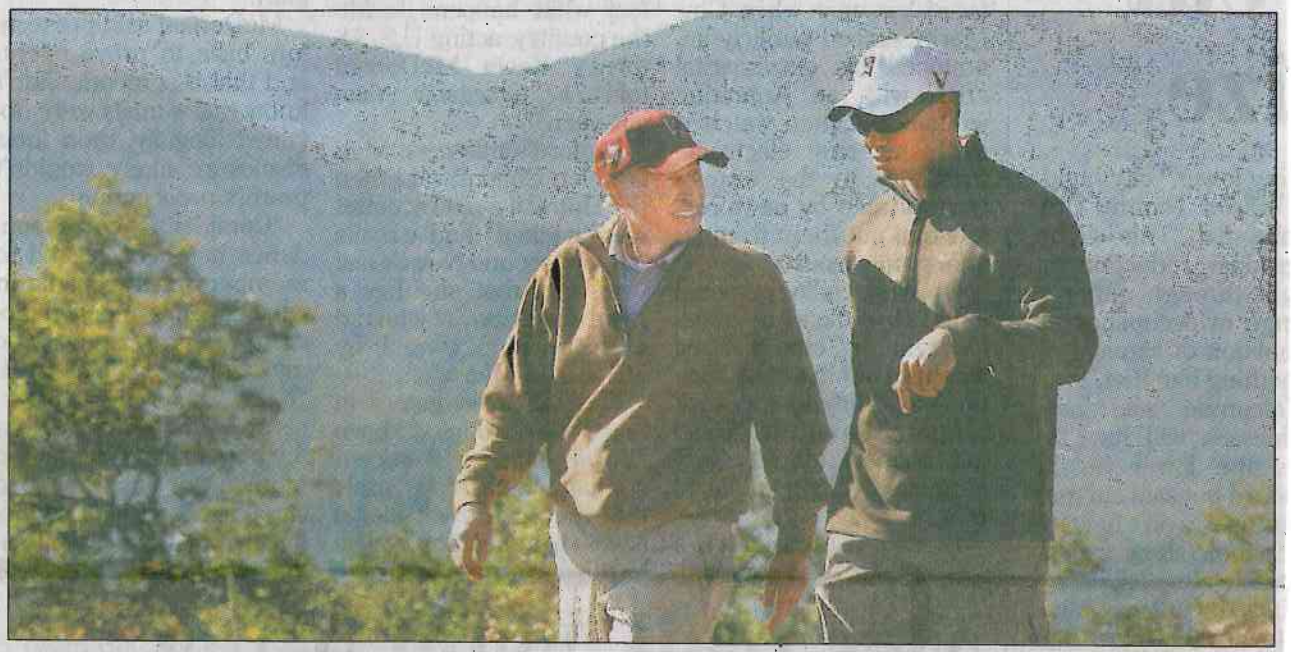
Cliffs founder at turning point



JOHN FLETCHER / Citizen-Times

Cliffs founder Jim Anthony, left, is joined by Tiger Woods last October on a tour of a course Woods is designing near Asheville. Anthony is seeking financing for the Cliffs developments.

Financing dries up; Anthony joins property owners in bid for $100 million

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Tucker



Hurd

Jim Anthony, the visionary developer who created an empire of luxury Cliffs developments in South Carolina and North Carolina, stands today at a crossroads and is turning to property owners for as much as $100 million in financing.

Anthony said the turmoil in financial markets has taken its toll. It has forced him to pursue an alternative financing strategy to steer through the crisis without failing like many other golf developments, he said.

He told *The Greenville News* that he's confident he'll make it. And a group of property own-

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SUZIE RIDDLE / Staff

CLIFFS

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ers who sit on his communities' finance advisory committees agree.

They said that the 2,400 members who play golf or whose families belong to Cliffs clubs have invested more than $2 billion in their properties and memberships. They have one thing in common — a desire to preserve a lifestyle that's unique to their communities.

"We have all heard the persistent rumors surrounding The Cliffs but, to take creative license from Mark Twain, 'Reports of its death are greatly exaggerated,'" the group said in a letter to members of The Cliffs and signed by five finance advisory committee members.

Anthony, whose company is based in Travelers Rest, supports the proposal and said his goal is to raise between $60 million and $100 million. He said he's comfortable with where he is in the process, "but it's not a done deal."

He said the company didn't make a profit last year, though it expects one later this year or early in 2011.

The Cliffs' offering will be available only to its members, normally property owners who have golf or family memberships. Many of them encouraged Anthony to consider the debt offering, said Ron Hurd, a finance advisory committee chairman who was among those signing the letter explaining the proposal to property owners.

"It was really our suggestion in the beginning that they follow this path, or some form of this path," Hurd told *The News*.

Anthony has a commitment from Wall Street investors that the letter described as "a high-risk path."

The letter said that commitment would give those investors too much leverage and potentially have severe consequences to The Cliffs members if the company defaults. The possible perils include a decrease in home and lot values, loss of membership deposits and a halt in resales until a plan of reorganization was adopted, the letter said.

The Cliffs developments bill themselves as premier, private golf, master-planned communities, extending between Greenville and Asheville at the leading edge of the Blue Ridge Mountains.

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 such notables as Jack Nicklaus, Tom Fazio, Ben Wright, Tom Jackson, Gary Player and Tiger Woods.

The company also offers a comprehensive wellness program developed in conjunction with health and medical experts.

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 that comprise The Cliffs at Keowee, and two mountain developments just outside Asheville, The Cliffs at Walnut Cove and The Cliffs at High Carolina.

After selling almost no lots in the first quarter of 2009, by the end of the year 128 contracts were signed, the letter said. The company reduced expenses by more than $20 million while continuing to spend several million dollars on infrastructure, according to the letter.

The advisers said in the letter that management surveyed every prospect who has visited The Cliffs and found more than 25 percent are prepared to buy but want to see evidence that money is available to complete the amenities.

Use of the additional money will be restricted to completing the developments' amenities and "related real estate and buildings and fixtures," said Don Tucker, an attorney and a Glassy Mountain homeowner.

It will be up to each club member to decide to participate in the debt offering, which will consist of notes from The Cliffs secured by Anthony and the amenities, Tucker said. The notes will pay 12 percent annually for seven years, he said.

Tucker, chairman of the Glassy Finance Advisory Committee, works part-time from his home office serving Michigan clients and signed the letter sent to club members.

Tucker emphasized that while the advisory committee members encouraged consideration of the offer, it is "totally the responsibility of The Cliffs."

Anthony is known for his passion of giving back to the community. He has been instrumental in The Cliff Communities' establishment of the Carolina Legacy Trust, whose board manages the company's annual philanthropic donations.

He also spearheaded the construction and opening of a Veterans Memorial atop Glassy Mountain, with money raised going to the American Patriots Scholarship Fund to help children of fallen servicemen and women receive an education.

Anthony and his supporters said The Cliffs' relationship with Woods, who is embroiled in an infidelity scandal, will continue and he will return to golf prominence.

Anthony termed the work with the club members a "most positive experience" and believes it will pay them dividends "years down the road."

"It's a game-changer," Anthony said. "I believe it's the most important thing that The Cliffs has ever undertaken."