

# GOLF COURSE NEWS

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## INSIDE

### Superintendents retool regs

Superintendents in Pennsylvania and New Jersey work to change water restrictions.....8

### Safety goes high-tech

GPS offers a multitude of safety features from golf car tracking to two-way communication.....19



#### GOLFERS ON FILM

In a move to keep golfers at the club after they have finished their rounds, the owners of newly-opened Pistol Creek Golf Club (above) set up cameras on the 18th hole. The action is then shown on 15-minute tape delay in the club's restaurant. To read more about the club's other innovative ideas, see story on page 14.

#### COURSE MAINTENANCE

Moss invades Colorado, no cure in sight.....8  
Prevent accidents with safety plan.....8  
Tools of the Trade at Dalton's Copper Hills G&CC...10

#### COURSE DEVELOPMENT

Arvida donates live oaks to 'Old Ironsides' ..... 3  
Hills and Forrest moving forward in 2002 ..... 14  
Ron Garl excited about paspalum's future ..... 15

#### COURSE MANAGEMENT

Industry watching NGP merger ..... 19  
Palmer Golf enters Pennsylvania ..... 19  
KemperSports focusing on growth ..... 20

#### SUPPLIER BUSINESS

PBI Gordon, Griffin ready with new herbicides .. 23  
Rain Bird developing soil moisture probes ..... 24  
New products galore.....27

RENOVATION WORK, LIKE THIS PROJECT AT LAKESIDE COUNTRY CLUB IN HOUSTON, IS GIVING NEW LIFE TO OLDER COURSES. SEE STORIES ON PAGES 14 AND 15.



## Drought conditions on East Coast to persist into spring

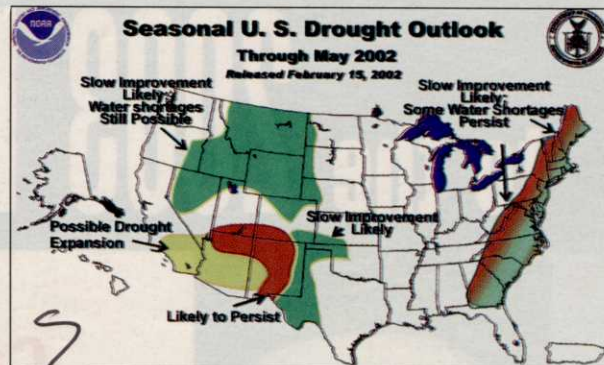
By A. OVERBECK

The warm and dry winter along the entire East Coast has helped courses increase play and has allowed superintendents to tackle more off-season tasks. However, as dry weather has persisted into March, courses from Maine to Georgia are facing the possibility of entering spring under challenging drought conditions.

Some states have already declared drought emergencies and put re-

strictions into place and many more states could follow suit. The long-term forecast from the National Oceanic and Atmospheric Administration (NOAA) calls for a slight improvement but predicts water shortages will continue to persist through May. Among the more staggering drought indicators are:

- The Northeast experienced the second driest September through February in the past 107 years.
- NOAA said the



drought, which started in some areas in 1998, is now classified as hydrological because of low ground water, lake and well levels. These droughts typically take longer to end.

- Drought emergencies have already been declared in New Jersey and in 26 counties in Pennsyl-

vania (See related story on page 8). At press time, New Hampshire and Maryland were close to declaring emergencies.

"This winter drought is not unprecedented, but it is unusual for such a large area to share a drought of this magnitude," said

Continued on page 12

## Organic golf activists score major victory

By A. OVERBECK

BROOKLYN, N.Y.—The Long Island Neighborhood Network (LINN) has won a major victory in its battle to make all new golf courses organic. A four-judge Appellate Division panel here unanimously reversed a lower court decision Feb. 25 and ordered the



Town of Stony Point to comply with SEQRA (State Environmental Quality Review Act) by completing a full environmental impact statement (EIS) before continuing work on its \$18 million Rick Jacobson-designed golf course.

