

UNITED STATES BANKRUPTCY COURT
DISTRICT OF SOUTH CAROLINA

In re:

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

Debtors.

CHAPTER 11

Case No. 12-01220

Joint Administration Pending

DEBTORS' MOTION FOR ENTRY OF AN ORDER PURSUANT TO 11 U.S.C. §§ 105(A) AND 363(B) AUTHORIZING AND APPROVING DEBTORS' (I) RETENTION AND EMPLOYMENT OF GGG PARTNERS, LLC AND (II) EMPLOYMENT OF KATIE S. GOODMAN AS CHIEF RESTRUCTURING OFFICER, NUNC PRO TUNC TO THE PETITION DATE

COME NOW 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"), and hereby file this motion for entry of an order, pursuant to sections 105(a) and 363(b) of title 11 of the United States Code (the "Bankruptcy Code"), authorizing and approving: (i) the employment and retention of GGG Partners, LLC ("GGG") to provide restructuring management and advisory services to the Debtors, and (ii) the employment of Katie S. Goodman as the Chief Restructuring Officer (the "CRO") for the Debtors, and additional professional personnel, *nunc pro tunc* to the Petition Date (as defined herein). In support of this Motion, the Debtors rely upon and incorporate by reference the Declaration of Katie S. Goodman in Support of the Debtors' Motion for Entry of an Order Pursuant to 11 U.S.C. §§ 105(a) and 363(b)

¹ 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 Debtors, LLC (9665).

Authorizing and Approving (I) Retention and Employment of GGG Partners, LLC and (II) Debtors' Employment of Katie S. Goodman as Chief Restructuring Officer, *Nunc Pro Tunc* to the Petition Date (the "Goodman Declaration") attached hereto as Exhibit A, and respectfully state as follows:

JURISDICTION AND VENUE

1. The Court has jurisdiction over this Motion under 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2). Venue of this proceeding and this Motion in this District is proper under 28 U.S.C. §§ 1408 and 1409.

2. The statutory bases for the relief requested herein are sections 105(a) and 363(b) of the Bankruptcy Code.

BACKGROUND

3. On the date hereof (the "Petition Date"), the Debtors filed their voluntary petitions for relief under Chapter 11 of Title 11 of the United States Code (the "Bankruptcy Code"). The Debtors are authorized to operate their businesses as debtors-in-possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code.

4. No creditors' committee has been appointed by the United States Trustee in these Chapter 11 cases. No trustee or examiner has been appointed in these Chapter 11 cases.

5. A description of the Debtors' businesses, the reasons for filing these Chapter 11 cases, and the relief sought from this Court to allow for a smooth transition into operations under Chapter 11 are set forth in the Declaration of Timothy P. Cherry in Support of First Day Motions (the "Cherry Declaration") filed with the Court.

RELIEF REQUESTED

6. By this Motion, the Debtors seek entry of an order, under Bankruptcy Code sections 105(a) and 363(b), authorizing and approving: (i) the employment and retention of

GGG to provide restructuring management and advisory services in these Chapter 11 cases, effective as of the Petition Date, pursuant to the professional services agreement executed on or about February 8, 2012, as originally amended and supplemented (the “Services Agreement”), attached hereto as Exhibit B, and then as amended below, and (ii) the employment of Katie S. Goodman as CRO, and additional professional personnel, effective as of the Petition Date.

GGG’S AND MS. GOODMAN’S QUALIFICATIONS

7. GGG specializes in providing turnaround, crisis management and restructuring services for public and private companies, lenders, equity holders and impartial constituents (such as examiners or trustees). Working closely with client management, GGG develops and implements comprehensive turnaround programs that increase value through improving operations and asset performance, refocusing business models and restructuring debt.

8. Ms. Goodman has more than 10 years of experience in the practice of turnarounds and restructuring. She has participated in more than 30 successful turnaround engagements in a variety of industries including food & beverage, retail, textiles & other manufacturing, healthcare, telecommunications, real estate, and others.

9. In anticipation of the commencement of these Chapter 11 bankruptcy cases, the Debtors retained GGG and Ms. Goodman pursuant to the terms of the Services Agreement. Since GGG’s and Ms. Goodman’s retention, Ms. Goodman and GGG’s professionals have commenced efforts to become familiar with the Debtors’ financial matters, businesses, and restructuring strategy. If the Debtors are not permitted to retain GGG and Ms. Goodman, the Debtors would be forced to retain a new CRO not familiar with the Debtors’ financial matters, businesses, and restructuring efforts given the terms and conditions of the debtor-in-possession financing and the use of cash collateral. The time expended in locating and

retaining a new financial advisory firm and CRO and in bringing them up to speed at this juncture likely would delay and hinder the Debtors' restructuring efforts.

SCOPE OF SERVICES

10. The Debtors hired GGG pursuant to the Services Agreement executed by and between the Debtors and GGG. Katie Goodman, along with Joseph Pegnia, are the principal professionals staffed by GGG on the engagement. Additional GGG staff will be made available to serve during these reorganization cases pursuant to the terms of the Services Agreement.

