



BRIEFS

WE-KO-PA NAMES LESSIG

FORT MCDOWELL, Ariz. — Jeff Lessig has been named general manager of the new We-Ko-Pa Golf Club here on the Fort McDowell Yavapai Nation located just east of Scottsdale. In addition to his duties as director, Lessig will serve as chairman of the communications committee for the PGA of America. An 18-year veteran of the Arizona golf scene, Lessig last served as the director of golf at SunRidge Canyon Golf Club in Fountain Hills. The Scott Miller-designed course is scheduled to open this month.



Jeff Lessig

LEICHT, LOPEZ JOIN THUNDERBIRDS GC

SCOTTSDALE, Ariz. — Western Golf Properties announced the selection of Greg Leicht, head golf professional, and Patricia Lopez, group & tournament sales manager, for the new 27-hole, daily-fee Thunderbirds Golf Club in Phoenix, Ariz. Leicht was previously tournament director and golf professional at the Phoenician Resort Golf Club here in Scottsdale. Prior to joining Western Golf Properties, Lopez was an on-camera reporter for KAUZ-TV in Wichita Falls, Texas, and an assistant assignment editor and planning producer for KPRC-TV in Houston. Nestled at the base of South Mountain, the Thunderbirds Golf Club opened for play last month under the direction of Brad Kirkman, general manager and director of golf.



SANCTUARY GC ADDS PATZWALD

SCOTTSDALE, Ariz. — Phoenix-based SunCor Golf has announced John Patzwald as the new director of golf for the Sanctuary Golf Course here at Westworld. Patzwald, a veteran of the management company, served most recently as head golf professional at Coral Canyon Golf Club in St. George, Utah. Prior to working at Coral Canyon, he was an assistant golf professional at SunRidge Canyon Golf Club in Fountain Hills, Ariz. He will be responsible for overseeing all operations of the golf club.

2001 Newsmakers

GE Capital completes Heller Financial buy out

By PETER BLAIS

CHICAGO — Heller Financial, a \$20-billion commercial lender that entered the golf financing market this spring, may become an even bigger player in the golf lending industry now that GE Capital has acquired the Chicago-based firm. "We think it [GE purchase] could be a boon," said Heller golf division vice president Rick Nekoroski, who oversees Eastern operations for Heller's Golf Lending Group. "GE is a huge company."



Christy Lockridge

Earlier this year, General Electric Co.'s \$370-billion financial division, GE Capital, made a tender offer to purchase all shares of Heller stock for \$53.75 per share. The total price of \$5.3 billion is 2 1/2 times Heller's book value, said Heller Financial director of marketing Karen Pomazal. The completion of the GE deal was announced in late October.

It's uncertain what changes the purchase will mean for Heller's golf division, which has a portfolio of roughly \$200 million in golf loans. Pomazal said the name Heller Financial will likely change

by year's end. "GE has made no specific decisions about which Heller product lines will be retained," she said. "But as for the golf division, I would be surprised if it went away."

Heller Financial first considered entering the golf lending market when Bank of America announced it would stop writing golf loans in October 2000, Nekoroski said. Heller launched its golf division and immediately became a major player when it agreed to purchase \$185 million of Bank of America golf loans earlier this year. That deal officially closed in September.

"We viewed that as a strategic purchase," explained Christy Lockridge, director and product manager of Heller's Golf Lending Group. "Golf is an under-served market which is a major premise of much of Heller's business, whether it be in real estate, corporate finance or otherwise. We tend to take a counter-cyclical approach. We like to go into under-served markets, understand those markets, focus on middle-market lending and underwrite sound business plans. We



Inverrary Country Club in Ft. Lauderdale, Fla., is one of the courses in Heller Financial's growing portfolio.

felt there's opportunity in golf course lending, particularly with the loss of Bank of America."

Heller has completed five individual deals since Nekoroski and John Seeburger, who oversees the group's Western operations, left Bank of America to join Heller. Of those deals, four have been acquisitions and one refinancing. They are spread throughout the country. "We've been very selective to date," Nekoroski said. "But Heller is very committed to the golf business."

