

BRIEFS



COURSECO SIGNS LONG-TERM DEAL

CourseCo Inc., a Northern California-based golf course management and development firm, will operate the Crystal Springs Golf Course here for the next 20 years under terms of a lease agreement with San Francisco officials. In connection with the agreement, the first phase of a \$2.5 million upgrade has begun.

NEW OWNERS FOR NH, VT TRACKS

A pair of Northern New England courses have new owners. Pete and Grace McGowan of Gillette, N.J. along with Joe and Mary King of Sand Point, N.Y., purchased nine-hole White River Golf Course in Rochester, Vt., for \$660,000. Herb and Gail Braman were the sellers. Franklin Resource Group, headed by President John Maiorino, acquired nine-hole Nippo Lake Golf Course in Barrington, N.H., for \$850,000 from seller Lloyd Jensen. J.A. Canfield & Co. Brokers of Glen, N.H., represented the sellers at both facilities.

LIVINGOOD NEW GM AT VA. LAYOUT

VIENNA, Va. — Billy Casper Golf Management has named Joseph Livingood general manager at Somerset Golf Club near Fredericksburg. Jerry Slack-designed Somerset is an 18-hole, public facility scheduled to open in by early June. Livingood has extensive management experience, most recently serving as general manager of Crystal Lake Golf Club in the Minneapolis suburb of Lakeville.



Joe Livingood

FAMILY GOLF REPORTS FINANCIALS

MELVILLE, N.Y. — Family Golf Centers reported first-quarter net income rose to \$562,000 or 5 cents per share, up from \$69,000, or 1 cent per share, for the same three months in 1996. Revenues increased 168 percent to \$9.015 million for the first quarter of 1997 compared to \$3.362 million in last year's first quarter. "We continue to pursue our ambitious expansion strategy and have added nine centers since the beginning of the year," said company President Dominic Chang.



Dominic Chang

GOLF COURSE NEWS

London-based Clubhaus widens European reach

Management firms gain popularity, increase service expectations among European golfers

By PETER BLAIS

LONDON — Clubhaus PLC has kicked off its second year in business with the purchase of three more courses, an indication of the increasing influence of course management companies throughout Europe.

"Management companies will inevitably grow here," predicted Colin Hegarty, director of London-based Golf Research Group, a golf industry research firm. "They may grow slower than some people think in terms of the numbers of courses they operate. But the effect they have will be far greater than just numbers. They will redefine customer expectations in terms of the quality golfers expect."

Management firms are gaining strength throughout Europe, but particularly in the United Kingdom, Hegarty said. Clubhaus' three recent acquisitions gives it 10 golf facilities scattered throughout Europe, with 8.5 18-hole equivalents in the United Kingdom alone. According to Hegarty's figures, Clubhaus is the third-ranked management firm in the United Kingdom in terms of total courses (measured in 18-hole equivalents) behind

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Warwickshire Golf Club in England, a Clubhaus facility.

MOVIN' ON UP

Risk-taker Evans takes advantage of opportunity

By PETER BLAIS

BELGRADE LAKES, Maine — Years of preparation and a causal conversation set Kyle Evans on the road from superintendent to course owner.

Evans, 39, then head superintendent at Waterville (Maine) Country Club, was working on the course one August day in 1995 when Maine legend Harold Alfond happened along. Alfond, the millionaire founder of Dexter Shoe and part owner of baseball's Boston Red Sox, is a Waterville CC member.

The two struck up a conversation. Evans mentioned he was looking at some nearby land where he hoped to build a nine-hole executive course. Alfond listened and then invited Evans over to his home that afternoon to meet some friends. The friends were developers who wanted to build a first-class, championship course on 250



Kyle Evans at Belgrade Lakes Golf Club.

acres overlooking the scenic Belgrade lakes. They wanted Evans, the only one in the group with golf industry experience, to lead the development team as part owner and company president.

"You can't hit unless you step to the plate," Evans said. "I didn't hesitate for a moment."

Flash ahead to May 1997, almost two years after his initial conversation with Alfond, and Evans is hoping to open the first nine holes of his Clive Clark-designed course later this summer. He's been involved with the project through land acquisition negotiations, the permitting process, architect and builder selection and course construction.

"All the experiences I had along the way were important in getting me to this position," Evans said.

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GATX course portfolio still up for grabs

By PETER BLAIS

NationsCredit has ended its efforts to buy GATX Capital Corp.'s golf course loan portfolio, according to a NationsCredit spokesman.

"We just couldn't agree on a price," said Don Rhodes, vice president of Atlanta-based NationsCredit. "We made an offer we thought was high, but they apparently thought was too low. In the end, they wouldn't adjust their asking price."

Asked about the negotiations, GATX spokeswoman Sandra Parker offered, "No comment."

Saying the increased willingness of traditional lenders, like banks, to make golf course loans meant too-low rates of return for a financing company [See November GCN], GATX Vice President Roy Powell announced last fall that the firm would no longer make golf loans and would sell its existing \$75 million loan portfolio.

Among GATX's clients were several major golf course operators including Golf Enterprises (now part of National Golf Properties), The Fairways Group, LinksCorp and National Fairways Inc.

"The whole package included 22 courses," Rhodes said. "They cut out the LinksCorp courses early and a few others, leaving somewhere between seven and nine courses we were discussing. We talked, but kept coming up about \$200,000 apart."

Rhodes said he was unaware if GATX was negotiating with other potential buyers for its course portfolio.

"They indicated they might just keep the loans," he added. "If the properties do as well as they believe, keeping them may be the best return they will get. It was hard for us as a lender to pay for an upside that may be five to seven years in the future."

