Town Hall Question & Answer Session

1. Why should any of us give a dime to any destination that might allow Woodlake Country Club to get their hands on any of our money?

There’s no possibility of that. This is money that has very specific purposes that this Committee is going to manage. It’s got no tie to the POA. I don’t see how Woodlake could ever get their hands on the money.

2. Why should we continue to pay dues to the Club? Aren’t we feeding the animal?

We have to be very careful with that as a Committee. We cannot interfere with the business operations of Woodlake for fear of legal action against us. There are very specific laws against us interfering in their business. But your point is that many of us are still paying some level of dues to Woodlake. That is a personal decision as to whether you think you should continue to do that or not. We cannot have a position on that.

3. In reference to the NOD’s and DSO’s, does the state have any responsibility for letting Woodlake go without fines until we had a hurricane? Do we have any recourse legally to say wait a minute, you were supposed to take them to task about this and you didn’t?

We don’t know the answer to that. I promise you that as we are talking to our Attorney, that we are trying to understand that. Now we are also trying to be friends of the state and we are looking for their assistance so we have to be cautious with that. But yes, when you look at the long history of the NOD’s going unsatisfied and the fact that the state hasn’t done anything until now, it does cause you to think twice about that.

4. Should the owners of Woodlake decide to come up with the money to repair the dam, where do their creditors stand in regards to the money that’s owed them? Do they have to pay them off first?

The priority of who gets paid off first is the prerogative of the person that owes the money. When you get into a bankruptcy, then there is a priority queue, but they are not there yet. So the long and the short of it is, if the tooth fairy shows up with a bucket of Euros, it doesn’t have to go to Marks or Geosyntec. It can go to whoever the tooth fairy wants it to go to.

5. So Ingolf, or whoever owns Woodlake, could wait until the last minute and when property values go down to almost zero, they could buy up as many as they can come up with based upon how much money they come up with, buy the properties, and hold them until the lake is restored. Can they do that?

The motion to the court (against WLCCC) has a short fuse on it. They have to respond to the court filing by March 2\textsuperscript{nd}. The motion calls for WLCCC to complete repairs or breach the dam within ~150 days of the court order. So, there really isn’t time to do what you suggest. The judge
is going to define what they need to do. So you can’t slow roll this to get the property values down.

6. Can they continue to operate the golf courses without the benefit of the lake for watering?

There will be real challenges irrigating the golf courses without the lake. The primary source of irrigation for both of the golf courses is the lake. We won’t speculate on the cost, but it would be very costly to irrigate without the lake.

7. I was told we should appeal our property values. You can go online and appeal them through Moore County. Should that be done? Would that help or not?

The Committee is not going to take a position on that. We are going to leave that decision to each individual. The primary reason why is that we are hoping to work with the County. We are approaching the Board of Commissioners. The Committee certainly couldn’t endorse something that would harm the County at this point in time. But that is a personal decision.

8. I know of two or three situations around the state where a dam had breached through the storms, a couple over at Fayetteville and one in Charlotte. Are there any opportunities to partner with any of these people? Has anyone looked at that aspect of this thing to see if we could partner? There is power in numbers going to the State to request assistance, even from a synergy standpoint to talk to some of these people and see what they have done.

You have just added a ‘to do’ to the Committee. We have not done that but it is a great idea. Thank you!

9. You said you contacted legal counsel. What is the synopsis of what you all were told from legal?

We are still talking. There were no decisions. It was purely a discussion of what those avenues would be. There are some available avenues from a legal perspective. Some which may make sense and be very inexpensive, some had a price tag that caused my eyes to roll back in my head. So we are still working that at this point in time.

10. Can I go back to the question on whether or not we withhold paying dues? If we did that, would that give Woodlake the opportunity to void all of our memberships and would that then reduce our ability to have any effect on anything if we are no longer members?

That’s a legal question that I don’t feel qualified to answer. I do know that what you said is true. If you are more than 90 days in arrears on your dues, they have the right to revoke your membership at that point in time. That is a fact. What having revoked memberships or fewer memberships would mean to us as a Committee, I won’t hazard to guess. That’s a good question.

11. We have a perception problem that was brought out by the Pilot recently. It was a comment made by Mr. Levy. He seems to think we are all wealthy, we don’t like black people, we certainly
don’t like Hispanics, we don’t like salsa music, and that we need the State to take over the lake. None of which is true. First off, we have a number of ethnic minorities living in the community of all flavors. Secondly, most of us are retirees. Those who aren’t, I believe the majority are military, none of whom are very prejudice. The lake is a recreational lake but it is not suitable for racing. It is a shallow lake, much of it less than 4’ deep which means it is not even safe for skidoos. We certainly have nothing to do with the failure of the dam. Most of us have been concerned about that for 8 or 10 years. People downstream think that we who live here are the guilty parties. Channel 11 has been very truthful and very forthcoming. It is the local press that needs to address the truth of the situation rather than blaming it on us. That would help.