HELLER'S GAME PLAN

"Since the group started we've looked at more than \$1 billion in potential transactions," Lockridge said. "The problem is, we're pursuing a very specific base. We're targeting low- to mid-level, daily-

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2001 Newsmakers

ClubCorp moving ahead with Bear's Best concept

By JOEL JOYNER

LAS VEGAS, Nev. — October marked the soft opening here of ClubCorp's first Bear's Best branded golf course. A joint venture between Dallas-based ClubCorp and Jack Nicklaus' North Palm Beach, Fla.-based Golden Bear International, the Bear's Best Las Vegas layout will be followed by a second Bear's Best opening in Atlanta next year.

The branded concept will apply to each course with one unique difference. Nicklaus will create two separate 18-hole layouts by selecting his favorite holes to be replicated



ClubCorp's Richard Ellis and Dave Richey examine Bear's Best plans.

from the nearly 200 courses he has designed.

"We're working very closely with the host clubs," said Dave Richey, ClubCorp's senior vice president, development. "They have graciously embraced this entire idea and are proud that Jack has selected a hole from their

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2001 Newsmakers

Intrawest Golf posts strong 2001 growth

SCOTTSDALE, Ariz. — Despite the bear market in the golf course industry in 2001, Intrawest Golf has managed to post strong growth numbers and push forward with its strategy to develop its Raven-branded golf clubs.

"We have added five new courses to the portfolio this year," said marketing manager Ben Keilholtz. "In addition we el-



Intrawest has rebadged Hawthorne Valley Golf Club in Snowshoe, W. Va., as The Raven Golf Club at Snowshoe Mountain.

evated one of our existing courses to Raven status. These new courses account for more than 20 percent growth and bring our course total to 23."

The company announced this fall that it intended to expand its Raven brand through third party management contracts (GCN Nov. 2001) and signed its first such agreement with The Resort Group to manage Cabo San Lucas Country Club in

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GE Capital's acquisition could make Heller Financial a bigger player

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fee and semi-private courses. We're looking for experienced borrowers with financial backing and a sound business plan. We want stable markets where we can loan 50 to 75 percent of value. Many of the deals we've reviewed were new construction or a residential developer who was putting in a golf course. Those projects just didn't fit our box [niche]."

Added Nekoroski: "We are staying focused on stable courses run by the industry's best operators. Like the rest of the lending world, we're being a bit more conservative these days.

'We think it [the GE purchase] could be a boon.'

— Rick Nekoroski

Golf is a management-intensive, cash-flow business. When things get tougher economically, you want very strong managers running the properties."

HEALTH OF THE GOLF INDUSTRY

According to Nekoroski, golf course construction and overall operating revenues have slowed from the record levels of the past few years. The industry had a late spring, but a fairly healthy summer and fall.

Some golf markets have too many courses, Nekoroski conceded. "But we look at deals one property at a time and evaluate it for what it is. Some properties feel an impact from an oversupplied market. Others have good operators who can compensate for market pressures and maintain their numbers. At the right debt level, there's a deal to be made at any course."

The Sept. 11 terrorist attacks have not changed the company's business plan, Lockridge said. "Our plan was always to focus on the lower- and mid-level courses in drive-to locations...The economy will affect our courses more than any perceived terrorist threat."

Textron, Financial Corp., Citicapital/Associates First Capital, DaimlerChrysler Capital and Heller are the major players in the golf course lending market, Lockridge said. Together, golf-specific lenders control about 30 percent of the golf course lending market while banks and insurance companies handle the remaining 70 percent.

"We've seen a real shake-out in the number of golf course lenders in the past 12 to 24 months,"

Seeburger said. "Many weren't golf specific and some, particularly the banks, have sworn off golf. A lot of the refinance business that was going to the banks is filling in behind [our] acquisitions now.

"Acquisitions are still slow because there's still a gap between sellers and buyers. The

market is getting much more realistic. Sellers have moved quite a bit, but haven't adjusted their expectations to where buyers are just yet."

THE FUTURE

Seeburger believes the acquisition market will pick up in 2002. "We've had an explosive growth in the number of new courses

over the past three to five years and that's really starting to tail off," he said. "Once that happens, things should stabilize on the operation and revenue side of the business. Everyone will get a good idea of where they stand. Expectations will stabilize and you'll begin to see more transactions."

Golf course values have decreased recently, leading to a few more sales, Nekoroski said. "Values have dropped 15 percent [in the past year] but need to drop another 10 percent before significantly more activity takes place." ■

Peter Blais is a media relations consultant and freelance writer living in North Yarmouth, Maine.



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