



City of Ukiah

FOR IMMEDIATE RELEASE

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WORK ON PALACE HOTEL PROGRESSES; OWNER ORDERED TO PAY CITY OF UKIAH \$75,000 IN SETTLEMENT AGREEMENT

Ukiah, CA. November 30, 2017. Renovation efforts at the Palace Hotel continue to move forward under the authority of Receiver Mark Adams. In the meantime, the parties have entered a settlement agreement, confirmed by Court order, awarding the City \$75,000 in attorneys' fees in the form of a lien against the receivership property, including the Palace Hotel.

On July 10, 2015, the City filed a Petition for Appointment of a Receiver, which alleged in part that several conditions existed at the Palace Hotel that were violations of the Health and Safety Code and/or the Ukiah Municipal Code. The City further alleged that the condition of the Palace Hotel constituted a public nuisance. On October 31, 2016, Unique Properties and Eladia Laines responded to that petition, objecting to and disputing all of the material allegations of the Petition.

After a hearing on the City's petition before Judge Leslie Nichols, the Court appointed Mark Adams as the receiver with full control over the Palace Hotel property. Unique Properties and the City have entered a subsequent settlement agreement under which Unique Properties will not contest the appointment of the receiver or the order granting the receiver the necessary authority to abate the nuisance conditions in the Hotel property. The City agreed to dismiss its other causes of action and Unique Properties agreed that the City receive \$75,000 to reimburse the City for the attorney fees and costs it incurred in bringing the action to establish the receivership. The \$75,000 lien is entitled to super-priority lien status against the assets of the receivership, including the Hotel Property. The Parties agreed that the Receiver may, but is not required to, retire the lien and pay the City \$75,000 following the next round of financing.

The Palace Hotel remains under the control of the receiver, having secured the first round of financing already. Engineering and seismic studies are being performed to determine the scope of the renovation work.


Sage Sangiacomo, City Manager

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