

Cliffs reorganizes to get back on course



Under a reorganization of The Cliffs Communities, work on The Cliffs at Mountain Park on State 11, which includes a Gary Player-designed golf course, will continue, but the fate of a Tiger Woods-designed course remains uncertain. OWEN RILEY JR./STAFF

Developer Jim Anthony to cede control to Carlile Group

By David Dykes

Staff writer
ddykes@greenvilleonline.com

TRAVELERS REST — The Cliffs Communities Inc. will reorganize in bankruptcy court, and developer Jim Anthony said he expects to cede control of his golf course projects to a Texas couple, who pledge to move forward with a Gary Player-designed course in Greenville County.

However, the new owners — Steve and Penny Carlile of the Carlile Group in Marshall,

Texas — said the fate of a Tiger Woods-designed course east of Asheville remains uncertain. Its future will be determined after an in-depth study evaluates the best approach, Steve Carlile said.

The Carliles and Timothy P. Cherry, The Cliffs chief financial officer, said Thursday they anticipate filing a Chap-

ter 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 will be the first step in bringing the luxury home and golf developments back from the brink of insolvency and putting them on a sustainable expansion track, said Anthony and Cherry, who chairs the ClubCo board.

"I don't think we've got quite the hill to climb that General Motors had, thank goodness," Steve Carlile said of the automotive giant's turnaround.

"We do believe that although it's a difficult step any time you make this kind of decision, it's the step that needs to be made so that we can by investing new money, getting things back in a stable position, we can get The Cliffs back to

what it needs to be."

"This is important for the community. It's important for employees," Carlile said. "This needs to work."

He and his wife are East Texas natives and both attended Baylor University. Previous

investments have focused on oil and gas exploration and trucking, Steve Carlile said.

Anthony, whose company is privately held, said he doesn't have a financial arrangement

See CLIFFS, Page 4A

Continued from Page 1A

or employment agreement with the Carliles, but pledged his support.

ClubCo's board of directors and management said the assets were being sold to the Carlile Group "after months of negotiations, analysis and deliberations."

"The board unanimously agrees that the Carlile Group has the strongest plan for the future of our clubs with terms that address the interests of all creditors fairly," ClubCo's board said in a letter to Cliffs Communities' members.

"We recognize this course of action has lasted longer than all of us would have preferred, but this process has produced a very sound plan," the board's letter said.

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

"Our goal is to achieve the best possible plan in the interest of all members and creditors," the board's letter said.

ClubCo said its board hired Katie Goodman, managing partner of Grisanti, Galef and Goldress, to be the chief restructuring officer and financial advisor to oversee the reorganization process.

Goodman has an extensive background in restructuring and will work alongside the ClubCo board, legal counsel and the Carlile Group, ClubCo officials said.

ClubCo noteholders are scheduled to meet Wednesday to vote on giving direction for debtor-in-possession financing to pay restructuring fees and enable the golf clubs to continue operations through the reorganization process.

The so-called DIP financing is a special form of financing provided for companies in financial distress.

"This is the first step in an exciting, new future for The Cliffs as a leader among nationally recognized clubs and golf communities," ClubCo's board said in the letter to members.

Anthony said work on the Player-designed golf course at The Cliffs at Mountain Park in northern Greenville County is 75 percent complete, but construction has been suspended.

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

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

He built a real estate development business on the side, and since 1991 has developed pieces of the backcountry he came to love

while hiking and fishing as a youth.

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.

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 a golf course designed by Woods.

As the economy soured, however, the financial and legal challenges grew for Anthony and The Cliffs. Anthony said he was confident his company would succeed over the long term.

Last year, a bank in Travelers Rest and a Florida corporation filed fore-

closure complaints naming Anthony, founder of The Cliffs Communities, as a defendant. The companies alleged they were owed millions of dollars.

In a separate court filing, an investment fund claimed Cliffs Communities hadn't paid more than \$1.3 million in property taxes.

The investment fund, identified as Urbana Fund I LLC, said in a court filing it believed The Cliffs "remains an outstanding name in real estate development" but that Anthony and his company weren't immune "from the difficulties many businesses faced in the recession" that took hold in 2008.

The Bank of Travelers Rest in its foreclosure complaint named as defendants the La Bastide Investment Group LLC, Cliffs Commercial Properties LLC, Anthony and a second investment group.

