

Reasons to support extension for developer

Publisher's note: *This was written by SLT Councilman Hal Cole prior to the March 2 decision by the bankruptcy court to give Randy Lane until June 2 to come up with an plan, but was received by LTN on March 3.*

By Hal Cole

Much has been made lately about a possible investor for the stalled Convention Center project. I offer the following observations on the likelihood of any progress in the bankruptcy courts and on the action the City Council took on Feb. 15.

Currently the project site consists of 29 separate parcels owned by 17 different entities – the creditors. All of them are owed money by the developer Randy Lane dba Lake Tahoe Development) and are secured by deeds of trust. When the developer stopped paying on the notes, the creditors filed notices of default, which is the first step in foreclosing.



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On Oct. 5, 2009, Mr. Lane filed for protection in bankruptcy court. During the first 120 days of bankruptcy, the developer has the exclusive right to propose a plan to settle with the creditors and emerge from bankruptcy. This period expired on Feb. 2. Mr. Lane has asked the court for an additional 150

days to prepare his plan. On Feb. 9, the City Council met to discuss our position on his request and decided to write an opinion letter to the court opposing any extension. The council was also informed that Mr. Lane had a potential investor, Michael Rosenfeld, who wanted to meet with the mayor and me. By consensus, the council directed staff, the mayor and myself to meet with Mr. Rosenfeld and, if there were sufficient evidence of his ability to finance the project, the council was to meet again to reassess our position, hence the meeting on Feb. 15.

At our meeting, our city attorney presented us with four options:

1. Support Mr. Lane's request to extend for an additional 150 days his exclusive right to present a plan to satisfy the creditors and build the project;
2. Remain neutral and make no recommendation to the court on his request;
3. Oppose his request altogether;
4. Support an extension for a shorter period of time.

It was my feeling that this was the first time any viable investor had come forward to build the project and that allowing a shortened period of time for his plan to be presented to all of the creditors and the court was the appropriate action for our council to take. Other council members felt that Mr. Lane had been given enough time already and wanted us to recommend no extension of time at all.

On a 3-2 vote, with council members Bill Crawford and Jerry Birdwell in opposition, the City Council agreed to write a letter supporting an additional 30 days for Mr. Lane and Mr. Rosenfeld to meet with the creditors and present their plan. After the project had languished for years with no apparent outside interest, I felt an additional 30 days would not

significantly delay the ultimate outcome, but could reap the result our whole town is hoping for: a completed hotel/retail/convention center complex.

No matter what the court ultimately decides, one thing is certain, time is running out for Mr. Lane and some movement will occur soon. Whether it results in the foreclosure by 17 property owners or an emergence from bankruptcy with a new developer remains to be seen. I look forward to working towards the latter outcome and hope the economy is on the rebound and we can rebuild our city.

Hal Cole is mayor pro tem of South Lake Tahoe.