

AUGUST

## Walters strikes gold in St. Louis golf market

By PETER BLAIS

Dennis Walters is bullish on the St. Louis marketplace. "Twelve years ago it was probably on the endangered species list, according to the National Golf Foundation," said Walters, president of St. Louis-based Walters Golf Management. "Since then we've opened a number of new facilities. It's become a very competitive market."



Missouri Bluffs GC

Walters entered the golf business in 1962 when his father bought Bogey Hills Golf & Country Club, a Wayne Clark-designed layout in St. Charles, Mo. The course had laid dormant for 25 years. Walters, who was in high school at the time, did some redesign work with his dad (an optometrist), and the course reopened as a nine-hole layout later

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NOVEMBER



Chestatee GC

## Signet extending Southern reach

By PETER BLAIS

SALISBURY, N.C. — Signet Golf Associates has signed a management contract with Crescent Golf Club here, giving the Pinehurst, N.C.-based firm five properties in its growing portfolio. Signet will operate the John LaFoy-designed layout for owner Bill Kubly, president of Landscapes Unlimited, a major golf course construction firm.

"We hope we can do a good job for him," said Signet principal Peter Dejak, noting that Kubly has an ownership interest in a dozen courses nationwide. "It could mean some future business."

Dejak and partner Barry Emblar founded Pinehurst, N.C.-based Signet in March 1996. The two had worked for Legacy Golf Management, an Atlanta development firm previously located in

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## ClubCorp, AGC team for Cobblestone purchase

MARCH

By PETER BLAIS

DEL MAR, Calif. — Two major players in the golf course management industry — American Golf Corporation and ClubCorp Inc. — have joined together to acquire Del Mar-based Cobblestone Golf Group from the Meditrust Companies for \$393 million.

The new partnership, Golf Acquisitions LLC, closed on the 45-course acquisition last spring and divided the facilities between them.

Meditrust, a Massachusetts-based real estate investment trust (REIT), bought Cobblestone in late 1997 for \$241 million. Cobblestone nearly doubled in size under the Meditrust banner. But the REIT experienced some financial problems and decided to seek a buyer for the Cobblestone golf properties last fall. A half-dozen groups were reportedly interested in acquiring Cobblestone.

"It was such a large transaction, it made sense for the two largest firms in the industry to get together and purchase it jointly," said ClubCorp President and Chief Executive Officer

Robert Dedman Jr.

"We basically split the assets 50-50. There are probably 95 percent of the assets we'd both love to own. But there were some assets that fit better with their strategic plan and some that fit better with ours, based on our existing markets and the ability to cluster some of the Cobblestone assets with our existing properties."

Having AGC and ClubCorp team up on the purchase "just seemed common sensical," Dedman said. "It allowed us to be as competitive as we could from a price perspective. It was in both of our best interests to acquire these assets. From American Golf's perspective, it made as much sense for them as it did for us."

Santa Monica, Calif.-based American Golf took over 23 of the properties, including eight in Texas, six in California, four in Arizona, three in Virginia and two in Georgia. American Golf is negotiating to transfer substantially all these courses to its publicly traded affiliate.

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ACQUISITIONS



MANAGEMENT NEWS IN 1999

The consolidation beat goes on in the golf course management industry. Management companies, individually and sometimes in unison, continued to buy up individual courses and/or other management firms in 1999. A prime example was the joint effort by American Golf Corp. (AGC) and ClubCorp to purchase the 45-course portfolio of Cobblestone Golf Group. AGC and ClubCorp put up \$393 million and then split the courses between them.

ClubCorp's name appeared numerous times in *GCN's* 1999 management pages as the Dallas-based firm launched joint efforts with other major management/development companies. Early this year, ClubCorp announced the development of its first course (located an hour north of Atlanta) in conjunction with Jack Nicklaus' Golden Bear International. It purchased a portion of the stock in ClubLink, a major Canadian course operator that acquired highly regarded Glen Abbey Golf Club in Toronto from the Royal Canadian Golf Association and later expanded its Montreal cluster by purchasing 50 percent of Quatre Domaines Golf Club. The United States Golf Association handed over responsibility for managing everything outside the ropes at its most prestigious tournament, the 1999 U.S. Open at Pinehurst, to a ClubCorp subsidiary, Pinehurst Championship Management.

While big players were making news, small- to mid-sized course management firms continued to do well. Among them, Wilson Golf Group of White Bear Lake, Minn.; Sports & Fitness Management of Missouri; Walters Golf Management of St. Louis; and Signet Golf Associates of Pinehurst, N.C.

