

# GOLF COURSE NEWS

THE NEWSPAPER FOR THE GOLF COURSE INDUSTRY

A UNITED PUBLICATION

VOLUME 13, NUMBER 2

FEBRUARY 2001 • \$7.00

www.golfcoursenews.com

## INSIDE

### Paspalum proliferating

Paspalum's popularity is surging worldwide due to its ability to tolerate adverse conditions.....15

### On the blocks

Course acquirers find the best market in years, but funding is growing tight.....46



#### SUPERINTENDENTS ROLL INTO DALLAS

The 72nd annual Golf Course Superintendents Association of America Conference and Show will be held in Dallas Feb. 10-17. Turn to page 38 for comprehensive coverage of this year's show including a schedule of events, election information, award updates and a city guide to Dallas.

#### COURSE MAINTENANCE

Krueger warns of water wars.....13  
Tools of the Trade at Burger's The Quarry GC.....14  
Modular greens extend playing season.....19

#### COURSE DEVELOPMENT

Newport National finally on track ..... 21  
Black Gold Golf Club near L.A. opening soon ..... 24  
International report: Fream in the Sahara ..... 32

#### COURSE MANAGEMENT

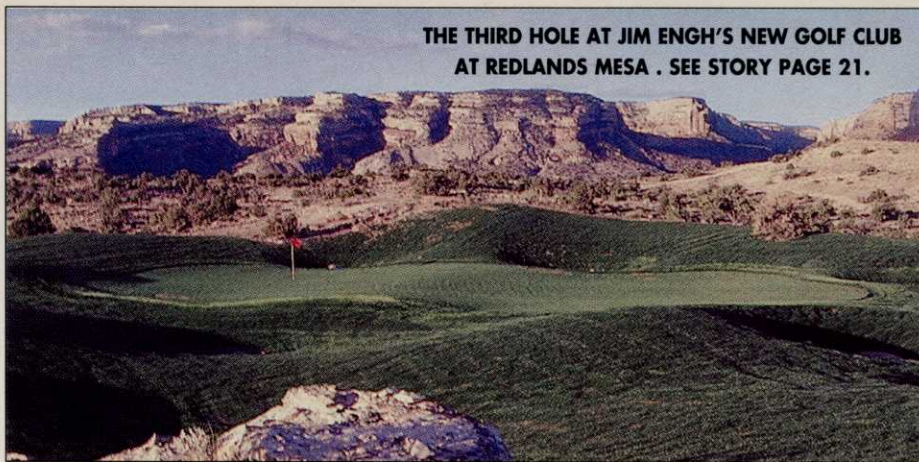
Heritage Golf Group adds five ..... 44  
Honours Golf continues to grow ..... 45  
Myrtle Beach named top golf resort ..... 47

#### SUPPLIER BUSINESS

Syngenta ready for business..... 50  
GreenIndustry rolls out Internet software.....50  
New products abound ..... 55

PERIODICAL

THE THIRD HOLE AT JIM ENGH'S NEW GOLF CLUB  
AT REDLANDS MESA . SEE STORY PAGE 21.



## Big lenders throttling back on new course development financing

By JAY FINEGAN

ATLANTA — Is the party over?

After an all-time high for new golf course openings — 515 last year — the financing climate for course construction has suddenly turned cold. Bankers such as Jeff Burkle at Textron Financial Corp. here in Atlanta, and others across the country, are sharply curtailing new loans.



By some estimates, the number of courses securing financing this year will fall between 30 and 50 percent from 2000 levels.

"There are a lot of projects on the books, just waiting to have their finance packages completed, that are dying on the vine," said Lee Hetrick, executive director of the Golf Course Builders Association of America. "It's got to be a smokin' deal to get funded right now."

#### SUPPLY OUTSTRIPPING DEMAND

Bankers cite several reasons for the credit tightening, beginning with the overall economy, which may be verging on recession. During an economic downturn,

Continued on page 58

## Textron Golf & Turf continues integration, closes Racine plant

By ANDREW OVERBECK

AUGUSTA, Ga. — In a continued effort to integrate its businesses, Textron Golf Turf & Specialty Products has announced that it is closing its Jacobsen manufacturing facility in Racine, Wis. The company plans to consolidate the manufacturing done at the Racine plant at its more modern Jacobsen facility in Charlotte, N.C.

The decision to streamline its manufacturing processes builds off the company's original consolidation plan announced in May that combined the management of its turf care equipment and E-Z-GO product lines.

The division's new CEO, Greg Hyland, said improving manufacturing efficiencies is of prime importance.

