MANAGEMENT

Western Golf goes 'back east' to land Stonewall Golf Club

By JAY FINEGAN

GAINSVILLE, Va. — Western Golf Properties has landed a contract to manage the new Stonewall Golf Club here in Gainsville, about 45 minutes west of downtown Washington, D.C.

Western Golf, headquartered in Scottsdale, Ariz., has named Aaron Rasicot head golf professional at Wicked Stick Golf Links. Prior to working in the golf industry Rasicot spent five years with the U.S. Ski Team, assisting in marketing and sales.

"LARGE PRACTICE AREA"

The 6,938-yard, par-72 layout was designed by golf architect Tom Jackson and built by engineers Dewberry & Davis. Ed Long has assumed the duties of head superintendent.

"We will be high-end public," said director of golf Rob Ford. "The golf course is going to be conducive to that, the way it's laid out. We'll have fine amenities, memories, aesthetics, condition—" he said.

Cozad CC adds nine holes with creative financing

By JOEL JOYNER

COZAD, Neb. — Most golf clubs expanding from nine holes to 18 would simply go to the bank and borrow the money. But that seemed too easy to the management of the Cozad Country Club here in central Nebraska, along the Platte River.

Instead, the private facility came up with a creative financing scheme to fund its nine-hole addition.

Heritage Golf takes White Columns private

SAN DIEGO — Heritage Golf Group, headquartered here in Southern California, has begun a phased transition of White Columns Golf Club into private status. The premier daily-fee facility, located in Atlanta and designed by Tom Fazio, was acquired by Heritage from Summit Pointe Partners last February for an estimated $8 million.

The conversion, the name has been changed to White Columns Country Club.

The clubhouse is currently undergoing interior design enhancements. These refinements are a prelude to expansion plans that will see the clubhouse evolve into a facility that will house the golf shop, mixed grill, fine dining and fitness facilities, as well as a gathering place suitable for hosting elaborate food and beverage events.

Casper Golf adds two clients in Miss.

VIENNA, Va. — Billy Casper Golf (BCG) has been selected to provide management for two Mississippi courses: Quail Hollow Golf Course in McComb and Mallard Pointe Golf Course in Sardis.

"These are two beautiful courses and we are excited about our new relationships with the state of Mississippi," said Mike Cutler, regional operations manager for BCG. "We look forward to improving the total golf experience at both courses for golfers across the state and the region."

Golf course architect Arthur Hills designed Quail Hollow, a par-72, 6,760-yard course. The layout, located in Percy Quinn State Park, winds through gently rolling woodlands and offers spectacular vistas across two of its large lakes.

Architect Bob Cupp designed Mallard Pointe, a par-72, 7,004-yard course within the country, such as Estrella Mountain Ranch Club in Arizona, they have the expertise and experience to run a high-end daily-fee course like Stonewall."
Cozad's new nine

Continued from page 21

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 Babuk.

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," Babuk 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 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 Wencel out of Lincoln, Neb., did the design work on the new nine. Duininck 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.

Golf Trust sued

Continued from previous page

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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