There are a few good points there. It needs to be very clear to everybody and anybody. All of us here at Woodlake understand this. The Woodlake POA does not own or have any responsibility or any control over the dam or the lake and for that matter, any of the other amenities, the golf courses, the pool, the clubhouse, and so forth. That is owned by a third party business to which we have no responsibility, no ties whatsoever, other than what we are here talking about. I think that message has been getting out a little better. To your point on the recent article that was written that references some of your comments there, a number of us wrote very direct emails back to the author of that article stating that we firmly believe he misrepresented who the people of Woodlake are and that we do care about the people downstream from us very much so. We were upset with those comments and some of us made that known.

12. Last week I downgraded my membership. They seemed to be willing and understanding that this could happen. So I don’t think that is necessarily a problem. If you downgrade, I don’t think they are going to react badly. They seem to be acceptable to the fact that they don’t have services at all.

   The rules say you have to downgrade in December, prior to the beginning of the year. This is something we really don’t want to address here, but there was no offering that I saw to respond to as there has been in previous years. So I don’t know how that plays out. But there was no offering made, so I don’t know what everyone is obligated to at this point.

13. Do you know if the owners have dual citizenship? If they are in Germany and they get jail time, it could be a big deal to bring them back.

   We do not know if they have dual citizenship. Purely speculation on my behalf but I don’t think jail time will take effect. There is one local individual that could fall under those circumstances for sure but as far as the German contingent, we don’t know about that.

14. How do we fix the dam to restore the lake and have the Germans still own the lake and dam? Is there some way legally that the State Attorney General’s office can, for lack of a legal term, snatch it out of their hands and either put it up for auction or offer it to various golf course owners of which there are many in NC? I am a little confused on why we would make an effort to restore the dam. I realize property values are involved and I happen to own one of those
properties on the lake. There’s nothing I would love better than to have a lake out there. But why would we fix a dam that we don’t own or control?

I don’t believe that we would. That is not a path that we are going down at this point in time. Are we going down a bankruptcy path?

We are going down all the paths that we reviewed earlier. We are reaching out to the County and getting involved with the County. The County is owed money so they could force a foreclosure. Because of the reduction in property values, the County has lost between $90k - $100k in annual revenue. This is just with the 9% decrease that was referenced earlier. If property values go down by 30, 40, or 50%, that number gets pretty big. So the County definitely has some interest. That is why we are going to the County first. Our property values going down is an issue for them as well so how about we join forces and figure out how we make our way through this. But that is one avenue. Can the State take an action? Yes, we mentioned the concept of eminent domain. If they chose to do that, we believe that is potentially viable. We are NOT going down any path that has us ‘funding’ a dam repair that leaves ownership in the hands of current owners. That doesn’t make sense to us.

15. Are they going into bankruptcy?

That is the biggest mystery to us. We don’t know what is going on at this point in time. Certainly the financial numbers would tell you that it is headed towards bankruptcy. We all know however that they are like a cat with nine lives. They seem to be able to pull rabbits out of hats. So I really don’t know. We are going to have to wait and see.

16. I want to go on the record to let the Pilot know that I for one love salsa music. Now to my question, what, if any, are the lines of communication currently with the ownership? I read a lot in the paper that there is a so called spokesperson that lives in the community that isn’t speaking to anybody. So do you guys have any lines of communication currently or is there any open dialog?

We do not have any open lines of communication. As Kurt mentioned earlier, he has tried. He has worked that. And I want to tell you sincerely that Kurt really has tried to build a relationship with them. Kurt confirmed that he has had no communication with them for about 6 months. They won’t talk to any of us on the Committee at this point in time. We are not sure if they are talking to the State at this point in time. We know that they have not responded to the Court filing by the Attorney General. But there is no open line of communication today between this Committee or the POA and Woodlake. But we would welcome it. If they want to start a dialog, we are here, ready, willing, and able to do that. If that’s part of the solution, let’s talk.

17. Restoring property values is part of the Articles of Incorporation for the POA. Why can’t the POA fund legal fees for this effort?
We have received a very specific opinion from a legal firm on this matter. What gives the POA the right to assess is an action in a document that was signed back in 1990 called an Assignment Document. That is when Woodlake Partners assigned to the POA the responsibilities to maintain the Roads and Causeways, Landscaping, Streetlights, and Security. With that came the authority to assess but those assessments have to be used for those items specifically identified in the Assignment. The Articles of Incorporation is a broader scope that the POA can operate under. They just can’t use assessment dollars to support those efforts because those assessment dollars have to be used only against those things provided for in the assignment. We went specifically to a very qualified legal firm and attorney to ask this question, frankly hoping to get a different answer back. He was very clear and he felt very confident in his ruling on that and hence the POA needing to draw a hard line because it could lead to potential legal actions against the POA for misappropriation of funds. It’s an unfortunate situation but it’s just the way it is.