"We are continually looking at our manufacturing processes to improve efficiencies, reduce cycle times and be a much more effective manufacturer," he said. "We have started the process and



Greg Hyland

Continued on page 54

## Colorful cowboy converts ranch into links-style layout

By DOUG SAUNDERS

ANTIOCH, Calif. — For the past 26 years Jack Roddy has lived the life of the American cowboy, raising cattle on his 2,200-acre ranch on the eastern edge of the town of Antioch. Just as his father did in the 1940s, Jack ran cattle across the rolling grasslands and toiled to make ends meet.

During the prime years, 40,000 head of cattle roamed these hills, located 45 minutes east of San Francisco. But the stupendous Bay Area population surge of the last decade has turned Antioch into a city of 82,000 people, while the profits in

Continued on page 37



The 12th hole at Roddy Ranch Golf Club, 45 minutes east of San Francisco

Photo: Freddie Bird

## Experts urge global assault on Asian beetle

By JOEL JOYNER

WASHINGTON — Insect-control officials here and elsewhere are calling for a worldwide attack on the Asian Longhorned Beetle, one of the most lethal tree-killers on the planet.

A native of China, Japan and Korea, the beetle has now been found in 14 locations in the

Continued on page 58



The Asian Longhorned Beetle



## Course construction money growing scarce

Continued from page 1

bankers tend to hunker down and go conservative.

Also, the torrid surge of course-building in recent years has left certain regions oversaturated. "For the first time, supply is beginning to outstrip demand," said George Marderosian, president of Clubhouse Capital, in Providence, R.I. "Golf hasn't grown at the rate everyone wanted it to. It's still very healthy, but when you're opening one course a day across the country, that means every day you need 40,000 new players.

"So the single most influential factor," he said, "is that too many courses were built between 1996 and 2000. It's really difficult now to walk into a friendly new market. So golf construction money is virtually non-existent."

### LENDERS ON THE SIDELINES

Statistics from the National Golf Foundation bear out Marderosian's argument. In 1988 there were 23 million golfers in the United States, playing on 13,626 courses. Today there are 26 million golfers, a 13-percent increase, playing on 17,300 courses, a 26-percent jump. In short, there aren't enough golfers to go around.

"Some parts of the country are clearly saturated," said Jerry Sager, managing director of First National American, in Martinsville, N.J., which has made golf loans for the last 20 years. "Another thing influencing the market is a big disparity between the long-term and short-term capital markets right now. Golf is a long-term investment with relatively short spreads, and what do you do with it if it goes into default?"

"I think that's why Debis Financial and GMAC [General Motors Acceptance Corp.] and a bunch of smaller guys have left the golf market in recent months," Sager said. "If you're a senior guy at Bank of America, I bet you sit back and say, 'Golf? Screw it. I've got \$800 million already sitting in a portfolio. Enough is enough.'"

Indeed, Bank of America did recently shut down its specialty golf lending unit, Nation's Credit, leaving a large vacuum on the capital-supply side.

"We probably did more construction loans than Textron did," said Don Rhodes, the former chief of Nation's Credit and now with Heritage Golf Group. "Between the two of us, we probably had 70 percent of the market for golf loans. In 1999 we did \$275 million and last year we closed over \$200 million in loans. Construction was probably 15 to 20 percent of that."

### THE OUTLOOK AT TEXTRON

Textron Financial Corp.'s golf division is still making construction loans, but only for select customers.

"We have throttled way back," said assistant vice president Jeff Burkle. "We're looking for very specific circumstances both in terms of markets and the type of product being proposed, and most importantly in the person doing the development."

"We're looking for preferred clients," he said, "those that have multiple-course operational experience, previous development experience, and who have substantial equity – both in the project and beyond – in the event that additional funds are necessary."

If a group of lawyers or dentists walked in and asked for a loan to build a course, Burkle said, "we'd say, 'We love you, but we can't help you.' Markets are getting more and more competitive. It's hard now to bring in a new high-end daily-fee or semi-private facility without competition."

"You have a scenario in which, in order to compete, the costs have continued to escalate for these people pretty rapidly," Burkle explained. "Developers have ridden a curve for the last five years where there was more money available to them. And now they are a little surprised and startled to see that, 'Hey, we can't get 80-percent financing anymore.' Well, the reality is, they're having a hard time finding any financing."

### WHO GETS THE MONEY?

Lenders agree that hot development deals backed by strong demographics will get funded. City and county municipalities, too, will be able to float bonds to build courses, although that sector is slowing sharply. Last year, only 26 municipal courses opened nationwide, down from 56 in 1999.

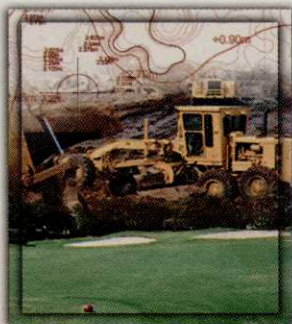
Worst off, it seems, will be that bulwark of course construction, the group of business associates whose great dream is to build a course in their city. A one-time shot like that will clearly be a hard sell.

