

South Tahoe to probe potential convention center investor

By Kathryn Reed

South Lake Tahoe is waiting for a \$30,000 check so it can begin its due diligence – aka background and financial checks – of Woodridge Capital Partners LLC, the firm wanting to take over the would-be convention center.

At the City Council meeting this month, attorney Lew Feldman, who has represented original developer Lake Tahoe Development Company and now Woodridge, wanted the item to be discussed at a special meeting.

The city doesn't want to use taxpayer money to pay consultants to investigate Woodridge.



South Lake Tahoe convention center project in 2007.
Photo/Provided

The action unanimously taken by the council last week allows for the due diligence of Woodridge Capital Partners to be done, for the company to be an assignee to the owner

participation agreement, and for the formation of a conceptual plan of the construction of what is known as the Chateau at Heavenly Village.

The council approved the item with the fee intact, but has since scheduled a special meeting for 10am April 27. (The budget and possible increase to business license fees will also be discussed at that meeting.)

Councilmen Hal Cole and Bill Crawford were appointed as an ad hoc committee to meet with Michael Rosenfeld, CEO of Woodridge. No meeting has been scheduled between the parties. However, Rosenfeld is expected to address the full council at the April 27 meeting.

“This guy, I don’t think he has the money, but he has access to money,” Gene Palazzo, South Lake Tahoe redevelopment director, said of Rosenfeld.

City Attorney Patrick Enright echoed those sentiments.

“He has access to funds. He would obviously be doing this with others who have funds,” Enright said. “If he can’t get the financing, it’s not going to work.”

Randy Lane and John Serpa, the men behind Lake Tahoe Development Company, have been in bankruptcy court since October because of their inability to pay creditors the \$54 million they are owed. They have until June 2 to come up with a plan.

Rosenfeld, so far, is the plan. He has been a player in projects this size and larger.

“Eventually, if we pick this guy, we will either amend the existing (owner participation agreement) or have a new one,” Palazzo said.

The \$410 million, 11-acre project that was approved several years ago was to include two hotels – with at least one a four

star; extensive retail space (this was before commercial vacancies became the norm here); a convention center that would double as a facility local organizations could use; have a possible under or overpass linking to Heavenly Village; and open space.

What a future project may look like is unknown. The footprint is likely to remain the same because of existing permits and environmental documents. What the inside looks like is expected to change. A smaller project has also been talked about.

The Tahoe Regional Planning Agency permits were to expire this summer, but they will be extended for the length of time the project is in bankruptcy court, so probably another 10 months, according to Lane.

“This is not something that is going to be an easy solution even if new people come in. There are still many issues that have to be addressed on an ongoing basis,” Lane told *Lake Tahoe News*. “First, you have to make some sort of reasonable agreement with the creditors. Second, you have to wait things out and decide when it is a good time to bring the project forward. You can’t build it today for what you can sell it for. That means you don’t build it. That’s the issue.”

He said just when he thinks things are solidified something unexpected pops up.

Per the judge’s order from last month, Lane et al have been filing twice monthly reports to the court that creditors and interested parties have been receiving.

Another report is due this week, but it is the first one in May that will be the most significant because that’s when an outline of a potential deal must be filed.

“That will give us our first inclination as to whether he can make this work or not,” Enright said.

One thing that makes this situation unique is that the foundation has been poured. But it's not one parcel. A final map was never recorded so the concrete and rebar near the Nevada border is laid on 29 parcels. That's why foreclosure is not much of an option for creditors because then there is little or no value for someone who would want to resurrect the project.

"I think what needs to go there is what is planned there. It makes sense," Lane said. "Whether we get to a plan or don't will be driven an awful lot by creditors. I'm not saying we aren't going to get consensus."

Once Lane and his people present a plan to the bankruptcy judge by the June 2 deadline, the judge has until Aug. 2 to make a ruling.

"Our position always has been we want the creditors paid and the project to go forward," Lane said. "We don't have anymore money to throw at it. At some point we'll find a solution. We would not continue to be the developer. Whoever comes in would be."