18. When we learned about the bankruptcy and the auction, I was under the impression when we were originally told about the auction that the investors would be required to perform the repairs. It was my impression that they would not qualify as investors if they couldn’t make the repair. For the partners to bankrupt and for the investors to get the property for $500k, a few of us could have put that money together had we known that we wouldn’t be required to repair the dam. So was that a misnomer that the investors acquired the property at such a low ball price and they were not required to prove they were financially capable of doing the repairs?

Back when the bankruptcy was occurring and the POA was one of the creditors with status in the bankruptcy filing, we wrote a letter to the Court stating almost exactly what you just said, that this property was severely depressed and its value was diminished because of the liability of the dam. If someone is going to buy this thing with that in mind for a very low price, we think they should escrow the money or prove they have the financial wherewithal to repair the dam. That was rejected by the Court. This is free enterprise. They come in and offer what they want. It’s their business; they do what they want from that point in time. To carry that line of thinking further, they (new buyer) knew exactly what needed to be done. There was an engineering report done that was sanctioned and funded by the Debtor in Possession by the Court to put that number at $2.5M. So they knew exactly what they were buying and they knew exactly what it was going to take to restore the dam. And to be in a position now where not only do you not appear to have the funds to repair the dam but you are accumulating debt again. You have to scratch your head. It is hard to speculate what is going on because it doesn’t follow standard business logic. But they are not required to repair the dam except now what the State is requiring them to do.

19. How do we take this petition out of here? Where do they sign online? It can be any signature, correct? It doesn’t have to be a resident of Moore County.

Any signature is a good signature. If you have friends and neighbors that you would like to get signatures from, please do it. There will be a petition at the POA office. It will also be available
on the website and you will be able to print it from there. We will get more organized on the petition signing as well through one of our Subcommittees. It was suggested that the petition be available through change.org for online signatures. However, the www.restorewoodlake.com website now has an option to sign the petition online.

20. We may not have made the point that there are federal and public funds available to repair dams. Under the present ownership, the way it is set up privately, there is no possible way of accessing these funds. Is one of the paths that you are choosing to go down to look into those funds and the means in which we could organize to access those funds?

We have actually done some of that already. Charlie has been looking into grants and other paths that we can take.

Communities like us, our neighbors, have successfully gotten those funds.

21. It’s always hard to separate rumor from fact but how are they able to actually close on the bankruptcy with unpaid taxes and unpaid debts?

This is another one of those really unusual circumstances. For some reason, in Moore County, you do not have to satisfy those back taxes when buying a property out of bankruptcy. We understand most other counties in NC require you to pay your back taxes before they will issue a deed and we actually thought that was the case here. Due to Mr. Jones research, we found out that there is this loophole that they did not have to do that in Moore County. Moore County is looking into that as they are not very happy about it. I suspect they will take an action to close that loop.

22. If they go through bankruptcy, what would stop the next person who wants to buy Woodlake from just offering $500k and saying that they promise to fix the dam?

Nothing stops anyone from doing that. There could be a repeat of history. That is exactly why one of our paths is to be prepared so that if this does go to bankruptcy, that we have some control, we have some influence, and if we believe as a community that we should be bidding on this, then we will. That is exactly why we are mobilizing that arm of our effort. If ownership becomes in question or available, we have to prepare ourselves and others to react to that.
Comments

1. The petition must be signed with your full legal name, the same way it appears on the title of your property.

2. I have written a letter to the Woodlake owners saying that when I bought my property 17 years ago, that I bought it on the premise that it was a lake and golf resort. I am going to stop paying them. I am going to take a portion of that and I am going to fund the effort of this Committee with that money. I would suggest that anyone else that wants to consider doing that, whether it’s all or a portion of your dues; I think it would help enormously. And we really appreciate the effort that the Committee is making.

3. We have to carry this message forward outside to everybody regarding what is going on. Woodlake owners are a scam operation. I spoke to the Assistant Attorney General a few times. He shared with me that he had word as of late last week that Julie and other owner representatives had met with yet another engineering group and that their cause was to get an assessment on repairing the dam. I told the Assistant Attorney General that everyone has heard this story including the other two engineering firms that are waiting to be paid. So what they are trying to do now is to take another engineering company, sit down with them, pay them no money, and then convince the Assistant Attorney General that they are going to do something. We can’t let this continue to drag out. I worked with the state. I am going to continue to work with him. I am going to quit paying my dues and we all should quit paying our dues so that they have no money coming in. And we should take that money and donate it to this Committee.