

ond Hyatt-branded property to open last month in the metropolitan area. is the select-service brand's 146th hotel to open nationwide. Garden City is an upscale New York suburb in Nas-

room Andaz Wall Street last month in New York.

in the city from its key midtown location at 42nd Street and Lexington Avenue overlooking

The Andaz Wall Street project is part of a mixed-use development, combining lodging and condominium apartments and is owned by the Hakimian *continued on page 15*

nired HVS for help with a restructuring of the 100-room, 38-fractional property. The Mexican investment firm paid \$46.5 million for the hotel with the balance coming from money escrowed from fractional sales that had occurred prior to and during the bankruptcy.

La Quinta's Brand Council allows for honest forum

BY DENNIS NESSLER

DALLAS—LQ Management LLC's La Quinta Inns & Suites chain held its quarterly Brand Council meeting at its headquarters here last month and a number of topics were discussed for possible brand-wide implementation going forward, such as Energy Star compliance, a penalty for those properties not enrolling enough guests in the company's loyalty program and additional educational requirements for the company's owners and operators.

The meeting, which was opened to the media for the first time, included company executives as well as franchise partners. La Quinta's president and CEO, Wayne Goldberg, gave some insight into the spirit and the give and take of the gathering. "It's not always a friendly conversation, but it's done with the understanding that it's always about the brand," he said.

Raj Trivedi, La Quinta's executive vp of franchising and chief development officer, also offered a glimpse of the company's culture, noting, "We don't take ourselves very seriously, but we take what we do very seriously," he said.

One initiative the company seems to be taking seriously

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HEB
ON THE
SCENE

BY CHRISTOPHER OSTROWSKI

FARMINGTON HILLS, MI—Slowly but surely—and rather quietly—the stories of how owners, lenders and managers are reclaiming, resurrecting or repositioning the innumerable financially distressed hotels out there are now being told. Of course, the keys to such stories are the lessons they impart on the rest of the industry, as hoteliers are searching for the best manner in which to rebuild a shattered real estate market.

Found among the early success stories now being revealed is a multi-faceted case study involving long-time hospitality management firm Trans Inns Management, which about a year ago stepped

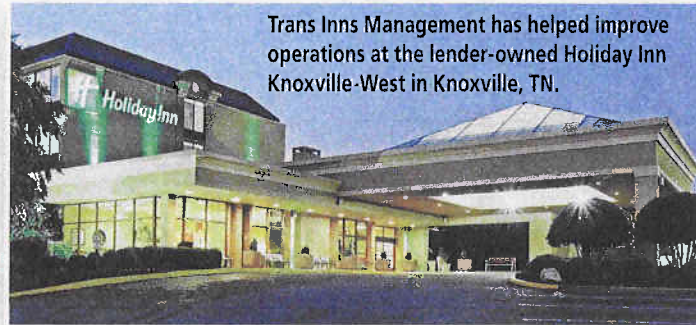
in as the manager of a distressed, eight-hotel portfolio for the first mortgage lender. That lender had, of course, taken possession of the foreclosed assets from the former owner, which HOTEL BUSINESS® learned to be Snyder Hotel Group. But rather than quickly

strategy for the fractured properties with the long-term goal of realizing a much higher disposition value. The results so far have included saving 500 jobs at the properties and cutting combined expenses by 25%.

"Latitude Management had no choice but to foreclose on the properties and they know they're lenders, not hotel operators," explained Daniel Vosotas, president and CEO of Farmington Hills, MI-based Trans Inns, which in addition to management, counts hotel

investment and development among its core competencies. "So they told us they wanted an entrepreneurial type of management company, not simply an institutional manager that would just *continued on page 32*

Trans Inns proves 'extend & pretend' not answer



Trans Inns Management has helped improve operations at the lender-owned Holiday Inn Knoxville-West in Knoxville, TN.

sell off the assets to the highest bidder in a buyer's market, the lender—formerly known as Legg Mason Real Estate Investors and now known as Latitude Management Real Estate Investors—and Trans Inns began a turnaround

Trans Inns looks to grow via distressed assignments

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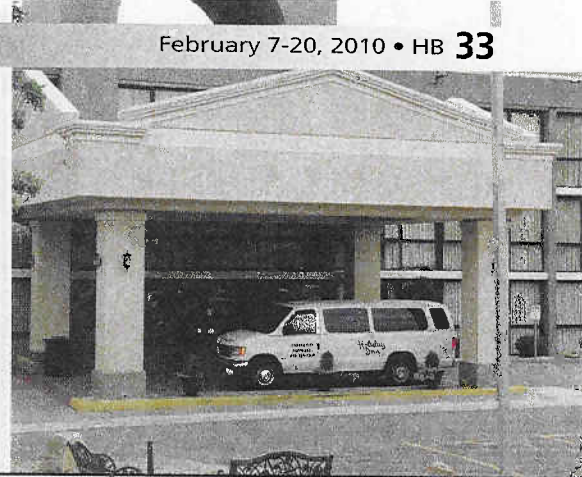
"Their swift reorganization of the labor structure for the 500 hotel employees has provided job security, increased employee morale and significantly improved the operating performance of the portfolio. The reorganization of the labor structure increased productivity and resulted in improved guest satisfaction scores, which were in the red when we took the keys back."

While this distressed assignment seems to be working out in the favor of both Latitude and Trans Inns, such management endeavors are not

ing people not only as consultants and managers, but, when the situation is right, even as partners. The opportunities today are with lenders looking for people to help them

through this time. We're really that company and have the expertise and structure to do all of that because traditional buying and building has been put aside for now." **HB**

Trans Inns Management is now renovating this lender-owned Holiday Inn in northeast Kansas City, MO.

