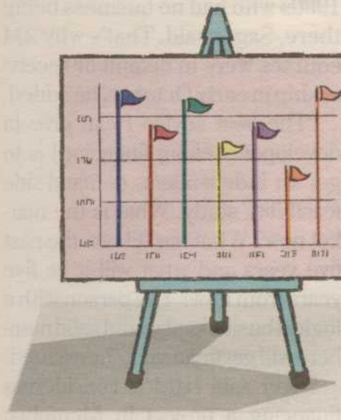
BRIEFS



EAGLE'S LANDING SNARES PALMER

Arnold Palmer Golf Management has signed an agreement to provide management services to the city of Sevierville, Tennessee for Eagle's Landing Golf Club. The championship 18-hole golf course is scheduled to open in 1993.

Arnold Palmer

NEW APPRAISERS PUBLICATION

The Society of Golf Course Appraisers decided to create an annual publication dealing with golf course topics during the association's semi-annual meeting in San Francisco. The SGA also admitted Gerald Teel of Houston as a new member and held a roundtable discussion on a variety of golf course valuation and analysis issues.

CASPER TO MANAGE SWAN POINT

Billy Casper Golf Management has been retained by USX Realty Development for their project at Swan Point Yacht and Country Club in Southern Maryland. Located in the town of Issue, the club is part of a Potomac waterfront community that will include 1200 single-family homes when completed and an 18-hole Bob Cupp-designed course.

CMAA SPONSORS HOLIDAY CAMPAIGN

The Club Managers Association of America (CMAA) is sponsoring the "Clubs Collecting for Communities" national campaign to aid communities across the country during the holiday season. Each of CMAA's 52 chapters will designate two charities and the "Toys for Tots" program as beneficiaries of the donations. Participating clubs are to be used as drop-off sights. Phase I, the food drive, is scheduled to start in mid-October and run until mid-November. Mid-November marks the start of Phase II, the clothing drive. The "Toys for Tots" drive, or Phase III, is scheduled to start the beginning of December. CMAA-member clubs raised $83 million for charity in 1991.

AGC PROMOTES HARKER

American Golf Corp. has named Steve Harker vice president of marketing and sales. Harker has been at AGC since 1971, most recently as director of marketing. AGC manages 145 golf facilities in 22 states.

Investment pools growing as funding source

Millions raised for golf development and acquisitions

By PETER BLAIS

Multi-million-dollar investment pools formed solely to build and/or acquire golf courses are becoming increasingly important as a funding source in today's credit-short market.

Two of the larger ones involve Stewart Financial Co. of Palm Springs, Calif., and a joint venture uniting Jack Nicklaus' Golden Bear International and Marriott Corp.

The Stewart pool involves $130 million in securities that a $12 billion European pension fund has guaranteed to buy on the London, Brussels and Hong Kong markets, according to principal Bob Stewart. The money will fund 8 to 10 golf course projects that could include housing, resorts, marinas, practice centers and other amenities.

Among those signing letters of intent and/or joint venture contracts, Stewart said, are projects in Washington, Oregon, Wisconsin, Chicago, Ohio, Pennsylvania, New Mexico and Fresno, Calif. Projects in Virginia and North Carolina could be funded in this or a second pool planned for early 1993, he added.

> *'Good [golf real estate] projects can be profitable, even in today's market.'*
> **— Bob Stewart, Stewart Financial**

Pool money will finance 80 to 90 percent of the deals, Stewart said. Developers had to be willing to surrender substantial management control since investors are demanding a 60-percent equity position, he added. The remaining investment will be debt.

Stewart spent a year reviewing 200 proposals. Those making the cut had to have the land tied up through ownership or options, possess all necessary environmental and building permits, guarantee investors at least a 16-percent return on investment and offer future profits through lot transactions, sale of the course, memberships or other means, he explained.

"It's unusual in that the funding is *guaranteed* if the criteria are met," Stewart said.

Despite current conventional wisdom advising golf developers to avoid real estate in the still-depressed U.S. housing market, "We like the real estate component," said

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Appraiser says course owners asking too much

By PETER BLAIS

Are many golf course owners simply asking too much for their properties as potential buyers suggest?