11. Ms. Goodman, Mr. Pegnia and GGG have extensive experience in providing restructuring advisory and restructuring management services in reorganization proceedings, and have excellent reputations for the services they have rendered in Chapter 11 cases on behalf of debtors and creditors throughout the United States. The compensation arrangement reflected in the attached Services Agreement is consistent with, and typical of, arrangements entered into by GGG and other restructuring and consulting firms with respect to rendering similar services for clients such as the Debtors.

12. The Services Agreement attached hereto as Exhibit B is hereby modified and superseded to reflect the following:

a. Notwithstanding Services Agreement paragraph 4, GGG shall be subject to the Bankruptcy Court. GGG shall consult with and take advice from the Board of Directors of the Debtors and from other parties in interest as GGG shall determine. GGG's services shall be terminated only by order of the Bankruptcy Court after "notice and a hearing," as those words are used in 11 U.S.C. § 102(1). The Debtors or any other party in interest may file a motion seeking such relief.

b. Services Agreement Schedule 1, "Services to be provided by GGG to the Client," is hereby modified to provide that GGG shall act as the Chief Restructuring Officer of

the Client, and its representative, Ms. Katie Goodman, shall be the highest officer of each Chapter 11 Debtor. GGG's and Ms. Goodman's services to the Debtors shall include the following:

- (i) Putting together a package of materials for potential plan sponsors;
- (ii) Communicating with plan sponsors and other stakeholders regarding any third party proposals;
- (iii) Working with the Debtors, the Indenture Trustee (as defined in the Cherry Affidavit), any committee appointed under 11 U.S.C. § 1102(a) (the "Committee"), and other parties in interest as appropriate, to evaluate options;
- (iv) Working with the Debtors, the Indenture Trustee, the Committee, and other parties in interest as appropriate, to seek approval for the best plan;
- (v) Acting generally as the Debtors' financial advisor;
- (vi) Overseeing and providing the necessary reporting requirements under the Bankruptcy Code and any orders of this Court;
- (vii) Interacting with the DIP Lender, the Indenture Trustee, the Committee, and other parties in interest as appropriate, concerning the operations of the Debtors, issues relating to the plan solicitation process, and any other matters relating to the Debtors;
- (viii) Overseeing and having responsibility for the collection of revenues and the disbursements of all funds;
- (ix) Approving any and all disbursements of the Debtors;
- (x) Controlling all bank accounts of the Debtors; and
- (xi) Otherwise managing the Debtors' businesses with powers and duties of a chief executive officer under applicable nonbankruptcy law.

COMPENSATION

13. The terms of GGG's engagement and compensation are set forth in the Services Agreement. Certain principal terms of GGG's engagement and compensation are set forth below:²

Compensation: GGG will bill on an hourly basis based on the actual hours worked pursuant to current hourly billing rates:³

<u>Professional</u>	<u>Hourly Rate</u>
Katie S. Goodman, Managing Partner and CRO	\$350
Joseph V. Pegnia, Partner	\$325
Sam Horgan, Partner	\$275

Reimbursement of Expenses: GGG will be reimbursed for reasonable out-of-pocket expenses, such as car rental/mileage, airfare and hotel. GGG does not bill for incidental expenses.

Indemnification: The Client agrees to indemnify and hold harmless GGG and each of its equity holders, managers, directors, officers, employees, GGG, subcontractors and agents (each, "GGG Indemnified Person") from and against any losses, claims, damages, expenses and liabilities or actions in respect thereof (collectively, "Losses"), and to reimburse each GGG Indemnified Person for all such Losses as they may be incurred (including all legal fees and other expenses incurred in connection with investigating, preparing, pursuing, defending, paying, settling or compromising any Losses, whether or not in connection with any pending or threatened litigation in which any GGG Indemnified Person is a named party), arising out of or related to the Services rendered or

² All capitalized terms shall have the meaning ascribed in the Services Agreement. Not all terms of the Services Agreement are set forth in this Motion. To the extent there is any conflict between the terms set forth in this Motion and the terms set forth in the Services Agreement, the terms set forth in the Services Agreement shall govern.

³ Hourly rates are subject to customary periodic increases.

to be rendered by any GGG Indemnified Person in connection with this engagement, any GGG Indemnified Person's actions or inactions in connection with any such Services, or any violation or alleged violation by the Client or any of its directors, officers, employees or agents of any federal or state laws or any rules or regulations promulgated under such laws, provided that the Client will not be responsible for any Losses of any GGG Indemnified Person to the extent that a court of competent jurisdiction shall have determined by a final judgment that such Losses resulted in primarily from actions taken or omitted to be taken by such GGG Indemnified Person due to his bad faith or willful misconduct.

Retainer: GGG has received a \$105,000 retainer from the Debtors for work to be done with respect to these Chapter 11 cases, against which GGG has applied \$91,839.12 for services rendered and expenses incurred prior to the Petition Date. Accordingly, GGG currently holds a balance of \$13,160.88 as an advance payment for services to be rendered and expenses to be incurred in connection with its engagement by the Debtors. GGG has not received any other compensation from the Debtors. GGG will return any unused portion of the retainer to the Debtors.

