

Ponter Sesnon

A-2 — Tuesday, Dec. 4, 1990 — Santa Cruz Sentinel

✓Porter-Sesnon auction on hold

Kelley's firm files bankruptcy

By GREG BEEBE
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APTOS — 11th-hour bankruptcy bid by Conference Associates has postponed the public auction of the Porter-Sesnon property in Aptos.

The 72-acre seaside parcel was scheduled to go up for auction at 10 o'clock this morning on the steps of the county Government Center.

Ryland Kelley and his brother William, the partners who comprise Conference Associates, hold a 99-year lease on the 72-acre property from the University of California. The brothers stopped making payments on a \$3 million loan on the Porter-Sesnon property three months ago.

First Nationwide Bank of San Francisco, mortgage holders of two loans on the property, began foreclosure proceedings in June, said bank vice president Dan Brigham.

"We just found out the auction has been postponed. Conference Associates has declared bankruptcy," Brigham said Monday. "We need to assess our position."

Ryland Kelley, contacted at the offices of Hare, Brewer & Kelley in Palo Alto, confirmed that Conference Associates has "sought protection in Chapter 11 (bankruptcy proceedings) in order to complete our refinancing."

The partnership owes more than \$411,000 in late payments to First Nationwide, plus assorted charges and fees, said Brigham.

"The refinancing is paying the money that is owed," Kelley said. "We're working on it. We're working out a refinancing program."

Joyce Williamson of Standard Trust Deed Service Company of Concord said Conference Associates' bankruptcy filing gives the partnership at least two weeks to sort out its bank debt.

"There is an automatic stay placed as soon as they file," Williamson said.

Kelley said "it will take a few weeks in order to protect all the lenders in order to move forward with our pro-

gram.

"We're going ahead full blast with our program, taking care to exercise the rights we have," Kelley said.

Vicki Powell-Murray of Friends of Porter-Sesnon — a group which would like to see the property become a state park — was not surprised by the Kelleys' bankruptcy move.

"Ry Kelley is like the 'Terminator.' He keeps coming back," she said. "This gives Kelley a window to find somebody else to invest on a lease that already has \$14 million on it.

"I knew he was going to do this. He relieves himself of \$8 or \$9 million in debt and buys himself time to find financing from somebody who doesn't know the history of this property," Powell-Murray said.

"There are still a lot of people out there who are willing to lend him money."

The bankruptcy is the latest in a series of legal and financial difficulties to plague Kelley, Conference Associates and HBK. In the past year, some three dozen lawsuits have been filed against HBK, many involving the company's

Prime-Plus Mortgage Fund.

In November, 60 of the 230 people who have invested in Prime-Plus sued in Santa Clara County Court to have \$5 million in investments returned. The investors allege that HBK overstated the investment potential of the mortgage fund.

Had the property gone up for bid this morning, the minimum opening bid would have been \$732,826.26, said Williamson.

County voters rejected Wingspread, a proposed housing, performing-arts center and conference grounds development on the Porter-Sesnon site, in a hotly contested 1988 general election.

Recently, Ryland Kelley unveiled plans for Meadowpark, a scaled-down, 197-room lodge and conference center on the beachfront property, between Seacliff and New Brighton state beaches.

Kelley said in November that the Meadowpark project was making its way through the county planning process.