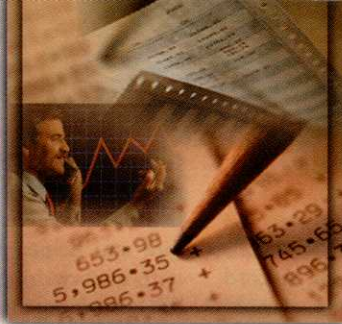


MANAGEMENT



BRIEFS

ZIMMERMANN JOINS UNITED GOLF GROUP

NEW YORK — United Golf Group, which owns and operates four golf properties in the United States, has named Gene Zimmermann vice president of operations. Zimmermann's office will be based at United's Serenoa Golf Club in Sarasota, Fla. He brings 20 years of industry experience to United, where he will be responsible for overseeing all club operations. Zimmermann competed on the PGA Tour in the early 1980s and on the Nike Tour in 1997.

BURROUGHS & CHAPIN PROMOTES STANZEL

MYRTLE BEACH, S.C. — Burroughs & Chapin Golf Management has named Keith Stanzel director of tournaments and special events for all six of the company's managed golf courses. Stanzel has been with Burroughs & Chapin starting as director of sales at Myrtlewood Golf Club. In his new position, Stanzel, who is also president of the Grand Strand Area Golf Directors Association, will serve as a liaison to the local hotel package community, and will also work on tournament development and administration.

CLUB TEE TIME ACHIEVES MILESTONE, EXPANDS

MISSION VIEJO, Calif. — Club Tee Time recently signed the 3,000th golf course to use its tee time reservation system, giving the company representation in all 50 states. In addition, the company has launched a new membership program to allow members to realize savings of up to 40 percent on green fees at "trophy" courses.

CLUBCORP ANNOUNCES NEW PRESIDENT, BOARD CHANGES

DALLAS — Golf course ownership and management company ClubCorp has hired John A. Beckert as president and chief operating officer, following the death of company founder and chairman of the board of directors Robert Dedman (see story on page 3). Robert Dedman Jr., the company's CEO, has taken his father's place as chairman. Beckert and Nancy Dedman, widow of Robert Dedman Sr., have been added to the board.

Editorial Focus: Financing

Financing hard to come by, but not unavailable

By DEREK RICE

PROVIDENCE, R.I. — It's no secret that financing in the golf course business is more scarce than it was just 10 years ago. While some of the larger lenders have pulled out, most notably



Bank of America, many of the big dogs, such as Textron Financial and First National, are still going strong.

There is also a smaller segment of lenders which specialize solely in golf lending and which finance many of the projects the larger lenders take a pass on. George Marderosian of Clubhouse Capital, one of those smaller lenders, said the industry has seen some shakeup in the recent past.

"There's no question that these days it's pretty volatile in the world of golf course finance," he said. "Most construction financing is extremely limited. It's always been difficult to obtain construction financing for a new project, but it's virtually impossible these days."

Marderosian said many factors have contributed to the downturn in funding.

"In most markets, there are courses that are under-performing, and consequently, there are construction loans that are not being serviced. The default rate is up, and borrowing options are down," he said. "Those

Continued on next page

Ocean Trails finds long-sought buyer in Trump

Real estate mogul hopes to rival Pebble Beach by repairing holes, building luxury homes

By DEREK RICE

RANCHO PALOS VERDES, Calif. — The world's most famous 15-hole golf course recently gained a bit more notoriety, and its prospective new owner apparently isn't finished with the property.

Following his offer for the Ocean Trails Golf Course, New York real estate mogul Donald Trump said he plans to repair three holes that collapsed in 1999 and make the course a rival to nearby Pebble Beach Golf Links.

"This is a wonderful piece of property that has been under siege for many years," Trump told Reuters. "We are going to take care of it and turn it into a championship course."

Brothers Bob and Ken Zuckerman were within six weeks of opening Ocean Trails in 2000 when they filed for bankruptcy protection. Since May, Credit Suisse First Boston has held

title to the property, and had been actively seeking a buyer. Prior to the bankruptcy, the Zuckermans had owned the property since the 1940s.

In addition to repairing the three damaged holes, which separated



Holes 9, 12 and 18 at Ocean Trails were damaged in 1999 when a portion of the ledge on which they sat collapsed into the Pacific Ocean.

from the mainland and fell about 50 feet, Trump plans to build 75 luxury homes on the site. However, in order to make the club exclusive and completely private,

Continued on next page

Golf Trust of America liquidation progressing

More complete plan expected after upcoming annual meeting

CHARLESTON, S.C. — Golf Trust of America Inc. (GTA) has scheduled its 2002 annual shareholders meeting for Nov. 18 at 9:30 a.m. The meeting will be held at Charleston Place Hotel.

Among the issues to be addressed at the annual meeting is GTA's continued plan for liquidating its assets. Within the next six to 18 months, the company expects to sell off its remaining 16 courses and wind up its operations. Before this

can be completed, shareholders must agree to the plan, which calls for them to receive between \$6.01 and \$9.43 per share. That estimate is based on the sale value of the company's remaining properties, as well as its current outstanding debt. This price range remains in line with what GTA had previously announced (GCN May 2002).

Since announcing its plan for liquidation in March 2001, GTA has shed 21.5 (18-hole equivalent)

courses for a total of more than \$190 million. Because the majority of those sales came in 2001, the company cautions that the timeframe for liquidation may exceed its estimate.

In its second-quarter earnings report released in late August, GTA reported a net loss of \$1.3 million. The company previously announced that it hoped to have no taxable income to report, especially in light of the nearly \$22 million in losses it carried forward from 2001.