The decision builds on a

similar lower court victory and settlement in Suffolk County in 1998 (GCN June 1999) that forced the county to commit to making its two new 18-hole courses in Yaphank completely organic. The recent decision, however, could set a precedent on a larger scale since it

would apply to Nassau and Suffolk counties in addition to Brooklyn, Queens, Staten Island, Orange,

Continued on page 5

## Gotham, First Union Real Estate to merge

By DEREK RICE

NEW YORK — On the same day National Golf Properties announced its planned merger with American Golf Corp., First Union Real Estate Equity and Mortgage Investments and Gotham Partners LP also agreed to merge. The resulting entity, Gotham Golf Corp., will be a publicly traded company.

Representatives from both companies declined to speak on the record for this story because a registration statement had not yet been filed with the Securities and Exchange Commission. There is no formal target date for completion of the merger, although if it has not been completed by August 31, payouts to First Union shareholders increase.

The deal has been in the works for some time now, and has been through many proposed incarnations

Continued on page 20

## Toro, GE Capital create financial offering

By ANDREW OVERBECK

BLOOMINGTON, Ill. — The Toro Co. has partnered with GE Capital Vendor Financial Services to provide a branded, single-source financing solution for golf courses and municipalities.

The move not only consolidates the company's previous financing options

but it also gives Toro access to a financing arm that is larger than Textron Financial Services and John Deere Credit.

Textron Financial Services and John Deere Credit have managed assets of \$9.1 billion and \$13 billion, respectively, and GE Capital has served assets of nearly \$20 billion.

Continued on page 25



Financing

## Growth behind KemperSports reorganization

By DEREK RICE

NORTHBROOK, Ill. — The mid-February reorganization of KemperSports Management was based on the company's growth and its desire to keep the golf course ownership/leasing and third-party management sides of the business separate, according to Steve Lesnik, the

company's CEO.

KemperSports, which owns and operates 75 courses, organized its ownership side as KKL (Kemper, Kemper, Lesnik) and its management side as Kemper Golf Management. The company has seen quite a bit of growth in just the past two years, Lesnik said, and the company expects

to see more in the near future.

"We've been growing rapidly over the last couple of years and you get to a point where you've got to look at your organization and say, 'Are we organized in the way to give the most efficient service to our clients and customers?'" he said. "We decided this would be the best way to

organize for the next couple of years. I would imagine that as we continue to grow we will continue to reorganize — tweak our organization, change it in ways that make us responsive to the marketplace."

However, growth for growth's sake is not part of the equation, Lesnik says.

"We've always used the term controlled growth for the organi-

zation," he said. "We're looking to take properties that we think we can digest and we think we can do a good job in either an ownership or a management capacity."

As for the state of the golf industry, Lesnik said he is cautiously optimistic it will turn around sooner rather than later, but KemperSports is prepared to weather the downturn, regardless of its duration. ■

## Gotham, First Union to merge

Continued from page 1

since mid-2001. Last September, the two signed a letter of intent, which became the basis for the merger. At press time, the only open items were that the SEC had to approve a registration statement and a proxy.

Under the agreement, First Union shareholders have the opportunity to convert their entire stake in the company to cash, or purchase shares in the public company at \$20 per share, up to an aggregate of \$41 million. Gotham Partners has agreed to be a standby purchaser of \$10 million in common Gotham Golf stock.

Based on First Union's 34.8 million outstanding shares, the total value of the transaction could be close to \$90 million if all shareholders choose an all-cash payout.

As in the American Golf Corp./National Golf Properties relationship (see story on page 19), First Union and Gotham Partners share several common investors and board members, and Gotham Partners owns 17 percent of First Union. In this post-Enron world, even the appearance of a conflict of interest can be damaging to a company, so this deal will formalize what had previously been a private partnership.

The merger will allow Gotham Golf will to leverage the cash that First Union has on hand to pursue further acquisition of golf courses. Based on the \$41 million equity of the stock offering, and assuming 70 percent leverage, the company would be able to borrow more than \$130 million for acquisitions. In what seems to be a buyer's market for golf courses, that money could help the company grow its portfolio substantially.

Gotham Partners owns and operates 25 golf courses, 21 of which are within a 250-mile radius of its Hershey, Pa., headquarters. Once the merger is finalized, Danny Mays will be the CEO, John Caprioletti will be the president and chief operating officer and William Ackman will be the chairman of the board. ■



The best time to stop so  
it's still in the ea