

Mammoth settles suit with developer; bankruptcy a done deal

By Steven Church, Bloomberg

Mammoth Lakes won dismissal of its bankruptcy case after settling the \$43 million development lawsuit that forced the city to seek court protection from its creditors.

U.S. Bankruptcy Judge Thomas Holman in Sacramento this month signed an order ending the case about four months after the town became the second of three in California to file bankruptcy this year.

Community leaders put the town into bankruptcy in July after being ordered by a state court to pay \$43 million to its biggest creditor, Mammoth Lakes Land Acquisition. The town announced a settlement with the company the following month, and in September it asked Holman to dismiss the case.

The settlement allows Mammoth Lakes “to resolve numerous significant creditor issues and will provide for the town’s prompt exit from bankruptcy,” the city said in court papers filed in September.

Details of the accord weren’t filed in the bankruptcy case. Ending it voluntarily allows the city to avoid paying lawyers and financial advisers to develop and win court approval of a plan to adjust its debts.

Mammoth Lakes, a ski resort community of 8,200, has an annual budget of \$19 million. It entered bankruptcy saying it couldn’t afford to pay the developer.

The company sued the town in 2006 and accused it of breaching a development agreement allowing the company to build homes,

retail space, hangars and other structural improvements near the Mammoth Yosemite Airport. Terrence Ballas, who holds the development rights at issue in the lawsuit, is part of the settlement, the city said.