



SAVING *Lake Lawn*

A VICTIM OF THE RECESSION, A DELAVAN RESORT IS GIVEN NEW LIFE

BY LISA M. SCHMELZ

FOR A TIME, IT LOOKED AS IF THE SHUTTERING OF LAKE LAWN RESORT WAS ANOTHER CASE OF DEATH BY RECESSION. ITS APPARENT DEMISE SENT SHOCKWAVES THROUGH THIS COMMUNITY OF 8,400.

The 133-year-old property began life as the winter home of a circus and became part of the fabric of this community. Not only did room taxes contribute eight percent of the city budget, but the iconic playground provided more than 300 jobs, making it the third-largest employer in the community. Generations of local families worked and played there.

In December 2010, Madison-based AnchorBank foreclosed on the property. The owners, Delavan Resort Holdings LLC, could not make payments on its \$34.4 million debt.

Like her sister and her grandmother, college student Jessica Barkas, 23, grew up in Delavan and worked at the resort. Losing Lake Lawn was worse than losing a job. It was like losing a family member, she said.

“It’s not just a building,” said Barkas, a five-year summer season veteran. “It’s tradition. It’s many, many years of traditions and families coming up from Chicago and other places, and it felt the same to those people year after year. They walk in, and it just feels the same. It brings back memories.”

When a padlocked cattle gate blocked the front entrance, those memories seemed destined to join Juliet, a circus elephant who died here one turn-of-the-century winter. She is now a pile of bones at the bottom of Delavan Lake.

DESTINED TO BE AN EYESORE?

Most locals believed the resort would become an eyesore, much like the Geneva Lakes Greyhound Track. Just down the road, the track closed in 2005 and remains vacant.

Then, from seemingly out of nowhere, a group of local millionaires came to the rescue.

Jim Drescher, a retired Lake Geneva builder and businessman, and Gregg Kunes, who owns several auto dealerships and lives in Fontana, led the group of saviors. They formed Delavan Lake Lawn LLC and attracted other investors.

In 2008, the property was assessed at \$84 million, but today it hovers around \$21.8 million.

The investors made a cash offer of \$9.5 million. They also pumped money into some badly needed maintenance, requiring the work of a small army of contractors.

A bargain? Some homes on the same lake are listed for sale at half the price of the 281-room resort that sits on 258 acres. The 18-hole golf course, 68-slip marina and private airstrip are just icing on the cake.

Another investment group, led by Todd Wilkins, also of Lake Geneva, was preparing to bid on the property. The Drescher group beat him to the bank.

Was it just a good business opportunity that brought Drescher out of retirement to buy a resort? Not entirely. A philanthropist who's raised hundreds of thousands of dollars for local charities, he said that what really got him moving was seeing former Lake Lawn employees in the lines of a food pantry he helped found.

"All of a sudden, you get this influx of people who are first-time clients, who seem to be from the same place," he explained while standing in the resort's lobby this summer. "It bothered me. I just saw the need and I said, 'This is something I can do.'"

CHECK WITH GOD, THEN DO THE MATH

Drescher is a large, soft-spoken man. When making a point, especially if numbers are involved, he'll gesture slightly with his massive hands. Over the course of two lengthy interviews, one in mid-summer and another in late fall, Drescher noted often that buying Lake Lawn wasn't just another business deal.

But, Drescher says he is a man of faith.

"I'm a guy who believes I get tapped on the shoulder to do certain things," he said. "I've been given a lot and a lot is required of me."

In mid-January, he said he began to seriously explore what it would take to buy the resort. He called people he thought might be interested. He researched the resort industry. He questioned his own motivation: Was he simply bored in retirement or was



ABOVE: Recently updated rooms feature handcrafted wood furniture, rich fabrics and a private outdoor patio or balcony.

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his shoulder really being tapped?

“I was really kind of confused,” he said. “I really felt I should be doing something, but at the same time, I’m thinking, ‘It’s so big. What am I supposed to do?’”

Then the sign he was looking for came. According to Drescher, a local pastor approached him, unaware he’d been trying to secure investors to buy Lake Lawn.

“He said, ‘I have a message for you from God,’” recalled Drescher. “The message is you’re really troubled right now by a decision you need to make and you need to do this anyway and it will turn out to be the hardest thing you’ve ever done in your life.’ And from that day forward, I hit the phones to make it work . . . I guess I needed that confirmation.”

