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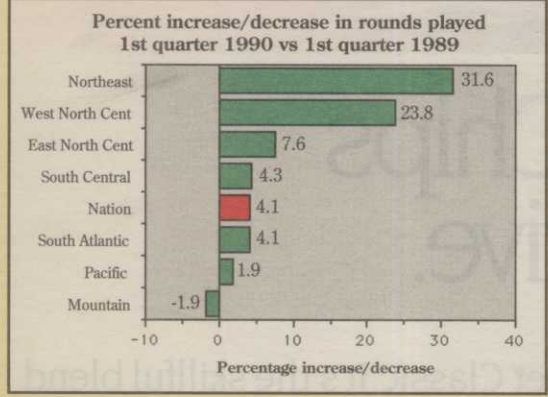
GOLF COURSE NEWS

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INSIDE

- 17 FIELD-BURNING** referenda fail
- 19 NATURE** more important to research
- 20 ZOYSIA SOD** popular, expensive
- 29 HANDICAPPED** course takes shape



- ### News
- Japanese firm reneges on Bay Hill buy 3
 - Talks proceed on \$500M Grand Lair plan 3
 - USDA honors Dr. C. Reed Funk 4
 - LPGA complex gains approval 5
 - Americans featured at Golf Course Europe 6
 - NCA announces environmental insurance 7

- ### Departments
- Comment**
 - Researchers take no rest 8
 - Letters**
 - Turf industry must plan ahead 9
 - Super Focus**
 - Dick Bator tackles Merion challenge 12
 - New Courses**
 - U.S. Open win spurs business for Irwin 14-15
 - Government Update**
 - Clubs lose millions in High Court decision ... 16-18
 - Association News**
 - ASTA names executive vice president 24-25
 - On the Move**
 - Murphy sales manager at Jacobsen 30
 - Business News**
 - Continental buys bridge line 32
 - New Literature**
 - 'A Tribute to Golf' scores an ace 33
 - New Products**
 - New equipment hits the marketplace 34-35
 - On the Green**
 - Future Golf removes boredom from range 38



A worker at Sweetwater Country Club in Sugarland, Texas removes bermudagrass sod from a green damaged by this winter's record cold. The facility was among numerous Southern courses that suffered extensive winter kill requiring greens to be torn up and replanted. The extent of the damage wasn't known in many areas until the bermudagrass emerged from dormancy this spring.

Kill costs courses millions

BY PETER BLAIS
The winter freeze cost Southern courses millions of dollars, forcing many to reseed greens and some to close for as long as two months. The cold temperatures that struck in early December killed much of the Bermudagrass on courses from Texas to South Carolina. Unfortunately the problem went undetected until spring when the overseeded ryegrass began to die out and the Bermuda traditionally starts to grow. Only this time the Ber-

muda never greened up. "It just stayed dirt brown once the rye died off," said Gilbert Medrano, head superintendent at First Colony's new public course in Houston. The damage was so bad First Colony closed its doors May 29 and wasn't scheduled to re-open until July 26. It cost \$25,000 to reseed all 18 greens. Assistant pro Scott Rethlake pegged lost business at another \$180,000. Most courses were able to remain open, but had to resort to temporary

greens. Nearby Sweetwater Country Club in Sugarland was "pretty severely" damaged but continued play on temporaries, according to superintendent Todd Stevens. "We lost enough grass that we decided to replant all 27 greens to keep them consistent later on. We stripped the sod, tilled them up, fumigated, contoured and re-sprigged. We planted June 22 and they look good. They are about 80 percent covered." *Continued on page 31*

S&L crisis hits golf

Let's make a deal goes nationwide...

BY PETER BLAIS
Golf courses nationwide are available at bargain-basement prices thanks to a savings and loan crisis that has left several courses in the hands of the Resolution Trust Corporation. In the Phoenix, Ariz., area alone, two courses are for sale. Superstition Springs in Mesa and Happy Trails Resort in Surprise were the property of Western Savings, which was placed into

receivership May 31, according to Western Savings Vice President of Real Estate Investment and Sales Paul Timm. They are being marketed by the RTC, which was established to sell off closed savings and loan properties. Superstition Springs is a 646-acre project undertaken by Western Savings and Loan Association in the early 1970s. The 18-hole Greg Nash-designed *Continued on page 27*

...as foreigners, pensions pick up slack

BY PETER BLAIS
Foreign investors and pension funds are replacing beleaguered savings and loans and commercial banks as major funding sources for existing courses and new course construction. "With the S&L crisis, those institutions are basically out of the golf course business. A lot of money used to come from the S&Ls. Now they're history," said Stanton Abrams, president of Senior Tour Players Inc., a Boston-based

company involved in golf course communities and representing many famous Senior players. "Commercial banks have had a lot of problems with bad loans. So that money has basically dried up, too." **Foreign investment**
Led by the Japanese, foreign investors are now filling a large part of the funding void. The Japanese have bought *Continued on page 26*

