New Bayer ES head: ‘Bar has been raised’

By ANDREW OVERBECK

MONTVALE, N.J. — The field of major agrochemical players narrowed further in late May as the U.S. Federal Trade Commission (FTC) approved Bayer AG’s acquisition of Aventis CropScience from Aventis SA and minority owner Schering AG (GCN July 2002).

The buyout marks the demise of another multinational player and the creation of Bayer Environmental Science.

Josh Weeks, former vice president of Aventis Environmental Science’s Chipco Professional Products group, will head the new professional products division of Bayer ES.

DIVESTING FIPRONIL

One of the first challenges facing Weeks will be the forced divestiture of two key product lines. As part of the approval, both the FTC and the European Commission are requiring Bayer ES to dispose of its fipronil and acetamiprid product lines.

While acetamiprid is a nonicinomoid class of chemistry that is being developed primarily for the greenhouse industry, the fipronil divestiture will directly impact the golf market. As part of the deal, however, Bayer ES will Continue on page 18

Quarry Hills sets new opening date

By DEREK RICE

QUINCY, Mass. — Reports of the death of the Quarry Hills Golf Course outside of Boston are greatly exaggerated, according to one of the project’s developers, Chick Gellich.

“It’s interesting how the stories get totally twisted,” Gellich said. “We extended our contract with the Big Dig to accept 50 percent more dirt than our original contract and as a result of bringing in this extra dirt, we are a year behind our original projected finishing date.”

In recent months, published reports have suggested that the development had stalled because of run-ins with city officials and a lack of

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Lahontan Golf Club pushing organic boundaries

By DOUG SAUNDERS

TRUCKEE, Calif. — While other courses in the High Sierra are considering what synthetic materials to use to jump-start spring turf renewal, Lahontan Golf Club here is taking an organic approach. Each spring, head superintendent Kevin Breen’s crew diligently spreads 43 tons of chicken manure on the 130 acres of fairways to build up the soils before opening day.

Six years of organic efforts at Lahontan, an 18-hole Tom Weiskopf-designed course, have begun to pay off. Each year Breen has been able to cut back on his annual synthetic fertilizer use to maintain a healthy stand of turf.

The direction toward an organic maintenance program was put into place when construction began under the watchful eye of Mike Kosak, the director of agronomy. This enclave of mountain homes and the only private golf club in the Lake Tahoe region has stressed a careful environmental program to blend the development into the natural landscape with as little intrusion as possible.

Kosak has strived to utilize organic farming methods to make this property sustainable for

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Management companies holding on

By DEREK RICE

SANTA MONICA, Calif. and CHARLESTON, S.C. — Two financially troubled golf course ownership and management companies – National Golf Properties (NGP) and Golf Trust of America (GTA) – received reprieves of sorts in July from their creditors.

NGP, which has continued to push toward a merger with its largest tenant, American Golf Corp., despite pressure from shareholders, has reached an agreement with its lender, Bank One N.A., to extend the forbearance period on NGP’s $300 million credit line until March 31, 2003. As collateral, NGP granted mortgages and deeds of trust on its properties. The company has been in technical default

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Survey results

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While most investors sought properties in larger markets (population of 250,000 or more), many were willing to consider smaller markets, especially if they were geographically accessible to their other facilities. Generally the larger markets were still popular, with an average desired market size of 750,000.

With respect to golf property financing, the responses were about equally split between commercial banks and golf finance companies, with many projects using both. The typical loan size was in the $3 million to $5 million range with an overwhelming percentage (90-plus) of the respondents reporting loan-to-value ratios between 60 and 75 percent. Interest rates for loans were predominantly less than 10 percent, and as low as 7 percent with loan amortization terms typically 15 to 25 years.

Comments indicated that while money was cheaper than last year, it was harder to find and the requirements for approval were stiffer than before. Operating experience is now critical to most lenders; property history is equally important. Bottom line: Few loans are available for new construction or properties with limited operating history.

About half the respondents listed leasing as an option, with percent of gross or net income the typical criteria for establishing a lease price (few other definitive parameters were mentioned). Management companies have renewed their rush for contracts—these are the same firms that, as recently as two years ago, would not consider taking management contracts.

While it's hard to tell for sure, the renewed interest in management and acquisition could mean the market is at or near bottom. Only time will tell.

Despite lower interest rates, a supply/demand imbalance in several markets, and the still-to-be-determined long-term effects of 9/11, many buyers continue to sit on the sidelines and seek the bottom of the market. As more courses become available, and the expectations of buyers and sellers grow closer, sales activity should pick up during the next 12 months after an extraordinarily slow 2001 and first half of 2002.

Management cos. hanging on

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on its credit line since earlier this year, primarily because AGC has not made lease payments. Meanwhile, GTA is liquidating its assets. Its creditor, Bank of America, extended GTA's repayment date of the company's $84 million loan, which had been June 30, to Dec. 31, 2002. Since January 2001, the company has sold 28 courses for $215.5 million. The company plans to pay shareholders between $6.01 and $9.43 a share when it has completed liquidation of its remaining courses.

NGP representatives have said they see no reason the company's planned merger would not go through, despite formidable shareholder opposition, most notably from Farallon Cap Investments and Cliffwood Partners. Both say the merger benefits only David Price, who founded both NGP and AGC. NGP has also continued to downplay bankruptcy talk.

If the merger goes through, NGP would be reorganized as a public company and would no longer be required to pay most of its earnings as dividends.

Year in and year out, Palmer III Perennial Ryegrass has outperformed the competition. It's an annual headliner at the NTEP trials and sworn to by turf managers at major courses and across the south for overseeding. With its dark green color, especially low thatch tendency and high wear tolerance, it has become the centerpiece of any seed program.

Palmer III performs even better when matched with partners such as Prelude III Perennial Ryegrass, which exhibits slower and lower growth for a cleaner cut and good winter hardness and Phantom Perennial Ryegrass, an improved variety with a medium texture that is extremely wear tolerant but transitions easily. The rich, dark green color of all three make them perfect for use on tees, roughs or fairways, especially in cool season climates and winter overseeding in southern states.

Best of all, they all come with the Signature Pure Seed Tag™ assurance of quality.

Palmer III and Prelude III are available alone, blended together or under the well-known MarvelGreen Supreme blend name. Phantom is sold alone or in blends as well.