Smith to acquire Treetops Resort

GAYLORD, Mich. — Treetops Resort golf professional Rick Smith has agreed to purchase the four-season resort from Melling Corp., which has owned the property since 1983.

The resort features four golf courses, a par-3 course, an array of winter sports activities and 4,000 acres of terrain Smith said he plans to develop.

Smith joined the resort as director of golf in 1987. In 1992, Treetops owner and developer Harry Melling gave him the opportunity to design the par-3 course called Threetops. Melling then allowed Smith to design the resort's Signature course in 1993 and the Tradition course in 1997.

Management cos. hanging on

Continued from page 1

on its credit line since earlier this year, primarily because AGC has not made lease payments.

Meanwhile, GTA is liquidating its assets. Its creditor, Bank of America, extended GTA's repayment date of the company's $84 million loan, which had been June 30, to Dec. 31, 2002. Since January 2001, the company has sold 28 courses for $215.5 million. The company plans to pay shareholders between $6.01 and $9.43 a share when it has completed liquidation of its remaining courses.

NGP representatives have said they see no reason the company's planned merger would not go through, despite formidable shareholder opposition, most notably from Farallon Cap Investments and Cliffwood Partners. Both say the merger benefits only David Price, who founded both NGP and AGC. NGP has also continued to downplay bankruptcy talk.

If the merger goes through, NGP would be reorganized as a public company and would no longer be required to pay most of its earnings as dividends.■

Survey results

Continued from previous page

While most investors sought properties in larger markets (population of 250,000 or more), many were willing to consider smaller markets, especially if they were geographically accessible to their other facilities. Generally the larger markets were still popular, with an average desired market size of 750,000.

With respect to golf property financing, the responses were about equally split between commercial banks and golf finance companies, with many projects using both. The typical loan size was in the $3 million to $5 million range with an overwhelming percentage (90-plus) of the respondents reporting loan-to-value ratios between 60 and 75 percent. Interest rates for loans were predominantly less than 10 percent, and as low as 7 percent with loan amortization terms typically 15 to 25 years.

Comments indicated that while money was cheaper than last year, it was harder to find and the requirements for approval were stiffer than before. Operating experience is now critical to most lenders; property history is equally important. Bottom line: Few loans are available for new construction or properties with limited operating history.

About half the respondents listed leasing as an option, with percent of gross or net income the typical criteria for establishing a lease price (few other definitive parameters were mentioned). Management companies have renewed their rush for contracts – these are the same firms that, as recently as two years ago, would not consider taking management contracts.

While it's hard to tell for sure, the renewed interest in management and acquisition could mean the market is at or near bottom. Only time will tell.

Despite lower interest rates, a supply/demand imbalance in several markets, and the still-to-be-determined long-term effects of 9/11, many buyers continue to sit on the sidelines and seek the bottom of the market. As more courses become available, and the expectations of buyers and sellers grow closer, sales activity should pick up during the next 12 months after an extraordinarily slow 2001 and first half of 2002.■