

Major creditor wants Lane et al to have 90-day extension

By Kathryn Reed

Owens Mortgage Investment Fund on Tuesday filed papers with the bankruptcy court in Sacramento requesting a 90-day extension of exclusivity rights for Lake Tahoe Development Company.

LTDC, created by Randy Lane and John Serpa to be the developer of the \$410 million convention center-hotel-complex at the state line in South Lake Tahoe, is asking the court for an extension until the first week of July.



Winter 2007 was the last time work was done at the would-be convention center.

Photo/Kathryn Reed

LTDC filed for bankruptcy in October and had until Feb. 2 to file a plan for reorganization. It hasn't done so. On March 2 the judge will decide if others get to file a plan or if the Zephyr Cove-based firm still has exclusivity.

"OMIF is owed more than any other player – with filed proof of claim exceeding \$28 million – and is the only creditor with trust deed liens on all parcels, ranging from first to third position," OMIF said in papers filed Feb. 16.

OMIF filings also say, "With over \$90 million in invested equity and more than \$50 million in principal debt financing, the funds devoted to the Project exceed \$140 million, but the recent extraordinarily difficult economic climate has stalled progress and radically depressed the value of land that nearly everyone agrees is truly unique and intrinsically pivotal for the surrounding area. Any expedited sale or similar upheaval under these circumstances is likely to destroy value, probably precluding full recovery by secured lenders, let alone for unsecured creditors or equity."

South Lake Tahoe, which is not a creditor, also filed paperwork on Tuesday after the council decided the day before on a 3-2 vote that the court should grant LTDC a 30-day extension.

"Prior to last week the Debtor had not shown any indication of good faith progress towards (sic) a viable plan. The City does believe if the Debtor can file a plan the Debtor needs to file the plan immediately," the city's court filing reads.

City Manager Dave Jinkens also wrote the court saying Michael Rosenfeld, the investor brought to the table by Lane, has met with the city but has given officials no indication of the project he envisions.

The bankruptcy judge will determine the reorganization plan, with the blessing of the creditors. However, the judge has no say over land use issues in South Lake Tahoe.