



X-CALIBER



CASTLEGREEN  
FINANCE

## CASE STUDY

# FAIRMONT BREAKERS LONG BEACH

LONG BEACH, CALIFORNIA

*This case study focuses on the renovation and revitalization of the landmark, historic hotel using an innovative financing structure consisting of a combined \$122.2MM construction first mortgage loan, Commercial Property Assessed Clean Energy (C-PACE), and Historic Tax Credit bridge financing.*



## ► THE PROPERTY

Nestled along the coastline of Long Beach, California, Fairmont Breakers Long Beach is a historic landmark hotel built in 1925. Its 15-story structure with 193,812 gross square feet has welcomed luminaries from the silver screen and beyond. It was home to the Hollywood stars for many years, with the likes of Cary Grant, John Wayne, and Elizabeth Taylor, who dined, entertained, and stayed there.

The vacant building was purchased by Pacific6 Enterprises in 2017, and its most prior use had been as an assisted living facility, along with the continued operation of the Sky Room restaurant.

The hotel faced a period of uncertainty until its acquisition by the current ownership.



### 1925-1927

FRED B. DUNN, LOCAL BANKER AND CAPITALIST, DEVELOPED THE HOTEL.

### 1927

AN UNNAMED GROUP OF INVESTORS PURCHASE THE HOTEL.

### 1929-1935

THE ONSET OF THE GREAT DEPRESSION AND THE 1933 LONG BEACH EARTHQUAKE LANDS THE HOTEL INTO BANKRUPTCY.

### 1938-1947

CONRAD HILTON PURCHASED THE HOTEL, THE EIGHTH HOTEL IN THE HILTON HOTEL PORTFOLIO, BUILT THE SKY ROOM, ATTRACTING HOLLYWOOD GLAMOUR.

### 1947-1961

FRED FISHMAN PURCHASES THE HOTEL AND RENAMES IT THE WILTON HOTEL.

### 1961-1964

FRED MILLER PURCHASES THE HOTEL AND RENAMES IT BREAKERS INTERNATIONAL BEFORE CLOSING ITS DOORS IN 1963 AND BEING PLACED INTO AUCTION.

### 1967-1988

THE PROPERTY REOPENS AS A RETIREMENT AND IN THE MID-80s, IT TRANSITIONED BACK INTO A HOTEL.

### 1989

THE PROPERTY IS DESIGNATED AS A HISTORIC LANDMARK.

### 1990-2015

THE PROPERTY IS PURCHASED BY OCEAN BOULEVARD ASSOCIATES AND REOPENS AS AN ASSISTED LIVING RESIDENCE.

### 1997-2017

THE SKY ROOM, ORIGINALLY DEVELOPED BY CONRAD HILTON IN 1938, IS RESTORED AND RE-OPENED BY THE PROPERTY'S OWNER, BERNARD ROSENSON.

### 2017

PACIFIC6 ENTERPRISES PURCHASED THE HOTEL AND ANNOUNCES THEIR PLANS TO RESTORE AND OPERATE IT AS A 185-ROOM LUXURY BOUTIQUE HOTEL, BREAKERS HOTEL & SPA.

### 2022

PACIFIC6 ENTERPRISES ANNOUNCES THAT THE RESTORED HOTEL WOULD BE MANAGED BY THE LUXURY FAIRMONT HOTELS AND RESORTS CHAIN AS FAIRMONT BREAKERS LONG BEACH.

## ► THE HYBRID SOLUTION

Pacific6's dream was to return the hotel to its former glory.

Under the stewardship of Pacific6 Enterprises, the hotel has been transformed by executing a restoration strategy focused on historical preservation, energy efficiency, and economic viability.

To help finance the business plan, X-Caliber and CastleGreen Finance executed a blend of loans: bridge construction, historic tax credit financing, and long-term C-PACE financing to support the project's capital needs. X-Caliber provided \$64.45MM in bridge loans secured by a first mortgage and historic tax credits, coupled with CastleGreen Finance's \$57.75MM in C-PACE.

X-Caliber and affiliate, CastleGreen Finance, are believed to be the first lenders to execute a combined construction and HTC bridge and C-PACE under one roof.

Back in 2021, X-Caliber and CastleGreen respectively provided a \$48.5MM senior loan and a \$45.5MM initial C-PACE financing for the project. With cost overruns, a new combined \$122.2MM package was created to help support the estimated \$231.9MM in costs. As part of the refinance, the \$48.5MM bridge loan was modified and the

\$45.5MM C-PACE structure was refinanced. The size and term of the original 2021 construction loan remained, with minor modifications to support the new capital structure.

