

# GOLF COURSE NEWS

THE BUSINESS NEWSPAPER FOR THE GOLF COURSE INDUSTRY

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Laurence Hirsh assesses the current state of the golf market and finds reason for optimism.

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## 2002 NEWSMAKERS

### First Nat'l sees rise in volume

By DEREK RICE

MARTINSVILLE, N.J. — Despite an economic downturn in 2002, First National of America Inc. has not seen a decrease in the number of golf course loans it has made, according to Jerry Sager, First National's president.



"Either we're dull and boring or incredibly wrong. We do about the same lending volume each year," he said. "We did a little more volume, surprisingly enough, this past year than the year before, and I know everybody else wasn't doing stuff."

Sager attributes this increased volume to First National's commitment to look at loans for projects on Native American land (GCN, April 2002), as well as the company's track record as a national lender for golf projects.

"We opened up a new lending market because we're doing Native American stuff now, which we did not do before. So that's

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## 2002 NEWSMAKERS

### Drought concerns linger into winter



State water restrictions forbid the irrigation of roughs this summer at Dauphin Highlands Golf Course in Oberlin, Pa.

By ANDREW OVERBECK

WESTFIELD, N.J. — Moderate to extreme drought conditions gripped 45 percent of the country this summer, leading to widespread water restrictions and maintenance headaches for superintendents. While some areas have gotten relief from fall rains, water use is still being regulated in other parts of the country and concerns over long-term water shortages are looming large.

According to the National Oceanic and Atmospheric Administration, 29 states had significantly be-

low average precipitation and this year. This past June through August was the warmest since the 1930s.

"This was the hardest year I have ever had to maintain turf," said Chris Carson, superintendent at Echo Lake Country Club in Westfield, N.J.

Superintendent Bill Wall at Dauphin Highlands Golf Course in Oberlin, Pa., agreed. "The last two years have been the most difficult years I have had, and I have been in central Pennsylvania since 1975," he said.

Parts of Pennsylvania and all of

New Jersey were placed under water restrictions early this spring after an unusually dry winter.

"In March we had our water cut back to 50 percent of the

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## 2002 NEWSMAKERS

### NGP buyout nearly done

By DEREK RICE

SANTA MONICA, Calif. — When National Golf Properties (NGP) announced in February that it would merge with its sister company and largest tenant American Golf Corp. (AGC), the immediate reaction was not positive. Many industry insiders claimed the deal was merely an attempt to bail out NGP's major shareholders and thought either bankruptcy or breaking up the company would be more appropriate.

After several months of negotiations and rumor-fueled speculation, NGP found a buyer in a group led by Goldman Sachs and Starwood Capital (GCN,

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## 2002 NEWSMAKERS

### Bayer to sell fipronil product line to BASF

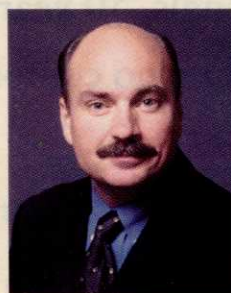
By ANDREW OVERBECK

MONTVALE, N.J. — BASF agreed Oct. 28 to buy certain assets including fipronil insecticides and several fungicides from Bayer AG, clearing the way for full regulatory approval of Bayer's acquisition of Aventis CropScience and the creation of Bayer Environmental Sciences. Officials from both companies would not discuss the specifics of the pending transaction.

The U.S. Federal Trade Commission granted approval to Bayer's acquisition of Aventis CropScience in June, but required the divesti-

ture of acetamiprid and fipronil to be completed by December (GCN, July 2002). The deal, worth a reported \$1.16 billion, would beat that deadline and includes buy-back license agreements that would allow Bayer ES to market certain products and retain trademarks. The FTC and the European Commission must still approve the transaction.

Dan Carrothers, head of the



Dan Carrothers

U.S. green industry business for Bayer ES, anticipates the deal to be completed by early December.