14. The Debtors do not seek authority to engage GGG or Ms. Goodman as professionals under section 327 of the Bankruptcy Code in these Chapter 11 cases, but rather pursuant to sections 105(a) and 363 of the Bankruptcy Code. Accordingly, the Debtors respectfully requests that they be authorized to compensate GGG and Ms. Goodman monthly for their services and expenses on the terms set forth in the Services Agreement, subject to the following process: GGG shall circulate its monthly invoices (inclusive of Ms. Goodman's requested compensation as CRO) for review and approval by: (a) the Debtors (and counsel therefor); (b) the Office of the United States Trustee for the District of South Carolina; (c) counsel to the Indenture Trustee (as defined in the Cherry Declaration); (d) counsel to the DIP

Lender (as defined in the Cherry Declaration); and (e) counsel for the Official Committee of Unsecured Creditors, if appointed (collectively, the "Notice Parties"). Any Notice Party receiving such monthly invoice shall have fourteen (14) days from the date of service within which to file and serve upon GGG and the Notice Parties a written objection to the monthly invoice, which objection shall specifically identify the time or expense objected to and shall state the reason(s) for such objection. If no written objection is received to a monthly invoice within fourteen (14) days of service, then the Debtors shall be authorized to pay GGG's monthly invoice; provided that the Debtors shall not pay GGG an amount that is not authorized under any applicable cash collateral or debtor in possession financing order. If a written objection to a monthly invoice is timely filed, then the Debtors shall be authorized to pay the portion of the monthly invoice that is not in dispute, and the portion of the monthly invoice that is in dispute shall be subject to the approval of this Court, unless such objection is withdrawn. The Debtors, GGG and Ms. Goodman respectfully understand that GGG's and Ms. Goodman's fees and expenses are subject to the review of this Court as this Court deems necessary.

15. As set forth in further detail in the Goodman Declaration, the Debtors do not owe GGG or Ms. Goodman any amount for services performed or expenses incurred prior to the commencement of these Chapter 11 cases, and, thus, neither GGG nor Ms. Goodman is a prepetition creditor of the Debtors.

16. The Debtors believe that this compensation is fair and reasonable in light of industry practice, market rates both in and out of Chapter 11 proceedings, GGG's and Ms. Goodman's experience in comparable Chapter 11 cases, and the scope of work to be performed.

BASIS FOR RELIEF REQUESTED

17. The Debtors request authority to retain GGG and Ms. Goodman under the terms of the Services Agreement pursuant to section 363 of the Bankruptcy Code, which

provides in pertinent part: "The trustee, after notice and a hearing, may, use, sell, or lease, other than in the ordinary course of business property of the estate." 11 U.S.C. § 363(b). Courts interpreting section 363(b) have held that transactions should be approved pursuant to this provision when, as here, they are supported by management's sound business judgment. *See, e.g., Meyers v. Martin (In re Martin)*, 91 F.3d 389, 395 (3d Cir. 1996) (citing *Fulton State Bankr. v. Schipper (In re Schipper)*, 933 F.2d 513, 515 (7th Cir. 1991)); *Comm. of Equity Sec. Holders v. Lionel Corp. (In re Lionel Corp.)*, 722 F.2d 1063 (2d Cir. 1983); *In re Del. & Hudson Ry. Co.*, 124 B.R. 169, 176 (D. Del. 1991) (noting that the Third Circuit has adopted the "sound business purpose" test for section 363(b)).

18. The retention of corporate officers is proper under section 363 of the Bankruptcy Code. Courts recognize the applicability of section 363(b) to the use of estate property to compensate individuals employed outside the ordinary course of business. *See In re First Int'l Services Corp.*, 25 B.R. 66, 69 (Bankr. D. Conn. 1982). Indeed, courts have relied upon 363(b) as the basis upon which to employ and compensate financial management services firms similar to GGG that provide professionals to serve as officers or other management-level personnel employed by the debtor. *See, e.g., In re BI-LO, LLC*, Case No. 09-02140-HB (Bankr. D.S.C. 2009); *In re Spansion Inc.*, Case No. 09-10690 (KJC) (Bankr. D. Del. Apr. 13, 2009); *In re Verasun Energy Corp.*, Case No. 08-12606 (BLS) (Dec. 8, 2008); *In re DBSI, Inc.*, Case No. 08-12687 (PJW) (Bankr. D. Del. Dec. 17, 2008); *In re WorldSpace, Inc.*, Case No. 08-12412 (KJC) (Bankr. D. Del. Nov. 10, 2008); *In re Hines Horticulture, Inc.*, Case No. 08-11922 (KJC) (Bankr. D. Del. October 2, 2008); *In re Dan River Holdings, LLC*, Case No. 08-10726 (BLS) (Bankr. D. Del. May 19, 2008); *In re Hancock Fabrics, Inc.*, Case No. 07-10353 (BLS) (Bankr. D. Del. April 26, 2007); *In re Safety-Kleen Corp.*, Case No. 00-2303 (PJW) (Bankr. D. Del. Oct.

