Southwest Golf set to expand reach throughout country

By PETER BLAIS

Golf courses are making money, but are they making friends?
That's a question William Walters ponders every day.

"I'm not sure the attorneys, accountants and business people running golf today really understand what the game is all about," said Walters, chairman of The Walters Group and its subsidiary, Southwest Golf, which operates a total of five courses in Illinois, New Mexico and Arizona.

"The pros who ran golf courses for years knew little about how to run a business. Management companies came in and began operating them more profitably. The added revenue was good for golf. But they often lost the personal touch. There is still a huge demand for facilities run the old-fashioned way, with service and atmosphere being the most important things. We want to maintain our facilities at a high level with a high service level for our customers.

"Service and atmosphere. Those are the qualities Walters said he will stress as he strives to grow his Las Vegas-based firm from its modest-sized present to a 20-plus course conglomerate. The Burr Hill Club in St. Charles, Ill., currently under contract and expected to close in early October, is the latest addition to the Southwest portfolio. Southwest also operates Eagle Brook Country Club and The Golf Club of Illinois in suburban Chicago, Mesa del Sol Country Club in Yuma, Ariz., and Paradise Hills Golf Club in Albuquerque, N.M. All except Eagle Brook are daily-fee operations.

Southwest is also negotiating with the city of Las Vegas to build a Perry Dye-designed municipal course there. Walters said it would be only the second municipal layout in the fast-growing city. "It will be affordable, averaging $22.81 per round for residents, including cart," he said. "Most of the public courses in Vegas are in the $70-75 range."

Walters hopes to buy or build four to five golf courses annually for the next few years throughout the United States. Plans are to group them like the three Chicago courses, which are located within 30 minutes of one another along Randall Road, a fast-growing area that is home to many corporate headquarters. The company will eventually...

Continued on page 38

EPA ruling on USTs could free up loan money for courses

By PETER BLAIS

WASHINGTON — Lenders may be more willing to loan money to golf courses and others with underground storage tanks (USTs) because of a recent U.S. Environmental Protection Agency (EPA) ruling limiting the liability of lenders financially involved in properties with USTs.

"This doesn't change the things we'll require of a borrower," said Don Rhodes, vice president of Gray Rock Capital, a subsidiary of NationsBank and one of the country's leading golf course lenders. "But it will allow us to make a loan where we might not have done so before."

According to the EPA, the new rule will limit the regulatory obligations of financial institutions and others holding security interests in properties with USTs.

Lenders, EPA said, have been reluctant to extend loans to these small businesses for fear of incurring UST cleanup liability in situations where the business, for example, becomes bankrupt and the lender forecloses on the property. By reducing the regulatory obligations of lenders, the agency aims to remove this potential barrier to extending loans to small businesses with USTs.

The new rule makes lenders eligible for an exemption from all UST regulatory requirements, both prior to and after foreclosure, if the lender holds an ownership interest in a UST or in a property on which the UST is located to protect its...

Continued on page 36