National Golf, American Golf weigh mergers

By DEREK RICE

SANTA MONICA, Calif. — The proposed merger between American Golf Corp. and National Golf Properties (NGP) has been the talk of the golf industry of late. At press time, nearly a month after the initial announcement, both companies were still mum about the specifics of the deal, and that wasn't sitting well with investors and industry experts. "We don't know the exact terms of this deal, and you wonder why more information hasn't been forthcoming," said Ron Skenes, marketing communications coordinator for E-Z-GO, a division of Columbia. "There have been management errors, sure, but whether it's fraudulent, I just don't think so." NGP owns more than 300 golf courses and leases 118 of those to American Golf. American Golf has technically defaulted on lease payments, but a forbearance period extended by NGP was set to expire on March 14. Representatives from both companies declined to comment on the merger or the class-action lawsuits. One of the conditions of the merger is for a third-party equity investor to provide capital to the combined company. The identity of that potential "white knight" has yet to emerge, although there are rumors of a potential suitor, none of which could be substantiated.

WHERE DO WE GO NOW? On Feb. 21, a week after the merger was announced, NGP's stock price hit a new 52-week low, at $8.30, which was nearly 85 percent of its 52-week high of $52.7 on July 18, 2001. Several industry insiders have pointed to NGP's joint purchase of Cobblestone properties with ClubCorp as the

Management companies watch merger

Regardless of the outcome of the National Golf Properties/American Golf Corp. merger, there will be opportunities for both ownership and management companies in the future, according to Mike Kelly, vice president of marketing for Meadowbrook Golf. "I think because of the deals that were made, there's going to be a lot of opportunity within the next 18 to 36 months for management companies who are positioned well and who are smart about how they're going to go about growing," he said. At press time, Meadowbrook was finalizing multiple financing deals with major financial institutions.

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Palmer Golf continues growth

By DEREK RICE

ORLANDO, Fla. — In keeping with its previously announced goal of adding five courses to its management portfolio by the end of the first quarter, Arnold Palmer Golf Management has taken over management of the Donald Ross-designed Green Oaks Country Club in Verona, Pa. By aligning with the firm's earlier agreement to manage Stone Ridge Golf Club in Bowling Green, Ohio, this latest agreement further advances Palmer Golf's move into the golf course management market in the United States, said Chris Hamill, Palmer's vice president of development. "It's a great opportunity for our company because it's a market that we have not been in in the past," he said. "That region has not seen a Palmer-managed facility yet. With Green Oaks, we're 30 minutes from Mr. Palmer's back yard in Latrobe. We're really excited about that." The firm hopes to parlay these agreements into future contracts, Hamill said. "It's a region in a market that we haven't seen before, so we're hopeful that it opens more doors for us for future opportunities, management contracts or otherwise," he said. "We are talking with some facilities, but nothing far enough along that I could call them real deals yet." As far as growing out of its own experience, Hamill said Palmer has set modest goals to allow the firm to make strategic investments rather than add numbers to its portfolio. "We're not gunning to be the biggest," he said. "It's been a tough industry for the last couple of years and we're just looking to grow in a smart fashion that has positive effects — financially and otherwise — for the company."