4, 2001); *In re Harnischfeger Indus. Inc.*, Case No. 99-2171 (PJW) (Bankr. D. Del. Oct. 4, 2001).

19. The Debtors have determined, in the exercise of their business judgment, that the fee structure set forth in the Services Agreement appropriately reflects the nature of the services to be provided by GGG and Ms. Goodman, contains reasonable terms and conditions of employment, and should be approved under section 363 of the Bankruptcy Code.

20. The Debtors have engaged GGG and Ms. Goodman to complete crucial time-sensitive and work-intensive projects. GGG and Ms. Goodman are providing services currently, and the continued assistance of GGG and Ms. Goodman is crucial to the Debtors' successful reorganization. For example, GGG and Ms. Goodman will assist the Debtors in developing and implementing short-term cash flow forecasting. GGG and Ms. Goodman will work with senior management as well as other employees to ensure that the Debtors comply with the operational requirements imposed as a result of the filing of the Chapter 11 cases. In addition, GGG and Ms. Goodman will assist other professionals sought to be retained by the Debtors in the Chapter 11 cases by acting as a medium through which professionals can obtain information regarding the Debtors. GGG's and Ms. Goodman's role as a conduit to information enables the other professionals in the Chapter 11 cases to provide better service to the Debtors during the early stages of the cases, thereby maximizing the Debtors' going concern value while simultaneously allowing the Debtors' senior management, as well as other employees, to concentrate on maintaining business operations. To provide such services in an effective manner, it will be necessary for GGG and Ms. Goodman to take the necessary actions immediately upon the filing of the Chapter 11 cases.

DISINTERESTEDNESS AND NUNC PRO TUNC APPROVAL

21. The Debtors do not believe that either GGG or Ms. Goodman is a "professional" whose retention is subject to approval under section 327 of the Bankruptcy Code or whose compensation is subject to approval of the Court under sections 330 and 331 of the Bankruptcy Code. As such, neither GGG nor Ms. Goodman has completed a disinterestedness review under section 327(a) of the Bankruptcy Code.

22. Nevertheless, the Debtors are not aware of any relationship which would present a disqualifying conflict of interest. To the extent either GGG or Ms. Goodman discovers any such relationship, GGG or Ms. Goodman will make appropriate disclosures to the Bankruptcy Court. Accordingly, the Debtors believe that each of GGG and Ms. Goodman is a "disinterested person" as that term is defined in section 101(14) of the Bankruptcy Code, in that GGG, Ms. Goodman, and GGG's professional personnel:

- a. are not creditors, equity security holders or insiders of the Debtors;
- b. are not and were not, within two years before the date of the filing of the Debtors' Chapter 11 petitions, directors, officers or employees of the Debtors (excepting only Ms. Goodman's retention as CRO shortly prior to the Petition Date); and
- c. do not have an interest materially adverse to the interests of the Debtors' estates or any class of creditors or equity security holders, by reason of any direct or indirect relationship to, connection with, or interest in, the Debtors.

23. The Debtors request approval of the employment of GGG and Ms. Goodman *nunc pro tunc* to the Petition Date. Such relief is warranted by the extraordinary circumstances presented by these cases. "Time pressure to begin service" and absence of prejudice are factors favoring *nunc pro tunc* retention. See *Matter of Arkansas Co.*, 798 F.2d 645, 650 (3d Cir. 1986); see also *In re Indian River Homes, Inc.*, 108 B.R. 46, 52 (D. Del. 1989), *app. dismissed*, 909 F.2d 1406 (3d Cir. 1990). The complexity, intense activity and speed that

have characterized these cases have necessitated that the Debtors, GGG, Ms. Goodman and the Debtors' other professionals focus their immediate attention on time-sensitive matters, and promptly devote substantial resources to the affairs of the Debtors pending submission and approval of this Motion.

24. For the foregoing reasons, the Debtors believe that the retention of GGG and Ms. Goodman, *nunc pro tunc* to the Petition Date, is appropriate and in the best interest of the Debtors, their estates, creditors, equity security holders and other parties in interest.

WAIVER OF BANKRUPTCY RULE 6004(H)

25. The Debtors seek a waiver of any stay of the effectiveness of the order approving this Motion. Pursuant to Bankruptcy Rule 6004(h), "[a]n order authorizing the use, sale, or lease of property other than cash collateral is stayed until the expiration of 14 days after entry of the order, unless the court orders otherwise." Fed. R. Bankr. P. 6004(h). The Debtors submit that ample cause exists to justify a waiver of the fourteen (14) day stay imposed by Bankruptcy Rule 6004(h), to the extent it applies.

NOTICE

26. No trustee, examiner, or creditors' committee has been appointed in these Chapter 11 cases. Notice of this Motion will be given to: (a) the Office of the United States Trustee for the District of South Carolina; (b) counsel to the Indenture Trustee (as defined in the Cherry Declaration); (c) counsel to the DIP Lender (as defined in the Cherry Declaration); (d) the Debtors' fifty (50) largest unsecured creditors (on a consolidated basis); (e) those persons who have formally appeared in the bankruptcy cases and requested service pursuant to Bankruptcy Rule 2002; and (f) all applicable government agencies to the extent required by the Bankruptcy Rules and the Local Rules. The Debtors submit that, under the circumstances, no other or further notice is required.


