

# GOLF COURSE NEWS

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### Uplink to align with Club Car

By A. OVERBECK

AUGUSTA, Ga. — Club Car has inked an exclusive alliance with Uplink Corp. as part of an ongoing effort to add complementary products and services to its growing "solutions network."

Uplink, a manufacturer of GPS-based golf course management systems, is the third company to align with Club Car. CitiCapital is providing financing and SoloRider Industries is making an adaptive golf car for Club Car.

"The industry that we are competing in today is one that has gone through tough times," said president and

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The 13th hole at the Torrance Course at St. Andrews Bay, with St. Andrews in the distance.

### Old Course gets a new neighbor

By JAY FINEGAN

ST. ANDREWS, Scotland — The first of two new 18-hole layouts will open here in September, right across St. Andrews Bay from the Old Course of the Royal & Ancient.

Golf architect Denis Griffiths, of Braselton, Ga., has been working on the complex for three years. The dual-course project marks his first design sojourn in Scotland, golf's Holy Land, and he calls it a "once in a lifetime opportunity."

The late Gene Sarazen provided design services on the so-called Torrance Course, named for Sam Torrance, a PGA touring pro who consulted on the design. This par-72 layout, now playable, stretches to 7,026 yards and provides stunning views from cliff-edge tees and greens.

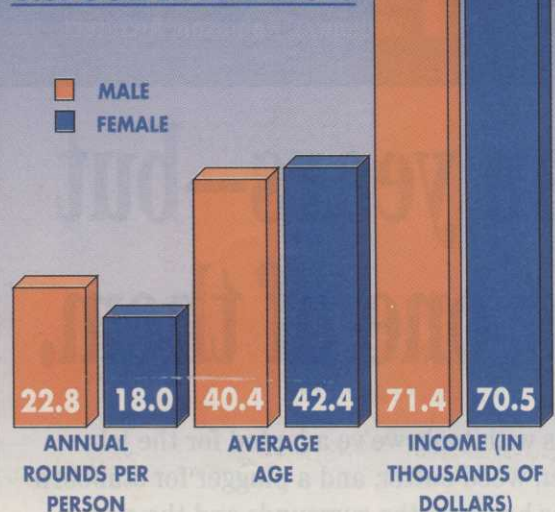
The second course — the Devlin Course — opens next summer. Sarazen worked on this course, too, as did former PGA Tour great Bruce Devlin. Equal in challenge to the Torrance track, this par-71 course plays at 7,020 yards from the tips, over Kittocks's Den.

Griffiths served as coordinating architect on all 36 holes, being built by Southern Golf, out of England. Both courses will be open to the public.

The developer, Donald Panoz, has the credentials for such a high-profile project. He has already built several major golf resorts in the United States, including the upscale, 63-hole Chateau Elan Golf Club in Georgia, and Diablo Grande, with 36 holes of golf on a 36,000-acre development in Northern California.

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### U.S. GOLFER AVERAGES



Source: National Golf Foundation, Golf Participation in the U.S./2001 Edition.

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### Bank of America suing Golf Trust for \$170 million

By JAY FINEGAN

CHARLOTTE, N.C. — Bank of America, acting for itself and a group of lenders, has brought suit against the beleaguered Golf Trust of America. The bank is seeking full and immediate repayment of approximately \$170 million, plus late charges and attorneys' fees.

The 1,500-page lawsuit was filed here May 22 at the North Carolina Superior Court of Mecklenburg County. On that same day,

GTA's shareholders approved the company's plan to liquidate its holdings. Under the plan, the company would sell off all of its courses for as much as \$425 million and pay off creditors and stockholders over the next two years.

Golf Trust, based in Charleston, S.C., has said that immediate payment of the full amount could push it into bankruptcy.

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### Kip Tyler brings Salem CC back from the brink

By ANDREW OVERBECK

PEABODY, Mass. — As the snows and ice of winter and the torrential rains of spring began to depart from Salem Country Club back in April, revealing extensive winterkill damage, superintendent Kip Tyler shook his head wondering, "Why this year?" Then he got down to business.

With less than three months left until the 2001 Senior U.S. Open, Tyler had his work cut out for him: The practice green had been wiped out; four greens were shot; five were in bad shape and nine were "OK." In addition, Tyler estimated that he lost eight out of a total of 25 acres of fairway turf.

"Some of the fairways were 40- to 50-percent



Kip Tyler

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### Defibrillator, head pro save golfer's life

By JAY FINEGAN

MANCHESTER CENTER, Vt. — Utilizing a Survivalink FirstSave defibrillator, PGA head professional Bob Stearns helped save the life of a golfer at Manchester Country Club.

