Letters

Lenders Cast Wary Eye

To the editor:

Contrary to a popular belief, bank presidents who make loans for golf course development are not completely enamored with golf — the business. Or so it would seem, judging from the latest survey completed by our firm.

We surveyed several golf course lenders and found that golf-related loans represent a higher interest rates than other real estate projects. Interest rates for golf course development average a record-breaking year above the LIBOR rate, or up to 3 percent above the prime rate.

In other cases, lenders assess a rate of 250 to 500 basis points above corresponding treasury bills. And for institutional quality properties (malls, prime office buildings, apartments, etc.) this rate may be as low as 250 to 200 basis points above correspondi

The biggest reason for this rate increase is that banks view golf courses as a management-intensive business (as opposed to the real estate investments). While charging higher interest for golf course developments, most lenders will also place developers under a high level of scrutiny and require previous golf course operating experience.

Despite the recent report that in 1996, a record-breaking year for golf course construction and the fifth year in a row of increased course construction and the large expansion in golf course development, the interest rates have not come down. Why is this?

Many lenders feel that the failures of the past will be repeated. The elevated level of sophistication in the golf course industry has not yet been recognized fully by the lending community. Shrewd investors are taking advantage of this by offering equity and debt funding at increased costs and reduced expectations.

Only time will tell if this means that the financial community is beginning to take a more friendly look at golf and if these investors have already recognized this and are taking advantage of a favorable market for the time being.

Conversely, it could mean that these expensive means of financing will continue to make golf deals more difficult to do and less profitable for the developers.

I believe that we in the golf industry need to keep elevating our level of sophistication in order to enjoy the benefits of other real estate interests, business opportunities. Interest rates are simply a reflection of perceived risk. It is our job to show the financial community that we have the ability to accurately and objectively identify the good deals from the bad and that good golf deals should be judged individually and not based on the failures of others in the past.

Furthermore, we need to be able to tell the financial community when and why a particular golf deal is a bad one. When the financial community is confident in our ability to do this, then and only then will golf courses be treated as other types of investments.

Lawrence A. Hirsh, president Golf Property Analysts Harrisburg, Pa.
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whether issued from Sierra Club members or thoughtless columnists who regurgitate the same fatuous arguments and trot out the same passel of tired, old golf-oriented catch phrases - is their frequent degeneration into schoolyard-level name calling. It seems every anti-golf harangue (and one surfaces nearly every week) eventually falls back on the same passel of tired, old golfist who regurgitates the same oriented catch phrases — is their ironclad argumentative device is akin to dismissing legitimate environmental concerns because they might be issued by pony-tailed '60s relics in tie-dyes and Birkenstocks.

The latest example comes from a guy named Doug Adrianson, an editor at the Los Angeles Times, whose column was syndicated in The Portland Oregonian (and probably other Sunday papers across the country) on July 28.

The headline is a perfect example of what I'm talking about. It read, "The devil is a duffer in Satan," before returning to things more puerile in paragraph two by posing the question: "What gets me so teed off about a bunch of weirdly dressed guys with tassels on their shoes and dimples in their balls?"

Hey, Doug: I have a few questions for you. First, are you capable of original thought? Do you have any idea how many times, for example, folks have used the incredibly lame and obvious metaphor "teed off" in print? Further, are you so deluded as to think you're the first to deride golfers for their admittedly questionable fashion sense? As a journalist, you should be more sensitive to fashion stereotypes relating to vocation/avocation — newspaper guys don't shop at Barney's, I'm sure you'd agree. In short, Doug, I'm disappointed that you failed to dream up a new and different way to demean golf and golfers. And if you think about it, Doug, how strong can your argument possibly be when its most strident language is reserved for standards of dress? * * *

Old friend Pat Jones, a veteran member of the management staff at the Golf Course Superintendents Association of America, has joined Selz/Seabolt Communications of Chicago as senior account supervisor.

Selz, of course, is the firm which handles association management duties for the American Society of Golf Course Architects (ASGCA). Indeed, Paul Fullmer, president of Selz/Seabolt, also serves as the ASGCA's executive director. Jones said he will combine work on existing agency accounts with development of programs for companies in the golf/turf industries.

"We have some really innovative ideas on ways that green industry companies can establish and maintain a 'green' image," Jones explained. "With our capabilities here in Chicago and our offices in Washington, D.C., we can bring a broad public-affairs approach to environmental challenges. We can also help companies develop an effective strategic marketing plan for breaking into the industry, or expanding their current business."

Here. There. Everywhere.

How's that for application guidelines?

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your cart to your ball and hitting it, you're often not quite ready.

"And the cart doesn't give you much advice, either."

Clark paid high compliments to modern superintendents. Speaking of changes to the game brought on by advances in equipment, he said: "The big difference is the greenkeeping. It has improved tremendously. Watch these 30-year-old shows and see how slow the greens are. The ball rolls beautifully today. The greens are almost perfect. That even changed the way people putt. The older pros are hitting the ball almost with their right hand. There were not too many Ben Crenshaws and Phil Mickelsons 40 years ago. That kind of stroke is hard to make work on a slow green."

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"I've never seen bentgrass grow in as fast as it did there," said Dan Proctor about Sand Hills Golf Club in Mullen, Neb.
The golf course builder and shaper (see story, page 31) said working on Sand Hills with architects Ben Crenshaw and Bill Coore "wasn't like a job. It was almost like a holiday in which you get to build golf holes. It's probably the greatest setting for golf holes in America."

His partner, Dave Axland, added: "We really felt we were privileged to be part of something special. We had no input on the design, just construction of the bunkers. It's one giant USGA green. It's fantastic."