AGC plots future acquisition strategy

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about all you can expect is a **fair** return. The idea of operating a course is scary to many developers. They don't want to worry about things like how many hamburger buns to order. That's where we come in."

AGC's goal is to add 15 to 20 high-quality courses annually in metropolitan areas, Guerra said. The company will also explore expansion possibilities into Canada and adding additional facilities in the United Kingdom, where it presently operates seven courses.

"Over the next five years, we'd like to double the size of the organization," Guerra said.

Asked what could stand in the way of that lofty goal, Guerra never hesitated.

"I read the National Golf Foundation's report on the [November] Golf Summit and was amazed at public's perception of the environmental harm done by golf courses," the AGC executive said. "The environment seems to be even more of a concern than it was two years ago. We need to take this seriously and do a better job of communicating the positive effect golf has on the environment.

"There are many inconsistencies in the anti-golf movement's arguments that we need to address. No one has done a **great** job promoting the game. It's a key to keeping the industry healthy."

Financing is another concern. AGC's founders developed National Golf Properties, a real estate investment trust, to attract investor dollars for golf course acquisitions. Other large, established management firms, like Club Corporation of America and Cobblestone Golf Group, have little trouble obtaining financing, Guerra said.

But access to capital is a growing concern, especially for those who, Guerra believes, paid too much to build or buy courses in the past five years. Those facilities aren't meeting financial projections, which worries financial markets and hurts everyone seeking capital for the golf industry, Guerra said.

With more management companies has come more competition for leasing opportunities. "We run across each other [competitors] out there," Guerra said. "But we're looking for leasing or management-only opportunities, not acquisitions.

"There's a huge contingent of course owners who don't want to sell their properties, but do want professional management services. They want a management company with substantial revenues that can guarantee them a rent check month in and month out.

"There are several reasons why an owner would rather lease than sell his course. First, he doesn't believe he's received his full, long-term value out of the investment, yet. Second, he might want to create an investment annuity that provides a long-term revenue stream for his family. Third, he might want to develop a golf course portfolio without the headaches of daily management. Fourth, he may just be enamored of the idea of owning a course. Or fifth, there are always tax considerations.

"We've had to become creative to address those various needs and we'll continue to do so."

Golf Enterprises acquires a pair of Texas courses

DALLAS — Golf Enterprises has added two Texas courses to its portfolio since the first of the year.

In January, the company signed a contract to manage Indian Creek Golf Course in Carrollton, Texas. A month later, it purchased Eldorado Country Club in McKinney .

"These acquisitions further GEI's announced strategy to be a leading consolidator in the golf course industry," said President and Chief Executive Officer Robert Williams.

The Dallas-based firm now owns, leases or manages 38 golf courses in 16 states. In its recently released financial data, GEI reported a fourth-quarter operating revenue of $11.6 million, an increase of 24.4 percent over the $9.4 million for the same period a year ago.

The company reported net income of $41,000 for the fourth quarter of 1994, compared to a net loss of $1,1 million during the final quarter of 1993. For the year, GEI reported a net loss of $1.1 million as a result of an extraordinary loss on the early extinguishment of debt from the proceeds of the company's initial public offering in July 1994. That offering was used to establish a $45 million revolving credit line, which the company used to acquire eight courses during the fourth quarter of 1994.