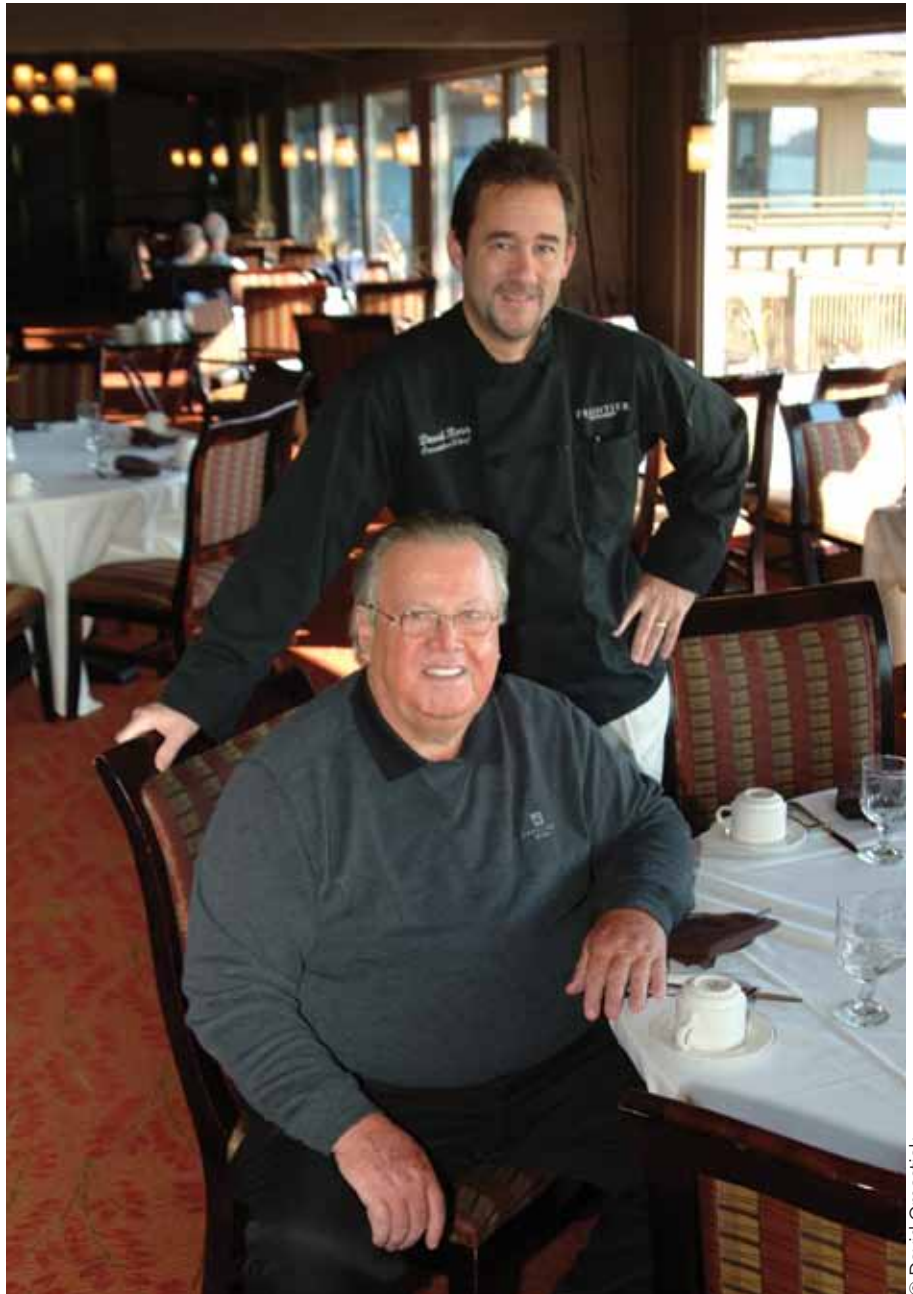
After getting the divine green light, Drescher did the math.

With skepticism, he’d followed reports of a \$390 million plan by the former owners, Delavan Resort Holdings, to redevelop the property into a water park with high-end privately owned condo-hotels. Given Lake Lawn’s mounting debt, its failure didn’t surprise him.

Drescher also knew that shuttered resorts in this battered economy were a buyer’s market — not a seller’s.

After a few false starts, he formed a group of seven private investors who collectively anted up \$12 million in cash. Five of the investors contributed 10 percent, while Drescher and another investor put in 25 percent each. The group also assumed liability for the \$900,000 city assessment for new water mains and roads designed to accommodate a water park planned by the former owners that was never built. The additional capital Drescher raised allowed Delavan Lake Lawn, LLC to make improvements to the aging grounds. The group hopes to see profits by the five-year mark; since they aren’t burdened with loans, Drescher thinks profits are possible.

“I wanted to come into this deal with all equity,” he said. “No banks. Just equity.”



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ABOVE: Jim Drescher with Executive Chef David Ross. The Frontier Restaurant overlooks Delavan Lake and reopened in June.

RECLAIMING THE PAST

Making a profit is just one piece of the Lake Lawn puzzle; equally important for this investor’s group is reclaiming Lake Lawn’s heritage. In the 1940s, thousands came from far and wide to dance to musical greats like Louie Armstrong and Lawrence Welk. Generations of the same family returned season after season. Locals also felt welcome. Many in this community, and surrounding areas, would like to see Lake Lawn return to those glory days. Kunes is among them.

“It’s not how much money Lake Lawn can make,” he said, “but how can we

bring it back up to the level it once was? You see how much it meant to the area and all of the history it’s had.”

Does Kunes see a return of national musical acts to the shores of Delavan Lake?

“It’s funny you should ask,” he said. “I was just listening to Kenny Loggins and thinking he’d be great at Lake Lawn. Why couldn’t we do that?”

OPEN AGAIN

Drescher, who oversees day-to-day operations, hit the ground running to get Lake Lawn reopened in time for the



ABOVE: Just as it did more than a century ago, Lake Lawn's shoreline spans approximately two miles.

2011 summer season. Former employees were given hiring preference and more than half returned. They weren't the

only ones happy to see paychecks. Resurrecting the resort injected over \$1 million into the local economy as dozens of

contractors were brought in to tend to long-neglected repairs.

The reopening didn't happen all at once, but rather in stages. On May 27, golfers again took to the greens. Lake Lawn's restaurant and bar, both overlooking the lake, started serving customers on June 21. The first overnight guests arrived July 22, two months and two days after Drescher's group bought the beleaguered property. Over Labor Day weekend, every room was booked.

On a recent fall day, the lobby buzzed with activity. Phones rang and reservations were made. Conference-goers talked shop. Locals, on foot and by boat, made their way in for drinks or a meal. Watching it all was Drescher. As a long line formed at the front desk and snaked its way toward the door, he smiled.

"It's good to see all the laughter and people back," he said. "This place just has so much emotion attached to it." 🍷

Lisa Schmelz is a freelance writer who lives on Delavan Lake.

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