



August 3, 2009

## Back in the Saddle Again

**Creative bankruptcy management saves Double JJ resort**

By Steve Gunn | MiBiz

[sgunn@mibiz.com](mailto:sgunn@mibiz.com)

ROTHBURY – At this time last year, it seemed as though the 77-year-old Double JJ Ranch resort in southern Oceana County might be a permanent victim of the economic downturn.

The owners of the resort filed for bankruptcy last July and the business closed its doors on Labor Day, just a few months after adding an indoor water park and just weeks after hosting the inaugural Rothbury Music Festival.

But lady luck and some creative management by the people who operated the business during bankruptcy helped stave off the grim reaper.

Suddenly the 1,200-acre resort has a new owner, its famous Thoroughbred golf course reopened in the middle of July, and the rest of the ranch was expected to be operational by Aug. 1.

While the sudden reopening may only attract limited crowds for the balance of the summer season, the new owners want to resume full activities as soon as possible with an eye toward the fall and 2010.

"Our decision (to open so soon) was based on the fact that there's a fairly large cost in caring for so many animals at the ranch, so you don't wait, you gotta go," said Rick Coleman, senior VP of Progressive Resorts, the Erie, Penn., firm that purchased the ranch in June. "For us, it's a matter of salvaging some of the summer season if we can, then building for September and going forward."

The reopening of the ranch, in doubt until earlier this year, is expected to create as many as 350 jobs for residents in Oceana and Muskegon counties. While many of the jobs are seasonal, some will be year-round

since the facility stays open all winter to cater to water park customers and other winter recreation enthusiasts.

"They are certainly a welcome re-addition to our tourism sector," said Janessa Stroud, VP of government relations for the Muskegon Area Chamber of Commerce. "They've always been an integral part of the region's economy.

"We always applaud the effort it takes to open a business, or in this case, re-open a business. We're sure they will encounter their share of trials and tribulations, but we believe they will be willing to work through any issues. We had a great relationship with Double JJ before and we look forward to the same type of relationship with the new owners."

For a while, the idea of finding a single owner for the entire ranch was very much in doubt. The former owners, Bob and Joan Lipsitz and Wally Wojack, filed for bankruptcy July 18, 2008, and ranch assets went up for auction Oct. 30.

The auction produced an offer for the entire ranch for \$8.6 million, but financing was uncertain and the deal was rejected by the bankruptcy court, according to David Distel, managing director of Grand Rapids-based O'Keefe and Associates, who was put in charge of the ranch by the court during the bankruptcy period.

Then trouble reared its head when the court ordered the sale of a large chunk of ranch property to pay off the former owner's delinquent electric bills, Distel said. The section of the property to be sold included the area where the Rothbury Music Festival is staged, and it also included an RV park and campground.

There was also a pressing need for winter revenue, to maintain the property and care for the many horses, cattle and sled dogs still there, Distel said. Animal rights groups were questioning the care the animals were receiving and had to be convinced they were in good hands, he said.

People who owned condos on the ranch also had to be reassured, according to Distel. Many of them typically rent out their spaces during portions of the year, and the bankruptcy and subsequent closing cost them a lot of rental income, he said.

The problem was solved when Distel and the others in charge of the property swung a deal with the companies that produced the first wildly successful Rothbury Music Festival on the property just months before.

The producers - AEG and Madison House - agreed to pay rent for the property and staff boarding in advance of this year's concert, providing enough money for the ranch to maintain itself over the winter.

By spring, credit markets had loosened up to the point where financing for a sale was possible, according to Distel. Progressive Resorts purchased the entire ranch for \$11.5 million, closed on the deal June 30 and immediately started making plans for a quick reopening.

"It was just a matter of waiting it out and keeping the resort intact – not allowing pieces of the property to be sold off — and keeping the estate solvent," Distel told MiBiz. "AEG and Madison House deserve a lot of credit for working with us during the uncertainty of a bankruptcy situation."

While the final purchase price – nearly \$3 million more than the offer from last fall – may have seemed surprising to some, the new owners say they're confident the ranch will prove to be a solid investment. Progressive Resorts had worked as a consultant for the former owners several years ago and were very familiar with the property and its assets.

"We think the former owners had some great vision (in creating the ranch)," Coleman said. "They had really thought out the entire resort very well. Sometimes when you add an indoor water park to a resort, it can take a period of a year or two to get traffic in during the winter months. They may have fallen victim to that."

Coleman said his company plans to invest a significant amount of money in the resort by updating the original ranch and building a conference center and additional lodgings in the near future. He said discussions are already under way with AEG and Madison House to keep the Rothbury Music Festival on the property for years to come.

He said prices will remain the same as they were under the old ownership for the rest of the season, and then the company plans to create "family friendly" package deals for future clients. He also said the company is reaching out to former customers.

<http://www.mibiz.com/absolutenm/templates/ectemplate.aspx?articleid=15613&zoneid=3>