

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF SOUTH CAROLINA**

Case No. 12-01220

**INTERIM ORDER GRANTING DEBTORS' MOTION PURSUANT TO SECTIONS  
105(a), 362(d), 363(b), 363(c) AND 503(b) OF THE BANKRUPTCY CODE (I) FOR  
AUTHORIZATION TO (A) CONTINUE THEIR WORKERS' COMPENSATION,  
LIABILITY, PROPERTY, AND OTHER INSURANCE PROGRAMS, (B) PAY ALL  
OBLIGATIONS IN RESPECT THEREOF AND (C) ENTER INTO PREMIUM  
FINANCING AGREEMENTS IN THE ORDINARY COURSE OF BUSINESS,  
AND (II) FOR AUTHORIZATION OF FINANCIAL INSTITUTIONS TO HONOR  
AND PROCESS CHECKS AND TRANSFERS RELATED TO SUCH OBLIGATIONS**

**AND SETTING FURTHER HEARING**

The relief set forth on the following pages, for a total of 6 pages including this page is hereby  
**ORDERED.**

**FILED BY THE COURT  
03/05/2012**



Entered: 03/05/2012



Chief US Bankruptcy Judge  
District of South Carolina

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF SOUTH CAROLINA

In re:

The Cliffs Club & Hospitality Group, Inc., *et al.*,<sup>1</sup>  
*d/b/a* The Cliffs Golf & Country Club,

Debtors.

CHAPTER 11

Case No. 12-01220

Joint Administration

**INTERIM ORDER GRANTING DEBTORS' MOTION PURSUANT TO SECTIONS 105(a), 362(d), 363(b), 363(c) AND 503(b) OF THE BANKRUPTCY CODE (I) FOR AUTHORIZATION TO (A) CONTINUE THEIR WORKERS' COMPENSATION, LIABILITY, PROPERTY, AND OTHER INSURANCE PROGRAMS, (B) PAY ALL OBLIGATIONS IN RESPECT THEREOF AND (C) ENTER INTO PREMIUM FINANCING AGREEMENTS IN THE ORDINARY COURSE OF BUSINESS, AND (II) FOR AUTHORIZATION OF FINANCIAL INSTITUTIONS TO HONOR AND PROCESS CHECKS AND TRANSFERS RELATED TO SUCH OBLIGATIONS**

**AND SETTING FURTHER HEARING**

Upon the motion [Docket Entry No. 32] (the "Motion") of The Cliffs Club & Hospitality Group, Inc. and its affiliated debtors in the above-captioned Chapter 11 cases, as debtors and debtors in possession (collectively, the "Debtors"), for authorization pursuant to sections 105(a), 362(d), 363(b), and 503(b) of the Bankruptcy Code<sup>2</sup> to continue the Insurance Programs, including, but not limited to, those annexed to this Order as Exhibit A, and modify the automatic stay with respect to the Workers' Compensation Programs, all as more fully set forth in the

<sup>1</sup> The Debtors, followed by the last four digits of their respective taxpayer identification numbers, are as follows: The Cliffs Club & Hospitality Group, Inc. (6338); CCHG Holdings, Inc. (1356); The Cliffs at Mountain Park Golf & Country Club, LLC (2842); The Cliffs at Keowee Vineyards Golf & Country Club, LLC (5319); The Cliffs at Walnut Cove Golf & Country Club, LLC (9879); The Cliffs at Keowee Falls Golf & Country Club, LLC (3230); The Cliffs at Keowee Springs Golf & Country Club, LLC (2898); The Cliffs at High Carolina Golf & Country Club, LLC (4293); The Cliffs at Glassy Golf & Country Club, LLC (6559); The Cliffs Valley Golf & Country Club, LLC (6486); Cliffs Club & Hospitality Service Company, LLC (9665).

<sup>2</sup> Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the Motion.