Yes, according to Society of Golf Appraisers President Laurence Hirsh.

Hirsh said many owners are still setting their asking price based on the late 1980s when "the Japanese threw piles of money at several U.S. courses."

While foreign investors remain in the market for certain properties, they are not paying the outlandish prices they did a few years ago, the SGA official said. The market has become more sophisticated and owners must rethink their asking prices accordingly, he added.

Still, Hirsh believes golf courses are often undervalued and good buys for "someone who can operate them properly."

Several factors, Hirsh explained, conspire to keep prices down. Golf courses are management intensive; susceptible to weather, agronomic problems and

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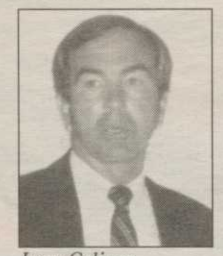
ClubCorp takes to the airways

By PETER BLAIS

ClubCorp's first television commercial has been very successful in increasing the company's visibility and attracting new business, according to Marketing Vice President Jerry Gelinas.



Jerry Gelinas

The 30-second spot showcases such premier ClubCorp properties as Firestone Country Club in Akron, Ohio, (site of the NEC World Series of Golf, Aug. 27-30), Pinehurst (N.C.) Resort & Country Club (site of the 1991 and 1992 PGA Tour's TOUR Championship, Oct. 26-Nov. 1) and Gleneagles Country Club in Plano, Texas.

It aired during the NEC and PGA TOUR events and will again at the Liberty Mutual Legends of Golf (May 3-9, 1993) at Barton Creek Country Club & Resort in Austin, Texas, also a ClubCorp property.

The message is: "Some of the world's finest courses have one thing in common. They are all part of the ClubCorp family. ClubCorp. Where members set the standard."

Aimed at course developers, potential financial partners and member-owned clubs considering hiring a management company, the ad attracted many direct responses to the company's 800 telephone

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Coffin employees bemoan lack of security

By PETER BLAIS

Employees remain frustrated over what they view as a lack of security at an Indianapolis municipal golf course where a man was killed during a September robbery attempt.

Wilbur L. Colen, 69, died from a gunshot wound to the chest while playing golf Sept. 6 at Coffin Golf Course. James L. Sears, 22, of Indianapolis has been charged with murder in connection with the incident, according to the Indianapolis Star.

A man reportedly approached Colen and two golfers at the 4th tee. The man pulled a gun and demanded their wallets. One of the golfers grabbed for the gun, a struggle ensued and Colen was shot.

The location where the shooting took place is at the far edge of the course. Golfers are visible from nearby Cold Spring Road.

Public sidewalks border much of the course and a jogging path runs through it. "It's an accident waiting to happen," head pro Forrest Jones told the Star. "Joggers, baby-walkers, golf balls. They don't mix."

A vandalism complaint was filed with the police two years ago, Star reporter Erica Franklin said. Franklin added she had also heard reports of theft and harassment of golfers at the course.

Jones said youths hiding in the bushes have stolen golf balls and that vandalism has occurred at the clubhouse. A ranger position was eliminated earlier this year for budgetary reasons.

Rehiring the ranger and installing fences have been discussed with town officials, according to assistant pro Jeff King.

"We bring it up every year and they say 'We don't have the money.' We'll probably keep on talking until we're blue in the face, or there's a lawsuit," he said.

Golfers say water made them sick

By PETER BLAIS

CARLISLE, Pa. — A Cumberland County judge should decide by Thanksgiving whether to certify a class-action suit claiming people became ill after drinking contaminated water at Cumberland Golf Club.

The suit was filed by four people who say they and others suffered nausea, diarrhea, cramps and other symptoms from drinking the well water in July. They claim course owner Don Mowery and his family were negligent for allowing the contamination, using the water to prepare food after the contamination was known and concealing possible contamination from the public.

"We've seen no evidence that water at the course caused them to get sick," said Tim Marks, Mowery's attorney.

