

Potential investor backs out of convention center project

By Kathryn Reed

The investor developer Randy Lane lined up to take over the stalled South Lake Tahoe convention center project backed out of the deal this week.

“The Investor is no longer pursuing an investment in the Debtor or otherwise pursuing a plan in the Case,” reads Michael Rosenfeld’s May 12 letter to the bankruptcy court in Sacramento.



The would-be convention center took another hit this week.

Photo/Kathryn Reed

That is the letter in its entirety.

Lane, the principle with Lake Tahoe Development Company, filed for bankruptcy last fall on the \$400-plus million endeavor to create two high-end hotels, a convention center and retail space on the northeast corner of Highway 50 and Stateline Avenue.

He brought in Rosenfeld earlier this year to create a plan to resurrect that project that has not had a laborer on the 11-acre site in a couple years. Although some in the city saw Rosenfeld as a savior, others considered him nothing more than a salesman with glossy photos to show for his credentials.

Lane was not available for comment, nor was Mayor Kathay Lovell.

The court had given the Zephyr Cove developer exclusive rights to come up with a plan. The deadline was June 2. That exclusivity goes by the wayside with Rosenfeld's withdrawal.

South Lake Tahoe City Attorney Patrick Enright said now any creditor may come up with a plan.

"(Rosenfeld) did submit a term sheet on May 1. It was an outline of what the deal would be without substance. It was a bullet point," Enright said.

The city learned about Rosenfeld's decision to end his involvement with The Chateau project at the close of business Wednesday. As of Thursday evening the city had not connected with Lane.

"I'm not sure if we were surprised. We knew it was a possibility," Enright told *Lake Tahoe News* of Rosenfeld's decision. "I want to talk to the creditors. I think they have been in contact with other people who may have an interest in the project or something similar."

It's possible the judge could say liquidate the property. The problem is rebar and concrete cover the 29 parcels. A final map was not filed with the city before permits were issued to allow construction to begin. This muddies the waters in being able to return property to the original owners. Plus, structures that were there have long been bulldozed.

The city is not one of the creditors. The money South Lake

Tahoe has spent relates to consultants and planning costs. Until a little more than a year ago Lane picked up those costs. A dollar amount for what the city has spent on the convention center project could not be tracked down Thursday night.

South Lake Tahoe continues to receive its share of property tax on the land from El Dorado County because of the Teeter law even though Lane isn't paying his tax bill. With the assessed value more than what it was before construction started, the city is making more on the property now in property taxes compared to when businesses were open near Stateline.