the safety of our residents. The security of our residents is our paramount concern. We will not hesitate to provide any support that our management team requests.

Wood Partners' desire to hold or sell an apartment community is driven by market fundamentals like any other business. Apartment developments of this size and expense are owned by well-capitalized ownership with professional management

companies. The financing parameters require strong management no matter what entity owns the asset to preserve the investment.

Wood Partners has developed a strong proposal with the indispensable help and full approval of the Ann Arbor Planning Department and the Ann Arbor Planning Commission. We have proven from a technical aspect that this development will not negatively impact the area.

The recent inquiry by Mr. Gleason into our University of Illinois development is welcomed, as it pushes us to improve our plans and operations. It is our first year of full occupancy at 88 West, and it's been a very successful one. Like any new development, it has room for improvement once it is no longer just a set of construction drawings. We are implementing a concerted strategy to do just that.

Mr. Mayor and City Council: we, at Wood Partners, are thankful for your consideration of this proposal and welcome all comments and suggestions concerning our operations, development, and business philosophy. We hope that our management materials submitted will answer your questions and comments. We remain committed to making 42 North the best possible living environment for the students of The University of Michigan.

Sincerely,

A handwritten signature in black ink, appearing to read "Matthew R. Marshall". The signature is fluid and cursive, with a prominent loop at the end.

Matthew R. Marshall  
Wood Partners