## USGA turns over U.S. Open mgt. reins to ClubCorp subsidiary

MAY



Corporate village at Pinehurst

GOLF COURSE NEWS

By PETER BLAIS

PINEHURST, N.C. — The United States Golf Association (USGA) has handed over responsibility for managing June's U.S. Open at Pinehurst No. 2 to an outside party—Pinehurst Championship Management (PCM).

PCM is the sports marketing division of ClubCorp, the Dallas-based firm that owns and operates Pinehurst. PCM will be responsible for everything from handling transportation issues to developing corporate partners.

The USGA will retain control over what occurs "inside the ropes," according to the USGA's Tim Moraghan, who oversees course preparation for Open events for the USGA Rules and Competition Committee.

"Outside the ropes," said PCM head Jon Wagner, "everything with regard to marketing, corporate hospitality sales,

operations, presentation, and volunteer coordination will be done by PCM. Inside the ropes, we will receive guidance from the USGA and do as they tell us."

Pinehurst is one of golf's shrines. It was famed architect Donald Ross' long-time home and has hosted many prestigious championships including the North and South Open (the nation's longest continuous-running golf championship), the 1936 PGA Championship, 1951 Ryder Cup and 1982 U.S. Amateur.

Pinehurst suffered from neglect in the late 1970s, but was restored to prominence by ClubCorp, which purchased the complex in 1984. ClubCorp restored Course No. 2 to its original condition and hosted the 1989 USGA's Women's Ama-

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## ClubCorp, AGC team up

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"We are delighted to have joined forces with ClubCorp to acquire this portfolio of distinctive properties and to work with Cobblestone's co-workers, members and guests to continue providing the highest quality golf experience," said AGC Chairman David Price. "This acquisition, the largest in the history of the golf course industry, is a testament to the unparalleled acquisition and operating experience presented by the combined efforts of American Golf, National Golf and ClubCorp."

Dallas-based ClubCorp acquire a total of 24 courses in Texas, Florida, Georgia and North Carolina. Several of the specific courses include Stonebridge Country Club (CC) in McKinney, Texas; The Hills CC in Austin, Texas; Morgan Run in Rancho Santa Fe, Calif.; and Eagles Landing in Stockbridge, Ga.

Dedman sees the joint purchase as continuing the trend toward consolidation of the golf course industry.

"Our business goes through cycles," he said. "We were in a cycle for a number of years where we didn't acquire things because we felt they had become too pricey. Now we feel we are at a point in the cycle where it makes sense to acquire some of these assets." ▶

## Walters

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that year. Bogey Hills expanded to 18 holes a decade later and went private in 1980. Walters became the club pro.

In the early 1980s, Walters decided to follow in his father's entrepreneurial footsteps and developed Whitmoor Country Club, a private, 36-hole, Karl Litten design in St. Charles that opened in 1988. That was followed by:

- Missouri Bluffs Golf Club, an 18-hole Tom Fazio layout in St. Charles that opened in 1995 and Golf Digest later ranked the No. 1 public golf course in the state.

- The Links at Dardenne, an 18-hole public course in O'Fallon, and Gateway National Golf Links, an 18-hole Keith Foster design with bentgrass fairways in Madison, Ill., both came on line in 1998.

- The Golf Club of Wentzville (Mo.), an 18-hole public facility opened in 1999. Walters also signed a management contract with Cherry Hills Golf Club in Wildwood, Mo., earlier this year.

Walters' facilities cover the price spectrum, ranging from \$20 per round at The Golf Club at Wentzville, to \$30 at The Links at Dardenne, \$40 at Cherry Hills, \$50 at Gateway National and \$80-100 at Missouri Bluffs.

As for the two private facilities: "We probably do more tournaments than anyone in the marketplace," Walters said. "We do about 90 a year at Whitmoor. Missouri Bluffs does about 75. We can help any tournament organizer, from the group that wants to spend \$40 per player to the one that wants to spend \$200 per player."

With the exception of Cherry Hills and The Links at Dardenne, which is owned by the Whitaker family, Walters has an ownership interest in all the above facilities.

"We would prefer to build rather than acquire courses," Walters said. "We know what we get when we build it ourselves. That doesn't mean we wouldn't look at acquiring a course if everything we wanted was in place, the numbers worked right, and the quality of the course was adequate to make it the way we would want to have it."

Whenever he has built, Walters has attempted to hire local contractors. "It's not that outside contractors don't do quality work," he said. "It's just that they have to make a profit when they do that. If we hire local contractors, we feel we can get more for our dollar."

To date, Walters has concentrated on the St. Louis marketplace. "We'll be another 18 months to two years in just St. Louis. We have two potential projects in St. Louis we want to look at first. After that, we may look to go more regional." ▶



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