



FOR IMMEDIATE RELEASE

CONTACT: Shannon Riley, Senior Management Analyst
City of Ukiah
300 Seminary Avenue
Ukiah, CA 95482
Phone: (707) 467-5793

MENDOCINO COUNTY COURT APPOINTS RECEIVER IN PALACE HOTEL CASE

Ukiah, CA. January 9, 2017. On January 9th, 2017, out-of-county Judge Leslie C. Nichols approved the City of Ukiah's request to appoint Mark Adams as the Receiver of the Palace Hotel, following over two decades of efforts to improve the dilapidated building.

The court order notes that the building "is substandard and a public nuisance, and has been and is now maintained in a manner that violates...the City's Municipal Code, the State Housing Law, and the State Buildings Standards Code."

Further, it states that "the violations are so extensive and of such a nature that the health and safety of neighboring residents and the general public is substantially endangered." The order also confirms that owner Eladia Laines' company, Questex, was "afforded reasonable opportunity to correct the conditions...and has failed to comply."

Therefore, Questex is ordered to immediately relinquish and turn over possession of the property and its associated records to Mark Adams, the appointed Receiver.

Receiver Mark Adams is an experienced receiver whose company, California Receivership Group, LLC, specializes in receiverships established to remedy substandard nuisance properties. He has been appointed as a court-appointed receiver by 90 different Superior Court Judges in 23 counties involving more than 150 substandard nuisance properties.

Under the court's order, Mr. Adams will have the power, subject to court supervision, to take complete possession and control of the hotel and hire engineers and contractors to design and perform repair work. He will also have the power to borrow funds, secured by the hotel property, to pay all costs of the receivership.

One of the first orders of business will be to secure a cost estimate and rehabilitation plan to correct the nuisance conditions and submit that plan to the Court for approval. Monthly reports will be provided to the City regarding the status of repairs.

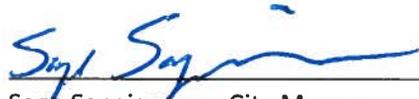
This is the first receivership sought by the City for a dilapidated property.

The Palace has been vacant and boarded up since it was purchased at a tax sale in 1989. Since that time, the City of Ukiah and members of the community have made numerous efforts to encourage the owner to improve the building.

In May of 2011, the Ukiah Building Official and Fire Marshal conducted an inspection of the Palace Hotel, where numerous health hazards and violations were reported. Based on the results of that inspection, the City Council conducted a hearing to determine whether the building should be declared a public nuisance and a violation of building and other codes.

In December 2011, the City Council adopted a resolution declaring the property a public nuisance. Following the adoption of that resolution, the City Council conducted a further public hearing continued repeatedly over four years to allow Ms. Laines the opportunity to remedy the unsafe and dilapidated condition of the property. When she failed to make satisfactory progress, the City Council completed the public hearing process and in February 2015 adopted a resolution that ordered the Public Works Director to seek the appointment of receiver.

The City filed an action to appoint a receiver in July 2015. The first hearing on the City's application was heard in September 2015. At that time, the Court encouraged the parties to enter mediation to resolve the dispute. The parties were unable to reach agreement. As a result, the City renewed its motion to appoint the receiver.


Sage Sangiacomo, City Manager

#