A worker at Sweetwater Country Club in Sugarland, Texas removes bermudagrass sod from a green damaged by this winter's record cold. The facility was among numerous Southern courses that suffered extensive winter kill requiring greens to be torn up and replanted. The extent of the damage wasn't known in many areas until the bermudagrass emerged from dormancy this spring.

Kill costs courses millions

BY PETER BLAIS

The winter freeze cost Southern courses millions of dollars, forcing many to reseed greens and some to close for as long as two months.

The cold temperatures that struck in early December killed much of the Bermudagrass on courses from Texas to South Carolina. Unfortunately the problem went undetected until spring when the overseeded ryegrass began to die out and the Bermuda traditionally starts to grow. Only this time the Bermuda never greened up.

"It just stayed dirt brown once the rye died off," said Gilbert Medrano, head superintendent at First Colony's new public course in Houston.

The damage was so bad First Colony closed its doors May 29 and wasn't scheduled to re-open until July 26. It cost $25,000 to reseed all 18 greens. Assistant pro Scott Redlake pegged lost business at another $180,000. Most courses were able to remain open, but had to resort to temporary greens. Nearby Sweetwater Country Club in Sugarland was "pretty severely" damaged but continued play on temporaries, which they tore up, fumigated, contoured and re-sprigged. We planted June 22 and they look good. They are about 80 percent covered.

Continued on page 31

S&L crisis hits golf

Let's make a deal goes nationwide...

BY PETER BLAIS

Golf courses nationwide are available at bargain-basement prices thanks to a savings and loan crisis that has left several courses in the hands of the Resolution Trust Corporation.

In the Phoenix, Ariz., area alone, two courses are for sale. Superstition Springs in Mesa and Happy Trails Resort in Surprise were the property of Western Savings, which was placed into receivership May 31, according to Western Savings Vice President of Real Estate Investment and Sales Paul Timm. They are being marketed by the RTC, which was established to sell off closed savings and loan properties.

Superstition Springs is a 646-acre project undertaken by Western Savings and Loan Association in the early 1970s. The 18-hole Greg Nash-designed course was under construction when the RTC took over.

Continued on page 27

...as foreigners, pensions pick up slack

BY PETER BLAIS

Foreign investors and pension funds are replacing beleaguered savings and loans and commercial banks as major funding sources for existing courses and new course construction.

"With the S&L crisis, those institutions are basically out of the golf course business. A lot of money used to come from the S&Ls. Now they're history," said Stanton Abrams, president of Senior Tour Players Inc., a Boston-based company involved in golf course communities and representing many famous Senior players.

"Commercial banks have had a lot of problems with bad loans. So that money has basically dried up, too."

Foreign investment

Led by the Japanese, foreign investors are now filling a large part of the funding void. The Japanese have bought...
Foreign money

Continued from page 1

or built 30 courses in California alone, including such shrines as La Costa Country Club in Carlsbad and Riviera Country Club in Los Angeles, site of the Los Angeles Open.

"There's a rumor they've offered the members at a Hollywood course $1 million each plus a lifetime membership for their course," said Abrams.

The $137 million paid for Riviera was considered exorbitant by many members at that Hollywood course, a rumor that was recently countered with an offer of $138 million, said Abrams.

"I don't question the high price and prepared for long negotiations. But the Japanese insisted what they figured was a fairly high price and prepared for long negotiations. But the Japanese insisted what they figured was a fairly high price and prepared for long negotiations. But the Japanese insisted what they figured was a fairly high price and prepared for long negotiations. But the Japanese insisted what they figured was a fairly high price and prepared for long negotiations.

The Japanese are also open to unusual ideas, Abrams said. His company proposed building a course on Guam with nine Senior players designing two holes apiece. Japanese developers jumped at the idea. Abrams' company received its first payment before a formal contract was even drafted. And the Japanese developed a novel marketing scheme. One house was built on each hole. Hole and house were then sold to different corporations for $1 million each.

How do you find Japanese investors?

"It helps to be properly introduced to an American group that has done business with them or a member of the Japanese group itself," Abrams said. "You can contact the American headquarters of the bigger Japanese companies directly. But I know of one company that gets something like 150 proposals a day. They have a warehouse full of them."

