

BRIEF



BRYANT JOINS INTRAWEST

PHOENIX, Ariz. — Kathy Bryant, a 30-year golf and hospitality industry veteran, has been named vice president of sales and marketing for Phoenix-based Intrawest Golf.



Kathy Bryant

Bryant will be charged with managing the marketing strategies for Intrawest Golf's owned and managed facilities. For the past 10 years, Bryant has served

as vice president of marketing for Western Golf Properties, Inc., where she oversaw the marketing efforts of 25 company-managed golf facilities. Prior to Western Golf Properties, Bryant served as general manager for The Pinery Country Club in Parker, Colo.

ClubLink making moves in Canada, U.S.

Acquires Fazio-designed course in Washington, ends GolfSouth affiliation

KING CITY, Ontario, Canada — ClubLink Corp. has purchased Tom Fazio-designed Piedmont Golf Club (GC) near Washington, D.C., from GolfSouth Holdings LLC and will receive US\$22.2 million from GolfSouth upon the payment of loans and accrued interest and the purchase of ClubLink's investment in GolfSouth NOVA Investors LLC.

The 18-hole Piedmont GC will be a ClubLink club within the gated residential development of KSI Services, Inc., anticipated to include more than 2,000 homes.

The loan repayment results in ClubLink relinquishing its option to acquire control of GolfSouth.

ClubLink President and Chief Executive Officer Bruce Simmonds said: "ClubLink's plans for the United States have evolved as a result of a strategic alliance struck with ClubCorp Inc. in early 1999, pursuant to which we have established a joint venture to develop ClubLink-style clusters of clubs in certain U.S. metropolitan areas. We are excited to have the Tom Fazio-designed Piedmont Golf Club opening in October as the first ClubLink Club in the Washington, D.C. area.

"We plan to expand our U.S. clusters



through our joint venture with ClubCorp. Continuing our investment in GolfSouth no longer fit this strategy, so we will re-deploy this capital.

ClubLink has cash and short-term investments of \$41.8 million together with unutilized lines of credit of \$25 million. The funds received will be used to complete ClubLink's capital and golf development program in 2000, including its funding of future acquisitions, and for share repurchases under ClubLink's previously announced normal course issuer bid.

ClubLink's golf course developments include: Piedmont Golf Club, King's Riding Golf Club in King City, Ontario, and Rocky Crest Golf Club in Muskoka, which are scheduled to open May 31; the Mark O'Meara-designed course at Grandview Golf Club in Muskoka scheduled to open in early summer 2001; and projects in Quebec.

Toronto firm, GolfNorth join forces to pursue public golf market

KING CITY, Ontario, Canada — ClubLink Corp. has entered a strategic alliance with GolfNorth Properties Inc., a multi-course owner and operator of mid-market courses in Southern Ontario.

ClubLink has purchased an initial \$4.1 million of convertible secured debentures from GolfNorth. GolfNorth will use the proceeds to acquire Canterbury Common Golf Club from ClubLink, to fund its acquisition of Dundee Golf Club, and to market GolfNorth by ClubLink(tm), including ClubLink's nine-hole courses at Greenhills, Bolton, Blue Springs and Cherry Downs.

Canterbury Common is a Doug Carrick-designed nine-hole course in Port Perry. Dundee GC is an 18-hole club in New Dundee. ClubLink will purchase an additional \$300,000 of the debentures to fund GolfNorth capital expenditures approved by ClubLink.

GolfNorth also owns and operates Acton Golf Club (18 holes), Calerin Golf Club (nine holes) in Erin, Beavertown Golf Club (18 holes) in Cambridge, Brant Valley Golf Club (18 holes) in St. George, Orangeville Golf Club (nine holes), Ce-

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Troon Golf moves on Japan

By PETER BLAIS

TOKYO — Troon Golf, which recently opened a new office here, is poised to acquire six to eight Japanese golf courses within the next year and possibly three times that many over the next few years, according to Chairman and Chief Executive Officer Dana Garmany.

"Our expansion into Japan is a natural extension of Troon Golf's global strategy," explained Garmany. "We are confident that our 12 months preparation for this move will allow for a smooth transition into this new market."

