MANAGEMENT NEWS IN 1999

The consolidation beat goes on in the golf course management industry. Management companies, individually and sometimes in unison, continued to buy up individual courses and/or other management firms in 1999. A prime example was the joint effort by American Golf Corp. (AGC) and ClubCorp to purchase the 45-course portfolio of Cobblestone Golf Group. AGC and ClubCorp put up $393 million and then split the courses between them.

ClubCorp’s name appeared numerous times in GCN’s 1999 management pages as the Dallas-based firm launched joint efforts with other major management/development companies. Early this year, ClubCorp announced the development of its first course (located an hour north of Atlanta) in conjunction with Jack Nicklaus’ Golden Bear International. It purchased a portion of the stock in ClubLink, a major Canadian course operator that acquired highly regarded Glen Abbey Golf Club in Toronto from the Royal Canadian Golf Association and later expanded its Montreal cluster by purchasing 50 percent of Quatre Domaines Golf Club. The United States Golf Association handed over responsibility for managing everything outside the ropes at its most prestigious tournament, the 1999 U.S. Open at Pinehurst, to a ClubCorp subsidiary, Pinehurst Championship Management.

While big players were making news, small- to mid-sized course management firms continued to do well. Among them, Wilson Golf Group of White Bear Lake, Minn.; Sports & Fitness Management of Missouri; Walters Golf Management of St. Louis; and Signet Golf Associates of Pinehurst, N.C.

Walters strikes gold in St. Louis golf market

By Peter Blais

Dennis Walters is bullish on the St. Louis marketplace. “Twelve years ago it was probably on the endangered species list, according to the National Golf Foundation,” said Walters, president of St. Louis-based Walters Golf Management. “Since then we’ve opened a number of new facilities. It’s become a very competitive market.”

Walters entered the golf business in 1962 when his father bought Bogey Hills Golf & Country Club, a Wayne Clark-designed layout in St. Charles, Mo. The course had laid dormant for 25 years. Walters, who was in high school at the time, did some redesign work with his dad (an optometrist), and the course reopened as a nine-hole layout in 1987.

The new partnership, Golf Acquisitions LLC, closed on the 45-course acquisition last spring and divided the facilities between them. Meditrust, a Massachusetts-based real estate investment trust (REIT), bought Cobblestone in late 1997 for $241 million. Cobblestone nearly doubled in size under the Meditrust banner. But the REIT experienced some financial problems and decided to seek a buyer for the Cobblestone golf properties last fall. A half-dozen groups were reportedly interested in acquiring Cobblestone.

“Was such a large transaction, it made sense for the two largest firms in the industry to get together and purchase it jointly,” said ClubCorp President and Chief Executive Officer Robert Dedman Jr. "We basically split the assets 50-50. There are probably 95 percent of the assets we’d both love to own. But there were some assets that fit better with their strategic plan and some that fit better with ours, based on our existing markets and the ability to cluster some of the Cobblestone assets with our existing properties.”

Having AGC and ClubCorp team up on the purchase “just seemed common sensical,” Dedman said. "It allowed us to be as competitive as we could from a price perspective. It was in both of our best interests to acquire these assets. From American Golf's perspective, it made as much sense for them as it did for us.”

Santa Monica, Calif.-based American Golf took over 23 of the properties, including eight in Texas, six in California, four in Arizona, three in Virginia and two in Georgia. American Golf is negotiating to transfer substantially all these courses to its publicly traded affiliate.

USGA turns over U.S. Open mgt. reins to ClubCorp subsidiary

By Peter Blais

PINEHURST, N.C. — The United States Golf Association (USGA) has handed over responsibility for managing June’s U.S. Open at Pinehurst No. 2 to an outside party—Pinehurst Championship Management (PCM).

PCM is the sports marketing division of ClubCorp, the Dallas-based firm that owns and operates Pinehurst. PCM will be responsible for everything from handling transportation issues to developing corporate partners. The USGA will retain control over what occurs "inside the ropes," according to the USGA’s Tim Moraghan, who oversees course preparation for Open events for the USGA Rules and Competition Committee.

“Outside the ropes,” said PCM head Jon Wagner, “everything with regard to presentation, corporate hospitality sales, operations, coordination, and volunteer coordination will be done by PCM. Inside the ropes, we will receive guidance from the USGA and do as they tell us.”

Pinehurst is one of golf’s shrines. It was famed architect Donald Ross long-time home and has hosted many prestigious championships including the North and South Open (the nation’s longest continuous running golf championship), the 1936 PGA Championship, 1951 Ryder Cup and 1982 U.S. Amateur.

Pinehurst suffered from neglect in the late 1970s, but was restored to prominence by ClubCorp, which purchased the complex in 1984. ClubCorp restored Course No. 2 to its original condition and hosted the 1989 USGA’s Women’s Ama-
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Sports & Fitness Management expanding its portfolio

By PETER BLAIS

MANCHESTER, Mo. — It's going to be a busy summer for Sports & Fitness Management, the Missouri-based golf and health club management firm.

Sports & Fitness will open Fred Couples/Gene Bates-designed StoneBridge Golf Club in Bossier City, La., later this summer and recently agreed to purchase Garden Valley Golf Resort in Tyler, Texas. The firm is also about to break ground on a Gary Kern-designed course near St. Louis called Aberdeen and is negotiating a three-course purchase with a management firm operating facilities in Louisiana and Texas, according to Vice President J. Christopher Kerckhoff.

In addition to StoneBridge, Garden Valley and Aberdeen, the firm operates Briarwood Golf Club in Tyler; Crystal Highlands Golf Club in Festus/Crystal City, Mo.; Golf Club of Incline Village for St. Louis and Helen, Ga.; Golf Club of Macon (Ga.); and The Legends at the Legends in Eureka, Mo. The five new courses added this year put it ahead of its acquisition goal of two properties per year.

Ronald Reagan said "A nation that values its young people has a bright future." So why not a nation that values its older people? It's a country of the elderly. As the children of these older people we are, as a whole, faced with the reality that our parents are aging and many are in need of a new place to call home. That's where retirement communities come in. They offer a warm, safe environment for our parents to live in, free from any worries or concerns about their safety.

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