"Pension funds have become increasingly involved in golf course developments in recent years. Union pension funds own courses in Half Moon Bay and Palm Springs, Calif., said Abrams. The Transactors Union recently sold LaCosta to the Japanese, he added.

Other pension funds own Greens in Country Club in Haines City, Fla., and Foxfire Country Club near Flexhurst, N.C., a 36-hole, 40-room golf resort that officials hope will attract 36,000 Japanese visitors a year by 1992, said Abrams.

Why are pension funds interested in golf? The returns on investment are often higher than pension funds can attain elsewhere, said Abrams. That's very attractive considering the losses many funds have experienced in the weak office building real estate market.

"There's so much money in pension funds," said Abrams. "At&T alone gets something like $200 million in new money every month. The question is how to invest that money. I think you'll see pension funds investing in golf communities more often."
S&Ls

Continued from page 1

A AUGUST 1990 GOLF COURSE NEWS

27

Banking industry.

But the downturn in the Arizona real-estate market in the sec-
ond half of the decade eroded the company's solvency base. It was placed
into conservatorship last summer and receivership May 31 after the
Bank of America purchased its 61 branches and deposits. Happy Trails
was among the assets that remained.

Begun as a recreational vehicle resort in 1982 for "Snowbirds" es-
caping the Midwest's winter snow and cold, Western Savings and its
partners began marketing 1,500 lots as part of the first phase of develop-
ment, according to Western Savings Operations Manager Jerry
Shambaugh. The 2,500- to 4,500-square-foot lots sold well the first two years. But
in 1984, a half dozen additional RV resorts came on line.

"The market was flooded," said Shambaugh. "There were suddenly
10,000 to 12,000 lots. It's interesting that Happy Trails is the only one
still going."

But sales were about half of projections, adding to Western's woes. Sales continue at about 150 lots annually, less than half the 350 a year originally predicted.

Again, the golf course is doing well. Play at the Greg Nash/Ken
Kavanaugh-designed course has increased dramatically since the addi-
tion of a second nine last summer. For instance, 4,200 rounds were played in
March 1989. That was up to 6,200 rounds in March 1990, a 44-percent
increase.

Approximately $35 million has been invested in Happy Trails, which
includes the course; town center with stores, post office, ballroom and din-
ing room; three neighborhood centers with showers, laundry and pool; in-
formation center with sales and pro shop; RV storage and washing area;
and $7 million in furniture.

The property has been appraised at $12 million. A second appraisal was scheduled for completion in late July.

"We've had a lot of interest, somewhere between 100 and 150 calls
already," said Shambaugh. "We've had three solid offers. But we can't accept
any until we get the second appraisal. I feel we'll get another 10 to 12 offers
almost immediately.

"It's an excellent opportunity for someone to pick up a valuable piece of
property for about $12 million, sit on it for a couple of years and then sell for
around $35 million."

For more information on these properties call Paul Timm at 602-468-
4034 or Jerry Shambaugh at 602-468-5800.

The RTC had other courses available in Texas and South Carolina as of mid-July. For more information, contact the regional RTC offices in
those areas.

FOREIGN

Continued from page 26

cializing in golf course financing," added Abrams, who has worked
with, among others, San Francisco-based GATX Golf Capital (telephone
415-955-3200). "They're good. But they're incredibly selective."

The National Golf Foundation lists 10 companies, including GATX,
as potential financing sources. They are:

Alternative Mortgage of Longwood, Fla. (607-774-0099); The Balcor
Co. of Skokie, Ill. (708-675-
6923); BII Associates, Inc. of Acton, Mass. (508-635-0409); First Golf
Capital of Denver, Colo. (800-421-
9454); G.E. Capital — HRF of
Charlotte, N.C. (704-541-4966).

Greyhound Financial of Phoenix, Ariz. (602-525-5323); The Invest-
ment Matchmaker of Van Nuys,
Calif. (818-780-1034); Maloney Golf
Finance, Inc. of Kansas City, Mo. (816-444-2353) and The Prestwicn
Group of Northbrook, Ill. (708-676-
6874).

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