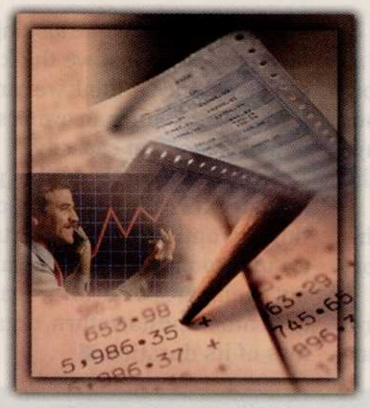

BRIEFS

OB SPORTS TO MANAGE TUSCANY GOLF CLUB

LAS VEGAS — OB Sports has signed a partnership to manage Tuscany Golf Club, a new public golf course community under construction in Henderson, Nev. OB Sports will manage maintenance, customer service and marketing for Tuscany GC, which was designed by architect Ted Robinson.

SERVISCAPE RE-ACQUIRED

MICHIGAN CITY, Ind. — Golf course management company ServiScape LLC has been re-acquired from the TruGreen-LandCare division of the ServiceMaster Company. The company had been acquired by LandCare Inc. in 1999, which was then acquired by TruGreen-ChemLawn. Peter Sinnott, ServiScape's president and founder, said the re-acquisition grew out of TruGreen-LandCare's increased focus on residential services.

WOODS TO HEAD SWAN-E-SET BAY

SCOTTSDALE, Ariz. — Intrawest Golf has named Ron Woods to head its Swan-e-set Bay Resort and Country Club, a semi-private 36-hole facility located in Pitt Meadows, British Columbia. Woods began his career at Burnaby Mountain Golf Course in 1981 and has remained active in the golf industry in western Canada ever since. In 1999, he served as tournament co-chair for the BC Telus Open.

HORTON NAMED DIRECTOR AT HERITAGE RANCH

SCOTTSDALE, Ariz. — Western Golf Properties has named Ron Horton director of golf at Heritage Ranch Golf and Country Club, a semi-private Arthur Hills-designed course that opened last summer in Fairview, Texas. Horton brings 14 years of experience in the field, that last three with Western Golf's Red Hawk Ridge Golf Course in Castle Rock, Colo.

National Golf, American Golf weigh merger options

By DEREK RICE

SANTA MONICA, Calif. — The proposed merger between American Golf Corp. and National Golf Properties (NGP) has been the talk of the golf industry of late. At press time, nearly a month after the initial announcement, both companies were still mum about the specifics of the deal, and that wasn't sitting well with investors and industry experts.

"We don't know the exact terms of this deal, and you wonder why more information hasn't been forthcoming," said Dan Boyle of Schwerin Boyle Capital Management.

Within days of the mid-February announcement, several law firms had filed class-action lawsuits against NGP, alleging fraudulent practices on the part of the company's leadership. Boyle said he doesn't think these suits will have any merit or bearing on the proposed merger.

"Class action lawsuits are a matter of course. There are law firms that make their living any time a stock price goes down, they will file," he said. "There have been management errors, sure, but whether it's fraudulent, I just don't think so."

NGP owns more than 300 golf courses and leases 118 of those to American Golf. American Golf has technically defaulted on lease payments, but a forbearance period extended by NGP was set to expire on March 14. Representatives from both companies declined to comment on the merger or the class-action lawsuits.

One of the conditions of the merger is for a third-party equity investor to provide capital to the combined company. The identity of that potential "white knight" has yet to emerge, although there are rumors a-plenty as to a potential suitor, none of which could be substantiated.

WHERE DO WE GO NOW?

On Feb. 21, a week after the merger was announced, NGP's stock price hit a new 52-week low, at $4.30, which was nearly 85 percent off its 52-week high of $27 on July 18, 2001. Several industry insiders have pointed to NGP's joint purchase of Cobblestone properties with ClubCorp as the

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Management companies watch merger

Regardless of the outcome of the National Golf Properties/American Golf Corp. merger, there will be opportunities for both ownership and management companies in the future, according to Mike Kelly, vice president of marketing for Meadowbrook Golf.

"I think because of the deals that were made, there's going to be a lot of opportunity within the next 18 to 36 months for management companies who are positioned well and who are smart about how they're going to go about growing," he said.

Mike Kelly

At press time, Meadowbrook was finalizing multiple financing deals with major financial institutions

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Editorial Focus: Safety and Accessories

GPS increases on-course safety

By DEREK RICE

While global positioning systems (GPS) mounted on golf cars may seem like an extravagance courses can live without, in the event of an emergency, they can be an important safety tool. Two of the top golf car companies, ClubCar and E-Z-GO, have teamed with GPS companies UpLink and ProLink, respectively, to add that component to their portfolio of offerings.

The UpLink system shown mounted on a ClubCar golf car.

According to Jeff Connolly of UpLink, safety isn't always the first thing golf course owners and operators think about when evaluating the benefits of using GPS. Eliminating slow play and allowing players to order food from the course are usually top in their minds.

"I think that [safety] is secondary item in the course's mind, and it may not even be in their mind, but we raise it as an 'oh, by the way,'" he said.

Connolly said the golf course is the fifth most likely place for a person to suffer a heart attack outside of the home. That was just one of the reasons that UpLink incorporated a safety element into its offering.

"We built into the system an emergency call button. Someone can notify the clubhouse they've got a medical emergency," he said.