Seed harvest excellent

BY MARK LESLIE
A bumper crop looms this month, creating good and bad news for people in the turf seed and golf industries. "This is shaping up as the best crop for a number of years," said Scott Patterson, vice president in charge of turf seed at Peterson Seed Co. in Savage, Minn. "There is a lot of acreage. We had good burns last fall. Growing conditions were excellent last winter and good growing this spring. And now they're out and dry like they need to be for harvest." Dennis Hays, executive vice president of the Oregon Seed Trade Association, whose members grow the vast majority of seed used on golf courses, *Continued on page 19*

Foreign money

Continued from page 1

or built 30 courses in California alone, including such shrines as La Costa Country Club in Carlsbad and Riviera Country Club in Los Angeles, site of the Los Angeles Open.

"There's a rumor they've offered the members at a Hollywood course \$1 million each plus a lifetime membership for their course," said Abrams.

The \$137 million paid for Riviera was considered exorbitant by many and led to speculation the Japanese are more interested in golf courses as future subdivisions than playing fields.

Abrams disagrees.

"The Japanese are so into golf,

and the cost of golf is so high in Japan, that \$137 million for a prestige course isn't considered that high," he said. "I don't question their motives. They seem pretty pure."

In a country where 90 percent of the golfers never make it from the driving range to the course, belonging to a private club carries a great deal of prestige. In fact, memberships are often held in corporate names and are traded like stocks, sometimes for millions of dollars.

"Golf courses are a very important place for the Japanese to carry on business," said Abrams.

Negotiating with the Japanese

can be a very frustrating experience for an American businessperson used to a quicker pace, according to Abrams.

"The Japanese take a long time to study a proposal," he said. "All decisions are made by consensus. A business proposal is analyzed first by a lower-level management person. If he accepts it, he moves it on to the next level until it eventually works its way to the company president. That's the opposite of the way we do things in this country, where the president makes a decision and it's up to the underlings to carry it out."

"While the Japanese system is slower, there is an advantage. There

isn't one person to blame if an investment goes wrong since everyone has a hand in the final decision. Since everyone is responsible, everyone tries to make sure the investment works. So while you have to wait longer for a decision, once it's made, everyone helps out.

"And they're very honorable to deal with. It's not unusual for them to pay a company they're working with well before the due date."

While it's tough to sell the Japanese on an idea, they move quickly once a decision is made, Abrams said. For instance, he was involved in the purchase of the Tantalum Country Club in Washington, D.C. The course bordered a nearby ho-

tel. When the hotel owners decided they wanted the course, a Japanese company, TSA Associates, offered financial backing.

Abrams' group was asked to name a price. The Americans presented what they figured was a fairly-high price and prepared for long negotiations. But the Japanese immediately countered with an offer that was just \$100,000 below the asking price and the deal was quickly done.

The Japanese are also open to creative ideas, Abrams said. His company proposed building a course on Guam with nine Senior players designing two holes apiece. Japanese developers jumped at the idea. Abrams' company received its first payment before a formal contract was even drafted. And the Japanese developed a novel marketing scheme. One house was built on each hole. Hole and house were then sold to different corporations for \$1 million each.

How do you find Japanese investors?

"It helps to be properly introduced by an American group that has done business with them or a member of the Japanese group itself," Abrams said. "Or you can contact the American headquarters of the bigger Japanese companies directly. But I know of one company that gets something like 150 proposals a day. They have a warehouse full of them."

"But if you have an existing, prestigious property, they're generally very interested."

Pension funds

Pension funds have become increasingly involved in golf course developments in recent years.

Union pension funds own courses in Half Moon Bay and Palm Springs, Calif., said Abrams. The Teamsters Union recently sold La Costa to the Japanese, he added.

Other pension funds own Green Lefe Country Club in Haines City, Fla. and Foxfire Country Club near Pinehurst, N.C., a 36-hole, 40-room golf resort that officials hope will attract 36,000 Japanese visitors a year by 1992, said Abrams.

Why are pension funds interested in golf? The returns on investment are often higher than pension funds can attain elsewhere, said Abrams. That's very attractive considering the losses many funds have experienced in the weak office building real estate market.

"There's so much money in pension funds," said Abrams. "AT&T alone gets something like \$200 million in new money every month. The question is how to invest that money. I think you'll see pension funds investing in golf communities more often."

There are many different pension funds — private, public, union, employee and many others. The best way to locate pension fund money is to find a fund trustee, "preferably one who is a golfer," said Abrams, and pitch your idea to him or her.

