

Scott E. Messer
520 Sunset Drive
Athens, Georgia 30606

March 15, 2007

Mr. Marvin J. Nunnally
Chairman, Board of Directors
Athens-Clarke Heritage Foundation
Firehall No.2
489 Prince Avenue
Athens, Georgia 30601

RE: ACTION, Inc./East Athens School

Dear Mr. Nunnally:

At your request, I have reviewed the materials associated with ACTION, Inc.'s efforts to sell the old East Athens School building for the purpose of rehabilitation.

I am the Campus Preservation Planner at UGA, and have been the project manager on all major historic renovations on campus over the last five years. Because of my experience having renovated several buildings of comparable size and construction to the old East Athens School, I was asked to recommend an architect who could review the bid materials and associated reports. In turn, I asked for the opportunity to review the materials myself before making a recommendation.

I am of the opinion that the problem is not architectural and the advice of an architect would not necessarily be suitable to resolving the issue at hand. I have reviewed the materials available at ACTION, Inc. regarding their bid process seeking a buyer to renovate the property and have spent several hours over the last week talking with and touring the building and site with John Scoggins, CEO of ACTION, Inc. If I may, I would like to proffer my opinion on the building, on ACTION, Inc.'s effort to secure a buyer, and on a process to resolve the emerging en-pass between ACTION, Inc. and the preservation community.

I have reviewed the RFQs let by ACTION, Inc. as well as portions of the bid and environmental review documents prepared by Parkside Partners (a development firm from Atlanta) who is currently viewed as the only serious bidder to date to make an offer and pursue a due-diligence examination of the building and site with the intent of renovation. The environmental reports are typical of what I would expect of a building of this vintage and use, but nothing out of the ordinary – asbestos thermocell pipe insulation and floor tile, lead paint, and PCB fluorescent light ballasts. Likewise, the associated abatement costs are as expected. The only loose end is the lead paint of which the level remediation is largely contingent upon the developer's plans as far as disturbing existing painted surfaces. If historic material is left in place and repainted, remediation would be light as that would serve as encapsulation – depending on the amount of prep work. If surfaces are heavily disturbed through stripping, abatement cost would increase substantially. A concern has been raised regarding the rear wall of the structure which I was told is structurally unsound, although I reviewed no engineering reports to that effect. Upon visual inspection the wall certainly has some masonry issues requiring immediate attention with regard to deeply eroded masonry joints. However, I saw no sign of eminent failure or compromised loading capability and would advise seeking a second structural engineering consult as I am not a structural engineer.

At Mr. Scoggins request, I will not discuss the actual bid or associated costs developed by Parkside Partners. However, in my opinion, the negotiated proposal which was rejected by ACTION, Inc. was reasonable to the fair market value of the property *as currently zoned*. Likewise, the costs I was told (I did not see the proposals) for the renovation were in line with what I would expect if not actually a little low. In general, Parkside Partner's assessment of

the property for acquisition and renovation was in line with the market. It should be noted, that once Parkside Partners made a conditional offer, all other bidding essentially ceased although the door technically remained open. It should be expected, however, that other interested parties would cool on the proposition once told a bid was already on the table.

ACTION, Inc. has released RFQs twice for the sale of the property, the first in January of 2006 and the second in June of 2006. The first RFQ resulted in a bid, a modified bid based on a due-diligence evaluation, a counter offer from ACTION, Inc., and the subsequent withdrawal by Parkside Partners. A second RFQ was released eventually resulting in the current bid, which satisfies ACTION, Inc.'s fiscal requirements, but also requires a special use permit for the property and the demolition of the school. It is my opinion that ACTION, Inc. has made a sincere effort to secure a buyer for the property and, likewise, that ACTION, Inc.'s preference (not priority) was to find a buyer who would renovate the structure. However, because of the \$1.06 million of secured debt that has to be satisfied, the need to secure a bid above the fair market value of the property *as zoned* probably precludes renovation. Therefore, any effort on ACTION, Inc.'s part to find a renovation buyer was likely bound for failure because the market will have a hard time supporting the asking price.

