

# Lane wants until 2013 to finish S. Tahoe convention center

By Kathryn Reed

Foreclosure. It is the word circulating around the bankrupt convention center project in South Lake Tahoe.

Randy Lane, principal with Lake Tahoe Development Community, wants the creditors to hold off a few more years.

"We are just asking for more time to figure things out and sell the property, which has not been well received by the city and one of the creditors," Lane told *Lake Tahoe News*. "I don't know that that is going forward. "



A construction zone is the view Harveys' guests have had for years.

Photo/Kathryn Reed

He knows the banks are tired of waiting.

A hearing is scheduled for Oct. 5 in U.S. Bankruptcy Court in Sacramento to discuss Lane's latest proposal. Besides wanting to wait 2½ more years, the filing lists how the various

parties would be treated.

Lane wants to be given until May 2013 to begin filling in the hole.

The project near the state line and across from Heavenly Village would have been the largest construction project in the city's history at more than \$400 million. It was supposed to have two hotels, a convention center, retail and open space. Environmental impacts were highly lauded.

Projected revenue was heady. At the get-go developers were touting 180,000 visitors a year would pump \$78 million into the South Shore economy.

When ground was broken in 2007 the first hotel was projected to open two years later. Instead, in October 2009 Lake Tahoe Development Company filed for bankruptcy.

The City Council at the time signed a contract without a performance bond in place. City officials let concrete be poured and rebar installed without a final map in place.

The significance of the latter is that it means 29 parcels have to be dealt with instead of one. If the property is foreclosed on, instead of getting back dirt, most investors are still tied together because of the foundation that was allowed to be put in without the Zephyr Cove-based firm having its finances all lined up to fund to project.

Patrick Enright, South Lake Tahoe city attorney, said the city is not backing Lane's latest proposal.

"We are saying it is way too long and a bad idea. We are not going to have a hole there until 2013," Enright said.

Lane does have until Dec. 21 to come up with a viable plan creditors will agree to. The bankruptcy judge keeps giving him extensions to have exclusive rights.

After that date a creditor or group of them could present a plan to the court or they could foreclose. El Dorado County could also foreclose to recoup the \$2.45 million in property taxes Lane has not paid.

C.L. Raffety, county tax collector, did not return a call to discuss the county's position.

Through the Teeter Law the county has been paying South Lake Tahoe its share of property taxes, which are higher with concrete and rebar compared to when businesses were operating on the 11-plus acres. The county, when all is said and done, will collect interest and penalties on the unpaid taxes.

If no plan comes out of bankruptcy court, the county has the first chance, over all the other creditors, to file for foreclosure. It would have to foreclose on all 29 parcels. People could come forward and pay the property taxes and then they would own the parcels. If no one comes forward, the county would own the property.

With Owens Financial owed nearly \$29 million, it's doubtful the firm would walk away from this project without getting a few pennies on the dollar. Much of the property City National owns has not been touched by construction workers, so it, too, is likely to want to recoup the land to compensate for the \$7 million debt it's owed.