"Until that time, we are still operating under the FTC guidelines of 'hold separate,'" said Carrothers. "We

cannot fully integrate the sales force until the divestment has occurred."

While acetamiprid is being

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## National Golf

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October 2002). At press time, the deal had not been finalized, but proxy statements had been sent to shareholders, leaving their approval as the only hurdle left to clear.

An industry source, who spoke on the condition of anonymity, said there should be no reason for share-

holders not to approve the plan.

"NGP has been struggling for more than a year now," the source said. "The price Goldman and Starwood are offering for shares is very competitive, so I don't see why they wouldn't want to approve it."

While this may be true, the source said, there may still be many shareholders who are going to lose money, but they don't own enough to block the transaction.

"The people who bought in at \$5 a share are going to be a lot happier about this than the ones who got in when it was around \$20 a share," the source said. "But what are you going to do? David Price (NGP and AGC founder and chairman) and the rest of the executives control a substantial portion of the company."

Representatives from NGP, Goldman and Starwood did not return calls seeking comment.

The buyout deal, announced in mid-September, came just in time for Price, who earlier had pledged shares of NGP as well as a second deed of trust to convince the company's lenders to extend its forbearance agreement through the end of March 2003 (see timeline at right). On Sept. 30, Price would have had to replace the deed of trust with cash, and Oct. 15 was the deadline for replacing his shares with cash. ■

## NGP 2002 timeline

Feb. 8: NGP reaffirms restructuring efforts and announces a forbearance agreement with Bank One NA

Feb. 13: NGP and AGC announce plans to merge; terms of potential deal are not disclosed

Feb. 15-21: Several class-action lawsuits filed against NGP, claiming the company misled investors about its financial health

March 19: Cliffwood Partners, NGP's largest outside shareholder with a 9 percent stake, announces opposition to merger and proposes NGP find other managers to replace AGC, rather than complete the merger

April 1: NGP announces terms of the proposed merger

April 23: NGP president James N. Stanich resigns

April 30: Bank One extends NGP's forbearance agreement for the second time; over the next two months, the two will continue to sign two-week extensions until agreeing on a longer extension - through March 31, 2003 - on June 28

July: Rumors abound regarding a potential buyer or financing agreement for NGP. Reports cite Westbrook Partners, Blackstone Group and eventual buyers Starwood Capital and Goldman Sachs as potential saviors

July 23: AGC enters into a restructuring agreement with its lender, Bank of America; NGP and AGC chairman David Price pledges 3.6 million shares in NGP and a deed of trust with the understanding that cash would be substituted by Sept. 30 for the deed and by Oct. 15 for the shares.

Aug. 2: AGC announces it has satisfied the conditions of the restructuring agreement with Bank of America announced July 23

Sept. 16: NGP's board of directors and its independent committee approve the sale of the company to an investment group led by Goldman's GS Capital Partners and Whitehall Real Estate Fund, along with Starwood Capital. As part of the \$1.1 billion deal, the group says it will also purchase the outstanding equity interests of AGC. An early 2003 closing date for the deal is set.

Sept. 18: In conjunction with the buyout agreement, NGP enters into an amended and restated merger/reorganization plan with AGC

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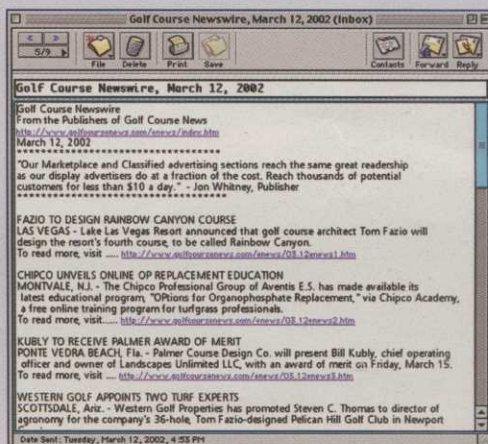
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