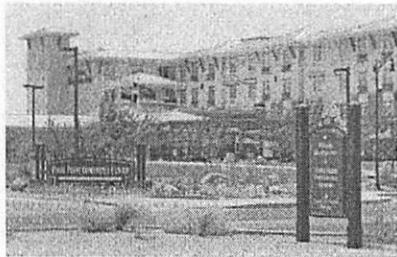


Hilton Garden Inn, Pivot Point Conference Center up for trustee sale

BY JOYCE LOBECK - SUN STAFF WRITER
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The crown jewels of the city's riverfront redevelopment efforts — the Hilton Garden Inn and adjoining Pivot Point Conference Center — are scheduled to go on the auction block in a trustee sale on Aug. 18.

According to a notice of trustee's sale published in the Yuma Sun, the current beneficiary is S2 Acquisition, a Delaware limited liability company. The notice lists \$24.3 million for the unpaid principal and interest.

The hotel and conference were developed and are being operated by C.W. Clark Inc. through a 50-year lease agreement with the city of Yuma. Clark invested nearly \$32 million in the properties. The city retains ownership of the land and at the end of the lease will own the improvements on it, including the hotel and conference center.

The main concern of the city is that whoever ends up owning the assets will continue to operate the hotel and conference center under the terms of the agreement with the city, said Charles Flynn, head of the city's riverfront redevelopment effort.

"For the city, it's important that the asset remains strong regardless of who owns it," Flynn said. "It's important that people are working and (the hotel and conference center) are doing what they were intended to do, bring economic activity to the downtown."

He continued, "But there's no indication from anyone that it will go dark. It's in everyone's best interests to continue to operate the properties."

The hotel has been doing well, as is the conference center, he said. "From an operational standpoint, I'm confident whoever owns it will do well."

Clark didn't return a call asking for comment by press time.

The conference center, 242 N. Madison Ave., opened in the fall of 2008, and the hotel at 310 N. Madison Ave. opened in May 2009.

At the time, several local subcontractors who worked on the hotel experienced delays in receiving their final payments. The delays were the result of Specialty Finance Group, the bank that provided the construction loan, and its parent company, Silverton Bank, being placed under the control of the FDIC earlier that month.

The Hilton Garden Inn was one of 44 hotel projects nationwide that were funded by the construction lender impacted by FDIC's takeover.

A month or so ago, FDIC bundled those loans in a package and sold them at a discounted rate, Flynn said. Now the new owner is turning around and trying to sell them.

"The people who bought it don't want to run a hotel," he said. "They want to sell it for more than they bought it."

Flynn said he understood Clark was trying to negotiate with the new owner to purchase the note.

If Clark is unsuccessful, he is at risk of losing all his considerable investment in the hotel, Flynn said.

"This is an unfortunate situation," Flynn said. "Similar situations are happening all over the country as fall out from the real estate bubble."

Regardless of who ends up owning the assets, Clark is still bound by the terms of a recently renegotiated development agreement with the city to continue to meet a performance schedule for new projects, Flynn said.

"He's still bound by the agreement to move forward with the projects he committed to."

Clark is required to undertake a project worth \$3 million by July 1, 2012. He told the Yuma Sun earlier that the project likely would be residential, either apartments or condos, located near the planned federal courthouse. Ground breaking for the courthouse next to the old Yuma City Hall is scheduled for late June.

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