

Creditors to foreclose on SLT convention center; Lane out

By Kathryn Reed

Randy Lane and John Serpa are no longer involved in the would-be convention center project in South Lake Tahoe.

The two men who ran Lake Tahoe Development Company and sunk about \$90 million of their money in the 11-acre site must walk away with only concrete and rebar to show for their efforts.

The creditors who own the 29 parcels are in control. They have agreed to foreclose, South Lake Tahoe officials said. This all transpired in bankruptcy court Dec. 21.



Creditors looking for someone to buy their rebar and concrete.
Photo/Kathryn Reed

What happens next remains to be seen. Creditors and South Lake Tahoe officials have a meeting with Tahoe Regional Planning Agency representatives Jan. 4 to discuss what flexibility the bi-state regulatory agency will allow.

“The design is outdated,” South Lake Tahoe City Manager Tony

O'Rourke told *Lake Tahoe News*. "We need to see what we need to do to amend the entitlements."

TRPA officials were not available for comment.

Although O'Rourke does not anticipate any work occurring at the state line area site for at least two years, he says it is imperative to know how the footprint can be changed to accommodate the next developer.

"The biggest issue is we are in a market place that has collapsed and it will take some time to rebound. This is way too valuable (property) for it not to be developed," O'Rourke said.

The July 2006 agreement with Zephyr Cove-based Lake Tahoe Development Company that the then-City Council of Hal Cole, Kathay Lovell, John Upton, Ted Long and Mike Weber approved called for two hotel-condo structures, retail, insufficient parking, and no easy access to Heavenly Village across the busy highway. (Additional parking was supposed to be at Harveys, but no agreement was ever secured. Caltrans never signed-off on a proposed over or underpass for Highway 50.)

With that operating agreement only good for fire starter or a doorstop, it's possible the next contract won't be so one-sided with the developer on the winning end.

Even though creditors – aka land owners – will have a large say in what happens, the city and TRPA will be part of the decision process because they dictate land use policy.

It was the council of Lovell, Long, Weber, Bill Crawford and Jerry Birdwell that gave the OK for LTDC to start construction without a final map in place – thus the reason multiple creditors own 29 parcels. Their vote also came with the assumption funding was in place, while in reality all LTDC had was a letter from a lending agency that turned out to be worth less than the paper it was written on.

Lane did not return phone calls.

Owens Mortgage Investment Fund is the largest creditor – owed about \$28 million. The attorney for the creditor was unavailable for comment.

Most likely the creditors will get their respective properties appraised to know the value in today's dollars. They vary in size and location, making them not of equal value.

O'Rourke speculates the group will bring in a recognized brokerage firm with experience domestically and internationally to move the project forward. In addition to anticipating a more traditional high-end hotel being part of the project, he believes a much smaller conference center will be erected.

"It will probably be more like a regional conference center like what Monterey has," O'Rourke said. "Over the course of the near future with the creditors in control we will come up with a game plan that is market drive. We hope to attract a major investor whether it is Vail Resorts or someone else."

Vail through its real estate arm RockResorts was going to be the initial hotel operator. That fell through long before the developer filed for bankruptcy in October 2009. The Colorado-company, which owns Heavenly Mountain Resort on the other side of the street, will not discuss future acquisitions.