Stearns used the automated external defibrillator (or AED) to resuscitate Ted

Rugg, a guest playing June 8 on the Manchester course. Immediately after learning that Rugg had collapsed near the 18th green, Stearns grabbed the AED from the wall outside the golf shop and rushed to the victim's side.

Assistant pro Fred Auletta performed

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PERIODICAL



## GTA lawsuit

Continued from page 1

Bank of America has been headquartered in Charlotte since its merger with NationsBank.

### ROOM TO MANEUVER

The case has now been moved to North Carolina Business Court in Greensboro, which specializes in handling business disputes. GTA is hopeful, however, that the matter can be resolved "without the artificial constraints of judicial intervention," the company said.

John H. Culver III, a lead attorney for the plaintiffs, said his clients also would like to see the matter settled privately. "GTA is involved in ongoing negotiations with Bank of America," he said. "I think everyone is hopeful that it can be resolved without having to go back to court."

NationsBanc Securities, now Banc of America Securities, put together a five-bank "syndicate" in 1998, two years after Golf Trust was formed, that issued the company a \$200-million line of credit. According to the complaint, Golf Trust used more than \$170 million of that line, primarily to retire debt and acquire golf properties.

Bank of America, the largest lender and "administrative agent" for the plaintiff group, was owed \$63.8 million in principal and interest as of late May. Other syndicate members include First Union National Bank, Fleet National Bank, Credit Lyonnais (New York branch), and Societe Generale (Southwest Agency).

### NO COMMENT

GTA spokeswoman Kathy Boles had little to say about the legal imbroglio. "With our public company position and stance, and the fact that we're in the midst of liquidation and negotiations with Bank of America, we're going to let our public documents speak for themselves," she said. Boles declined to divulge the name of GTA's attorneys, so they could not be contacted.

Bank of America spokeswoman Shirley Norton also was tight-lipped about the proceedings. "There are lawsuits where they try to play them out in the media," she said. "That's clearly not the case in this one."

### ALLEGED VIOLATIONS

The lawsuit alleges that GTA slipped into default by violating 13 specific covenants and conditions of the "syndicated credit agreement." The complaint states, for instance, that Golf Trust fell below minimum tangible net worth thresholds and failed to maintain the required interest coverage ratios.

It goes on to charge that GTA

failed to make mandatory prepayments of \$3.86 million from the sale of Persimmon Ridge Golf Course last February, and also failed to pay more than \$600,000 due from sale of the Club of the Country golf property in March.

The complaint pays special attention to "the most significant proposed sale" of 12.5 golf courses to Legends Golf Holdings, controlled by or affiliated

with Mr. Larry Young, one of GTA's largest shareholders. A former member of GTA's board, Young resigned last February when the board - as part of the liquidation strategy - agreed to sell the courses to Legends for \$112.9 million.

According to the complaint, the \$112.9 million will come from 1) the redemption of equity interests in Golf Trust owned by

Legends and valued at \$44.7 million; 2) a promissory note of \$5 million secured by a lien on the golf courses being sold; and 3) cash.

"Upon closing of the Legends transaction," the complaint further states, "Legends will be released from its obligation to repay Defendants for working capital loans and notes totaling \$6.6 million."

### LIQUIDATION PROCEEDING

If the sale of those courses to Legends closes, the suit contends, it will permit Young, a major GTA stockholder, "to receive assets of the Defendant valued at \$44.7 million in redemption of equity interests prior to the payment of bank debt totaling more than \$170 million, all in violation of credit agreements."

Continued on next page



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## Cozad's new nine

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The original nine-hole facility, opened in 1962, managed to convert its layout into a regulation 18-hole course for \$922,000, while maintaining a \$650,000 investment portfolio. "It sounds a little bit crazy, but we managed to make it work," said Bubak.

### LOCKING IN DUES

The facility used \$450,000 of the inheritance to pay for a portion of the new construction. Additional revenue was attained by selling 10-year memberships.

"With these memberships, a person could lock in their annual dues for \$5,000 up front," Bubak said. "If dues increase over the next ten years, the member still only pays the \$500-per-year rate."

Half of the money generated from the new membership program went into construction. "The rest was put into CDs to help offset the money we were going to lose over the next ten years in dues," said Babuk. "It will allow us to take 10 percent out every year for the next ten years and leave the

balance in the CDs to earn more money."

