GOLF COURSE NEWS

THE NEWSPAPER FOR THE GOLF COURSE INDUSTRY

POINT

Dr. Michael Hurdzan and Tom Fazio debate what impact golf cars have on course design and the game of golf.

Page 4

COUNTERPOINT

A UNITED PUBLICATION
VOLUME 14, NUMBER 8
AUGUST 2002 • $7.00
www.golfcoursenews.com

INSIDE

Fertigation demystified

Readjusting the numbers

RENOVATION COMMUNICATION

In the latest installment of a series tracking the progress of the renovation project at Willoughby Golf Club in Stuart, Fla., superintendent Kevin Downing outlines the need to keep members informed about the progress of renovation work (members playing on a soon-to-be-closed green are pictured above). He also discusses the ins and outs of the bidding process. See page 12.

COURSE MAINTENANCE

COURSE DEVELOPMENT & RENOVATION

COURSE MANAGEMENT

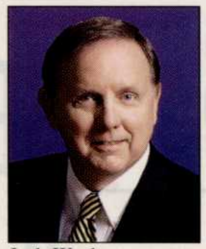
SUPPLIER BUSINESS

PERIODICAL

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).



Josh Weeks

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 neonicotinoid 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

Continued 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 Geilich.

"It's interesting how the stories get totally twisted," Geilich 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."

Photo by Arthur Cicconi

With nine holes completed, Quarry Hills is looking toward an early 2003 opening.

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

Continued on page 19

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 growth, Lahontan Golf Club here is taking an organic approach. Each spring, head superintendent Kevin Breen's crew diligently spreads 43 tons of chicken crumbles 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 fertilization to sustain a healthy stand of turf.

Photo by Freddy Bird

(Left to right) Mike Kosak, Martyn Hoffman and Kevin Breen

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

Continued on page 10

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

Continued on page 15

Smith to acquire Treetops Resort

GAYLORD, Mich. — Treetops Resort golf professional Rick Smith has agreed to purchase the four-season resort from Melling Corp., which has owned the property since 1983.

The resort features four golf courses, a par-3 course, an array of winter sports activities and 4,000 acres of terrain Smith said he plans to develop.

Smith joined the resort as director of golf in 1987. In 1992, Treetops owner and developer Harry Melling gave him the opportunity to design the par-3 course called Threetops. Melling then allowed Smith to design the resort's Signature course in 1993 and the Tradition course in 1997.

Management cos. hanging on

Continued from page 1

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.■

Survey results

Continued from previous page

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.■