

## NGP strikes Myrtle Beach deal with new management firm

SANTA MONICA, Calif. — National Golf Properties Inc. has acquired Colonial Charters Golf Course, an 18-hole resort course in Myrtle Beach, S.C., for \$4 million. Colonial Charters will be leased to The Links Group, a golf course operating company with 10 golf courses under management in the Myrtle Beach market.

NGP, a self-administered real estate investment trust, owns 91 golf courses in 23 states. National's portfolio includes 45 daily-fee, 27 private and 19 resort courses.

"The Links Group is an experienced, high-quality golf course operator," said Richard Price, president of National Golf Properties.

"The cross-marketing opportunities from The Link Group's network of courses along the Grand Strand offer substantial growth potential at Colonial Charters. The Links Group has developed very impressive centralized marketing and reservation systems."

In other news, NGP announced it has issued \$75 million of fixed-rate, unsecured 10-year notes to a group of institutional investors. The money will be used to complete the purchase of 20 courses and other assets from Golf Enterprises Inc. and for other uses, according to Chief Financial Officer Edward Sause. The Golf Enterprises transaction was expected to close in late July.

## Chicago Club

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Chicago Club incurred four years of legal fees during its battle with the Equal Employment Opportunity Commission (EEOC).

"The regulatory industry is still active, even though President Clinton pays lip service to downsizing the federal government. Government agencies are still looking to manipulate local culture and clubs need to be ready."

The EEOC had also targeted nearby Medinah Country Club

before settling on The Chicago Club, a city club, as the subject of this case, according to Elizabeth Kirby Hart, vice president of legal and government relations for the National Club Association.

"The EEOC could target a golf club as easily as a city club," Kirby Hart said.

The EEOC filed the suit against The Chicago Club in 1992. The government agency claimed the club was not a bona fide private membership club exempt from coverage under Title VII of the Civil Rights Act of 1964 and therefore must file an EEO-1 employment profile report describing the background of each employee.

The case was not based on any charge of discrimination "but rather appeared to be an effort by the EEOC to eliminate or at least seriously restrict the private club exemption under Title VII," according to a NCA statement. "This exemption excludes clubs from liability arising from certain employment discrimination claims and various reporting requirements."

The Chicago Club chose to defend itself as a matter of principle and on behalf of other tax-exempt clubs. NCA helped The Chicago Club with its legal costs.

A summary judgment was granted in favor of the club in March 1995 on the basis that the club met the standards of privacy required of a private club. The Equal Employment Opportunity Commission appealed to the United States Court of Appeals for the Seventh Circuit. That body also returned a positive decision for The Chicago Club earlier this summer.

The Court of Appeals criticized the EEOC stating, "If we were to endorse EEOC's eviscerating interpretation of the private club exemption, no organization in the United States could meet the statutory definition of a private membership club."

It continued: "In the hopes of altering the playing field for all private clubs under Title VII, EEOC decided to go after the biggest fish in the pond [The Chicago Club]. In the process, it has diminished its reputation and needlessly squandered both its own resources and those of the federal courts."

Added Singerling: "That's also four years worth of legal fees, money that could have been better spent in the local community rather than federal court."

"The cost of potential litigation is something golf clubs need to know about. Any club that wants to keep its tax-exempt status could be targeted."

Private clubs are still seen as bastions for the rich. The truth is, they provide high wages to minority workers. In fact, they provide the highest wages in the hospitality industry. Other businesses rise and fall. But private clubs are generally stable employers."

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