National Golf, American Golf weigh merger options

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 for a while now. 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 Dan Boyle of Schwab’s Boyle Capital Management.

Within days of the mid-February announcement, several law firms had filed class-action lawsuits against NGP, alleging fraudulent practices on the part of the company’s leadership. Boyle said he doesn’t think these suits will have any merit or bearing on the proposed merger.

“Class action lawsuits are a matter of course. There are laws firms that make their living any time a stock price goes down, they will file,” he said. “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 $4.30, which was nearly 85 percent of its 52-week high of $27 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 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 multi-million financial deals that will have 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.

Continued 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 central 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 exposure in a region that hasn’t seen us 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 growth and expansion, 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.”

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System credited with saving three lives

By DEREK RICE

Scottsdale, Ariz. — Western Golf Properties has named Ron Horton director of golf at Heritage Ranch Golf and Country Club, a semi-private Arthur Hills-designed course that opened last summer in Fairview, Texas. Horton brings 14 years of experience in the field, that last three with Western Golf’s Red Hawk Ridge Golf Course in Castle Rock, Colo.

During the due diligence stage of its partnership with UpLink, ClubCar learned about some instances in which the UpLink system had saved lives. These cases came as welcome news to Jeff Connolly, the UpLink’s president.

“ClubCar was doing their due diligence on us, so they called all of our customers and asked all kinds of questions, and they found some things out about what our customers’ experience has been that we didn’t know,” he said. “There were three lives that were attributed to having been saved by the use of the UpLink system.”

Two of those instances were heart attacks, while the third was a bee or wasp sting that caused an allergic reaction, Connolly said.

“Not only were they able to notify the course that there was a problem, but their location was known by the course, so they knew where to send the EMS folks precisely where they were,” he said. “The fellow with the anaphylactic shock problem was saved, and the EMS folks reported that he didn’t have much time left if he hadn’t gotten that injection when he did.”

— Derek Rice

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GPS increases on-course safety

By DEREK RICE

While global positioning systems (GPS) mounted on golf cars may seem like an extravagance courses can live without, in the event of an emergency, they can be an important safety tool. Two of the top golf car companies, ClubCar and E-Z-GO, have teamed up with GPS companies UpLink and ProLink, respectively, to add enhanced safety features to their golf cars. And it has resulted in a high-tech solution to on-course emergencies.

According to Jeff Connolly of UpLink, “This isn’t always the first thing golf course owners and operators think about when evaluating the benefits of using GPS. Eliminating slow play and allowing players to order food from the course are usually top in their minds. But thinking that safety is secondary to golf makes no sense. It takes the pressure off them..."
GPS delivers on-course safety

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you can get a message straight to the pro shop, they can send somebody out for assistance, call 911, meet the EMTs as they show up and get them directly to the person who needs medical help," he said. "There are a lot of ways to speed the response to a medical emergency with the ProLink system."

Another problem with relying on a cell phone, Connolly said, is that many private courses have taken steps to ban cell phone use, making the UpLink system even more important in those situations.

"You'll still have the capability of two-way communication with the UpLink system," he said.

Because the systems are relatively new and the emergency call is button so prominent, the clubhouse will quickly verify that an emergency situation has occurred, Skenes said.

"If the clubhouse gets an emergency message from a car, they will normally respond with a message that says, 'Is there an emergency or did you press the emergency button by mistake?' just to make sure that they don't send someone out for what could possibly be someone hitting the wrong button," he said.

WEATHER WARNINGS

Another element GPS brings to the table is the ability to broadcast weather warnings to all the cars out on the course. In one instance, Connolly said, a course in Texas that was using an UpLink licensee's product was able to alert players that a destructive tornado was on its way and clear the course in five minutes — without risking the safety of its employees by sending them out to warn players.

Because the systems allow the clubhouse to know where every golf car on the course is within a few meters, courses can track where their players are at all times.

"There are areas on the course where it is very hazardous to drive a golf car. A steep embankment is not a good idea," Connolly said. "In fact, if you've got golfers out on a Saturday afternoon, you may have had three beers on the first nine, you don't want to drive that golf car in certain places. So one of the things GPS enables is to define with the course a restricted area and should a golf car enter that area, they're alarmed immediately and told to come back."

FUTURE FEATURES

The biggest challenge in selling clubs on the GPS element, Skenes said, is getting them to realize that the safety aspect can pay for itself.

"Where we are right now in this process is just getting course managers to understand that this is far more than a digital yardage book. It's more of a course management system and there are more benefits to this than most people realize," he said. "It's beginning to be accepted, but right now, it's an education process."

Once management understands all the aspects that are there, Connolly said, a light bulb comes on in their heads.

"In fact, it comes on so bright, they're asking us for things we haven't even finished yet," he said.

One of those customer-driven areas UpLink is working on is the ability for players to "see" beyond a blind shot. Once completed, the "look-ahead" system will show players where the golf car, and therefore the group, ahead of them is on the hole. So instead of blindly hitting over a rise and hoping for the best, players will be able to judge how far over the rise the group in front of them is.

"It places the responsibility back on the golfer to make the shot or not make the shot. It's basically giving them visibility," Connolly said. "Golf courses have real concern about liability, so that is one of the features we'll add."

"And liability is the name of the game," Connolly said.

"I think in our litigious society, it seems like if anything happens, it's always someone else's fault. There's always somebody to sue and typically, you sue the guy with the deep pockets — the owners of the club or the golf car company if there's any way they can implicate them," he said.

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