Debt-burdened Sea Pines considers property sales

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AH:Resort operator hires company to determine value of assets in wake of $7.8M judgment

The lingering hangover of a $7.8 million judgment that a Charleston attorney won for his clients in a long-running real estate dispute last year could force Sea Pines Associates to shed some of its properties.

The operator of Sea Pines, the tony Hilton Head Island resort and development that includes Harbour Town and its famous golf links, said it has hired New York-based investment bankers Greenhill & Co. to determine the value of its assets and issue a report on its sale options. That process is expected to be completed in the next 50 days, Sea Pines announced at its annual meeting last week.

The company's debt is at an all-time high of $39.7 million, of which nearly $7 million must be repaid by July 2005. The bulk of the maturing debt, $4.8 million, is from a loan that the company obtained last year to help pay the legal settlement stemming from the development of a Hilton Head retirement community called TidePointe.

"Cash flow from operations will not be sufficient to satisfy these debt payment requirements," Sea Pines said in a filing last week with the Securities and Exchange Commission. "Accordingly, the board of directors is considering a number of alternatives, including asset sales."

Sea Pines could decide by June, after the MCI Heritage professional golf tournament is finished, which properties it might sell, according to published reports. The company said earlier this year that it was considering putting some undeveloped land or parking lots on the market.

The Charleston-based law firm of Rosen Rosen & Hagood represented TidePointe's original developer, Greypoint Associates, in a lawsuit that dates back to 1995. Sea Pines negotiated the $5.9 million settlement figure after a Beaufort County jury awarded Greypoint's principals $7.8 million in April.

In the suit, Pete Pomranz and Thomas DiVenere alleged that Sea Pines, a partner in TidePointe, breached their contract by pushing them out of the project after they had prepared site plans, obtained permits and started arranging financing. According to Sea Pines, the con-tract was nullified in 1993 when Greypoint was told to stop the work.

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Charleston attorney Richard Rosen, who represented Greypoint, said it was an unusually lengthy case. “It was pretty nasty,” he said.

For instance, Rosen said, one of the original key defendants, an Ohio insurance company that became a partner in the development, was seized by regulators when it was discovered it was $275 million in the red.

“That was a very unusual circumstance,” he said Friday.

Rosen said he “lost interest” in the fallout of the TidePointe dispute after his firm and clients were paid.

“The judgment has been satisfied,” he said.

HOME FRONT

Charleston-based commercial real estate firm Clement Crawford & Thornhill is taking on a single-family residential project.

About 13 volunteers from the company this week will start work on a Habitat for Humanity home in the Rosemont neighborhood in the Neck area. Clement Crawford & Thornhill, which is donating $40,000 toward the project, said it will mark the first corporate-sponsored Habitat for Humanity home in the city.

The Austin Avenue home will be sold to a single mother with three children. Her $315 monthly mortgage will go toward financing other Habitat for Humanity homes.

On adjacent lots, meanwhile, 50 student volunteers from the University of Hartford in Connecticut will use their spring break to build five homes in five days.

Robert L. Clement III, principal in Clement Crawford & Thornhill, and a Raleigh-based real estate investment firm have purchased more than 280 acres in the Neck area for a massive commercial and residential redevelopment. One of their stated goals is to increase home ownership among low-income families living there now.

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