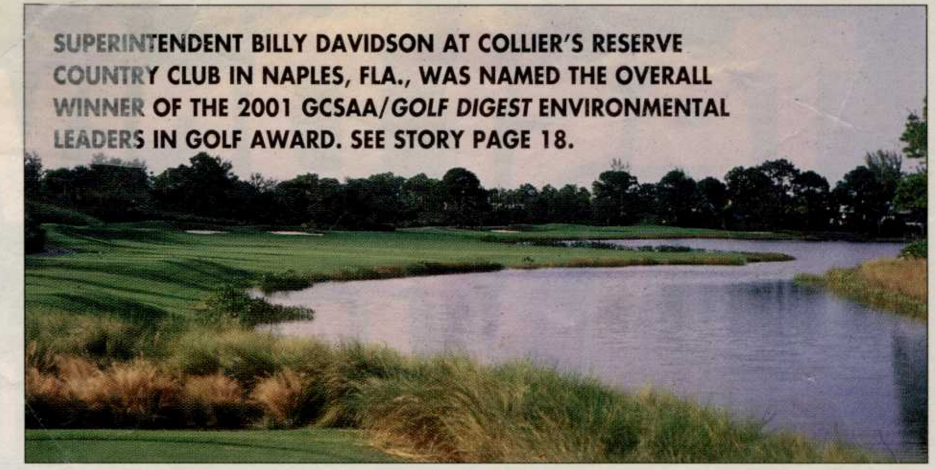
GOLF COURSE NEWS

THE NEWSPAPER FOR THE GOLF COURSE INDUSTRY



SUPERINTENDENT BILLY DAVIDSON AT COLLIER'S RESERVE COUNTRY CLUB IN NAPLES, FLA., WAS NAMED THE OVERALL WINNER OF THE 2001 GCSAA/*GOLF DIGEST* ENVIRONMENTAL LEADERS IN GOLF AWARD. SEE STORY PAGE 18.

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INSIDE

GCSAA ORLANDO WRAP-UP

In addition to Kevin Ross' new product picks and a full report on the winners of GCN's Builder of the Year Awards, the post-show section includes information on the Golf Super-Market, the USGA's Green Section award, and the GCSAA tournament. See pages 17-20.

PERIODICAL

Palmer Golf set to diversify portfolio

By ANDREW OVERBECK

ORLANDO, Fla. — After spending 2001 opening five courses and dealing with the financial realities of Sept. 11, Arnold Palmer Golf Management is moving full speed ahead into 2002 with a strategy to further diversify its portfolio.

Tim Tierney

The firm signed its first management contract of the year at Stone Ridge Golf Club in Bowling Green, Ohio, and is looking to add four more facilities before the end of the first quarter. In addition to management deals, Palmer Golf will be paying more attention to acquisitions and will be working more closely with Palmer Course Design.

"We want to have a diverse portfolio of owned, leased and managed facilities," said Palmer Golf president and CEO Tim Tierney.

With the addition of Stone Ridge, Palmer Golf now manages 30 properties across the country. The semi-private club opened in 1998 and features a 6,900-yard, links style layout designed by Arthur

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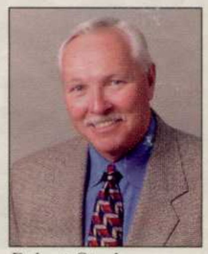
With financing scarce, builders grapple with equity gamble

By ANDREW OVERBECK

As golf course development financing has become increasingly scarce, more golf course builders, both large and small, are being asked to take equity positions in projects.

"It seems like seventy percent of the deals we see, the developer is looking for money," said Robert Steele, president of Scottsdale, Ariz.-based SEMA Golf. "More developers are trying to figure out how they can still have a golf course and not spend their money."



Robert Steele

While larger, established companies such as Lincoln, Neb.-based Landscapes Unlimited and Colorado Springs, Co.-based Niebur Golf have been involved in the equity partnership and ownership game for some time, this trend opens up a whole new set of challenges for medium and small builders which take comparatively larger risks when they trade profits for an equity stake in a project.

WEIGHING THE RISKS

"It may look like fun," said Lee Hetrick, executive director of the Golf Course Builders Association of

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Newly elected Wallace determined to move GCSAA forward

Q&A

ORLANDO, Fla. — Newly elected president Michael Wallace has taken the leadership reigns at a pivotal time for the Golf Course Superintendents Association of America. The association, which is feeling the effects of a slowing golf economy, will be tackling some weighty tasks this year from PDI implementation to the launch of its e-business initiative.