NO PRIOR MOTION

27. No prior motion for the relief requested herein has been made to this Court or any other court.

WHEREFORE, the Debtors respectfully request the Court enter an order, substantially in the form attached hereto as Exhibit C authorizing the Debtors to employ and retain GGG and Ms. Goodman, *nunc pro tunc* to the Petition Date, and grant such further relief as is just and proper.

[signature follows]

Respectfully submitted this 28th day of February, 2012.



Name: Timothy P. Cherry
Title: Interim President and Chief Executive
Officer of the Debtors

EXHIBIT A

KATIE S. GOODMAN DECLARATION

UNITED STATES BANKRUPTCY COURT
DISTRICT OF SOUTH CAROLINA

In re:

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

Debtors.

CHAPTER 11

Case No. 12-01220

Joint Administration Pending

DECLARATION OF KATIE S. GOODMAN IN SUPPORT OF THE DEBTORS'
MOTION FOR ENTRY OF AN ORDER PURSUANT TO 11 U.S.C. §§ 105(A) AND
363(B) AUTHORIZING AND APPROVING DEBTORS' (I) RETENTION AND
EMPLOYMENT OF GGG PARTNERS, LLC AND (II) EMPLOYMENT OF KATIE S.
GOODMAN AS CHIEF RESTRUCTURING OFFICER,
NUNC PRO TUNC TO THE PETITION DATE

Katie S. Goodman, declares under penalty of perjury, pursuant to 28 U.S.C. § 1746, as follows:

1. I am Managing Partner of GGG Partners, LLC ("GGG"), a firm specializing in providing turnaround, crisis management and restructuring services for public and private companies, lenders, equity holders and impartial constituents (such as examiners or trustees), which maintains its principal offices at 5883 Glenridge Drive NE, Suite #160, Atlanta, GA 30328.

2. I submit this declaration (the "Declaration") in support of the motion (the "Motion")² of The Cliffs Club & Hospitality Group, Inc. and its affiliated debtors in the above-

¹ 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 Debtors, LLC (9665).

captioned Chapter 11 cases, as debtors and debtors in possession (collectively, the “Debtors”), for entry of an order authorizing and approving: (i) the employment and retention of GGG to provide restructuring management and advisory services to the Debtors, and (ii) my employment as the Chief Restructuring Officer (the “CRO”) for the Debtors, and additional professional personnel, *nunc pro tunc* to the Petition Date, pursuant to the terms and conditions set forth in the Motion and the Services Agreement attached to the Motion as Exhibit B (the “Services Agreement”). Except as otherwise noted, I have personal knowledge of the matters set forth herein.³

3. The services GGG and I propose to render are described in the Motion and the Services Agreement, which are incorporated herein by reference.

4. GGG is a firm specializing in providing turnaround, crisis management and restructuring services for public and private companies, lenders, equity holders and impartial constituents (such as examiners or trustees). Working closely with client management, GGG develops and implements comprehensive turnaround programs that increase value through improving operations and asset performance, refocusing business models and restructuring debt

5. Accordingly, I believe GGG is well-qualified to provide restructuring management and advisory services to the Debtors.

6. I have more than 10 years of experience in the practice of turnarounds and restructuring. I have participated in more than 30 successful turnaround engagements in a variety of industries including food & beverage, retail, textiles & other manufacturing, healthcare, telecommunications, real estate, and others.

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Motion.

³ Certain of the disclosures herein may relate to matters within the knowledge of other associates at GGG and are based on information provided by them.

7. Accordingly, I believe I am well-qualified to act as the CRO in these cases.

8. The compensation arrangement provided for in the Services Agreement, including GGG's and my hourly rates, is consistent with and typical of arrangements entered into by GGG and me, and other similar firms and professionals, with respect to rendering similar services in other Chapter 11 cases.

9. In connection with the reimbursement of actual and necessary expenses, it is GGG's policy to charge its clients for direct expenses incurred in connection with providing client services. These expenses and charges include car rental/mileage, airfare and hotel. GGG does not bill for incidental expenses.

10. The Services Agreement provides that the Debtors will pay GGG's fees and expenses (including my requested compensation as CRO) upon the submission of monthly invoices by GGG that summarize, in reasonable detail, the services for which compensation is sought.

11. As set forth in the Motion, the Debtors do not believe that either GGG is or I am a "professional" whose retention is subject to approval under section 327 of the Bankruptcy Code or whose compensation is subject to approval of the Court under sections 330 and 331 of the Bankruptcy Code. As such, neither GGG nor I have completed a disinterestedness review under section 327(a) of the Bankruptcy Code.

