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Ryland Kelley: Land won't be sold.

Former Wingspread site facing auction

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APTOS — The Porter-Sesnon property will be auctioned off to the highest bidder Dec. 4 unless developers pay off their debts.

The 72 acres once were proposed for the controversial Wingspread conference and performing arts center that was rejected by voters in 1988.

The acreage is in the foreclosure process because developers Ryland and William Kelley, operating as Conference Associates, are \$411,269 behind in loan payments, according to Dan Brigham, first vice president of First Nationwide Bank in San Francisco.

But Ryland Kelley pledged Monday that the money will be paid before the auction ever takes place.

"The property will not go to public sale," Kelley said from his Palo Alto office. "There will either be a pay-off of the loan or a renegotiation of the loan prior to the sale date."

There are two loans on the properties, one for \$2.4 million and a second mortgage of \$600,000, according to Brigham.

Brigham reported Monday that the auction date had been set. The first of three notices of trustee sale will be published in the newspaper today, said Brigham.

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Kelley said he hasn't been able to make the loan payments because "there is very little income on that property."

"The security is very good for the loan and we have serviced that loan for over 10 years," he added. "Our interest to date greatly exceeds the amount of the original loan. We will be taking care of the First Nationwide obligation."

Kelley said that the savings and loan crisis has caused the industry to become more aggressive.

"The savings and loan industry is under extraordinary public and regulatory pressure, so that they move much more precipi-

tously than in the past. They are no longer able under the new regulatory programs to accommodate people in the ways that they used to."

Kelley recently submitted plans to the county Planning Department for a 130-unit lodge and conference center on the site located on a coastal bluff between New Brighton and Seacliff beaches. He calls the development Meadowpark.

Conference Associates acquired 66 acres of the site in 1979 when it got a 99-year lease from the University of California for \$1.75 million. The Kelleys own an additional six acres.

The threatened sale of the property is only one of the Kelley

brothers' troubles. They have been sued for millions of dollars by investors in limited partnerships.

In March, 23 investors in the Prime-Plus Mortgage Fund sued, alleging that the Kelleys had insufficient collateral when they took \$8.5 million from the fund for the Wingspread project.

Ryland Kelley's firm, Hare, Brewer & Kelley Inc., has taken its own legal action to determine if 10 insurance companies can be found liable for damages stemming from this case.

Last week, the firm was the target of two more suits, one by 60 Prime-Plus investors and another by two investors in the Kelley Venture Fund.