The bank said in its court filing that Cliffs Commercial Properties, identified as a corporation doing business in Green-

ville County, executed a \$4 million note to the bank that was secured by a mortgage from La Bastide Investment Group. Anthony was listed in the complaint as a guarantor.

Anthony said in 2001 his company purchased La Bastide, a French-style inn with 14 guest rooms and an 80-seat restaurant near Travelers Rest, for about \$4 million.

To secure the Cliffs Commercial note, La Bastide Investment Group mortgaged several parcels or tracts of land in Greenville County as well as the furniture, fixtures, equipment and personal property owned by the group, the bank said in its foreclosure complaint.

As additional collateral, Cliffs Commercial pledged property in Oconee County, court records showed. The bank said in a court filing nearly \$3 million was due on the note and mortgage.

Bruce White, president of Bank of Travelers Rest, wouldn't comment on the lawsuit. However, he said bank officials had worked with Anthony and The Cliffs for several years and

hoped to continue to work with them "and try to get any differences resolved."

The Florida corporation, identified in court records as William Marcus & Associates Inc., alleged in its complaint nearly \$3.7 million was due as of Sept. 14 on a note involving property at The Cliffs at Mountain Park.

John Clark, president of WMA, said Anthony ran "a first-class operation," but "we got to a point where we decided that we needed to just start that legal process."

The corporation's complaint also named as defendants The Cliffs at Mountain Park LLC, a South Carolina limited liability company, and Anthony's Travelers Rest-based company, The Cliffs Communities Inc.

The complaint said WMA agreed to sell five improved lots to The Cliffs

at Mountain Park LLC for more than \$6.9 million.

The complaint alleged that WMA in August sent Mountain Park, Cliffs Communities and Anthony a letter with a notice of default, but Mountain Park still had failed to make principal and interest payments when due.

Urbana made its tax claim against Anthony in response to a lawsuit Anthony filed that named the investment fund as a defendant.

In that suit, Anthony alleged a Georgia bank hatched a "secret plan" with an investment firm to leverage millions of dollars from his resort mountain properties in an effort to appease federal bank regulators.

In court filings, the bank and the investment firm denied the allegations.

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.

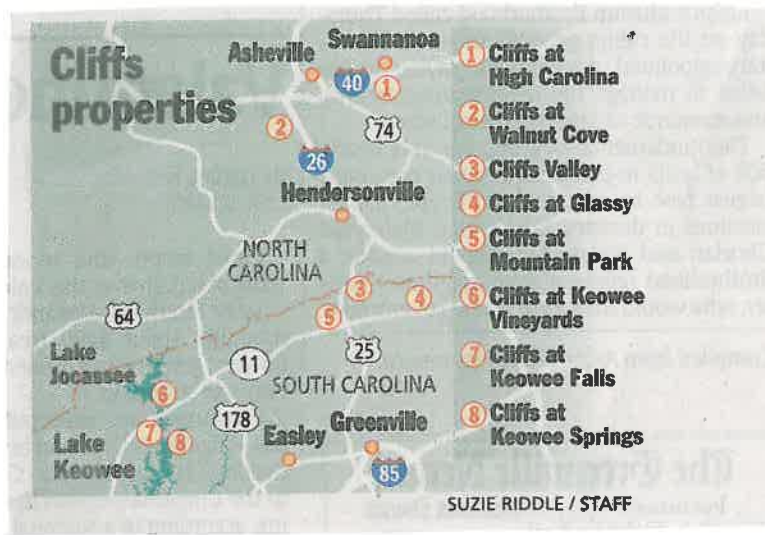
But the Cliffs at High Carolina, the planned Woods-endorsed golf community that sits on roughly 3,000 acres between Fairview and Swannanoa, is largely undeveloped. Plans called for 1,100 home sites and a golf course designed by Woods. Anthony had

been selling some High Carolina lots for \$1 million.

In April 2010, The Cliffs announced it was borrowing \$62 million from residents of its communities to build golf courses and other 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 club memberships.



FRIDAY, FEBRUARY 10, 2012 THE GREENVILLE NEWS



Steve and Penny Carlile of the Carlile Group and Jim Anthony meet Thursday to announce a restructuring of Anthony's Cliffs Communities. Anthony will cede control to the Carliles under the arrangement. KEN OSBURN/STAFF

MORE ONLINE

Hear the Carliles and Jim Anthony discuss the reorganization of The Cliffs Communities and see photos of The Cliffs properties at GreenvilleOnline.com.