While many golfers may think they could rely on their cell phones in the event of an emergency, communicating an exact location is very difficult, said Ron Skenes, marketing communications coordinator for E-Z-GO, a division of Textron.

"With a cell phone, you're getting to the emergency crew, but then you have to tell them where you are, whereas if

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System credited with saving three lives

During the due diligence stage of its partnership with UpLink, ClubCar learned about some instances in which theUpLink system had saved lives. These cases came as welcome news to UpLink, said Jeff Connolly.

"ClubCar was doing their due dilligence on us, so they called all of our customers and asked all kinds of questions, and they found some things out about what our customers' experience has been that we didn't know," he said. "There were three lives that were attributed to having been saved by the use of the UpLink system."

Two of those instances were heart attacks, while the third was a bee or wasp sting that caused an allergic reaction, Connolly said.

"Not only were they able to notify the course that there was a problem, but their location was known by the course, so they knew where to send the EMS folks precisely where they were," he said. "The fellow with the anaphylactic shock problem was saved, and the EMS folks reported that he didn't have much time left if he hadn't gotten that injection when he did."

— Derek Rice

Palmer Golf continues growth

By DEREK RICE

ORLANDO, Fla. — In keeping with its previously announced goal of adding five courses to its management portfolio by the end of the first quarter, Arnold Palmer Golf Management has taken over management of the Donald Ross-designed Green Oaks Country Club in Verona, Pa.

Chris Hamill

Combined with the firm's earlier agreement to manage Stone Ridge Golf Club in Bowling Green, Ohio, this latest agreement further advances Palmer Golf's move into the central United States, said Chris Hamill, Palmer's vice president of development.

"It's a great opportunity for our company because it's a market that we have not been in in the past," he said. "That region has not seen a Palmer-managed facility yet. With Green Oaks, we're 30 minutes from Mr. Palmer's back yard in Latrobe. We're really excited about that."

The firm hopes to parlay these agreements into future contracts, Hamill said.

"It's exposure in a region that hasn't seen us before, so we're hopeful that it opens more doors for us for future opportunities, management contracts or otherwise," he said. "We are talking with some facilities, but nothing far enough along that I could call them real deals yet."

As far as growth is concerned, Hamill said Palmer has set modest goals to allow the firm to make strategic investments rather than add numbers to its portfolio.

"We're not gunning to be the biggest," he said. "It's been a tough industry for the last couple of years and we're just looking to grow in a smart fashion that has positive effects — financially and otherwise — for the company."

Merger options

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turning point for the company.

"They over-leveraged when they bought the Cobblestone courses with ClubCorp," Boyle said. "They should never have done that transaction."

The final outcome of this proposed merger could be one of two things, according to industry sources. The deal could go through, either as proposed or with slight modifications, or NGP's creditors could decide that the value of the assets is greater than the combined debt of the two companies. A third outcome, which would have NGP filing for bankruptcy protection, has been discussed, but Boyle said he doesn't see that happening.

"I don't think NGP goes bankrupt, but the lenders may feel that the value of the assets is greater than the debt," he said.

With such a large portfolio, NGP doesn't have many options. There are few, if any, management companies who would have the ability, not to mention the desire, to take on a substantial number of those. However, that's not to say that if certain courses became available, either from an ownership or a management perspective, there wouldn't be any takers.

"As the competitive landscape changes, you've got to be ready to react," said Mike Kelly, vice president of marketing for Meadowbrook Golf Group.

Kelly said the situation at American Golf and NGP is a symptom of the boom time the golf industry experienced in the '90s, and may be indicative of the problems that many management companies are experiencing in today's market.

"I think what happened was that people lost sight of the fact that they were not in the development and acquisition business," Kelly said. "The management companies understand how to operate effectively, but when they can't support and service the debt, they really are behind the eight ball from the start."

Kelly stressed that he doesn't feel the management at American Golf or NGP has done anything wrong in pursuing a merger.

"We're just trying to look at what we do and make our world, and how we react and progress, better," he said.

One industry official, speaking on the condition of anonymity, said the main reason NGP got into trouble is because the real estate investment trust (REIT) model just doesn't work in the golf industry.

"That structure, as we've seen, is fundamentally flawed," the source said. "When you separate the owner of the property from the operator and the manager of the property, there are all kinds of conflicts, and you lose a lot of flexibility. If things go well, the guy who leased them does very well. If things go poorly, the public company does badly." ■

Waiting game

Continued from page 19

to give the company access to capital so it can take advantage of the buyer's market and grow its portfolio. Because the deals had not been finalized, Kelly declined to name the potential backers.

"It is worth a considerable amount of money because we are poised for growth," he said. "We've taken a look at what we're doing strategically and how we're going to grow both geographically, as well as product type. We've got a very clear plan for the next three to five years as to how we're going to approach that."

As in any market that is experiencing trouble, Kelly said, the golf industry could be in for an upheaval.

"There's an old saying that when an industry is in the ditch or is having problems, it is not uncommon for the Davids to overtake the Goliaths," he said. "Therefore, the companies that are smart and position themselves well for the future have a great opportunity at hand. The companies that haven't done that will probably end up in some sort of consolidation.

"Those that are smart, who can take advantage of the situation right now and who have thought through the process, are poised to make significant growth and significant strides," he added.

— *Derek Rice*