

February 16, 2006

Chairman Rob Buck
Downtown Development Authority
65 Lawrenceville Street
Norcross, GA 30071

<Request this letter and all Attachments
be made part of the Minutes of this
meeting>

Dear Rob:

The good faith intent establishing The Downtown Development Authority was to promote economic development and historic preservation in our downtown district and not to promote unknown investor interests.

I wish to bring to your attention concerns that the full DDA Board has not been kept fully informed about the Wingo Street transactions, although it has been over two months since the sale took place November 30, 2005. Through Open Records at my own expense I have reviewed the City's Files. No copies of deeds or current appraisals were found, so I spent some time running the titles. I request your response to these questions:

- (1) To whom was the property sold? I was under the impression we were dealing with Mr. George Banks of Paladin Properties. Earnest money check was paid by Dag Pau, but further examination of multiple revisions of contracts taking place last August 2005 indicate anticipation of a flip to an entity that did not come into existence until October 12, 2005. (*Wingo Street Cottages, LLC*, a creation of Mr. Paul D'Agnese, who signed the closing documents.) (Attachments A and B).
- (2) Have you satisfied yourself that the Purchaser has sufficient capital to carry out the stated project? A search indicates a number of active and defunct corporations.
- (3) How will the City Council's conditions for the development of this property be enforced? (Attachment C) Simultaneous closings with City of Norcross, DDA representatives and First Security National Bank, on November 30, 2005 include a Bank lien excluding the houses. (Attachment D)
- (4) What are City and DDA net proceeds from sale and how were those people paid who are listed as POC? (Paid outside of Closing)
- (5) Who appraised the property and how paid?

In addition, are you satisfied that concerns raised by the City Attorney in his July 12 letter about city rezoning itself have been fully addressed? A letter from a Planning and Zoning Board member July, 2005 details concerns about Agency issues from expired options, expired Letter of Intent, and minimal advertising, expressing concerns that these documents were being used to block other interested, potential Purchasers.

Rob Buck, February 16, 2006, page 2

I urge your attention to the concerns raised herein, and trust you will take steps deemed appropriate to ensure the credibility and confidence of this Board in future transactions.

Thank you for your attention to these concerns.

Sincerely,

John Webb

Cc: Downtown Development Authority Board

Attachment _____

**Setting up potential flip of property to entity not yet in existence.
(Wingo Street Cottages, LLC not incorporated until October 12, 2005)**

8/05/05 Purchase Agreement to be between DDA, Paladin, and Calloway Escrow:
Item #19. Purchaser shall have the right to assign this agreement in whole or in part.

8/19/05 City Attorney Boyce letter to Lawler. Has reviewed redrafted Purchase Agreement provided on 8/18/05. Says it does not include all his changed previously outlined. He has redrafted Par. 17 in entirety. Instructs delete last sentence in Par. 19: *“Purchaser shall have the right to assign this agreement either in whole or in part.”*

Instructs insert into document new language contained in attachment: **Purchaser shall not have the right to assign this Agreement either in whole or in part unless expressly approved by Seller.”**

8/29/05 Boyce letter. Approves as to form. Language added Par. 17: **“...its successors or assigns under terms of a separate agreement between Purchaser and Paladin Properties.”**

Who is Purchaser? Paladin? The future entity Wingo Street Cottages, LLC formed October 12?

- **Planning and Zoning Board member’s letter of July 2005. Concern about City Attorney’s letter of 7/12/05: City cannot pre-commit to re-zoning.**
- **City rezoned itself (PZ Board approved July 21 over objections from 13 adjacent property owners, and against Land Use Plan. No conditions attached.**
- **Council approved 9/06/05 with “Conditions.” Setting precedent for high density residential infill**

Did conditions survive the subsequent flips? City to DDA. DDA to Wingo Street Cottages, LLC?

Other

- Two real estate agents used as “consultants” by DDA Oct. 2004 became listing agents of Wingo Street Cottages in Dec. 2005, days after Nov. 30 closing
- Skirted ad legal requirements.
- Expired options not corrected, used to block other interested Purchasers

Who received \$13,900 “legal” costs? (only \$1250 in 2003 purchase by City)