Other sources

"There are a few companies spe-

Continued on page 27



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S&Ls

Continued from page 1
championship course was completed in 1986. It hosts 45,000 rounds a year, breaks even financially and includes an 11,000-square-foot clubhouse with locker rooms, restaurant and lounge, said Timm.

The course sits on 198 acres. The rest of the land is available for commercial development. The RTC is asking \$35 million for the entire project. It had received three offers through mid-July.

"If a buyer isn't found in the next two to three months, we'll begin splitting out the property," explained Timm. "There's been a lot of interest in the course. It's a full-grass course. Many of the new courses here are target courses.

"It is also piped for effluent water, which is a plus with the new laws coming along requiring effluent use on golf courses. And it's in a fast-growing area, East Mesa.

"A regional mall is opening in the vicinity this fall and the highway is supposed to be extended another three miles in 1991. That should allow for a lot more traffic."

The course alone is valued at \$7 million and an adjacent, 15-acre resort parcel at \$2 million, said Timm.

Western Savings was established over 60 years ago, said Timm. It eventually became the second-largest savings and loan in Arizona. Its asset base grew to between \$6 billion and \$7 billion in the early 1980s with the deregulation of the

Fort Dix course not closing

The June issue of *Golf Course News* incorrectly reported that the Fort Dix (N.J.) golf course was closing. It was a source error.

According to a Fort Dix spokesperson, the Trenton facility "is having its training mission realigned by the Army but will remain open for other missions under a 'semi-active' status... current plans are to keep the 18-hole golf course open to serve the permanent staff that will remain after realignment and also the thousands of military retirees in South Jersey who frequent the course."

Foreign

Continued from page 26
cializing in golf course financing," added Abrams, who has worked with, among others, San Francisco-based GATX Golf Capital (telephone 415-955-3200). "They're good. But they're incredibly selective."

The National Golf Foundation lists 10 companies, including GATX, as potential financing sources. They are:

Alternative Mortgage of Longwood, Fla. (407-774-9009); The Balcor Co. of Skokie, Ill. (708-676-6923); BLB Associates, Inc. of Acton, Mass. (508-635-0400); First Golf Corp. of Denver, Colo. (800-621-9454); G.E. Capital — HRFs of Charlotte, N.C. (704-541-4966).

Greyhound Financial of Phoenix, Ariz. (800-525-4532); The Investment Matchmaker of Van Nuys, Calif. (818-780-1034); Maloney Golf Finance, Inc. of Kansas City, Mo. (816-444-2353); and The Prestwick Group of Northbrook, Ill. (708-676-6874).

banking industry.

But the downturn in the Arizona real-estate market in the second half of the decade eroded the company's equity base. It was placed into conservatorship last summer and receivership May 31 after the Bank of America purchased its 61 branches and deposits. Happy Trails was among the assets that remained.

Begun as a recreational vehicle resort in 1982 for "Snowbirds" escaping the Midwest's winter snow and cold, Western Savings and its partners began marketing 1,900 lots as part of the first phase of development, according to Western Savings Operations Manager Jerry

Shambaugh.

The 2,500- to 4,500-square-foot lots sold well the first two years. But in 1984, a half dozen additional RV resorts came on line.

"The market was flooded," said Shambaugh. "There were suddenly 10,000 to 12,000 lots. It's interesting that Happy Trails is the only one still going."

But sales were about half of projections, adding to Western's woes. Sales continue at about 150 lots annually, less than half the 350 a year originally predicted.

Again, the golf course is doing well. Play at the Greg Nash/Ken Kavanaugh-designed course has increased dramatically since the addi-

tion of a second nine last summer. For instance, 4,300 rounds were played in March 1989. That was up to 6,200 rounds in March 1990, a 44-percent increase.

Approximately \$35 million has been invested in Happy Trails, which includes the course; town center with stores, post office, ballroom and dining room; three neighborhood centers with showers, laundry and pool; information center with sales and pro shop; RV storage and washing area; and \$2 million in furniture.

The property has been appraised at \$12 million. A second appraisal was scheduled for completion in late July.

"We've had a lot of interest, somewhere between 100 and 150 calls

already," said Shambaugh. "We've had three solid offers. But we can't accept any until we get the second appraisal. I feel we'll get another 10 to 12 offers almost immediately.

"It's an excellent opportunity for someone to pick up a valuable piece of property for about \$12 million, sit on it for a couple of years and then sell for around \$35 million."

For more information on these properties call Paul Timm at 602-468-4034 or Jerry Shambaugh at 602-468-5800.

The RTC had other courses available in Texas and South Carolina as of mid-July. For more information, contact the regional RTC offices in those areas.

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