X-Caliber also originated a \$16MM historic tax credit bridge loan secured by the remaining equity investment by the HTC purchaser, Sherwin-Williams. The federal income-tax credits were created under the program administered by the National Park Service. Commercial real estate developers are able to sell the tax credits to obtain an immediate equity contribution to offset the cost of the historic property renovations.

The tax credits tied to Fairmont Breakers Long Beach were purchased by Sherwin-Williams, who made their initial HTC purchase contribution at the closing of the hotel refinancing. The Cleveland based paint company will contribute their remaining HTC equity purchase over a four-year period that commences when the hotel reopens.

The new C-PACE structure, supported by a variety of energy efficient and water conservation improvements, as well as seismic upgrade, carries a fixed rate over a 30-year term.

## ► UNIQUE TRANSACTION ATTRIBUTES

What sets this financing effort apart is the creative, full capital stack solution. By harnessing the synergy between bridge loans, historic tax credits, and C-PACE financing provided through a coordinated effort by one company, the results support a smooth process to achieve the historical preservation, energy efficiency, and economic viability. This holistic approach not only ensures the sustainability of the project but also sets a precedent for future endeavors in historic redevelopment.

This is the second such combination executed by X-Caliber and CastleGreen that combines a bridge mortgage loan, C-PACE, and historic tax credit financing. The team also funded a renovation project for the same sponsorship for 110 Ocean Center, also in Long Beach, California. They completed a \$55MM mortgage loan and C-PACE joint transaction in April 2022 and liaised with a third-party to execute the HTC bridge loan. The borrower says the combination of financing has worked well for both of their historic projects, helping to achieve their goal of maintaining its historic integrity while modernizing its building systems and structural integrity.



## ► THE REDEVELOPMENT

Fairmont Breakers Long Beach features 185 guest rooms, a rooftop pool, several restaurants, and a renovation of the iconic Sky Room, a restaurant that will feature an open-air rooftop lounge with 360-degree views of the Pacific Ocean; a two-story spa, wellness and fitness center; a live jazz club and 12,000-plus square feet of indoor and outdoor function space.

## ► FOR THE ENVIRONMENT

Beyond its historical significance, Fairmont Breakers Long Beach hotel will make a meaningful contribution to environmental sustainability. Through energy-efficient upgrades and water conservation measures, the hotel is projected to significantly reduce its carbon footprint and water consumption. These efforts not only align with broader environmental objectives but also underscore the hotel's commitment to responsible stewardship of its natural resources.





CastleGreen understood the game-changing potential of C-PACE when others didn't," said John Molina, Founding Partner of Pacific6 Enterprises. "Their funding made our historic Downtown Long Beach renovations a reality. They're not just lenders; they're essential partners in our success."

**John Molina**  
PACIFIC6 ENTERPRISES



## ► BORROWER BENEFITS

The cross-platform financing solution provides the borrower with highly efficient, flexible, fixed-rate renovation financing and a complete capital stack.

The project is designed to produce energy cost savings of \$84,517 in year one and more than \$2.5MM over the lifetime of the improvements.

## ► AT-A-GLANCE



**606,729 kWh/year\***  
Total Energy Savings

**\$39,102** Annual  
Estimated Energy Cost  
Savings



**247.7 Metric Tons\***  
Annual CO2 Emissions  
Reduction



**6,241,339 Gallons/year\***

**\$27,281** Annual  
Estimated Water Cost  
Savings

\*Reflects estimated savings to be achieved by the design.

## ► COMMUNITY IMPACT

The sponsor, who is also a resident of Long Beach, has a proven track record of investing in local projects to benefit the Community. Fairmont Breakers Long Beach is located adjacent to the Long Beach Convention Center and is walking distance from cruise ship port and other local attractions. The renovated hotel offers excellent entertainment options and currently, there are no other luxury hotels or spas in the downtown Long Beach area. The Property is centrally located 20 minutes from Los Angeles and central Orange County, providing easy access to residents and tourists.

The hotel will stimulate economic activity and create employment opportunities. Its preservation of historical heritage also ensures that future generations will continue to be inspired by the hotel's timeless allure.



**WALKSCORE 93**  
in downtown Long Beach

**ANNUAL VISITORS 9.7** million



**BARS & RESTAURANTS 110+**  
throughout downtown Long Beach

Source: visitlongbeach.com

The story of Fairmont Breakers Long Beach is proof that creative partnerships can breathe new life into old iconic real estate. Through the collaborative efforts of X-Caliber, CastleGreen, and Pacific6 Enterprises, this historic hotel has not only been transformed into a beacon of luxury, but as a symbol of hope for the future, and a staple for the Long Beach Community for generations to come.



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