

Ritz Carlton, Northstar Village developer in bankruptcy

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By Kathryn Reed

Most of East West Partners' holdings in the greater Lake Tahoe area are now under bankruptcy protection.

The 335-undeveloped acres known as Northstar Highlands which East West has the rights to build 1,450 units on below the Ritz Carlton; the golf courses Old Greenwood and Gray's Crossing; and the amenities arm called Tahoe Mountain Club went into bankruptcy in Delaware on Feb. 16.

"We are optimistic we will be well positioned for the long term," Blake Riva, a partner with East West, told *Lake Tahoe News*. "We don't intend to liquidate any of our holdings."



Old Greenwood
golf course
is in
bankruptcy.

Photo/Provided

East West Partners is headquartered in Avon, Colo. Its California operations are based in the Village at Northstar, which it developed. Truckee is the address for all of the properties now in Chapter 11 bankruptcy.

The Village at Northstar is not part of the bankruptcy, nor is the ski resort Northstar-at-Tahoe, nor any of the company's other holdings.

The village's commercial operation is run by CNL, which also owns the ski resort. Booth Creek operates the ski resort. East West Partners sold the residential aspect of the village to individuals. A homeowners association manages the condominiums.

"This filing will not impact the experience of guests enjoying Northstar-at-Tahoe Resort – either on the mountain or in the Village at Northstar. Lodging guests at Northstar-at-Tahoe Resort will also be unaffected," Betsy Cole, CFO of Booth Creek Ski Holdings, said in a press release.

Riva said the bankruptcy is a "combination of the current economic environment and changing financial partners."

The company went from Morgan Stanley to Barclays. Morgan Stanley took a major hit as the banking industry nose-dived in the last couple of years. It could not meet its debt so that's how Barclays got involved.

"(Barclays) reviewed all of our business ventures in Tahoe and concluded the best path forward would be to go through this reorganization," Riva said.

He would not put a dollar figure on the debt owed creditors. However, court documents show the company's real estate holdings have collapsed in value by 60 percent and that it has \$61 million in debt.

"The larger amounts are bank loans for projects," Riva said.

Until a reorganization plan is approved by the bankruptcy judge, Riva said a short-term plan is in place to keep the operation going so the public will not notice a hiccup in service.

This should be good news to the Ritz-Carlton, which opened mid-mountain at Northstar in December. East West Partners was the developer of the five-star multi-million dollar resort and is the owner of it.

Ritz officials touted the Tahoe Mountain Club as a selling point to buyers and guests of the high-end hotel before it opened. Now they are downplaying the significance.

“Ultimately it doesn’t mean anything to us,” Ritz spokesman Steven Holt said Wednesday of the bankruptcy. “The Ritz-Carlton is not included in the filing. Our operation is not impacted.”

Riva also said, “The Ritz is a separate entity. We have a separate ownership structure.”

The Hyatt Residence Club, which is at the base of the gondola that whisks people to the Ritz from the Northstar Village, is also excluded from these bankruptcy proceedings. Guests at this Hyatt also have access to the Tahoe Mountain Club.

Riva said the golf courses will be open when the snow melts.

Old Greenwood is a Jack Nicklaus Signature course. The development also includes luxury custom homes and fractional ownership.

Gray’s Crossing is on the outskirts of the town of Truckee off Highway 89. The private 18-hole golf course by Peter Jacobsen and Jim Hardy is surrounded by houses, including *Sunset* magazine’s 2007 Idea House.

East West Partners is not the only developer in ski towns to face economic hardship. Intrawest earlier this year sold the Village at Squaw to Squaw Valley Ski Corp. Intrawest also owns Whistler Blackcomb, site of the alpine skiing events for the Olympics.

Lake Tahoe Development Company is in bankruptcy over the \$410 million hotel-retail-convention center complex in South Lake

Tahoe across the street from Heavenly Mountain Resort's gondola.