



## Hilton hotel, conference center sold in trustees sale

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Under a hot sun with the temperature hovering over 100 degrees, the Hilton Garden Inn and Pivot Point Conference Center were auctioned off during a trustee sale Thursday afternoon on the steps of the Yuma County Courthouse.

Purchaser of the assets in downtown Yuma is S2 Acquisition, a limited liability investment company based in New York. S2 is the company that earlier this year bought the loan for the properties from the FDIC, after the bank originally holding the loan on the properties was taken over by federal regulators in 2009.

The auction was something of a fire sale. S2 acquired the properties' assets for an opening credit bid of \$10 million after no one from the public offered a bid. A notice for the trustee sale posted in the Yuma Sun listed \$24.3 million for the unpaid principal and interest.

Among those who showed up for the auction were several Pivot Point employees with questions for trustee Kevin Morris about the future of the hotel and conference center — and their jobs.

Morris said he couldn't speak for the new owner, but noted that it likely will be business as usual, at least for now.

"They won't want any down time," he told the anxious employees.

Craig Clark, a private developer, built and was operating the properties under a 50-year lease with the city of Yuma. Clark said he also had been told that Hostmark Hospitality Group will continue to manage the hotel and conference center.

"Nothing will change," he said during a phone interview from his office in Southern California. "The hotel management will remain the same for the immediate future. It will be business as usual."

Clark said he feels good that he was able to get the hotel and conference center built and open and they are doing well. And the lease remains in effect for the city.

"The only ones who took it on the chin are the Quechan (Indian Nation) and me," he said, explaining that the Quechan had 75 percent ownership and he had 25 percent. Both have lost their investment in the properties with the trustee sale.

Clark said he had tried to refinance his loan before the trustee sale, "but loans aren't available to any great extent right now for hotel properties. It's a very difficult time to refinance."

However, Clark said he remains hopeful that he eventually will be able to obtain a new loan and reacquire the hotel. "My second home is in Yuma. My wife and I love it there. And it's a great facility."

Under the terms of the 50-year lease agreement, the city retains ownership of the land and owns the improvements on it, including the hotel and conference center.

"The sale has no effect on the city's agreements and the current operator of the hotel is currently staying in place," said City Administrator Greg Wilkinson. "The entire agreement remains intact and the same as it was with Mr. Clark. We don't foresee any changes to the city agreement or the operations of the hotel. Financially the hotel and conference center are doing very well for occupancy and bookings and remains with one of the highest occupancy rates in the area and state."

While Clark no longer is involved in the hotel or conference center, he continues to push on with other terms of his agreement with the city to bring development to the riverfront.

He said the next project will be an office building or residential - either apartments or condos that can be rented out near the John M. Roll U.S. Courthouse now under construction on 1st Street.

Under terms of an amended agreement he has with the city, Clark is required to undertake a project worth \$3 million by July 1, 2012.

"Mr. Clark and the city keep in contact on a regular basis and he keeps us informed on current status," Wilkinson said. "We expect, and conversations indicate, that he will continue to move forward on the additional commitments for the future development in the riverfront area."

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*Story updated March 25, 2013 to clarify lease agreement and ownership of the properties on it.*

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