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Cliffs Communities reaches key goal

By DAVID DYKES
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GREENVILLE - Jim Anthony sat with his back to the lake and a mountain view, but not feeling like his back was to the wall.

He was, in fact, upbeat.

Anthony said he had reached a critical goal for his Cliffs Communities company, raising more than $60 million from property owners who stepped up and loaned him money to complete amenities associated with his golf course projects.

Anthony said he will spend an additional $50 million over the next six years to complete the projects. That removes much of the doubt that has surrounded The Cliffs' eight developments, which have struggled in recent months as banks tightened credit and home sales slowed in the economic downturn.

"We think this is the most important thing we've ever done," Anthony said.

He said the success of The Cliffs' private-placement offering to property owners adds "much more certainty" for the 3,000 who have invested more than $2 billion in their properties and club memberships.

Anthony said some proceeds will be used to complete construction of the Gary Player-designed golf course at The Cliffs at Mountain Park in northern Greenville County and the course designed by Tiger Woods at The Cliffs at High Carolina east of Asheville.

Anthony had suspended construction on the Mountain Park course while he attempted to resolve the concerns of conservation groups worried about the development's impact on the North Saluda River. He said he expects soon to announce a final agreement with the conservation groups that will resolve those concerns.

Construction should resume in 30 to 45 days, Anthony said.

No pressure

Marc Player, whose legendary father is designing the Mountain Park golf course, said the steps taken by Anthony are gratifying not only for the golfer's company, which moved its main worldwide office to the development, but also for his family, which has built a home there.

A wholly owned Cliffs subsidiary called ClubCo will own and operate the amenities, Anthony said. The investor group will have two members on the six-member ClubCo board.

"There was no pressure, there was no arm-twisting, there was no subtle or covert pressure applied to anybody," said Steve Humphrey, a New York native who has lived in The Cliffs at Glassy community for four years.

The former chief executive of National Gypsum Co. said that of the 2,200 Cliffs property owners eligible to participate because they have golf or family memberships, "well over" 500 have taken part in the debt offering.

"We believe that The Cliffs is a viable business model that is confronting challenging economic times and lots of uncertainty in the minds of buyers," he said. "Building out these amenities eliminates the uncertainty that enables them to take the same kind of step forward that we've done, which is to invest in and ultimately build and live here."

In the event Anthony's company failed, the property owners would own the amenities and have control of their fate, Humphrey said.

He said each property owner participating in the debt offering, which is continuing, must have a net worth of at least $1 million. The average investment has been $130,000, Anthony said.

The offering consists of seven-year notes from The Cliffs secured by Anthony and the amenities. The notes will pay 12 percent annually, Anthony said.

'There's certainty'

In the past two years, 4,000 people have toured Cliffs' properties but some have been reluctant to purchase a home or undeveloped lot because of uncertainty "inside The Cliffs and outside The Cliffs," Anthony said.

Surveys have shown 60 percent of those people still are interested "so now we can call them back and say, 'hey, there's certainty,'" he said.

Many of the property owners in The Cliffs communities had encouraged him to consider the debt offering, Anthony said.

He has said his Travelers Rest-based company didn't make a profit last year, though he expects it will later this year or early in 2011.

Mountain Park, announced in 2006, is the largest Cliffs development, a 5,000-acre project with lots for 1,500 homes. The golf course will stretch along North Saluda between S.C. 11 and U.S. 25.

Gary Player said in a recent interview that he supported Anthony's private-placement offering and he would continue working with the developer.

"If I sit on the other side of the table now, I've got to encourage this man," Player told The Greenville News. "Particularly in these economic times, you've got to encourage every developer, every person who wants to invest in your state."

Bordered by hundreds of thousands of acres of protected woodlands, three national forests and one national park, The Cliffs communities offer luxury homes and home sites in a variety of settings.

Membership in one community entitles a member to more than $150 million in completed amenities at all eight developments, including what soon will be eight golf courses crafted by Player, Woods, Jack Nicklaus, Tom Fazio, Ben Wright and Tom Jackson.

Founded in 1991, Anthony's company includes three mountain communities in Greenville County - The Cliffs at Glassy, Cliffs Valley, and The Cliffs at Mountain Park - as well as three lakeside communities at The Cliffs at Keowee, and two mountain developments just outside Asheville, The Cliffs at Walnut Cove and The Cliffs at High Carolina.

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