Many groups lining up bids on landmark properties

By Peter Blais

Many groups, management companies, financial businesses, Wall Street investment banking firms, wealthy individuals and many others are supposedly interested in the upcoming auction of former Landmark Land Companies’ properties being conducted by The Resolution Trust Corp., July 14 in Dallas.

"From what I hear, it sounds like everybody in the world will be bidding," said Randy Williams, Club Corporation of America’s executive vice president of new business. "The RTC has supposedly received over 1,000 inquiries.

The six properties have a book value of $740 million and include some of the world’s greatest championship golf courses and resorts. They are Mission Hills Country Club, PGA West, LaQuinta Hotel Golf & Tennis Club and Carmel Valley Ranch, all in California; Palm Beach Polo & Country Club in Florida and Kiawah Island Resort in South Carolina.

RTC will auction off the resorts individually and in groups to try to provide a competitive investment opportunity for both individual and institutional buyers.

Several membership groups at the private clubs are planning strong bids in the hopes of walking away from the auction block with those properties.

“They are the logical purchasers of the private clubs,” said Laurene Hirsh, president of the Society of Golf Course Appraisers.

They have the most to lose in terms of lifestyle and property values of their adjacent property if a company buys their course. Economically, there may be 400 members to spread the risk and they aren’t interested in the course making money. A company would be interested in the course showing a profit, which will affect its bid.”

Tom Hill is president of the members’ group developing a package for Palm Beach Polo & Country Club. The 45-hole course, polo club and equestrian center, with a total book value of $54 million, has

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Accurate practice range translates into additional course revenues

By Peter Blais

It’s a Thursday night and the serious golfer stops by the practice range on the way home from work. He grabs a T-iron and takes aim at the flag marked 150 yards. Experience tells him he should drop the ball right on top of the flagstick. Instead it falls 10 yards short. Maybe he mishit it. He swings again and the same thing happens. Several balls later frustration starts to build as he begins changing his swing to accommodate the poor pitching and putts. He is not sure what to do. Accuracy he has started to question. The distance from Point A to Point B. Robert Guenther believes similar scenarios play themselves out fairly often at practice ranges around the country, costing centers customers and profits.

But it is a fairly simple and inexpensive matter to correct, according to the Hale Irwin Golf Services vice president. Guenther presented a "cost-effective" means his company now offers for letting golfers know actual distances from tee station to target green. Guenther discussed the company’s new service during IdeaNight at February’s National Golf Course Owners Association annual meeting in Orlando, Fla.

The system is being used at the Hale Irwin Golf Learning Center in St. Louis and "has gotten a lot of positive feedback from golfers." The company first designed a Yardage

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NCA: Dues deduction repeal to hurt clubs

WASHINGTON, D.C. — Gerald F. Hurley, executive vice president of the National Club Association, testified before the House Ways & Means Committee in late March on the Administration’s proposal to repeal club dues deductibility and reduce the deduction for business meals.

"While clubs are willing to pay their fair share to help revitalize the economy and reduce the deficit, we believe the club and hospitality industry trusts their many employees have been unfairly targeted," Hurley told the committee. "We believe in a strong economy and in investing for the future. The private club community is a part of that future."

"If the deduction for club dues is repealed and business-meals and entertaining deductibility is reduced to 50 percent, the financial impact on club employees, mid-level executives, small business, club members and the economy will be just the opposite. Not only would the economic viability of club employers be threatened, such action could cost jobs."

NCA estimates that $68,000-full-time position would be threatened in the club community if the changes to deductibility passed. The loss in payroll taxes would be approximately $140 million per year. This does not consider the tens of thousands of part-time jobs and related payroll taxes

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American mg. companies see Asian market in different light

By Peter Blais

The two giants among American golf course management companies view the Asian market in totally different lights. "From our perspective we have a very lucrative market here (North America), so why define our focus," said Jerry Dickenson, chairman of Club Corporation of America’s Club Resorts Group.