— Derek Rice

Club looks to privatization to ensure steady revenue stream

By DEREK RICE

EGG HARBOR, Wis. — With rounds numbers flattening out and in some cases dropping, course owners across the country are looking for ways to increase their revenues or, at the

very least, keep them constant.

One way owners and managers are doing this is by converting their semi-private and daily-fee courses to private clubs.

In the case of Horseshoe Bay Golf Club, one of the reasons this became

necessary was the short golf season in Wisconsin, combined with the potential for summer Saturday rainouts, according to Orié Milton, director of sales and marketing for the Troon Golf-managed club.

Horseshoe Bay opened in 2000 with a plan to be a semi-private club, offering a limited number of memberships but remaining open for public play. The public play, however, never reached desired levels,

Milton said.

"Since opening, the public play has been a real struggle," Milton said. "After the first season, the owners began discussions about possibly going private. The primary reason being to stabilize revenue flow. With the number of rounds dropping nationwide, that's a struggle for everyone."

The club now offers three levels of memberships to accommodate various income levels, as well as to account for seasonal play. Horseshoe Bay also includes a housing development, offering residents the option of buying a golf membership when purchasing their home.



Horseshoe Bay GC in Egg Harbor, Wis., has made the move toward privatization as a way of guaranteeing revenues in the face of flat rounds numbers.

NGP acquisition

Continued from page 1

are also involved with Scottsdale, Ariz.-based Troon Golf. According to Dana Garmany, Troon's chairman and CEO, Troon's involvement with the transaction has been minimal.

"We really can't comment on what we think the Goldman/Starwood guys are doing,"

Garmany said. "Since those guys are shareholders and sit on our board, we've given them some advice and helped them a little bit with underwriting, but we haven't done anything more than that and don't plan to."

"All we've really done is tried to show them how to look at certain assets and how to look at certain markets," he added. "Beyond that, we wish them well because we

don't do what they do, so I don't think there's any conflict if Goldman has that and has a part of us as well."

An anonymous source quoted in the L.A. Business Journal indicated the deal was likely to occur before the end of September. If completed, the subsequent stock buyback would allow Goldman to take the publicly traded NGP private, which would enable the

company's proposed merger with AGC to be completed without opposition.

In April, NGP announced it would merge with AGC and then seek equity investment in the combined company. Large shareholders, including Los Angeles-based Cliffwood Partners LLC and San Francisco-based Farallon Capital Management, have opposed the deal, saying that AGC's debt load would cripple the

combined company.

The timing of the deal is crucial for NGP and AGC founder David Price, who in July pledged 3.6 million NGP shares as collateral for AGC's loans. Price also pledged a second deed of trust on his Mountaingate Country Club as collateral. Under the deal, the shares must be replaced with cash by Oct. 15. At press time, the deed of trust was to have been replaced with cash by Sept. 30. ■

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1 My primary title is: (check one only)

- A. Golf Course Superintendent
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- L. Golf Course Management Company Executive
- B. Green Chairman/Grounds Director
- C. Director of Golf/Head Pro
- D. Club President
- E. General Manager
- K. Assistant Superintendent
- G. Builder/Developer
- H. Architect/Engineer
- I. Research Professional
- Z. Others allied to field: (please specify) _____

2 My primary business is: (check one only)

- 21. Public Golf Course
- 22. Private Golf Course
- 23. Semi-Private Golf Course
- 24. Municipal/County/State/Military Golf Course
- 25. Hotel/Resort Course
- 26. Par 3/Executive Course
- 27. Practice Facility
- 29. Other Golf Course (please specify) _____
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- 39. Supplier/Sales Rep
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3 Number of holes:

- A. 9 holes
- B. 18 holes
- C. 27 holes
- D. 36 holes
- F. More than 36 holes
- Z. Other (please specify) _____

4 Purchasing involvement: (check all that apply)

- 1. Recommend equipment for purchase
- 2. Specify equipment for purchase
- 3. Approve equipment for purchase

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Financing options

Continued from previous page

factors combined with several others have caused industry borrowers and most regional and local banks to cut way back on what they're willing to loan on a project."

While Marderosian said he thinks the industry will eventually right itself, for now, borrowers and lenders have to be cautious and creative.

"Our primary focus is to serve developers and borrowers, so it is incumbent upon companies like ours to come up with creative options and to source new, fresh additional capital in order to fund good projects," he said. "The lack of capital today will really slow down the pace of development in all but the stronger markets. And that's not a bad thing."

When seeking financing, Marderosian said, borrowers are most often better served by a company that knows the golf business than by a traditional lender.

"We look under the rocks a whole lot more closely because that's our expertise," he said.

One of Clubhouse Capital's strengths, Marderosian said, is turning troubled assets around, which, unfortunately, could become a larger part of the company's business in the near future.

"There's going to be many more (troubled courses) in the next 12 to 18 months," he said. The company recently foreclosed on a Florida course that was in default. ■

Trump's new course

Continued from previous page

Trump will have to petition the California Coastal Commission.

According to Ocean Trails manager Ewa Hyjek, the commission requires the property, which also includes a park and nature trails, to be open to the public from dawn to dusk.

Terms of the deal, which should be finalized later this month, were not disclosed. Trump also owns two high-end private clubs, Trump International Golf Club in Palm Beach, Fla., and Trump National Club in Westchester County, N.Y.

Also not made public was the amount Trump plans to spend to bring Ocean Trails back to its original 18-hole layout. As a measuring stick, according to Reuters, Trump spent \$40 million and \$30 million improving his Florida and New York courses, respectively. ■