



Jim Anthony stands on the site of a wellness center at Cliffs at Keowee Springs before the downturn stalled sales.
OWEN RILEY JR./STAFF

A NEW CHAPTER

Downturn overtakes Anthony's remarkable rise

By David Dykes
Staff writer
ddykes@greenvilleonline.com

They were both on top of the world when they came together in the hills of Greenville County.

Jim Anthony and Tiger Woods gathered in Travelers Rest in 2007 to announce Woods' plan to design his first U.S. golf course in the North Carolina mountains at Anthony's new community, the 3,000-acre Cliffs at High Carolina.

SEE MORE
See video and photos of The Cliffs at GreenvilleOnline.com

Woods said he found the right partner in Anthony, a former telephone lineman who founded The Cliffs Communities in 1991 and developed luxury projects from Lake Keowee to Asheville.

"I've been offered many times to design golf courses here in the States and never did because I never felt comfortable with the partnership," Woods said. "But after meeting Jim, it was an instant 'Yes.' Jim is the sole reason why I'm doing this."



MYKAL MCELLOWNEY/STAFF



"Anthony's legacy is here and will be here, and the homeowners will enjoy that based on whatever vision goes forward."

GERALD GAIGE,
Cliffs homeowner

CLIFFS

Continued from Page 1A

The Cliffs Communities became a huge, world-renowned effort that began as dream for Anthony, a Dacusville native who engineered a remarkable story of business growth.

Today, he's reticent to discuss publicly the situation he's in now.

"I don't look back as much as I look forward," Anthony said recently.

That chapter is ending as the company prepares to restructure in bankruptcy court. What emerges will have far-reaching effects for homeowners who bought the lifestyle and continue to live there.

And while Woods attempts to regain his place among golf's elite, the future of the his course east of Asheville is uncertain.

The legacy

It began with Anthony's down-home folksy unpretentiousness, dedication to his communities and belief in good personal health.

His vision, he often said, called for Cliffs owners to have a premier lifestyle in attractive mountain settings, a variety of amenities and a passionate dedication to wellness. Nature trails and state-of-the-art health centers were key parts of his projects.

Cliffs property owners and members also were part of a private residential club with access to a collection of properties, including Patagonia, Chile, and two in British Columbia.

The accolades rolled in. Vacation and golf magazines extolled the virtues of the communities and plaudits came from golf professionals and celebrities.

Trouble, though, was brewing. The economy turned sour, and no one could have seen the depths of the recession that eroded demand for luxury homes next to golf courses, real-estate experts and Cliffs officials said.

A "real estate depression" enveloped the industry, and The Cliffs' revenue stream, which was tied to new club members who bought residential lots, began to slow, said Timothy P. Cherry, The Cliffs' chief financial officer.

"The struggle continues to be deep," said Marc Player, son of legendary professional golfer Gary Player, who has been designing the unfinished golf course in The Cliffs at Mountain Park in Greenville County.

"I think it will continue to be widespread throughout North America," Marc Player said. "It's going to take years — many, many, many years — before we're going to, if ever, see things get back to where they used to be."

But he said, "The fact is The Cliffs are one of the few that are still standing."

In April 2010, The Cliffs announced it was borrowing \$62 million from residents of its communities to build amenities.

At the time, Anthony said he would spend an additional \$50 million over the next six years to complete the projects.

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

But by that September, some Cliffs owners put their lots up for sale, with one in Greenville County advertising his property at \$287,000, down from \$495,000. It included a \$40,000 credit toward a club membership.

Still, Anthony persevered. He reached agreements with conservationists concerned over the effects of the new golf courses along rivers and other environmentally sensitive areas. He searched for new sources of financing to move ahead with developments supported by Woods and Player.

But earlier this month, Anthony said The Cliffs would reorganize in bankruptcy court, and he said he expected to cede control of his golf course projects to a Texas couple, who pledge to move forward with the Player-designed course.

Gerald Gaige, who owns a home at The Cliffs at Glassy and was among the property owners who loaned Anthony money, said the developer "has lived up to the impression that he gave with The Cliffs brand and The Cliffs Communities of an inclusive

and an active, wellness-type of lifestyle."

"Anthony's legacy is here and will be here, and the homeowners will enjoy that based on whatever vision goes forward," Gaige said. "He created a real gem, a real jewel of a place here, using the natural beauty of the Carolinas and bringing together the best of moral, physical, spiritual things related to a community that pervade our lives every day."

The prospective owners — Steve and Penny Carlile of the Carlile Group in Marshall, Texas — said the fate of the Woods-designed course remains uncertain. Its future will be determined after an in-depth study, Steve Carlile said.