Garmany believes up to 40 percent of Japan's 2,200 golf courses — as many as 900 golf facilities — may change hands over the next few years, a belief that prompted Troon's entry into the island nation's golf market. Troon affiliate Troon Golf Japan will

be the company's operating arm in Japan. Shareholders in the venture include Medallist Golf Developments, a joint venture between Greg Norman and Australia's Macquarie Bank, along with Goldman Sachs & Co. and Starwood Capital.

"This initiative presents my partners and me with the opportunity to establish a solid foundation for bringing our products and services into the world's second-largest golf market," Norman said. "I believe the Japanese golf and investment markets will embrace management groups to address some significant ownership and membership issues which exist in these golf investments."

John Sauter, president of acquisition and development for Troon Golf, said: "We see a series of one-time, non-recurring events unfolding in a sequence that creates a unique environment to profit from the restructuring of an industry."

WHAT ARE THOSE CHANGES

According to Garmany, an improving Japanese economy should allow banks holding under-performing golf courses to take a loss and sell off those facilities. They will be sold either directly from banks to investors, through loan pool bids, or at auctions.

"It's not just golf, but everything," Garmany said. "With the Japanese economy showing signs of revival, it allows banks to write off some bad loans."

The Japanese have developed an organization called the Resolution and Collection Corp., a year-old agency charged with buying bad loans from both collapsed and relatively healthy financial institutions. Its purpose is similar to the Resolution Trust Corp. (RTC), which sold off troubled savings and loan properties in the United States during the early 1990s. Though similar in purpose to the RTC, the RCC is culturally different than its U.S. counterpart and will function in a different way.

"They aren't just bidding things out," Garmany said of the Japanese agency. "They are going out and researching people who should own these assets. A

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ACQUISITIONS

Doral contract renewed for Yamaha golf cars

NEWMAN, Ga. — The business relationship between KSL Properties and Yamaha Golf Cars grew stronger recently when the two companies reached an agreement for replacing all 376 golf cars at the Miami resort's five golf courses.

The agreement also involved Yamaha providing an additional 160 golf cars and 120 utility vehicles to support the PGA Tour's Doral-Ryder Open, the nationally televised event which was held on Doral's Blue Monster in February.

Doral is part of KSL, which also owns La Quinta Resort & Club and PGA West, near Palm Springs, Calif. and Grand Traverse Resort on the shores of Lake Michigan.

KSL also owns KSL Fairways, which owns and operates 28 golf facilities



KSL-operated Doral Golf Resort.

with 30 courses. Last year Yamaha and KSL reached an agreement to replace all 5,000 golf cars over the next five years.

Lyon Golf adds sixth course to portfolio

PRESCOTT, Ariz. — Phoenix-based Lyon Golf will oversee management of the new Hale Irwin-designed Prescott Lakes Golf Club here.

Lyon Golf owns, manages and develops golf properties throughout the Southwest. The company is made up of three principals: Rusty Lyon, Scott Lyon and Mike Conner. The principals have more than 60 years of experience in the golf development and management industries.

In addition to Prescott Lakes Golf Club, Lyon Golf also manages The Karsten Golf Course at Arizona State University in Tempe, Chaparral Pines Golf Club and The Rim Golf Club in Payson, and Black Forest Reserve Golf Club in Colorado Springs, Colo. The company also owns and manages The CottonFields Golf Club in Laveen, Ariz.

For more information on Lyon Golf contact 602-953-6553.

Troon in Japan

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combination of governmental action plus banks creating their own internal pressure is causing these things to boil to the surface.

Land values have dropped dramatically since the heyday of the Japanese economy, the Troon executive said. Many courses are showing little cash flow. That means a golf course may be listed

on a bank's books at an asset value of tens of millions of dollars, but is barely breaking even in terms of cash flow.

Many Japanese courses also sold memberships that were traded like stocks, Garmany explained. Many of these investments were made with a 10-year call period, meaning that at the end of that time investors were scheduled to receive either the

amount of their original investment or market value. Today's market value for memberships is often zero and the developer has no money to pay back the investors. That means people who invested thousands of dollars now have memberships that are worth nothing. Additionally, the same bank that loaned the membership investor that money, may have also loaned the

golf course developer his money.