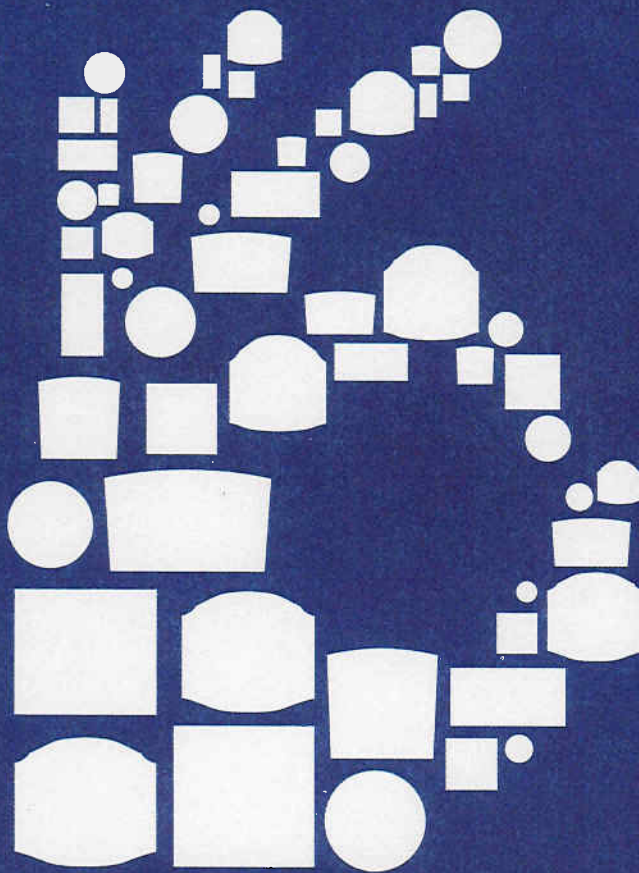


"There's definitely risk involved. We want to make sure we're working with groups that are appropriately funded."

**—Mike Damitio
Trans Inns
Management**

without their risks today if a manager gets involved with the wrong lender or ownership group, Damitio warned. "There's definitely some risk involved. From our perspective, we want to make sure we're working with groups that are appropriately funded," he said. "There is the concern that the owner or lender is not aware of the financial impact of running a property on a day-to-day basis."

Risks aside, however, Vosotas asserted this distressed assignment will probably not be its last. "This has been a very good assignment for us, and this is really where the business is today if you're a management company," he said. "We can be profitable by help-



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at the table, we might be on the menu," so having a voice at the national level is important to him. "We work very, very closely with Joe [McInerney, president of the American Hotel and Lodging Association] and the staff there. I sit on our labor committee that we have at AH&LA." For 18 years, he has been a member of

NYSH&TA's Daniel Murphy introduces former legislator, Sen. Mary Lou Rath, during the organization's annual Lobby Day Tourism Showcase.

tary of the IH/M&RS board.

A lot of what has been accomplished has been behind the scenes. "I've got some very good officers and board members. When I'm in the Capitol and we've got a pressing issue, I can pick up the

trator for the New York State Tourism Industry Coalition. Composed of 17 organizations, the group represents tourism on legislative and regulatory issues.

Similarly, Murphy recently was appointed to the New York State Govern-

and issues of concern. Murphy, who's on the search committee, said the association has a very responsible position within the state. "We want to make sure the integrity of the individual is representative of it and hopefully will take the association to the next level. That's important, too." **HB**

Trans Inns Management helps to bring relief to troubled hotel assets

continued from page 3

operate by the numbers. They wanted us to go in there like we owned the portfolio ourselves. So Latitude had the patience to look at alternative strategies instead of selling at simply any price now in an illiquid market where they wouldn't get maximum value. They've put forth a strategy with us focused on how to maximize value upon exit and we're working that strategy as we speak."

The properties involved include a Crowne Plaza in Omaha, NE; Holiday Inns in Knoxville, TN; Kansas City, MO; Columbus, GA; and Atlanta; a Comfort Suites in Minneapolis; and a Ramada in Atlanta. It was decided that the eighth property, a Holiday Inn in Jonesboro, GA, would be sold

off shortly after the foreclosure, and indeed it was.

Shortly before Trans Inns stepped into the properties, the Comfort Suites had been an Embassy Suites that lost its flag because it hadn't completed the brand-required property improvement plan. A similar fate befell the Ramada, which was previously a Holiday Inn.

Since taking over operations, Trans Inns has carried out substantial public space and guestroom renovations totaling a combined \$7.5 million at the Crowne Plaza and the Holiday Inns in Columbus, Atlanta and Kansas City. Those renovations will wrap up during the first and second quarters.

"It's been refreshing to work with Latitude Management

because they're taking a very novel approach for a lender in the asset repossession business," noted Mike Damitio,

putting capital back into them in order to recoup more value in the long term. This is like a GPS for other lenders out

into the properties recently, Trans Inn had to first focus on reigning in operational costs over the course of 2009. "The hotels hadn't been PIP'd in a number of years, so the first opportunity was really to focus on the labor side with an organizational rearrangement," he said. "We also looked at each vendor and service agreement from purely a need-based standpoint. Now, the renovations allow us to finally focus on the top line."

Reflecting on the total effort, Latitude has been pleased with Trans Inns' work. "Trans Inns Management has done a great job stabilizing these troubled assets," said Craig Oram, a Latitude principal based in Los Angeles, in a statement.

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"We can be profitable by helping people not only as consultants and managers, but when the situation is right, even as partners."



**—Daniel Vosotas
Trans Inns Management**

Trans Inns' vp of acquisitions and development. "Instead of selling the assets off, they're actually reinvesting in them,

there now that are trying to navigate this market."

Damitio added that before capital could be put back