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POINT

Environmental attorney Neal Lewis and USGA agronomist Matt Nelson face off over organic golf. Page 6

COUNTERPOINT

INSIDE

RENOVATION WORK SURGING

Superintendent Rick Holanda at Aronimink Golf Club in Newton, Pa., took advantage of a mild winter to complete his renovation project a year ahead of schedule (work on the eighth hole is pictured above). His story appears on page 16 in the refocused Development & Renovation section, along with the first in a continuing series of articles by Kevin Downing detailing his experience renovating Willoughby Golf Club in Stuart, Fla. (see page 15).

PERIODICAL

Editorial Focus: Mowers

Mower makers shelve new technology

By ANDREW OVERBECK

While mower manufacturers continue to develop GPS, electric motors and autonomous capabilities, they have yet to incorporate these technologies into any new products. Instead of testing the waters with risky and expensive technology, manufacturers have concentrated their short-term efforts on improving and tweaking existing products.

John Wright

"A lot of the excitement over new technology was fed by the Internet euphoria that you could do anything," said John Wright, director of marketing for Toro. "A lot of companies have spent money trying to do anything and it didn't pay off. Superintendents have told us that they don't want more technology. They want stuff that works and makes their jobs easier – not more complicated."

Gregg Breningmeyer

Toro and other manufacturers have not given up on the promise of new technology (see story page 11), but they are cognizant that any breakthrough product will have to offer

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NGP, AGC merger to go forward

Investors, analysts question combined company's viability

By DEREK RICE

SANTA MONICA, Calif. — Nearly two months after announcing its intent to merge with American Golf Corp., National Golf Properties (NGP) announced the two companies would merge into an as yet unnamed corporation.

As part of the deal, NGP will absorb American Golf's $126 million in debt and would cease to be a real estate investment trust (REIT).

In the days following the announcement, financial firms seemed underwhelmed by the news, and investors were left to ponder the future of a company that is willing to assume so much debt.

"I'm unhappy to see this, but I'm not surprised," said Dan Boyle of Schwerin Boyle Investments, which is an NGP shareholder.

PricewaterhouseCoopers, which is the independent auditor for both NGP and American Golf, has raised concerns about the viability of both companies in light of their financial difficulties

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Rutgers gains rights to PureIntro technology

By ANDREW OVERBECK

NEW BRUNSWICK, N.J. — Rutgers University has reached an exclusive agreement with Japan Tobacco to develop and commercialize transgenic turfgrass varieties using a pioneering plant transformation technology.

Dr. William Meyer

Japan Tobacco's PureIntro employs plasmids derived from Agrobacterium tumefaciens, a bacterium that has the unique ability to insert a portion of its DNA into the cells of plants. According to officials at Rutgers, PureIntro technology is more precise than the Scotts Co.'s "gene gun" and it will allow turfgrass producers more access to transgenic varieties.

"Agrobacterium has been used by researchers for years in transforming dicots but it has never been used in monocots," said Jim Costagano, manager of technology and licensing at the Center for Turfgrass Science and the Biotechnology Center for Agriculture and the Environment at Rutgers.

Dr. Barbara Zilinskas, a plant scientist at Rutgers, received permission from Japan Tobacco in 1997 to begin work with PureIntro in turfgrass and was

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First National expands Native American lending

By DEREK RICE

MARTINSVILLE, N.J. — Rumors of the demise of funding for golf course development projects are greatly exaggerated, according to Jerry Sager, managing director at First National, who said the departure of some of the bigger names has led to that perception.

"I keep hearing that and I think it's focused because Bank of America left and Daimler Chrysler Credit quit and GMAC stopped doing [golf course loans]. I don't think that's fair," he said.

Along with First National, Sager said, other key lenders have been in the golf business for many years.

"Textron's certainly been around a long time and we've been doing golf course loans for 20 years. I don't think we've changed to the market at all," he said. "Quite frankly, I don't think Textron has either. I think we've both been quite consistent."

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NGP, AGC moving forward with merger plan

Continued from page 1

and a number of lawsuits the company is involved in as both plaintiff and defendant (see story on page 21). According to documents filed with the Securities and Exchange Commission, American Golf made $13 million of its first-quarter rent payments, but still owes NGP another $13.4 million. According to the *Los Angeles Times*, at the end of 2001, American Golf's liabilities exceeded its current assets by $149.5 million. The company also reported a loss of $60.4 million for 2001, compared to a loss of $200,000 the year before. NGP didn't fare much better in 2001, reporting a loss of about $363,000, compared to a net income of nearly $20 million the year before.

Charles S. Paul, NGP's chairman and interim CEO, has dismissed these concerns, saying the report only underscores why maintaining the current status of the two companies is no longer an option.

The REIT team at Merrill Lynch and Co. has also called the merger into question, based on the many outstanding details surrounding the combined companies' current financial statements, terms of the proposed equity infusion needed to stabilize operations and the trend in property operations.

Boyle said while he doesn't want this deal to go through, there may be no preventing it.

"I think it's unfair, but they'll probably get away with it," he said. "They'll try to vote for it and other people will try to vote against it, but in the end they'll probably prevail because that's the way these things tend to work out."

At issue is whether this is a deal that is good for the two companies and their investors or simply a good deal for David Price, who founded both companies and has retained substantial ownership interest in them. According to Boyle, when American Golf began to have financial difficulties, Price personally guaranteed some of the company's debt. Part of that guarantee included his NGP shares.

"In the last couple of months, it became clear that David Price was over-leveraged and in a lot of trouble financially," Boyle said. "If American Golf declared bankruptcy, he could be wiped out financially.

"The advantage to him is that the $126 million of debt that is owed by American Golf would become an obligation of National Golf, and he would be off the hook personally," Boyle added. "He's trying to do a great deal for himself and in the process sticking it to the public shareholders."

One of those shareholders is Carl Tash, president of Los Angeles-based Cliffwood Partners LLC, which holds a nine-percent stake in NGP. In a letter sent to NGP's board of directors, Tash proposed an alternative plan for restructuring the companies. His proposal calls for the company to break up the operation of its courses into regional groups, sell under-performing assets and seek opportunistic purchases of high-quality courses. He also called for ending merger talks with financially troubled American Golf.

In statements after the April 1 merger announcement, Tash continued to advocate a different path for the company than merging with its struggling tenant.

Boyle said there may be interests out there that will provide the financing the combined company would need to continue.

"I've heard that there are a number of people who are still interested in this, in contributing an equity piece," he said. "My guess is that some of that money would go toward maintenance of courses and then paying down some debt."■