### SELLING STOCK

The club also issued 87 shares of new stock to its members – for \$1,000 per share each – for a piece of course ownership.

"We also had a \$14,000 donation from an individual who allowed us to use it however we felt comfortable," Babuk explained. "As those funds came together, we finally borrowed \$300,000 for the new project and set that up on a 15-year payment plan with local banks."

The banks granted special conditions on the lending in order to push the project forward. "They loaned us the money on the condition that 80 percent of the amount was held in CDs," said Babuk.

The club, in turn, cashed out some of their investments and put the money into CDs. "Last year, the banks paid us 6.25 percent and we were able to borrow the project money at one percent above that rate," said Babuk. "This year, we're earning 4.25 percent on the CDs and borrowing at 5.25 percent."

### TOUCHING THE PRINCIPAL

For 12 years, the club had used the interest accumulated from its \$1-million investments to purchase new equipment and improve the old nine-hole layout. "It's gotten a little tighter now," said Babuk. "In the last couple of years, we've been doing more in financing or leasing of equipment instead," he said. "The new addition has changed the ways we've financially operated. This was the first time we've touched the principal."

The remainder of the inheritance capital will be held as security on the bank note and future projects. "Down the road, we'll add more irrigation, and we'd like to redo some of the old greens," said Babuk.

Golf course architect Grant Wencil out of Lincoln, Neb., did the design work on the new nine. Duinick Brothers Golf in Prinsburg, Minn., handled construction. Local contractor Paulsen Inc. put in only five-foot-wide cart paths, just like on the old nine, to help keep construction costs in check. ■

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### 1 My primary title is: (check one only)

- ☐ A. Golf Course Superintendent
- ☐ F. Course Owner
- ☐ L. Golf Course Management Company Executive
- ☐ B. Green Chairman/Grounds Director
- ☐ C. Director of Golf/Head Pro
- ☐ D. Club President
- ☐ E. General Manager
- ☐ K. Assistant Superintendent
- ☐ G. Builder/Developer
- ☐ H. Architect/Engineer
- ☐ I. Research Professional
- ☐ Z. Others allied to field: (please specify) \_\_\_\_\_

### 2 My primary business is: (check one only)

- ☐ 21. Public Golf Course
- ☐ 22. Private Golf Course
- ☐ 23. Semi-Private Golf Course
- ☐ 24. Municipal/County/State/Military Golf Course
- ☐ 25. Hotel/Resort Course
- ☐ 29. Other Golf Course (please specify) \_\_\_\_\_
- ☐ 30. Golf Course Management Company
- ☐ 31. Golf Course Architect
- ☐ 32. Golf Course Developer
- ☐ 33. Golf Course Builder
- ☐ 39. Supplier/Sales Rep
- ☐ 99. Other (please specify) \_\_\_\_\_

### 3 Number of holes:

- ☐ A. 9 holes
- ☐ B. 18 holes
- ☐ C. 27 holes
- ☐ D. 36 holes
- ☐ F. More than 36 holes
- ☐ Z. Other (please specify) \_\_\_\_\_

### 4 Purchasing involvement: (check all that apply)

- ☐ 1. Recommend equipment for purchase
- ☐ 2. Specify equipment for purchase
- ☐ 3. Approve equipment for purchase

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## Golf Trust sued

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By reason of those alleged defaults, Bank of America has declared that the full \$170 million is "immediately due and payable."

According to attorney Culver, a partner in the Charlotte firm of Kennedy Covington Lobdell & Hickman, a temporary restraining order placed the liquidation plan on hold. "That order has expired," he said, "so technically they could still sell those courses. And they are pursuing their liquidation strategy, as they have disclosed in public filings."

Indeed, on June 14, GTA sold Royal New Kent Golf Club and Stonehouse Golf Club, both in Virginia, for \$10.8 million to Schooner Capital LLC.

### FALLEN STAR

At one time, publicly traded GTA was the country's third largest golf course holding company, with 47 courses in 17 states. It currently owns 34.5 18-hole layouts.

The self-administered real estate investment trust – or REIT – sustained a series of financial blows in late 1999 and early 2000 from events largely beyond its control, including a run-up in interest rates. The cumulative impact of adverse economic conditions drove GTA to a \$14.8-million loss in the third quarter of 2000, compared with net income of \$2.4 million a year earlier.

In February 2000, ironically, it retained Banc of America Securities to assist the board in a review of strategic alternatives. Based on that assessment, management concluded that it was in the best interests of shareholders to sell the company outright or conduct an orderly disposition of its assets. ■

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