"I'll give you an example – a fabulous deal that just happened," said Marderosian, of Clubhouse Capital. "The developer had 300 memberships presold before he even started the permit process – memberships at just under \$100,000. A national lender turned him down for the sole reason that this was the developer's first golf project."

"This guy got his loan from a local bank, because it was such a strong deal," Marderosian said. "But most developers aren't able to do that, because local banks don't necessarily like or don't understand raw land plays where you will sit there, literally watching grass grow for one or two seasons, before the doors open to generate cash. There are many less-risky places to allocate your money."

Rhodes, the former Nation's Credit chief, notes that money is tight everywhere, for all kinds of corporations.

"If you look at courses getting financing in 2001, I think you're looking at a drop of 30 to 50 percent," he said. "Can you get a loan? Probably. But it will be for fewer dollars, at higher rates, with more conditions and guarantees. That means the developers have to come up with more equity, and equity is tougher to get because that's a function of the markets, too. It's not as freely available for niche things like golf." ■



## Experts urge assault on Asian beetle

Continued from page 1

United States, where it poses a potentially extreme danger to the country's hardwood forests.

"Many tree-boring beetles attack weakened or dying trees, but the Asian Longhorned specifically attacks healthy hardwoods," said David Lance, an entomologist at the Animal and Plant Health and Inspection Service (APHIS), a unit of the U.S. Department of Agriculture.

### 'ONE BAD BUG'

Insect experts said the Asian Longhorned Beetle – ALB for short – has arrived in America inside packing crates and pallets shipped from China. The pest has been found coast to coast, from New York, where it first appeared in 1996, to Chicago (1998), and now in Seattle and Los Angeles. It has also been found in Florida, South Carolina and other states.

"We are extremely concerned about the ALB and have a tremendous eradication effort going on, particularly in the New York and Illinois areas," said Bob Flanders, a regulatory coordinator with APHIS.

Dan Glickman, U.S. Secretary of Agriculture until last month, said the beetle represents a serious threat to the American environment and economy. "Our mission is total eradication of this alien species," he said. "I know that sounds like a line out of the movie 'Independence Day,' but the real alien invaders are invasive species that make their way into our country. In short, this is one bad bug."

### GLOBAL THREAT GROWS

In China, unlike the United States, the ALB faces some natural predators. "There are some small beetle-eating beetles that go after the ALB's larvae," said Lance. "But even in China they don't come close to effectively controlling the insect's range."

As global trade with China escalates, the threat grows that the ALB could migrate worldwide. "We're trying to develop a global rule for the importation of solid wood packaging material with the World Trade Organization that will encompass a number of pest risks, including the ALB," said Flanders.

The wood packaging material is basically trash wood, cheap leftovers from lumber operations, cut up and used in shipping everything from computers and refrigerators to food products.

"Right now, as policy stands, there's a visual inspection on imports, and of course the ALB bores into the wood, making detection difficult, especially considering the volume of cargo," Flanders said. "Flat-out, there are not enough inspectors available."

### HEAT TREATMENT ON HORIZON

In 1999, the United States placed import restrictions on imports from China because of the beetle. To overcome the restrictions, the Chinese began fumigating packing wood with methyl bromide. But now that approach appears problematic.

"The questionable chemical methyl bromide has brought out concerns with us and the Environmental Protection Agency [EPA] over the issue of global

warming," said Flanders. "That's why a worldwide regulation, when established, will involve a heat treatment. There's still a debate about temperature and treatment times, but we're anticipating a worldwide regulation in the next year or two."

Heat treatment of packing wood to kill the beetle will involve higher costs, and those will be passed along to consumers. But, according to Flanders, "it's preferable to the potential billions of dollars of damage this insect could cause in the United States alone."

Currently, pheromone research is underway at an APHIS research facility and at Cornell University. But a pheromone trap for the beetle has yet to be discovered. Systematic soil and tree-trunk tests have been taking place in China, where American scientists are



Evidence of beetle damage

involved in the fight, with the chemical imidacloprid, commercially known as Merit or Imicide.

### HANDLING INFECTED TREES

To date, the only proven method to eliminate the invading insect is to destroy every infected tree. Maples appear to be the ALB's preferred targets, but they also hit many other varieties – elm, poplar, birch, chestnut, willow, black locust, box-elder and green ash among them. In the United States, officials have destroyed some 7,000 trees to contain the pest's spread.

Adult beetles are active from May to October. They usually remain on the trees from which they emerge, but may travel up to 400 yards to find a new host.

Each female is capable of laying 30 to 70 eggs each season that hatch 10 or 15 days later. The larvae then begin tunneling under the bark and into the wood, where they feed and eventually pupate. "The tunnels destroy the vascular system of the trees," said entomologist Lance. "When the water and nutrients are cut off, the trees die." ■