

GOLF COURSE NEWS

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Midwest Still Booming

The North Central region once again leads the nation in development. How much is too much? 4-5

The Ascension of Alice

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COLLABORATIVE DEVELOPMENT

Jim Colbert (center) studies site plans in Kansas City with Baxter Spann (left) of Finger, Dye, Spann and Ron Fogler of the development firm, Colbert-Burns & McDonnell (CBM). For a story on CBM, see page 49.

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New Reality: Find funding or fall back

• Legends Group forms management REIT

By PETER BLAIS

GolfTrust of America — a real estate investment trust established by the founders of Myrtle Beach, S.C.-based Legends Group — will raise \$300 million over the next three years allowing it to acquire at least 30 courses by the end of the decade, according to the investment banking

firm that helped develop Golf Trust's original February stock offering.

"Golf Trust owns 10 courses at this time," said Christopher Haley, senior research analyst with Wheat First Butcher Singer. "It expects to acquire another \$55 million in 1997, \$110 million in 1998 and \$140 million in

1999. That should allow the REIT to more than triple the size of its portfolio."

Golf Trust of America's goal is to use the estimated \$49.9 million raised through its initial Feb. 7 stock offering and a line of credit to acquire high-quality, daily-fee and private courses and lease them back to independent lessees, usually the prior own-

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Roger Behrstock

• Meadowbrook locates \$40 million partner in Apollo

By PETER BLAIS

BEVERLY HILLS, Calif. — Fast-growing Meadowbrook Golf Group has completed a \$40 million deal with Apollo Real Estate Advisors, a real-estate investment firm, that will allow Meadowbrook to expand its efforts to build, buy, lease and manage golf courses.

"If we do a good job with this first effort, Apollo has the ability to supply us with a great amount of money down the road," said Meadowbrook President Roger Behrstock. "We've really become their golf wing. This \$40 million will lead to \$100 million in actual transactions. We'll probably look at issuing a REIT (real estate investment trust) in a year or two."

The exact details have

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Study: Golf has minimal impact on water table

By MARK LESLIE

WHEATON, Md. — Preliminary findings of studies monitoring ground- and surface-water quality at nearly 40 golf courses reinforce industry claims that courses are not a danger, particularly when compared to other sources of chemicals, according to Stuart Cohen, president of Environmental & Turf Services, Inc. here.

"Overall, these results show that golf courses are not having a significant impact on human health or aquatic organisms relative to other sources of chemicals in the environment," Cohen said of the study he conducted for the Golf Course Superintendents Association of America (GCSAA) Foundation.

Cohen said he was pleasantly surprised by the surface-water data, having

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THE WATER'S EDGE

The peninsular 4th green at a new Palmer design — Legacy Golf Course in Sarasota, Fla. — illustrates the interdependence of water and golf. For a special report on the politics of water rights, see pages 35-38. For an update on the Legacy and other Palmer Golf Course Design projects, see page 50.

Developers delight in Costa Rican economics

By MARK LESLIE

FLAMINGO BEACH, Costa Rica — First it was fishing. Then surfing. And now, with the advent of its second and third courses, Costa Rica has joined the world of tourism.

Rancho Las Colinas opened nine holes in November and anticipates opening the second nine around Labor Day. The Robert Trent Jones II-designed Melia Conchal Golf Club intends to open the back nine holes in June. These are the first 18-hole courses built here in 23

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Ron Garl's course at Rancho las Colinas, located near Flamingo Beach, is one of several Costa Rican projects coming to fruition.

New Colorado course management company signs agreement with first facility

COLORADO SPRINGS, Colo. — Sunlinx, Inc., a new Colorado-based management and consulting firm, has signed its first contract — to operate Pine Creek Golf Course here.

The contract is with Pine Creek at Briargate, Inc. and La Plata Investments, LLC. In 1995, this partnership purchased 4,500 undeveloped acres east of the Air

Force Academy in order to develop an upscale Briargate community. Pine Creek, a daily-fee course, was included.

Thomas Kelly, manager for La Plata Investments, said the agreement is for eight years.

Scott Jeffrey Simpson, 44, is the president and owner of Sunlinx, which will have offices here and in Castle Rock.

Simpson at one time supervised Patty Jewett and Valley High golf courses, both of which are owned and operated by the city of Colorado Springs.

From 1995 until forming Sunlinx, Simpson was director of operations for Premier Golf International, a golf management firm headquartered in the Denver Tech Center of Greenwood Village.

Golf Trust

Continued from page 1

ers. The lessees pay a fixed base rent and participating rent based on revenue growth at the courses.