I sense a great deal of frustration on the part of ACTION, Inc. as well as their strong and understandable desire to get out of the current debt situation. The need to extract \$1.06 million from the property is without doubt ACTION, Inc.'s first and foremost priority. ACTION, Inc. has spent 18 months trying to secure a buyer and is in a tough situation with both Farmer's and Merchants Bank and the IRS holding liens on the property. While foreclosure by one or both lien-holders may be forthcoming, I was presented no evidence that foreclosure was eminent and, likewise, was told no such documentation exists (for example, a letter from the IRS stating foreclosure would occur on such a date). I cannot speak completely to the alternates (additional, negotiations, partial payments, etc) that have or have not been exhausted by ACTION, Inc. What is clear at this point is that the current bid and resulting request for a special use permit represent the path of least resistance for ACTION, Inc. and I do not believe they will be particularly motivated to reopen a search for other options at this juncture.

I am told that if the commission chooses to uphold the denial the special use permit that the Board of Directors of ACTION, Inc. will convene and vote to dissolve the organization. No doubt, this is a manifestation of the frustration with the situation and a strong desire to be out of it. I'm also aware of the perception that this could be posturing on the part of ACTION, Inc. attempting to force the issue. I am not of the opinion that it is sound planning and land use policy to grant special use permits to the ultimate end of bailing out an organizations liability for financial mismanagement and to the benefit of a developer while simultaneously resulting in the loss of a community's cultural resource. Nor do I believe that dissolution of the organization in any way represents an optimal solution for ACTION, Inc. as that will not satisfy the debt either. While ACTION, Inc. is ultimately responsible for the mismanagement that led to the current financial situation, you should be aware that foreclosure and/or dissolution of the organization is not necessarily in the best interest of school as a cultural resource. While sale at auction may allow a preservation-minded developer to acquire the property at market value and thus renovate, it could also result in a demolition minded developer acquiring the property below ACTION, Inc.'s asking price and promptly demolishing the school before any dialogue can develop.

Working toward resolution of this issue with a solution that both preserves the school and helps ACTION, Inc. out of their current situation should be the goal of all involved right now. While ACTION, Inc. is frustrated and without doubt in a desperate situation, I don't believe it is fair to say that the opportunity solve this is exhausted by any means. But be aware, the clock is ticking. As I told John Scoggins, my experience with preservation tells me that, more often than not, a situation has to become somewhat contentious before it gets everybody's attention and creative focus. Now with the focus of ACTION, Inc., ACHF, ACC government, and the media squarely on the issue, the opportunity is ripe to find a resolution. This will require a creative solution and may require that ACHF and ACC government partner with ACTION, Inc. to make it happen. The ACC government should

take an active interest in this issue as a piece of property the county dispossessed at a great bargain to ACTION, Inc. to facilitate the community welfare, is now being negotiated with to relieve the organization of mismanagement and to benefit a developer at the expense of a historic resource. Additionally, the loss of ACTION, Inc. altogether leaves a gap in services to Athens-Clarke and many surrounding counties.

My personal opinion is that the commission should table or uphold denial of the special use request and allow a concerted effort for ACTION, Inc. in partnership with ACHF and the ACC government to make another attempt to market the property for renovation. This may result in the dissolution of ACTION, Inc., but the only other option is to accept the demolition of the school as foregone. I would hope that ACTION, Inc. would understand that ACHF as an organization that's mission is to be the advocate for historic resources has no option but to resist.

I hope that my perspective is of some use to you. I remain at your disposal if I may be of further assistance.

Sincerely,

A handwritten signature in blue ink, appearing to read "Scott E. Messer". The signature is fluid and cursive, with a large initial "S" and "M".

Scott E. Messer

cc. John Scoggins, CEO, ACTION, Inc.
Amy Kissane, Executive Director, ACHF