Michael Wallace

Wallace, who joined the staff of Fairview Farm Golf Course in Harwinton, Conn., Feb. 25 after being let go by Hop Meadow Country Club Simsbury, Conn., also has thoughts on how superintendents can balance a leadership position with the association while still maintaining their jobs.

Golf Course News recently caught up with Wallace to discuss what goals and hurdles are in store for the GCSAA this year.

Golf Course News : What are your goals for association this year?

Michael Wallace: The GCSAA is obviously poised. We just finished our 75th year as an association, and tremendous strides have been made in that period of time thanks to all those who have preceded me. The PDI implementation will be taking place July 1,

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Bayer, Syngenta settle patent suit

By ANDREW OVERBECK

BASEL, Switzerland — Syngenta AG and Bayer AG have reached a settlement over a dispute concerning neonicotinoid chemistry, which was the subject of various legal proceedings in the United States, Europe and Japan.

The dispute arose in 1994 when Syngenta first filed for a patent for the neonicotinoid active ingredient thiamethoxam. Arguing that thiamethoxam was too similar to its neonicotinoid active ingredient imidacloprid (Merit), Bayer challenged the patent.

After enduring years of lawsuits and legal expenses in different venues around the world, both sides agreed in early January to settle the matter and move on.

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Equity gamble

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America, "but there is a lot more to it than meets the eye. It is a real leap of faith. The smart companies are doing due diligence because there are so many values and variables that change with every project."

For that reason, many builders are shying away from equity deals.

"We just don't have the wherewithal to put down $500,000 toward a project," said Jeffrey Stein, president of Southport, N.C.-based Shapemasters. "Owners are trying to spread their risk and share the load, but golf courses don't offer a great rate of return in most cases."

Phil Garcia, vice president of Deerfield Beach, Fla.-based Ryangolf and new president of the GCBAA, said that while his company had been offered deals, he preferred to stick with his game plan – building courses for established developers.

"Although we have been approached more in the past 12 to 18 months, we would never mix the contracting expertise with ownership," he said. "We have been lucky to deal with repeating clients that are sizable, national developers that are just interested in the traditional contractor/owner relationship."

While development slows, however, more builders report that they are faced with either taking an equity position or not getting the job.

"I think it has cost us jobs," said Stein. "If you have two builders competing for the same job and quoting the same price, but one is willing to put in some sweat equity and the other is not, it is pretty clear. It will cost some people work."

SEMA Golf's Steele said he is looking more closely at equity deals in order to remain competitive.

"Owners have to get creative on financing because they need golf to drive real estate," he said. "So we are going to be forced into this. But we will be very selective on what we do."

Steele said SEMA Golf is in the process of working with a management group on two deals and is looking to partner on another project in Mexico.

ENTERING THE GAME

Indeed, some builders are embracing the concept, seeing the advantage of taking direct control of projects.

Two years ago, Sam Sakocius, president of Richmond, Texas-based SAJO Construction, took a 20 percent stake in Magnolia Creek Golf Links in League City, Texas.

"We knew that we wanted to stay within 100 miles of Houston because we understand that market," he said. "When the opportunity came along, we took an equity position in the project in lieu of profit on the job.

"It has worked out pretty well," he continued. "We have had to put some cash back into the project because the course is still in the ramp up stage, but it has proved to be a really popular layout."

Frank Hutchinson, president of Golf Works Inc., is currently building a course in his hometown of Austin that he will own.

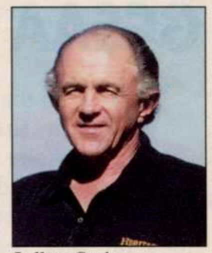
"Two years ago the original developer got us on board as contractors and asked us to take an equity position," said Hutchinson. "Then the financing fell apart and they asked us if we wanted to own the golf course. So we started our own venture."

Both Sakocius and Hutchinson caution, however, that assuming equity positions or ownership is not for the faint of heart.

"I have taken three small equity positions prior to this and two of them were not that good," said Hutchinson. "Had we jumped into the Austin deal two years ago, it probably would have hurt us very badly. I wound up hiring a separate group to handle it so they could evaluate things on a business level."

Sakocius cautioned that any builder getting involved in equity or ownership should only do so if they are in it for the long haul.

"If you take an equity position in lieu of profits, it takes away from gross revenues," added Sakocius. "You have to think long term. Magnolia Creek has yet to produce revenues, and is not supposed to until after the third year or so." ■



Jeffrey Stein