According to company literature, Golf Trust believes it will profit from keeping the management teams in place that made the courses successful in the first place, while the sellers enjoy tax and incentive benefits through participating lease arrangements that include a lessee performance option designed to encourage revenue growth.

"Golf Trust will accelerate the consolidation of golf course ownership in the United States, while allowing course owners to remain at their courses," Haley said.

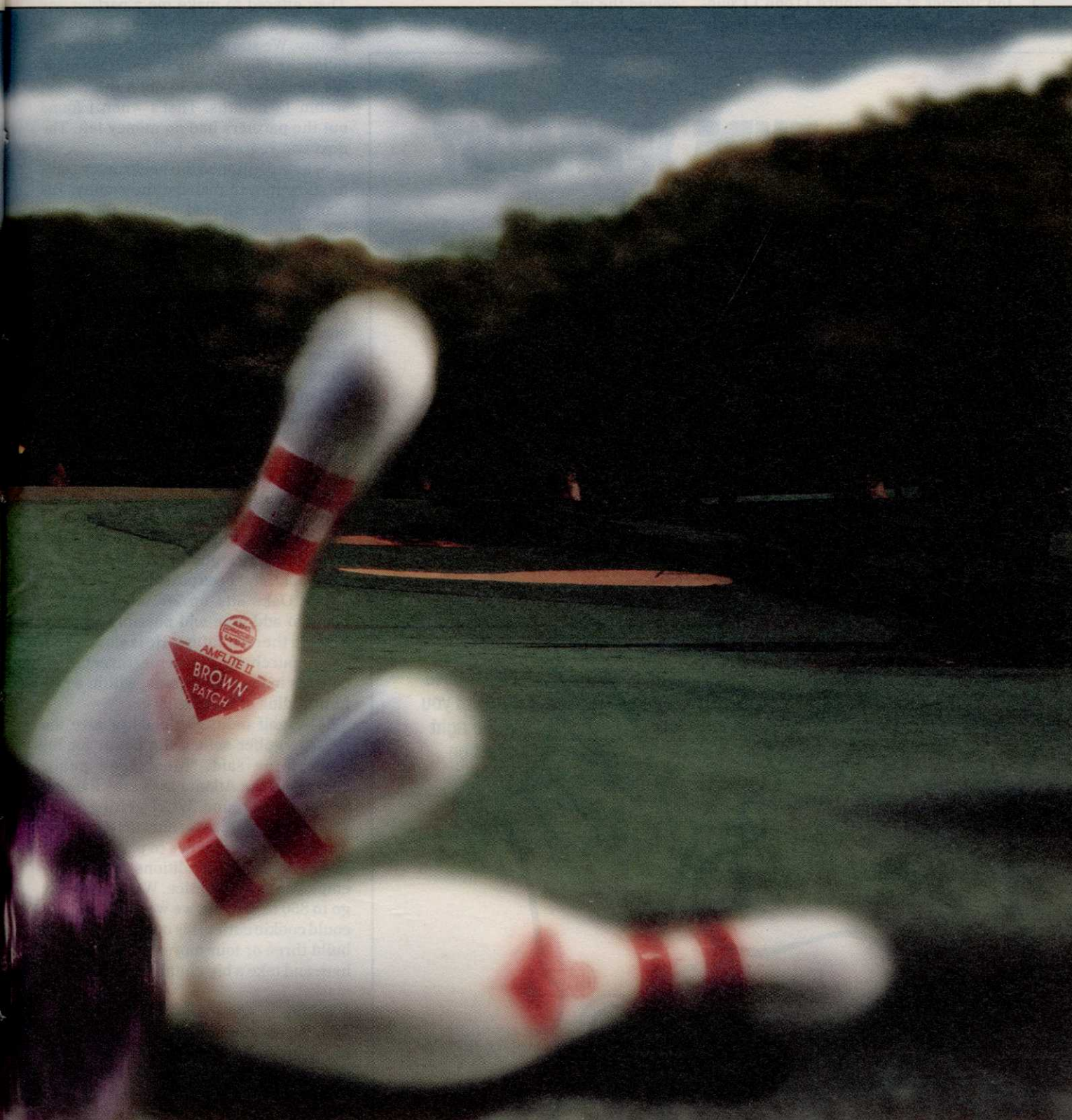
Golf Trust and National Golf Properties are the only two publicly traded REITs in the United States focused on owning and acquiring golf courses, Haley said. The 10 courses Golf Trust controls are the Legends Resort courses (Heathland, Moorland, and Parkland), Heritage Golf Club and Oyster Bay, all resort courses located in Myrtle Beach; The Woodlands, a resort course in Gulf Shores, Ala.; Stonehouse Golf Club and Royal New Kent, a pair of upscale, daily-fee courses in Williamsburg, Va.; Olde Atlanta (Ga.) Golf Club, a daily-fee track in the Georgia capital; and Northgate Country Club, a private facility in Houston.

