

Making a super's dream come true

BY MIKE RILEY

Most superintendents dream of owning a golf course.

Like my peers, I shared that vision. At times it seemed an obsession.

I searched the farthest and coldest regions of the Earth for anything resembling a golf course. The farther into the boondocks I looked, the more affordable courses became. But even there, the required capital was beyond my means.

Though I didn't realize it at the time, my dream started to become reality in December 1978, when I became superintendent at Larch Tree Golf Club in Trotwood, Ohio, near Dayton.

Larch Tree is an 18-hole, championship course designed by Michael Hurdzan. It opened in 1973 with the goal of becoming the area's premier facility.

Unfortunately, with the faltering economy and demise of a nearby planned community, the club never established itself. The financially troubled savings and loan that bankrolled Larch Tree received virtually no principal or interest payments from 1975-79.

With no golf course management expertise, and no prospective buyers, the bank carried the operation as best it could. In 1980, the S&L reached agreement with the Montgomery County Board of Commissioners to lease the facility to the county for one year. Meanwhile, the county sought a 50-percent matching grant from the Ohio Department of Natural Resources to acquire the golf course for \$1.2 million, the amount of principal and accrued interest at that time.

The agreement allowed the bank to foreclose on the property and turn it over to the county. But the course had operated on a shoestring budget, with no capital improvements or new equipment, for the previous five years.

With the private club now defunct, I accepted a one-year contract as superintendent, with the stipulation that once the county acquired the facility, I would become a full-



Mike Riley at his golf course.

time employee.

Unfortunately for the county, the matching state grants that made the purchase feasible were dwindling. With money unavailable in 1980, the county leased the property for another year and re-applied for state funds. Denied again, the process was repeated yearly through 1984.

Meanwhile, I was in the unenviable position of trying to maintain and improve the course with 10-year-old equipment in varying degrees of disrepair. Acquiring even the most essential piece of machinery was impossible since Ohio law forbid government agencies from making capital improvements or purchasing equipment in a leasehold situation.

As a superintendent without adequate physical resources, I felt my reputation slipping completely out of my control.

I was able to do something. Promoted in 1982 to superintendent of parks with responsibility for the course, 13 parks and more than 800 acres, I was able to re-allocate maintenance equipment to slow the golf course's deterioration. Still, it wasn't enough.

But behind every dark cloud is a silver lining, and mine was about to poke through.

At the end of 1984, the County Commission made a final, token offer to buy the facility, while indicating it was not inter-

ested in any further lease arrangement. I told the bank it was not necessarily up against the wall with no choice but to accept the county's offer. I said I was willing and able to operate the facility with little financial assistance.

A few weeks later, bank officials came back with an offer I couldn't believe, let alone refuse. I would be an employee of the bank, operating the golf course autonomously for the next six years. The bank would finance needed improvements and equipment.

And, most importantly, they offered to let me buy the course anytime within those six years, with 50 percent of the net cash flow to that point applied as a down payment toward a pre-determined purchase price.

Despite my good fortune, I realized the hardest part was yet to come. Though just five years ago, 1985 was a different era than today's golf boom. Most people thought I was crazy to give up a secure government position to take on such a task. Annual revenues were less than \$250,000, hardly enough to accumulate much of a down payment and certainly insufficient to retire the kind of debt I was facing.

I developed a five-year improvement plan designed to achieve an appraised value any bank would find attractive and maximizing net cash flow. With \$125,000 in capital improvement money, we remodeled every building using retired, former employees. Virtually every piece of maintenance equipment was replaced at a cost of \$100,000.

The result?

From 1985-1989 annual revenues jumped to \$650,000, a 160-percent increase.

By this time, the Federal Savings and Loan Insurance Corp. had assumed control of the bank because of the golf course and a speculative apartment complex the bank financed that had gone sour. The golf course was now an enticement, wooing potential buyers of the S&L with an asset that could provide an influx of cash if I exercised my option.

In 1989, four years into our agreement,

the S&L I was dealing with was taken over by a large, West Coast bank. As the golf gods would have it, the new bank was not interested in remaining my partner for another two years.

The bank immediately offered to re-negotiate my contract, enabling me to obtain the necessary financing. The net result was a \$175,000 reduction in the purchase price plus an attractive buyout of my employment contract that served as my down payment.

On Sept. 14, I exercised my option to purchase Larch Tree Golf Course.

The naysayers, who once characterized me as crazy, now say it was mostly luck. Not believing in luck, I prefer to think of the last 10 years as a long and winding road that brought me to a point where my education, experience, persistence and dreams have come together.

ON THE GREEN

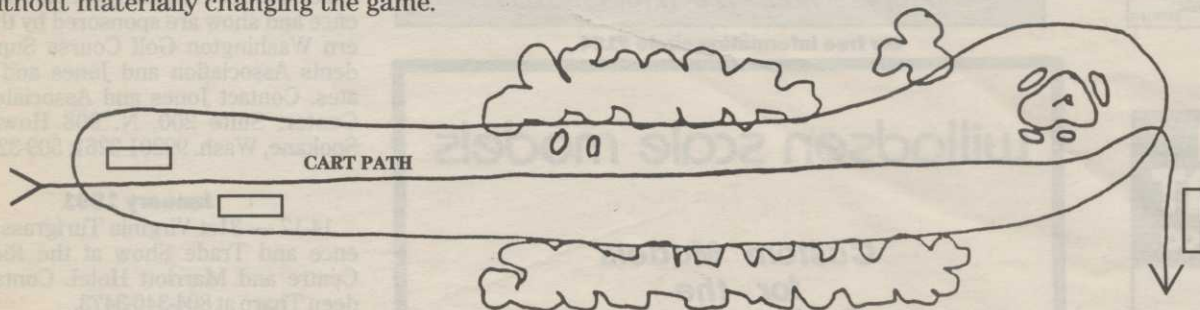
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