12. Nevertheless, to the best of my knowledge, and except as disclosed herein, and based solely upon information provided to me by the Debtors, neither GGG, I, nor any employee of GGG, has any connection with the Debtors, the Debtors' estates, their creditors or any other party in interest herein. GGG and I may have relationships with certain of the Debtors' creditors as vendors or in connection with cases in which GGG or I serve or have served. To the

best of my knowledge, such relationships are completely unrelated to these Chapter 11 cases. In addition, GGG personnel may have relationships with some of the Debtors' creditors or other parties in interest. However, to the best of my knowledge, such relationships, to the extent they exist, are of a personal financial nature and completely unrelated to these Chapter 11 cases. GGG and I have and will continue to represent clients in matters unrelated to these Chapter 11 cases. In addition, GGG and I have had and will continue to have relationships in the ordinary course of business with certain vendors, professionals and other parties in interest that may be involved in the Debtors' cases in matters unrelated to these cases. To the best of my knowledge and except as disclosed herein, neither GGG, I, nor any employees of GGG, represent any interest adverse to the Debtors' estates with respect to any matter upon which GGG is or I am to be engaged. To the extent GGG or I discover any such relationship, GGG or I will make appropriate disclosures to the Bankruptcy Court in a supplemental declaration. Based on the foregoing, I believe that GGG is and I am a "disinterested person" as that term is defined in 11 U.S.C. § 101(14).

13. Neither GGG nor I have been retained to assist any entity or person other than the Debtors on matters relating to, or in connection with, these Chapter 11 cases. If GGG's and my proposed retention is approved by this Court, neither GGG nor I will accept any engagement or perform any service for any entity or person other than the Debtors in these Chapter 11 cases. GGG and I may, however, provide professional services to entities or persons that may be creditors or parties in interest in these Chapter 11 cases which services do not relate to, or have any direct connection with, the Debtors or these Chapter 11 cases.

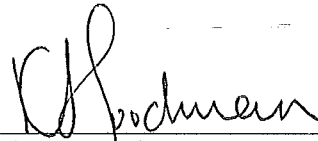
14. GGG has received a \$105,000 retainer from the Debtors for work to be done with respect to these Chapter 11 cases, against which GGG has applied \$91,839.12 for services rendered and expenses incurred prior to the Petition Date. Accordingly, GGG currently

holds a balance of \$13,160.88 as an advance payment for services to be rendered and expenses to be incurred in connection with its engagement by the Debtors. GGG has not received any other compensation from the Debtors.

15. Except with respect to partners, affiliates and employees, there is no agreement or understanding between GGG or me and any other party or entity for sharing compensation received or to be received for services rendered by GGG or me in connection with these Chapter 11 cases.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 28th day of February, 2012.

A handwritten signature in cursive script, appearing to read 'K. Goodman', is written over a horizontal line.

Katie S. Goodman
Managing Partner

EXHIBIT B

GGG SERVICES AGREEMENT



GGG Partners, LLC
5883 Glenridge Drive NE
Suite 160
Atlanta, GA 30328

Professional Services Agreement

CCHG Holdings, Inc., The Cliffs Club & Hospitality Group, Inc., The Cliffs Valley Golf & Country Club, LLC, The Cliffs at Glassy Golf & Country Club, LLC, The Cliffs at Mountain Park Golf & Country Club, LLC, The Cliffs at Keowee Springs Golf & Country Club, LLC, The Cliffs at Keowee Vineyards Golf & Country Club, LLC, The Cliffs at Keowee Falls Golf & Country Club, LLC, The Cliffs at Walnut Cove Golf & Country Club, LLC, The Cliffs at High Carolina Golf & Country Club, LLC and Cliffs Club & Hospitality Service Company, LLC (collectively, the "Client") located at 3598 Highway 11 Travelers Rest, SC 29690 has engaged the services of GGG Partners, LLC. ("GGG") 5883 Glenridge Drive, Suite 160 Atlanta GA 30327 to provide the services described on Schedule 1 attached hereto (the "Services"). This Professional Services Agreement and Schedule 1 attached hereto and incorporated herein (collectively, this "Agreement") sets forth the terms on which GGG will provide the Services to the Client. This Agreement may be amended in writing by mutual agreement of the parties from time to time.

1. The Client shall provide GGG with full access to all records, including information concerning the business, assets, operations and financial condition of the Client as necessary to perform the Services. The Client agrees that GGG is authorized to make appropriate use of all such information in connection with the performance of the Services.
2. Management of the Client shall promptly disclose to GGG any information relating to any misstatement or alleged misstatement of material fact contained in any information provided to GGG concerning the business, assets, operations and financial condition of the Client or any fraud or alleged fraud, whether or not material, that involves management or other personnel that are responsible for the preparation of the Client's financial statements.
3. The relationship of GGG to the Client shall at all times be that of an independent contractor.
4. GGG shall be subject solely to the control of the Board of the Client. Except for such control, GGG shall not be subject to the control of any other person or persons.
5. GGG shall be compensated for the Services based on the attached schedule 1.
6. The Client agree to indemnify and hold harmless GGG and each of its equity holders, managers, directors, officers, employees, GGG, subcontractors and agents (each, "GGG Indemnified Person") from and against any losses, claims, damages, expenses and liabilities or actions in respect thereof (collectively, "Losses"), and to reimburse each GGG Indemnified Person for all such Losses as they may be incurred (including all legal fees and other expenses incurred in connection with investigating, preparing, pursuing, defending, paying, settling or compromising any Losses, whether or not in connection with any pending or threatened litigation in which any GGG Indemnified Person is a named party), arising out of or related to the Services rendered or to be rendered by any GGG Indemnified Person in connection with this engagement, any GGG Indemnified Person's actions or inactions in connection with any such Services, or any violation or alleged violation by the Client or any of its directors, officers, employees or agents of any