Motion; and the Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334; and consideration of the Motion and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion having been provided to the Notice Parties, and it appearing that no other or further notice need be provided; and a hearing having been held to consider the relief requested in the Motion (the “Hearing”); and upon the Declaration of Timothy P. Cherry in Support of the Debtors’ First Day Motions, the record of the Hearing, and all of the proceedings had before the Court; and the Court having determined that the relief sought in the Motion is in the best interests of the Debtors, their creditors, and all parties in interest; and the Court having determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and upon all of the proceedings had before the Court and after due deliberation and sufficient cause appearing therefor, it is

**ORDERED, ADJUDGED, AND DECREED THAT:**

1. The Motion is **GRANTED on an interim basis.**
2. The Debtors are authorized and empowered, on an interim basis, **subject to objection(s) being filed on or before 12:00 p.m. EST on March 15, 2012**, to maintain and renew their Insurance Programs without interruption, on the same basis, and in accordance with the same practices and procedures as were in effect prior to the commencement of the Debtors’ chapter 11 cases. **If any objection is filed, the Court will consider such objection(s) at the hearing scheduled on March 16, 2012, at 9:00 a.m. at the J. Bratton Davis United States Bankruptcy Courthouse, 1100 Laurel Street, Columbia, SC 29201.**
3. The Debtors are authorized, but not required, to pay, in their sole discretion, all premiums, claims, deductibles, retrospective adjustments, administrative and broker’s fees, and

all other obligations arising under the Insurance Programs (the “Insurance Obligations”) including those Insurance Obligations that were due and payable or related to the period before the commencement of these chapter 11 cases without further order of the Court, subject to terms of the DIP Budget.

4. The Debtors are authorized, but not required, to enter into new insurance premium financing agreements in the ordinary course of business as set forth in the Motion in connection with the Debtors’ renewal of the existing Insurance Programs.

5. Pursuant to section 362(d) of the Bankruptcy Code, to the extent any of the Debtors’ employees hold claims under the Debtors’ Workers’ Compensation Programs, these employees are authorized to proceed with their workers’ compensation claims in the appropriate judicial or administrative forum under the Workers’ Compensation Program; provided, that such claims are pursued in accordance with the Workers’ Compensation Programs and recoveries, if any, are limited to the proceeds from the applicable insurance policy.

6. Nothing in this Order nor any action taken by the Debtors in furtherance of the implementation hereof shall be deemed an approval of the assumption or rejection of any executory contract or unexpired lease pursuant to section 365 of the Bankruptcy Code.

7. Nothing in this Order shall impair the ability of the Debtors or appropriate party in interest to contest any claim of any creditor pursuant to applicable law or otherwise dispute, contest, setoff, or recoup any claim, or assert any rights, claims or defenses related thereto.

8. The Banks are authorized consistent with the terms of any applicable cash management order entered in these cases, when requested by the Debtors in the Debtors’ sole discretion, to receive, process, honor and pay all checks drawn on or direct deposit and funds transfer instructions relating to the Debtors’ accounts and any other transfers that are related to

the Insurance Programs and the Insurance Obligations and the costs and expenses incident thereto; provided that sufficient funds are available in the accounts to make such payments; provided further, that: (i) any such Bank may rely on the representations of the Debtors regarding which checks that were drawn or instructions that were issued by the Debtors before the Petition Date should be honored postpetition pursuant to this Order and (ii) that any such Bank shall not have any liability to any party for relying on the representations of the Debtors as provided herein.

9. Bankruptcy Rule 6003 has been satisfied because the relief requested in the Motion is necessary to avoid immediate and irreparable harm to the Debtors.

10. Notice of the Motion as provided therein constitutes good and sufficient notice of such Motion, and the requirements of Bankruptcy Rule 6004(a) are hereby waived.

11. Notwithstanding any applicability of Bankruptcy Rule 6004(h), the terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

12. This Court hereby retains jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation and/or enforcement of this Order.

AND IT IS SO ORDERED.