The company hopes to acquire single- and multi-course facilities, focusing on upscale daily-fee facilities and private courses with a proven track record. The Legends Group's golf operations experience and the ability of existing owners to remain involved with their facilities through the independent lessee structure could make courses available for purchase that otherwise may never be put on the market, according to company literature.

The company has signed a non-binding letter of intent with Troon Management Co. that would allow Golf Trust to acquire certain golf courses that Troon is negotiating to purchase. The courses would in turn be leased to Troon.

Golf Trust's chairman of the board and president is W. Bradley Blair II, executive vice president and chief operating officer of Legends Group Ltd. Other directors include David Dick, executive vice president, and Larry Young, founder of The Legends Group.

The original stock issue opened Feb. 7 at \$21 per share and was selling at \$24.50 in early April, Haley reported. Golf Trust was scheduled to make its first quarterly distribution in April. The first dividend was expected to be figured on a *pro rata* basis at the yearly rate of approximately \$1.62 per share per year, Haley added.



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Meadowbrook

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Meadowbrook Golf Group, Inc. (OTCBB: MEGB) selling \$4 million of a new 10-percent convertible voting preferred stock to Apollo Meadowbrook LLC, an affiliate of Apollo Real Estate Investment Fund II.

Meadowbrook Golf Group and Apollo have also formed a new limited partnership with \$36 million of committed equity capital for the acquisition and development of golf courses and related properties. Apollo has the right to name up to four designees to Meadowbrook's board of directors, which will be expanded to eight members.

The Apollo Real Estate Investment Fund II is a New York-based private real-estate investment fund with in excess of \$550 million of committed capital. It is managed by Apollo Real Estate Advisors II, LP.

"We had the resources internally to do a few deals, but this gives us the ability to do a lot more," Behrstock said.

"Apollo has a very experienced financial team. We'll be glad to have them looking over our shoulder to check out the deals we make."

Under the agreements, Meadowbrook will manage the properties acquired by the partnership, receive certain fees, and participate in the profits of the partnership to the extent the profits exceed certain target levels.

Meadowbrook's ticker symbol changed to MGGI effective Monday, March 17.

Meadowbrook said its shareholders approved the company's proposed reincorporation as a Delaware Company at a special meeting of shareholders.

The change was effected through the merger of Meadowbrook Golf Group Inc., a Utah Corporation into its wholly owned subsidiary MGG, Inc., a Delaware Corporation. MGG, Inc. subsequently changed its name to Meadowbrook Golf Group, Inc., a Delaware Corporation, and holds all the assets of the former Utah Corporation.

In other news, Meadowbrook recently signed a 20-year lease to manage and operate Thunder Hill Golf Club in Madison, Ohio, but will first close the facility for a year for some major renovations.

Measuring 7,200 yards from the back tees and with a slope rating of 154, Thunder Hill is generally considered one of the country's most challenging courses.

Michael Rippey, president of Meadowbrook's Eastern Division, said Thunder Hill has been a "work in progress" for more than 20 years.

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"The owner, Fred Slagle, has created Thunder Hill hole by hole, actually doing much of the work himself," Rippey explained. "Because some part of the course has always been under construction, Thunder Hill has never really been finished.

"We are going to invest \$1.5 million to clean up some of the rough edges, and re-open the course in 1998 as one of the top

courses in northern Ohio."

Planned work includes improving overall drainage, renovating most of the greens, converting all the fairways to bentgrass, reshaping numerous bunkers and redesigning some elements to make the course more playable from both the middle and the front tees.

"We believe Thunder Hill is a diamond in the rough," Rippey said.

Sanderson to direct Widow's Walk

SCITUATE, Mass. — Corcoran Jennison Hospitality, Inc. (CJH) has named Robert Sanderson director of golf here at Widow's Walk Golf Course.

A native of Deerfield, Mass., Sanderson previously served as director of golf at

The International in Bolton and as head professional and general manager at Crumpin-Fox in Bernardston.

Owned by the Town of Scituate and managed by Corcoran Jennison Hospitality, Widow's Walk is scheduled to open in July.

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