

Multinational eyes Takhini Hot Springs

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By Rhiannon Coppin *News Reporter*

Yukoners could lose access to Takhini hot springs as early as April 1st.

The board of Takhini Hot Springs Ltd. signed an agreement with Sotheby's International Realty last December that could see the best parts of the Takhini Hot Springs property go on the auction block if a planned \$100-million real estate development doesn't go ahead by then.

At a December 16 shareholder meeting, a simple majority of those holding voting shares agreed to sign Sotheby's letter of intent.

By paying just \$2.5 million, Sotheby's would gain approximately half of the hot springs land, including the water source itself and the water licence, and three out of five seats on the partnership's board of directors.

If Sotheby's can't complete its design, planning, marketing and initiate pre-sales of its "Phase 1" vacation home communities by April 1, the company could subdivide and sell any of the Takhini Hot Springs lands and water licences to recover costs.

"The corporations could end up paying 571329 (Sotheby's partnership entity) to engage in a year's work, and end up losing the very core and best part of its land holding," Tom Parlee wrote in a June submission to the Yukon's Supreme Court.

"We (the dissenting shareholders) believe that many of them who voted (in favour) didn't understand the deal," said Garry Umbrich, a shareholder and one-time director of Takhini Hot Springs Ltd.

Umbrich is also the president and director of 9894 Yukon Ltd., the business that leases the land straddling two of Takhini Hot Springs' lots in order to run the Hotsprings Valley Retreat Centre.

He was preparing food for guests of the retreat centre as he explained the legal action his company launched against the Takhini Hot Springs entity last April, which effectively paralyzed the transfer of land to Sotheby's, a transnational corporation.

Without a two-thirds majority, the board couldn't legally sign with Sotheby's, he said.

The deal proceeded anyway. So, in December, Umbrich registered a "caveat", a statement of his business interests on that land. His business straddles portions of two lots, one of which was promised to Sotheby's in the deal.

Umbrich's 9894 Yukon Ltd. entered into a 20-year lease agreement with Takhini Hot Springs Ltd. for less than six acres in order to build and run a retreat centre.

The board's agreement with Sotheby's ended his lease. Sotheby's could essentially kick him off the overlapping portion as soon as the land was transferred.

Caveats are common, and many leaseholders with capital investments register them.

Even though Umbrich has more than \$600,00 invested in his retreat centre, he didn't think initially that he needed a caveat. His relationship with Takhini Hot Springs had been amicable, he said.

"I didn't register a caveat earlier because I thought we were basically all one big happy family. I never dreamed that people would try and break my lease."

On January 12, he received a letter from the Takhini Hot Springs board and Barbara Bergmann.

The letter stated that his caveat would expire in three months unless he took the matter to court to prove the validity of his lease.

The caveat is preventing Takhini Hot Springs from re-mortgaging the lands now promised to Sotheby's.

Umbrich launched legal action against Takhini Hot Springs Ltd. in April in order to prove the validity of this lease.

While the matter was in court, Takhini Hot Springs couldn't transfer any lands.

"By having a lawsuit, we prevented the transfer from happening," Umbrich said.

In his submission to the court, he claimed that the board has since taken "oppressive actions" against his company.

Barbara Bergmann, the chair of Takhini Hot Springs "has been making it very difficult" for him to get "reasonable" access, as a shareholder, to Takhini Hot Springs' records, wrote Umbrich.

Umbrich also stated that he intended to file a petition regarding "namely what I view as the illegal attempts to dispose of substantially all of the assets of the Defendant corp (Takhini Hot Springs)."

He didn't have to file that petition. A number of other shareholders stepped forward.

Along with Tom Parlee, seven other shareholders with just 14.4 per cent of the Takhini Hot Springs' voting power registered their protest in court on June 11.

The shareholders who opposed the partnership disagreed with Sotheby's vision.

A modest eco-friendly plan developed by Broadway Architects in 2005 was tossed in the agreement with Sotheby's.

Sotheby's envisioned a \$100-million development with hundreds of units "on that fragile property," Parlee said.

Under the Sotheby's plan, the existing hot pool would become an interpretive centre and water would be diverted to a high-end eco-spa.

It would build an up-market lodge-style hotel and restaurant, and sell hundreds of lots to be developed into cabins and vacation homes.

“It would be like Whistler of the North,” said Parlee.

“The scale of development was far beyond what we envisioned during our time of running the business.”

As of Thursday afternoon, all three parties — Parlee et. al., Umbrich’s 9894, and Takhini Hot Springs — had reached tentative out-of-court settlements.

“We hope our tentative agreement will result in the hot springs staying in Yukon hands,” said Umbrich.

Neither Umbrich nor Parlee would give further details of the settlement, except to explain that Takhini Hot Springs Ltd. has the option to buy the Parlee consortium’s 14 per cent share and Umbrich’s block of 14 per cent share and \$600,000 in assets until November.

“We can’t continue to be partners in this arrangement, with or without Sotheby’s; it’s just too dysfunctional,” said Parlee.

During this period, Takhini Hot Springs can’t enter into any new agreements, he said.

If no settlement is reached, Takhini Hot Springs will go up for sale.

The parties are willing to settle because of their belief that the Sotheby’s partnership has lapsed.

“It’s looks as though the partnership between the developer and Takhini Hot Springs, it would appear — and I don’t have any proof yet — that that partnership is null and void,” said Parlee.

“We’ll probably confirm it on the weekend because we’re going to ask the board of directors straight out on Saturday morning what the status is,” he said.

Zane Bouvette, speaking on behalf of Sotheby’s, indicated that things were up in the air on Thursday morning.

He’d know more next week, he said.

“We’re very hopeful of doing a resort at Takhini, and it would be a lot better idea to figure out exactly what we’re doing and then you could have a nice story about it,” said Bouvette.

Umbrich, who moved to the Yukon 27 years ago, hopes that whatever the outcomes, the hot springs will stay in Yukon hands.

“We’ve fought long and hard to have it be that way.”