Garmany expects 600 to 900 courses will come on the market over the next 36 months. They won't all come available at once, but in small waves as financial entanglements are resolved. They will, and in fact some already have, become available through bid pools, banks finding investors independently, and governmental intervention.

"We are there to invest, manage and joint venture," Garmany said. "We will be doing a combination of all three. We expect to have six to eight properties by the end of this year and future growth to be a bit more rapid.

"We'll have six to eight come cleanly through the process by the end of this year. They will be bankruptcies and foreclosure events. We'll do everything from underwriting to work-out provisions before we get the asset clean. Those we get this year will be things that have been bubbling around for the past 12 to 18 months. The ones we're working on today are probably 12 to 18 months out before we gain possession.

"It's a huge series of events coming together to make this a once-in-a-lifetime opportunity. But you must have the wherewithal to be there and the extreme amount of cash it takes to operate there. It's a huge undertaking to operate an office of 12 people in downtown Tokyo with rents that are quadruple anything we've ever seen before."

The few management companies in Japan, Garmany pointed out, have primarily been Japanese-owned-and-operated firms.

"There have been several domestic companies," he noted, "pretty much all of which are in financial trouble because they own assets valued at X that are now worth Y."

How will the changing ownership affect the Japanese golf experience?

"You will see less pressure on these facilities because they will be absorbed, much as the U.S. hotel industry was when there was an infusion of Japanese capital into American hotels," Garmany said. "Big multiples were paid. You had that old saying in the hotel industry, 'You want to be the third owner, not the first.'

"It's a little bit the same here. You'll see these assets acquired by new owners, partnerships and management companies with a lot less pressure on them. They will, perhaps, be able to focus on improving the quality and experience."

Garmany does not expect the new owners to make golf more accessible to public golfers.

"There are few truly private clubs in Japan the way we [U.S.] view private clubs," he said. "There is always some outside play. And with the economy down, there has been a good bit, albeit at a high cost.

"The number of members may go up a bit, and rates may become more reasonable. The pressure to perform when carrying a \$100-million mortgage compared to a \$10-million mortgage

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Troon in Japan

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will make a big difference. That's what you are looking at. Some of these properties will change hands for 10 cents on the dollar, maybe 5 cents, maybe 25 cents, depending on how successful they have been. The Japanese banks and RCC are beginning to agree with the more Western version of value which is based more on cash flow as opposed to the land holdings.

"The RCC's role is to be the overseer of the process. They will release the courses to the marketplace over a slower period than the RTC would."

Troon currently plans to limit its Asian purchases to Japan, even though many courses in other Asian countries were financed by Japanese investors.

"We look at it a country at a time.," Garmany said "Our Sydney office is looking at things in Indonesia, which is in more upheaval than anywhere. We looked at things in New Zealand, Australia, Malaysia and Thailand. Right now we'd be more comfortable in New Zealand and Australia, which is [the other area] where we are focusing. It would be difficult to go do one course in Malaysia and one course in Thailand. If we think there is scale there, we could make those moves later.

Troon has no plans to build courses in Japan. "I don't think you'll see many courses built in Japan for quite awhile," Garmany said.

AUSTRALIA

Troon is finishing Pelican Waters Golf Club, a Norman design on Queensland's Sunshine coast in Caloundra. The facility is a joint venture between Norman and Macquarie Bank. It is scheduled to open in October.

Troon is also involved with Springfield, another Norman design under construction in Brisbane. It also operates an Alister Mackenzie-designed stand-alone course named Yarra-Yarra in the Melbourne Sand Belt and plans to acquire a fourth course in May. Garmany expects to announce three more projects by the end of the year, including an existing, high-profile course in New Zealand.

"There are a limited number of opportunities available for development in Australia, primarily because the original wave of courses there were stand-alone golf," he explained. "Putting courses into master-planned communities with housing or resort elements is sort of a new product over there.