**Prepared and presented by:**

/s/ Däna Wilkinson  
Däna Wilkinson  
District Court I.D. No. 4663  
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-and-

/s/ J. Michael Levengood  
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J. Michael Levengood  
Georgia Bar No. 447934  
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*Proposed Attorneys for Debtors and  
Debtors in Possession*

Exhibit A

INSURANCE PROGRAMS AND INSURANCE CARRIERS

Insurance Coverage	Primary Carrier	Policy Number	Expiration Date	Property / Coverage Summary	Deductibles / Limits
Property / Equipment	Philadelphia	PHPK742320	July 1, 2012	\$67,068,319 Blanket Bldg. / Contents \$3,085,000 Blanket Business Income	\$10,000 / \$50,000 Flood
Equipment Floater	Philadelphia	PHPK742320	July 1, 2012	\$6,962,255 Owned / Leased Equipment	\$1,000 per occurrence
General Liability	Philadelphia	PHPK742320	July 1, 2012	\$2,000,000 General Aggregate Limit \$1,000,000 Personal Injury \$1,000,000 each occurrence \$1,000,000 Employee Benefits Claims Made \$1,000,000 Liquor Liability Each Cause	\$5,000 Med Pay Limit
Automobile	Philadelphia	PHPK742320	July 1, 2012	\$1,000,000 Combined Single Limits \$1,000,000 25 Total Automobiles on Schedule	\$1,000 Collision \$500 Comprehensive
Workers Comp	Liberty Mutual	WCJZ91454883011	July 1, 2012	Statutory Workers Compensation Employers' Liability	\$500,000 Each Accident
Umbrella - \$10MM	Philadelphia	PHUB351387	July 1, 2012	Each Occurrence Limit / General Aggregate Limit	\$10,000,000
Excess Umbrella - \$10MM	Firemans Fund	SHX00024104135	July 1, 2012	Each Occurrence Limit / General Aggregate Limit	\$10,000,000
Marina	New Hampshire Ins. Co	LX0092715805 DMO 6909048 UL 4941058	July 1, 2012	General Liability Personal Injury Marina Operators Legal Liability Coverage Owned Watercraft	\$2,000,000 \$1,000,000 \$1,000,000 \$130,000
Wellness Centers	Admiral Ins. Co	EO000002747-08	July 1, 2012	Professional and General Liability	\$3,000,000 w/ \$5,000 Deductible



Insurance Coverage	Primary Carrier	Policy Number	Expiration Date	Property / Coverage Summary	Deductibles / Limits
Equestrian Centers	American Bankers	SL1176002	July 15, 2012	Liability \$1M / \$2M Aggregate Fire Damage Equestrian Umbrella	\$1,000,000 \$100,000 \$1,000,000
Excess Directors and Officers Liability	RSUI Indemnity	RSUI	July 1, 2012	\$2 MM Additional D&O Insurance Coverage	\$2,000,000
Directors and Officers Liability	National Union Fire	02 420 63 79	July 1, 2012	Directors and Officers Liabilities	\$3,000,000
Crime	Federal Insurance Co.	82224897	July 1, 2012	Employee Theft - Premises Coverage - Money	\$1,000,000
Builders Risk Insurance	Hartford Ins. Group	20MSJD2278	Sept 1, 2012	Builders Risk for MP Golf Course Construction	\$1,200,000 Deductible :\$2,500
<b>EMPLOYEE</b>	<b>BENEFITS:</b>				
Medical Plan 2012	BlueChoice of SC	BA801	Dec 31, 2012	Medical and vision coverage, fully insured plan	NA
Dental Plan 2012	Ameritas Group	010-037448-00001	Dec 31, 2012	Dental Coverage	NA
Cobra Administration	The Benefit Group	TheCliffs	Dec 31, 2012	Cobra Administration	NA
Life and Long Term Disability	Assurant	5456870-001	Dec 31, 2012	Life and LTD coverage for employees	NA
401(k) Administration	Fidelity	24803	Ongoing	Administration of 401(k) Plan	NA
<b>INSURANCE</b>	<b>FINANCING:</b>				
Premium Finance Agreement	Premium Funding Associates, Inc.	15-004-100506-0	May 1, 2012	Property/Equipment; General Liability; Automobile; Workers Compensation; Umbrella; Wellness Centers; Directors and Officers; Excess Directors and Officers; Marina	NA