federal or state laws or any rules or regulations promulgated under such laws; provided that the Client will not be responsible for any Losses of any GGG Indemnified Person to the extent that a court of competent jurisdiction shall have determined by a final judgment that such Losses resulted primarily from actions taken or omitted to be taken by such GGG Indemnified Person due to his bad faith or willful misconduct.

7. The engagement of GGG shall continue at the pleasure of the Client and may be terminated at any time. GGG shall have the option to terminate this engagement at any time upon written notice to the Client. The obligations of the Client under numbered paragraphs 5 and 6 of this letter agreement shall survive the completion or termination of this engagement regardless of the manner of such completion or termination and shall be binding upon the Client's successors and assigns.
8. This agreement supersedes any and all prior agreements written or verbal between the Client and the GGG.

Accepted and Agreed February __, 2012:

GGG Partners, LLC

By: Katie S. Goodman
Katie S. Goodman
Managing Partner

CC HG Holdings, Inc.
The Cliffs Club & Hospitality Group, Inc.
The Cliffs Valley Golf & Country Club, LLC
The Cliffs Valley Golf & Country Club, LLC
The Cliffs at Glassy Golf & Country Club, LLC
The Cliffs at Mountain Park Golf & Country Club, LLC
The Cliffs at Keowee Springs Golf & Country Club, LLC
The Cliffs at Keowee Vineyards Golf & Country Club, LLC
The Cliffs at Keowee Falls Golf & Country Club, LLC
The Cliffs at Walnut Cove Golf & Country Club, LLC
The Cliffs at High Carolina Golf & Country Club, LLC
Cliffs Club & Hospitality Service Company, LLC

By: Timothy P. Cherry
Timothy P. Cherry
Authorized Officer

SCHEDULE 1

Services to be provided by GGG to the Client

GGG shall act as a Chief Restructuring Officer of the Client. While the scope of services will be determined by the Board, the role will include:

- (i) Putting together a package of materials for potential plan sponsors
- (ii) Communicating with plan sponsors and other stakeholders regarding the plan
- (iii) Working with the Client and counsel to evaluate options
- (iv) Working with the Client and counsel to seek approval for the 'best' plan
- (v) Acting generally as the Client's financial advisor

GGG will be compensated on an hourly rate basis as follows:

Managing Partner \$350

Partner \$325

GGG will also invoice for reasonable out of pocket expenses. GGG considers out of pocket expenses to be car rental / mileage, airfare and hotel; GGG does not bill for incidental expenses.

Upon the execution of the agree GGG will receive a retainer of \$20,000, from which invoices for fees and expenses shall be deducted. This retainer will be replenished when reaching zero.

WIRING INSTRUCTIONS

GGG Partners, LLC
Bank of America
1775 Howell Mill Rd
Atlanta, GA 30318
Account Number: 334035258151
Routing Number: 061000052
ABA Number: 026009593

EXHIBIT C

PROPOSED ORDER

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

Case No. 12-01220

**ORDER AUTHORIZING AND APPROVING DEBTORS' (I) RETENTION AND
EMPLOYMENT OF GGG PARTNERS, LLC AND (II) EMPLOYMENT OF KATIE S.
GOODMAN AS CHIEF RESTRUCTURING OFFICER,
NUNC PRO TUNC TO THE PETITION DATE**

The relief set forth on the following pages, for a total of 7 pages including this page is hereby
ORDERED.

UNITED STATES BANKRUPTCY COURT
DISTRICT OF SOUTH CAROLINA

In re:

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

Debtors.

CHAPTER 11

Case No. 12-01220

Joint Administration Pending

ORDER AUTHORIZING AND APPROVING DEBTORS' (I) RETENTION AND
EMPLOYMENT OF GGG PARTNERS, LLC AND (II) EMPLOYMENT OF KATIE S.
GOODMAN AS CHIEF RESTRUCTURING OFFICER,
NUNC PRO TUNC TO THE PETITION DATE

Upon consideration of the motion [Docket Entry No. ____] (the "Motion")² of the above-captioned debtors (the "Debtors") for entry of an order authorizing and approving: (i) the employment and retention of GGG Partners, LLC ("GGG") to provide restructuring management and advisory services to the Debtors and (ii) the employment of Katie S. Goodman ("Ms. Goodman") as the Chief Restructuring Officer (the "CRO") for the Debtors, *nunc pro tunc* to the Petition Date; and it appearing that the relief requested is in the best interests of the Debtors' estates, their creditors, and other parties in interest; and upon consideration of the Cherry Declaration and the Declaration of Katie S. Goodman in support of the Motion; and it appearing that this Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and it

¹ 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 Debtors, LLC (9665).