"The economy is small, but in good shape. It's smaller than the California economy. It's a big country [physically], but only 18 million people, and most of them

on the East Coast. You are never going to go in there and do 50 projects. But we have four now with another two to three we'd like to do.

"Australia is a very important part of our business strategy because it connects the global vision we have of being around the world with high-end product.

"We're looking at 50-50 mix of

development and acquisition in Australia, where we're talking about 100 percent acquisition in Japan."

Australian golf has not been totally American-ized, Garmany said. "It is still very much a caddie or trolley, hard-and-fast type of game. Only in Queensland, where you used to have a lot of Japanese tourism, do you see golf cars and ryegrass overseeding.

It's a country with several different elements. Sydney and Melbourne are primarily old, traditional golf and Queensland has a bit of tourism."

COMPETITION

As yet, Troon has little competition from other American management firms in either Japan or Australia.

According to Garmany,

ClubCorp has a single course, a Jack Nicklaus design called Lakeland on Australia's Gold Coast. ClubCorp and American Golf Corp. are rumored to be interested in Japan, Garmany said.

"As far as we know we are the only [American] guys on the ground in Japan," he said. "We are the biggest players right now,

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CMAA

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want to do is develop a certification program for the entire facility.

"Right now we're focused on golf courses. But now that we have club managers thinking about the entire complex, we want to develop a program that would provide Audubon Cooperative Sanctuary Program cer-

tification for the entire club. If a club has a golf course that is already certified, it's part way down that track.

CMAA and the Golf Course Superintendents Association of America have also asked Audubon to develop a certification program for individuals. "Our certification currently is for the property," Dodson explained. "Both organizations

would like to see Audubon come up with a program that would eventually lead to an Audubon certification for both a club manager and a golf course superintendent."

CMAA Executive Vice President Kathy Driggs said CMAA has mailed the audit to all its members and enclosed a partnership form asking whether clubs intended to participate.

"We've been very pleased with the number of partnership forms we've gotten back," she said. "We want to make this [audit] available to the National Golf Foundation, National Golf Course Owners Association and other groups willing to share their mailing lists with us. Any facility can obtain the audit by simply calling CMAA [703-739-9500]."

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ClubLink/GolfNorth

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dar Creek Golf Club (nine holes) in Woodstock, Fairview Golf Club (nine holes) in Fergus, and Belwood Golf Club (18 holes opening this year) in Fergus. All these courses will now be marketed as GolfNorth by ClubLink(tm).

ClubLink and GolfNorth members will have reciprocal playing privileges at GolfNorth by ClubLink.

ClubLink has also agreed to purchase an additional \$2 million of debentures under certain circumstances. The debentures have a five-year term and are convertible at 30 cents per share, subject to an increased conversion price after March 24, 2001, based on GolfNorth's financial performance.

Justin Connidis and Susan Hodkinson, senior officers of ClubLink, have joined GolfNorth's board of directors. ClubLink has also been granted a five-year option to acquire the GolfNorth shares held by Al Kavanagh, GolfNorth's founder and president, which represent approximately 70 per cent of the issued and outstanding shares of GolfNorth. Kavanagh is entitled to require such purchase upon conversion of the debentures.

ClubLink President and Chief Executive Officer Bruce Simmonds said: "ClubLink is pleased to enter this strategic relationship with GolfNorth, which provides us with greater penetration into the fast-growing Southern Ontario golf market. The alliance allows GolfNorth to benefit from synergies with ClubLink while focusing on operating and marketing mid-market nine-hole and 18-hole courses."

Troon Golf

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we believe. There are probably some others planning on doing it. But it's a pretty gutsy move. We debated it and had a mandate from our board to study the Japanese market for quite awhile before we made a big move.

"The Australian market was a pretty easy decision. We had some good partners and big investors in our company who knew the country. We felt that was a good place to take a couple American expatriates who could do a good job for us.

Troon will open a London office this summer that will be the base for its European expansion.

"But all of Europe is not as big a market as Japan," Garmany said. If you look at the hotel model, like a Four Seasons or Ritz Carlton, you want to be represented in those major areas. But you won't be represented as deep into the European market as you would be in the United States or Japan."

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