The Carliles and Cherry said they anticipated filing a Chapter 11 bankruptcy action for The Cliffs Club & Hospitality Group Inc., a wholly owned Cliffs subsidiary, known as ClubCo, that owns the golf courses and related amenities.

It would be the first step in putting the developments on a sustainable expansion track, said Anthony and Cherry, who chairs the ClubCo board.

"It's about the property owners and the creditors and the best solution to have an outcome, the best outcome, for our property owners and our members and the creditors," Anthony told GreenvilleOnline.com earlier this month. "I'm excited, very comfortable to hand the reins over to the Carliles."

Carlile and his wife are East Texas natives and both attended Baylor University. He said previous investments have focused on oil and gas exploration and trucking. They have a direct-sales business for home-decor products, he said, and are among The Cliffs' property owners.

Anthony, whose company is privately held, said he doesn't have a financial arrangement or employment deal with the Carliles.

The ClubCo board said it reached "a mutual agreement" with the Carlile Group that provides a period during reorganization allowing for additional offers to be submitted.

ClubCo said its board hired Katie Goodman, managing partner of Gris-

tanti, Galef and Goldress, to be the chief restructuring officer and financial adviser to oversee the reorganization process.

Anthony's rise

The son of a factory worker, Anthony never attended college. At 19, a year after finishing Dacusville High, he went to work as a lineman for what was then Southern Bell.

He built a real estate development business on the side and began developing pieces of the back country he came to love while hiking and fishing as a youth.

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, a project to include Woods' golf course.

Economists said the developments would attract new residents and provide an important stimulus for local economic growth.

By February 2006, there were 862 homes built at the various Cliffs Communities developments, with 7,182 expected over the next decade, according to professors in Clemson's Department of Applied Economics and Statistics.

New homes and recreational facilities in the Cliffs Communities would generate a multibillion-dollar tax base for local governments and the consumer spending impact would be substantial, the professors said.

Last year, however, Anthony's economic situation spilled into public view. A

bank in Travelers Rest and a Florida corporation filed foreclosure complaints naming Anthony as a defendant. The companies alleged they were owed millions of dollars.

"We respect our creditors' rights to exercise their legal rights," Anthony said at the time. "We have all the confidence we will work out a solution that's suitable to both parties. These are challenging times in the real estate market."

In western North Carolina, Anthony's company built the Cliffs at Walnut Cove in southwestern Buncombe County, which has a completed golf course, club house, roads and scores of occupied homes.

But the Cliffs at High Carolina that sits on roughly 3,000 acres between Fairview and Swannanoa, is largely undeveloped. Plans called for 1,100 home sites. Anthony was selling some High Carolina lots for as much as \$1 million.

Cliffs properties in three South Carolina counties are to be sold at auction March 5 to satisfy a \$24 million judgment and foreclosure action against Anthony and his Travelers Rest-based company, court records show.

Anthony had said he was behind on payments on a \$20 million note to Worthington Hyde Partners and faced foreclosure. Most of the land is in the Cliffs at Keowee Falls.

The future

In a recent interview, Steve Carlile said he and his wife bought a lot in a Cliffs development looking for relief from the East Texas heat.

"We loved the communities. We loved the quality. We loved the vision and lifestyle that was presented," he said.

In moving The Cliffs forward, "We plan to do this with our own capital," Steve Carlile said. "We don't plan to add bank debt on top of the debts that already are there."

"The real estate industry is working through its problems," he said, "and we think you need to have patient money to move forward."

Carlile said he has provided a bridge loan until permanent financing is arranged, and he will help move ClubCo "back to a healthy position."

A critical part of the plan deals with lot sales and development, he said.

"We've already begun the process of working with the sales team and talking to the sales team and deciding, OK, how are we going to move forward here so that we can get The Cliffs Communities back to selling lots, back to doing resales, working with folks that want to buy, working with folks that want to sell," Carlile said.

Marc Player, whose company has a 12,000-square-foot office at The Cliffs at Mountain Park and whose family built a home in the development, told GreenvilleOnline.com the Carliles have the Players' backing.

"We have a large investment in The Cliffs Communities, both financially and emotionally," Player said.

"If The Cliffs is going to get recapitalized and is going to live to fight another day, and hopefully get back to its former glory, that's all good news for the Gary Player Group, for our home, for our office and, of course, to our golf course design company," he said.

With The Cliffs developments have come environmental skirmishes.

Some of the conservationists said there was a level of understanding with Anthony.

"All of our discussions were cordial," said Brad Wyche, executive director of Greenville-based Upstate Forever. "We clearly disagreed about the (golf) course, but it was not a pound-the-table, heated disagreement. We both listened to each other. I always felt like Jim was listening to me, was seriously listening and understanding what I was saying."

"That's not always the case with other developers."