"There are a number of Asian companies that are doing a good job there already," Club Corporation of America has an opposing outlook. "We think Asia represents a big potential market for our services," said Jerry Dickenson, chairman of Club Corporation of America’s Club Resorts Group.

"There is an emerging interest for golf in Asia. We see a lot of opportunity in China, especially along the South Coast and Hong Kong. The area has billions of dollars of office buildings and hotels, just the type of market we are looking for."

The fact that most Asian facilities are private may help explain why the companies view the region so differently. A.G.C has made its state primarily in the public course sector. C.C.A, while it is the nation’s second largest manager of public facilities through its GolfCorp. subsidiary, is primarily known as a private club operator. C.C.A made some inroads in the
Club Corporation of America active in Asian market

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Paul Dickinson, the 1980s working with Asian partner Club Corp. of Asia. The Asian firm was primarily interested in city clubs while American-based CCA wanted to get more involved with golf, Dickinson said.

The two dissolved their 10-year relationship in 1991. Club Corp. of Asia was renamed Private Clubs International to avoid any confusion.

CCA signed on with a new firm, White Saison Group, operators of Inter-Continental Hotels. The partners opened a Tokyo office in January 1992 and a Singapore branch last June.

The partners have inked several contracts in the past year, Dickinson said, including:

• A management agreement for a Tokyo city club called the Uraku Club along with a consulting agreement with the Uraku Golf Club at Gotemba, a private, 18-hole facility on the slopes of Mt. Fuji.

A consulting pact involves establishing practices and procedures for receiving international guests and entitles members to the reciprocal arrangements offered through other Club Corp. facilities.

• A management agreement for the 36-hole Burapha Golf Club outside Bangkok, Thailand. The first 18 David Graham-designed holes are scheduled to open by this fall.

• A management contract with the Zhaoping Golf & Country Club, a 54-hole complex under construction at the Star Lake Resort north of Canton. The first 18 holes should open in about two years.

"We'll move slowly in Asia. But we see the demand continuing for professional management companies," Dickinson said.

The experiences of businessmen and tourists while visiting foreign courses operated by management companies is fueling that demand.

While Asian companies may own and operate several courses, management companies that run facilities for the owners are almost unheard of in Asia, Dickinson said.

"Getting them to understand the management company role is our biggest challenge," the CCA executive explained.

"When they travel to someplace like Pinehurst, they realize they aren't getting the same quality back home. They have paid for extremely expansive facilities that aren't being maintained well."

LAACO adds golf course mgt. subsidiary

LOS ANGELES — LAACO, Ltd., one of the club industry's oldest companies, has announced the formation of Club and Resort Management, a new unit that will provide management services to country clubs, golf courses and resorts, yacht clubs, city clubs and athletic clubs.

LAACO has more than 90 years of club management experience, having been formed at the turn of the century to acquire and operate The Los Angeles Athletic Club (whose initials gave the company its name). Today LAACO owns and operates the Los Angeles Athletic Club, the California Yacht Club and a number of real estate holdings. It owned and operated the Riviera Country Club (home of The Los Angeles Open) and the Riviera Tennis Club until 1988, when the two clubs were sold for $18 million. LAACO jointly operated the clubs with the new owners for an additional year.

W. Gary Collins has been named vice president of LAACO and will oversee Club and Resort Management.

One of the senior LAACO executives who will be working closely with Club and Resort Management is Steven K. Hathaway, senior vice president of operations at LAACO.

Dues deduction

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lost.

Also impacted will be suppliers and vendors who serve the club community, such as food and beverage vendors, tabletop equipment and specialized equipment manufacturers supporting the golf industry.

Hurley noted, "Many small businesses choose to invest in business-development entertaining as a more effective means of generating business than other options, such as high-cost advertising.

"Expense and dues deductions are merely a reflection of that investment incurred in an effort to conduct business and generate taxable net income."

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