Certificate of Notice Page 10 of 11

United States Bankruptcy Court  
District of South Carolina

In re:  
The Cliffs Club & Hospitality Group, Inc  
Debtor

Case No. 12-01220-jw  
Chapter 11

**CERTIFICATE OF NOTICE**

District/off: 0420-7

User: porth  
Form ID: pdf01

Page 1 of 2  
Total Noticed: 4

Date Rcvd: Mar 05, 2012

Notice by first class mail was sent to the following persons/entities by the Bankruptcy Noticing Center on Mar 07, 2012.

db	+The Cliffs Club & Hospitality Group, Inc.,	3598 Highway 11,	Travelers Rest, SC 29690-3598
aty	+William L Rothschild,	Ogier Rothschild Rosenfield & Ellis-Mono,	170 Mitchell Street SW,
		Atlanta, GA 30303-3441	
cr	Cliffs Members AD Hoc Group, Inc.,	c/o Jonathan Alter,	One State St.,
	Hartford, CT 06103-3178		
cr	+Helena Chemical Company,	c/o M. Kevin McCarrell,	Smith Moore Leatherwood LLP,
	300 East McBee Avenue,	Suite 500,	Greenville, SC 29601-2882

Notice by electronic transmission was sent to the following persons/entities by the Bankruptcy Noticing Center.  
NONE. TOTAL: 0

\*\*\*\*\* BYPASSED RECIPIENTS \*\*\*\*\*

NONE. TOTAL: 0

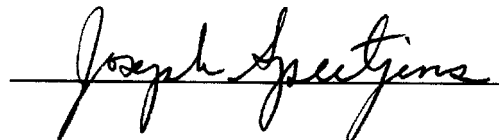
Addresses marked '+' were corrected by inserting the ZIP or replacing an incorrect ZIP.  
USPS regulations require that automation-compatible mail display the correct ZIP.

I, Joseph Speetjens, declare under the penalty of perjury that I have sent the attached document to the above listed entities in the manner shown, and prepared the Certificate of Notice and that it is true and correct to the best of my information and belief.

Meeting of Creditor Notices only (Official Form 9): Pursuant to Fed. R. Bank. P. 2002(a)(1), a notice containing the complete Social Security Number (SSN) of the debtor(s) was furnished to all parties listed. This official court copy contains the redacted SSN as required by the bankruptcy rules and the Judiciary's privacy policies.

Date: Mar 07, 2012

Signature:



District/off: 0420-7

User: porth  
Form ID: pdf01

Page 2 of 2  
Total Noticed: 4

Date Rcvd: Mar 05, 2012

The following persons/entities were sent notice through the court's CM/ECF electronic mail (Email) system on March 5, 2012 at the address(es) listed below:

BMC Group, Inc. bmc-cliffs@bmcgroup.com  
Dana Elizabeth Wilkinson on behalf of Debtor The Cliffs Club & Hospitality Group, Inc.  
danawilkinson@charter.net, dwecefmail@gmail.com  
Elizabeth J. Philp on behalf of Creditor Wells Fargo Bank, National Association  
lphilp@mcnair.net, rmobley@mcnair.net  
John B. Butler on behalf of Creditor Cliffs Members AD Hoc Group, Inc. jbbiii@bellsouth.net  
Joseph F. Buzhardt on behalf of U.S. Trustee US Trustee's Office USTPRegion04.CO.ECF@usdoj.gov,  
robert.b.doyle@usdoj.gov  
Julio E. Mendoza on behalf of Interested Party Carlile Development Company, LLC  
rmendoza@nexsenpruet.com, ecf@nexsenpruet.com  
Linda Barr on behalf of U.S. Trustee US Trustee's Office linda.k.barr@usdoj.gov  
Michael Kevin McCarrell on behalf of Creditor Helena Chemical Company  
kevin.mccarrell@smithmoorelaw.com, betty.ward@smithmoorelaw.com; kim.harmstad@smithmoorelaw.com  
Michael M. Beal on behalf of Creditor Wells Fargo Bank, National Association mbeal@mcnair.net,  
astokes@mcnair.net  
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TOTAL: 10