Notices to boil water were posted July 21, shortly after routine tests revealed high fecal and total coliform levels in the well water, according to a Department of Environmental Resources spokeswoman. Bottled water and fresh ice were brought in to protect people, The Carlisle Sentinel reported.

George Faller, the plaintiff's attorney, said the contamination was known three weeks before the DER test results and that the Mowerys should have posted the boil water notices then. Marks denied this.

Investment pools

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Stewart, who has vast experience wholesaling land. "Good projects can be profitable, even in today's market."

Nicklaus and Marriott, on the other hand, are steering clear of residential golf course development in their new daily-fee pool, according to Clyde Measey, director of Golden Bear's daily-fee golf division.

Golden Bear, Marriott and Merrill Lynch formed a pool earlier this year to build new residential golf course communities, Measey said. They aimed the private placement at institutional investors.

"It became clear very quickly that investors were hesitant to get involved because of the [depressed] real estate market," Measey said.

Realizing investors weren't interested in new construction, Golden Bear and Marriott turned their attention to acquiring existing courses without housing, Measey said. Plans are to buy two to five courses for an average $5 million apiece over the next 12 months, he added. Golden Bear will make any improvements necessary before turning management responsibility over to Marriott.

The two companies will fund their purchases with a combination of conventional financing and private placements with high-income individuals. Merrill Lynch is not involved in this latest venture.

Serious negotiations are underway with several projects, Measey said. The biggest challenge is educating current owners that their properties are worth less than they might have been in the late 1980s, when some foreign investors paid exorbitant prices for U.S. courses, he added.

"They are pricing their courses in the belief that [foreign] money is still available. It's not. We base our offers on cash flow. Some owners are becoming aware their courses are not worth as much as they thought," Measey said.

At least 10 memoranda are floating around the investment community trying to raise blind pool money for new golf courses or acquisitions, according to Jerry Sager of HJM Corp., a New York investment banking firm involved with golf course projects for 30 years and $100 million in projects this year alone.

"None of them [blind pools] have been very successful," he said. "Most aren't experienced in golf. They just want to be in the golf business."

Golf's glamour attracted many investors to the business in the 1980s who had no business being there, Sager said. That's why 234 courses were in default or receivership in early October, he added.

"The best advice I can give [a developer seeking financing] is to get an independent, demand-side feasibility study. What is the market now? What has it been the past five years and what will it be five years from now? The person with a logical business plan and solid numbers will get financing," he assured.

Sager said HJM is considering financing a project in Memphis, Tenn., with The Prestwick Group, a Northbrook, Ill.-based company interested in developing 10 to 15 high-quality, reasonably-priced, daily-fee facilities by 1995. The course is located within a residential development. But it is designed to survive as a stand-alone entity that could meet its debt payments at just 50 percent of anticipated play, according to Prestwick President Brian Mahoney.

"They've done their research and based their decision on the demand for golf in the area. They're building a course with no residential project [dependence]. It will make money. That's not necessarily the case with a lot of the proposed projects out there," Sager said.

Roughly half the Memphis project's financing is debt and half equity, Mahoney said.

"The days of S&Ls funding projects at 120 percent of value are long gone," the Prestwick executive said. "A developer must bring a substantial amount of equity to the table to get the type of financing that is available today."

USGA survey

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golf equipment.

The purpose of the National Golf Foundation's Golf Summits is to determine where the industry stands in the eye of the American public, decide what directions it should go, and galvanize action.

The American public has Gallop and Harris and a few dozen other pollsters. Hey, let the USGA poll potential members. Can it hurt to find out their feelings?

It can help to know what's muddling around in the heads of golfers — like those in California's San Mateo County, where golfers who belong to another course are among those who have opposed a new county course for 17 years.

You may feel they should be 1) flogged; or 2) educated. But, one thing is certain. The industry must try to understand why they feel the way they do if golf is going to advance in certain parts of the country.

The golf industry knows full well it cannot insulate itself from world opinion. So, let it discover that world opinion and formulate ways to change it.

The *Golf Course News* survey on the toughest and easiest "approvals" states (see page 21) tells us that in exclamation points!!!