CCA Int'l signs deal to manage new golf facility in Manila

MANILA, The Philippines — CCA International Ltd. has signed an agreement to manage the Riviera Golf & Country Club on the outskirts of the city. This is CCA's second golf club in The Philippines, joining Mimosa Golf & Country Club on the grounds of the former Clark Air Base.

Riviera will consist of two 18-hole courses designed by golfers Fred Couples and Bernhard Langer, as well as a driving range, clubhouse and golf academy. A separate family club will be added as part of a second developmental phase. The property is scheduled for a soft opening this spring.

Total development costs are estimated at more than US\$100 million. CCA is to provide pre-opening technical assistance and overall management on behalf of owner AFP Retirement & Separation Benefits System (AFPRSBS).

In other news, CCA recently appointed J. Scott Giddings senior manager/operations. Giddings will be based at the CCA's Hong Kong head office where he will oversee overall club operations in various parts of Asia, including membership sales, food and beverage quality, service standards and human resource development.

Giddings holds a bachelor's degree in hospitality management and a master's degree in business administration from Florida Atlantic University (USA).

Clubhaus Europe

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Whitbread Hotel Co. (17) and American Golf Corp./UK Ltd (11).

A UK tax structure that requires company-owned clubs to pay corporate and value-added taxes, while waiving those levies against member-owned facilities, makes it difficult for proprietary clubs to compete in the UK, according to Clubhaus spokesman Jonathan Talbot-Weiss.

"One of the ways to fight against that [tax disadvantage] is to accumulate a critical mass of courses, to get the economies of scale that let you operate at lower costs," Talbot-Weiss explained of the appeal of multi-course ownership management firms strive to achieve.

As for Clubhaus, the firm followed up its January purchase of 18-hole Castle Royale Golf & Country Club in Windsor, Berkshire, with February's acquisition of Golf Fund PLC's two English courses — Seedy Mill Golf Club (27 holes) in Litchfield, Staffordshire, and The Warwickshire (45 holes) in Warwick.

The new acquisitions come on the heels of an eventful first year that saw Clubhaus accumulate seven courses between its November 1995 incorporation and the year ending Dec. 31, 1996. The firm reported revenues of £7.3 million and a pre-tax profit of £1.5 million during the 14-month span.

"We are determined to achieve our goals and implement the strategy of expanding the portfolio of golf clubs in the United Kingdom as well as in Continental Europe and of broadening the product lines," said Clubhaus Chairman Alexander Baron von Spoercken. "Since 1st January 1997, we have already seen the completion of the acquisitions of three clubs in the UK and we will shortly be launching the Clubhaus Members Card.

"Trading at all the Group's golf courses is encouraging and in line with expecta-

tions. The benefits of multiple club ownership will begin to flow through in 1997, increasing margins and allowing significant savings to be made on overheads."

Clubhaus' strategy is to be a major player in the consolidation of the European golf industry through the acquisition of existing facilities.

"Historically, the ownership of golf facilities in Europe has been fragmented and the facilities lacked the benefits of economies of scale," von Spoercken wrote. "The consolidation of the European golf industry is far from complete and it is imperative that, whilst there are opportunities, the company reacts swiftly and continues to make the progress seen since February 1996."

That progress began 15 months ago with the acquisition of the leisure business formerly operated by Ex-Lands PLC, owners of Duke's Dene Golf Club in Surrey; Hof Trages Golf Club in Frankfurt, Germany; Ludersburg Golf Club in Hamburg; Foret de Montpensier Golf Club in Vichy, France; an investment in Nippenburg Golf Club in Stuttgart, Germany; and a minority stake in a golf project in Brussels. Clubhaus Investments Ltd., previously a subsidiary of Ex-Lands PLC, had developed those properties in the five years prior to the Clubhaus PLC purchase.

The company signed a lease with The Royal Bank of Scotland in April 1996 to operate Nizels Golf Club in Kent. It has made considerable improvements to the course and opened a clubhouse since then.

These initial courses were considered premium-brand facilities — high-quality private members clubs. The company

'Historically, the ownership of golf facilities in Europe has been fragmented and the facilities lacked the benefits of economies of scale.'

— Clubhaus Chairman Alexander Baron von Spoercken

branched out into the "middle market" brand, clubs providing a value-driven operation, with its July 1996 acquisition of Family Golf Ltd.'s two courses — Chesfield Downs Golf Club in Graveley, Hertfordshire, and Aylesbury Park Golf Club in Aylesbury, Buckinghamshire.

Castle Royale and The Warwickshire were later assigned to the Clubhaus Premier category with Seedy Mill and Clubhaus-managed Meyrick Park Golf Club in Bournemouth (scheduled for completion two months ago) coming under the Family Golf wing.

"The courses Clubhaus bought are good properties and have good people in place," Hegarty said. "They are well located, with good management and will run well, although it may take a year or so for them to run at peak performance."

Clubhaus plans to expand its membership base through providing additional services. Toward that end, the company in November acquired London's Fox Club, a city club with bar, restaurant and nine overnight suites. Last February, the company also purchased Thomas Pace Hospitality Ltd., a corporate hospitality company since renamed Clubhaus Hospitality Ltd.

These assets will provide the foundation for the Clubhaus Members Card, which became available this spring. The card offers access to all Clubhaus facilities as well as the ability to take advantage of hospitality events.

As for the future, von Spoercken wrote, Clubhaus plans additional acquisitions that fit the company's criteria of good location, positive cash flow and growth potential.



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