

Bank controls Porter-Sesnon; park 'best bet'

By STEVE PEREZ
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SANTA CRUZ — No bidders appeared at Monday's public auction for an bankrupt developer's lease on the Porter-Sesnon property, once the proposed site of the controversial Wingspread development.

The lack of bidders paves the way for an attempt to turn the largest piece of undeveloped beachfront land in the county into a state park, according to area environmentalists.

The brief public offering was made at 11 a.m. on the first floor of the County Government Center just inside the main entrance. A handful of members of Friends of Porter-Sesnon, the group that has spearheaded the 13-year fight against development of the property, looked on.

Some held signs declaring "Condos — not" and "Porter-Sesnon Property will not be developed," and cheered minutes later when no one offered a bid over the \$944,700 opening price.

The opening bid was the balance that developer Ryland Kelley of Palo Alto still owes the bank for a \$3 million loan he took out on 72 acres of property in Aptos, according to Marc Ramsland, a Sacramento agent for the bankruptcy trustee.

The lease reverts to First National Bank of San Francisco, which began foreclosure proceedings on Kelley two years ago. Kelley, his business partnerships, and the Palo Alto firm Hare, Brewer, Kelley and Associates, have been named in a series of series of lawsuits and bankruptcy filings since early 1990.

Any potential bidders with designs on developing the property were no doubt discouraged by the public comments of local political leaders, well-organized opposition from local environmental groups like Friends of Porter Sesnon, and Kelley's own experience with county voters, said Vicki Powell-Murray,



Kelley



Powell-Murray

ray, founder of Friends of Porter-Sesnon.

Kelley purchased a 99-year lease on the property from the University of California in 1979.

His proposed Wingspread development, a sprawling complex of condominiums, conference centers, performing space and sports fields, was overwhelmingly rejected by county voters in 1988.

Representatives of First National Bank have publicly acknowledged in recent years that the "best bet" is selling the lease for a state park, said Powell-Murray.

Kelley said the lack of bids was due more to the depressed California real estate market.

"But obviously, there is an overall investment awareness, I would almost say deep suspicion by investors in potential ventures in Santa Cruz County," he said. "Because the record is very clear that it's, if not difficult, nearly impossible unless you have the county over the barrel."

For Powell-Murray, it was "victory at last."

She and other members of the group said they half-expected Kelley or one of his representatives to make some kind of legal move to hold off the transfer at the last minute.

In December 1990, a similar sale of the Porter-Sesnon property was staved off by a bankruptcy filing by Conference Associates, the partnership of Kelley and his brother William that held title on the lease.

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"We did not know for sure someone was not going to show up until just now," Powell-Murray said.

She said the absence of bidders meant state Sen. Henry Mello, D-Watsonville, would be asked draft a bill directing state funds toward purchase of the land for a state park.

Powell-Murray said Monday's action gave the state the first-option to purchase the lease on the property.

"We'll be working with state parks and Sen. Mello on the issue,"

she said, adding her group had set a goal of resolving the matter sometime next year.

Mello was unavailable for comment Monday, as were bank officials.

Friends of Porter-Sesnon envision annexing the land to nearby New Brighton State Beach.

Kelley has been forced into personal bankruptcy and said he expects Hare, Brewer and Kelley to file for Chapter 11 bankruptcy protection soon because of the collapse of the California real estate market.

He said Monday that, despite the loss of legal title, he was not conceding the loss of the property, or what he termed a "considerable" investment in the Porter-Sesnon property.

"The bank was in a position because of new bank regulations where it was forced to go ahead and foreclose on all non-performing loans. We think that's unfortunate," he said. "But we will be looking to try to reacquire a position on the property in the future."

Plans for Meadowpark, a scaled-down, 197-room version of Wing-

spread, were in the works with the county at the time of the bank's foreclosure, he said, and the land remains zoned for a conference center.

According to Kelley, the bank would accept the first offer from anyone who came up with the money.

"There are some other constituencies after state money, and I might say in almost any case, more deserving," Kelley said. "It's hard for me to believe the state would short our school systems in favor of buying that particular open space."