

Business Plan Outlined During Woodlake Meeting

- By JAYMIE BAXLEY | Staff Writer



The Germany-based president of the corporation that owns Woodlake Resort and Country Club is said to be “evaluating” a business plan developed by three residents of the troubled subdivision.

Aspects of the plan were shared during a town hall-style meeting Wednesday at Vass-Lakeview Elementary School. More than 100 Woodlake residents turned out for the meeting, which was one of several such assemblies held at the school since Lake Surf was drained because of safety concerns in the wake of Hurricane Matthew.

Illya Steiner, president of Woodlake CC Corp., has not agreed to move forward with the so-called “redevelopment plan.” A summary of the plan presented during the meeting touched on repairs to neglected amenities and offered possible avenues for commercial development, but the presentation did not include a concrete solution for refilling the empty lakebed.

In October, an auction featuring multiple pieces of key real estate in Woodlake was canceled. The sale was initiated by Geosyntec Consultants, one of several creditors that sought to collect on the long list of debts racked up in recent years by Woodlake CC Corp.

Geosyntec, an engineering firm with offices in Raleigh, was awarded a judicial lien judgement against Woodlake CC Corp. after the corporation failed to pay for engineering services in connection with the deteriorated Lake Surf dam.

Earlier this year, Geosyntec announced it would auction off Woodlake’s assets to satisfy the judgment, which entitled the firm to more than \$374,000. Some of the items up for bid included

two golf courses, an antebellum clubhouse, hundreds of residential lots and the empty 1,200-acre impoundment that contained Lake Surf — once touted as the largest manmade lake in the state.

The auction was halted after Steiner settled the company's debt to Geosyntec. It was a surprising development, as Steiner has kept largely silent on Woodlake's financial woes and legal travails.

Ken Shedarowich, a veteran who lives in Woodlake, said Wednesday that he had reached out to one of Steiner's lawyers with an appeal to stop the auction. Shedarowich said he wanted to prevent the subdivision from being "torn apart" during the sale, which would have split Woodlake into multiple parcels that could have wound up in the hands of multiple owners.

"There would be no semblance to our community," Shedarowich said.

Steiner agreed to Shedarowich's proposal. The two men later met in Montreal, where Shedarowich shared some ideas he felt could reverse Woodlake's fortunes.

Shedarowich teamed up with two fellow Woodlake residents, Janice Gilliland and John Kimber, to develop an in-depth business plan for Woodlake. David Culmer, one of Steiner's attorneys, said Steiner is still considering the plan.

"His current commitment is to review the plan and to evaluate it and decide how he wants to proceed with that," Culmer said. "We don't have any written agreement to pursue this plan. We're evaluating things right now."

Shedarowich said Steiner's openness to consider the plan is a sign of progress.

"Where we're at is we have two-way communication for the first time in years," Shedarowich said.

Elements of the plan were summarized in a PowerPoint presentation. Shedarowich said he hopes Steiner will solicit bids to "refurbish" the run-down Maples golf course, bringing it back to "PGA standards," while re-zoning the neglected Palmer course to make room for commercial development.

According to the presentation, Woodlake CC Corp. could offer the empty lakebed to the military as a venue for training exercises. Ideally, Shedarowich said, military personnel would help clean up the dry lakebed in exchange for use of the site.

"I'm thinking outside the box," Shedarowich said. "If we can save some costs, it makes it a better, prettier picture going forward."

While it was acknowledged that refilling Lake Surf was the No. 1 item on many residents' wishlist, the presentation largely focused on things Steiner could do to help Woodlake regain profitability.

Shedarowich said the first phase of the redevelopment plan would involve conducting a “needs assessment” for the rebuilding of the dam, a necessary precursor to refilling the lake. In a PowerPoint slide outlining the second phase of the plan, there was a vague call for Woodlake CC Corp. to “interview/retain companies for building the dam.”

Since there are still multiple lien judgments against the corporation, Woodlake’s assets could be back on the auction block in the future. The youngest of the liens was obtained in March by residents of the subdivision as part of a class action lawsuit.

The lawsuit blamed Woodlake CC Corp. for causing property values to plummet in the subdivision, which is home to about 2,000 people. Superior Court Judge James Webb awarded the plaintiffs more than \$40 million in compensatory damages and more than \$121 million in punitive damages.

The lawsuit was masterminded by the Restore Woodlake Committee, a group that hopes to rebuild the lake’s dam and refill the impoundment with water. In anticipation of the auction, the committee had established a bidding entity to win ownership of the empty lake, the broken dam and the lake’s marina.

With those assets in hand, the committee had hoped to begin efforts to bring water back to Lake Surf. Property values in Woodlake fell sharply after state environmental officials ordered the controlled draining of Lake Surf in 2016 amid concerns about the stability of its dam in the wake of Hurricane Matthew.

The gated subdivision has gone through multiple owners and two bankruptcies since being developed as lakefront leisure community in the 1970s. Several safety notices have been issued by the state through the years in connection with the Lake Surf dam.

Citing public safety concerns, the state Department of Environmental Quality demolished the dam last year. Attorney General Josh Stein has vowed to hold Woodlake CC Corp. liable for the costs associated with the \$1 million demolition.

On Monday, the Restore Woodlake Committee announced it would be issuing refunds to residents who contributed money for the bidding entity to use at the canceled auction. “The monies were collected for the Geosyntec auction and that is no longer an option,” Charlie Jones, co-chair of the committee, wrote in an email.

The committee said a new bidding entity would need to be formed in advance of another judicial lien auction. But the group said it is unlikely that another auction will be held “anytime soon.”

“Right now, our best option is to see what Steiner and company do,” Jones wrote in an email. “But our patience isn’t unlimited.”

Though the state has said its decision to tear down the dam was safety-related, the removal of the dam has been blamed for the widespread flooding experienced in communities downstream of

Woodlake during Tropical Storm Florence. About 40 families in the Lobelia area were forced to abandon their waterlogged homes after the storm.