² Capitalized terms used but not defined herein shall have the same meanings ascribed to them in the Motion.

appearing that this Motion is a core proceeding pursuant to 28 U.S.C. § 157; and adequate notice of the Motion and opportunity for objection having been given; and it appearing that no other notice need be given; 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 after due deliberation and sufficient cause therefore, it is hereby:

ORDERED, ADJUDGED, AND DECREED THAT:

1. The Motion is granted.
2. The Debtors are authorized to engage GGG on the terms described in the Motion, *nunc pro tunc* to the Petition Date.
3. The Debtors are authorized to engage Ms. Goodman on the terms described in the Motion, *nunc pro tunc* to the Petition Date.
4. Notwithstanding Services Agreement paragraph 4, GGG shall be subject to the Bankruptcy Court. GGG shall consult with and take advice from the Board of Directors of the Debtors and from other parties in interest as GGG shall determine. GGG's services shall be terminated only by order of the Bankruptcy Court after "notice and a hearing," as those words are used in 11 U.S.C. § 102(1). The Debtors or any other party in interest may file a motion seeking such relief.

Services Agreement Schedule 1, "Services to be provided by GGG to the Client," is hereby modified to provide that GGG shall act as the Chief Restructuring Officer of the Client, and its representative, Ms. Katie Goodman, shall be the highest officer of each Chapter 11 Debtor. GGG's and Ms. Goodman's services to the Debtors shall include the following:

- (i) Putting together a package of materials for potential plan sponsors;
- (ii) Communicating with plan sponsors and other stakeholders regarding any third party proposals;

- (iii) Working with the Debtors, the Indenture Trustee (as defined in the Cherry Affidavit), any committee appointed under 11 U.S.C. § 1102(a) (the "Committee"), and other parties in interest as appropriate, to evaluate options;
- (iv) Working with the Debtors, the Indenture Trustee, the Committee, and other parties in interest as appropriate, to seek approval for the best plan;
- (v) Acting generally as the Debtors' financial advisor;
- (vi) Overseeing and providing the necessary reporting requirements under the Bankruptcy Code and any orders of this Court;
- (vii) Interacting with the DIP Lender, the Indenture Trustee, the Committee, and other parties in interest as appropriate, concerning the operations of the Debtors, issues relating to the plan solicitation process, and any other matters relating to the Debtors;
- (viii) Overseeing and having responsibility for the collection of revenues and the disbursements of all funds;
- (ix) Approving any and all disbursements of the Debtors;
- (x) Controlling all bank accounts of the Debtors; and
- (xi) Otherwise managing the Debtors' businesses with powers and duties of a chief executive officer under applicable nonbankruptcy law.

5. The Debtors shall not be required to seek authority to engage either GGG or Ms. Goodman as a professional under section 327 of the Bankruptcy Code in these Chapter 11 cases.

6. GGG and Ms. Goodman shall be paid monthly by the Debtors for their services and expenses on the terms set forth in the Services Agreement, subject to the following paragraph.

7. GGG shall circulate its monthly invoices (inclusive of Ms. Goodman's requested compensation as CRO) for review and approval by: (a) the Debtors (and counsel therefor); (b) the Office of the United States Trustee for the District of South Carolina; (c) counsel to the Indenture Trustee (as defined in the Cherry Declaration); (d) counsel to the DIP

Lender (as defined in the Cherry Declaration); and (e) counsel for the Official Committee of Unsecured Creditors, if appointed (collectively, the "Notice Parties"). Any Notice Party receiving such monthly invoice shall have fourteen (14) days from the date of service within which to file and serve upon GGG and the Notice Parties a written objection to the monthly invoice, which objection shall specifically identify the time or expense objected to and shall state the reason(s) for such objection. If no written objection is received to a monthly invoice within fourteen (14) days of service, then the Debtors shall be authorized to pay GGG's monthly invoice; provided that the Debtors shall not pay GGG an amount that is not authorized under any applicable cash collateral or debtor in possession financing order. If a written objection to a monthly invoice is timely filed, then the Debtors shall be authorized to pay the portion of the monthly invoice that is not in dispute, and the portion of the monthly invoice that is in dispute shall be subject to the approval of this Court, unless such objection is withdrawn. GGG's and Ms. Goodman's fees and expenses are subject to the review of this Court as this Court deems necessary.

8. Notwithstanding the possible application of the Bankruptcy Rules, including Bankruptcy Rule 6004(h), the terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

9. This Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Order.

10. The Debtors shall, within three (3) business days hereof, serve a copy of this Order on all parties that received notice of the Motion, as well as all parties that have appeared in these cases and requested notice since the Debtors filed the Motion, and file a certificate of service evidencing such service.

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 Levensgood

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J. Michael Levensgood
Georgia Bar No. 447934
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*Proposed Attorneys for Debtors and
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