

Winter, 2006

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Extreme Weather Considerations

Superintendents and course managers in the Mid-Atlantic region were dealt a bad hand this summer with the extreme combination of weather the area experienced. Relentless high temperatures and humidity were the norm for most of the later part of the summer. While low temperatures only dipped to the periodic normal low for the area a few times for the same period. Precipitation primarily from scattered thunderstorms had many courses receiving over abundant rainfall at inopportune times while neighboring courses received little or no rain.

The summer's extreme weather impacted maintenance practices and course conditions at a majority of area courses. Increased disease pressure, saturated soils, wet wilt/scald injury, mechanical damage, and thinning turf lead the list of problems that plagued superintendents. The properties that were most affected seem to be those with the following com-

bination of circumstances through the stressful period in the best condition possible

Abundant rainfall
Poor drainage
Heavy soils
Limited airflow
Shaded areas

Significant percentage of *Poa-annua*.

Even predominantly bentgrass courses with adequate drainage and sand greens have not gone unscathed by the season's vicious weather, but by most accounts such courses (usually, newer and more modern facilities) fared better than the older courses without such benefits.

While at the mercy of Mother Nature, area superintendents pulled out all the stops to get their

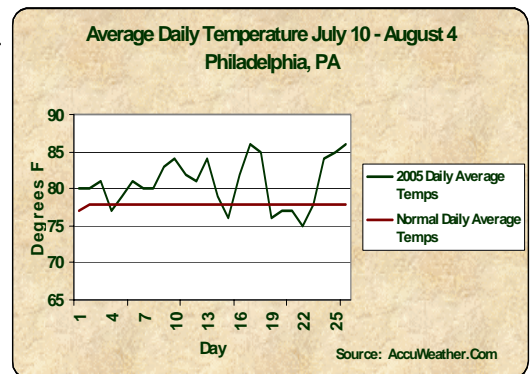
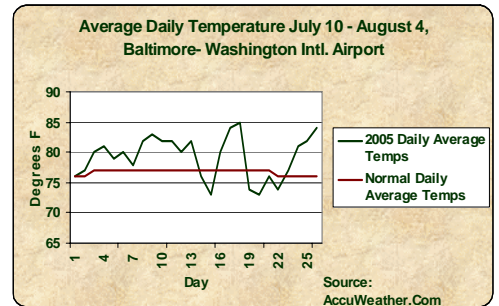
under each's individual budgetary constraints.

Some of the programs employed include:

- Modified control product applications;
- Modified fertilizer applications;
- Precise water management including increased hand watering;

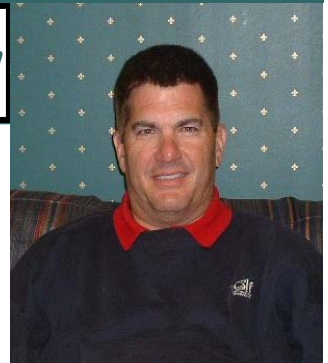
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Temporarily conserva-



Linking Up

by Larry Hirsh



August, 2005 marked a significant milestone for Golf Property Analysts (GPA) and its “parent” Hirsh Valuation Group, as we celebrated our 25th anniversary in business, having begun as a small independent fee real estate appraisal business in 1980.

At first, I operated from my mother’s house with an electronic typewriter and then in a two-room office where we purchased our first computer with no hard drive and using two 5¼” “floppy” disks in 1984. Now, after 25 years, GPA is a specialized company of 8 dedicated professionals located in Pennsylvania, North Carolina and Florida having served clients in 43 states and Canada and using the latest technology to continually improve and expand our services.

During these 25 years, GPA has been responsible for many cutting edge developments in the profession of golf property consulting and appraisal. We have performed more than 1,200 assignments and shared many of the things we’ve learned through extensive publishing, lecturing and contribution. As the first president and co-founder of the Society of Golf Appraisers (SGA), I have spent countless hours to elevate the level of our profession and enhance the quality of services available to the golf course, club and financial industries.

We have been privileged to be awarded many high profile assignments that have been challenging, rewarding and educational. We have also had the opportunity to work with many grass roots “Mom & Pop” golf course facilities and gain an understanding of golf properties of all types from affordable daily fee to resorts to exclusive private clubs. I’ve met some of the most prominent and interesting people in golf and had access to some of the game’s most hallowed grounds, often getting the chance to play. I’ve also observed, first hand the evolution of golf courses during this time and had the opportunity to learn more than I ever imagined possible. As a lifelong avid golfer, this has been a distinct privilege and it’s been fun.

Moving forward, GPA is the first golf property consulting and appraisal firm to include an experienced superintendent on staff who will help to expand our scope of services offered. Having built (as the developer) a golf course first hand, I know the challenges of such a project and we also have other staff members with considerable experience in golf course development and construction. We hope to use this experience to help our clients with operational issues, special projects and long term planning, among other consulting functions. We have also provided brokerage services to clients, helping buyers and sellers alike in approximately \$70 million worth of transactions and hope to expand this area of our services along with helping clients buying and selling courses from a consulting and due diligence perspective.

During the past few years, we have expanded our appraisal practice to include other recreational properties, such as ski areas and marinas (I ski but am not a boater), as well as airport properties (I am a pilot, airplane owner and certified flight instructor). While it may sound like we’re just looking for a good time, what is most relevant is that I truly believe you do a better job with the kind of passion that develops from chasing your dreams. We are “into” these businesses and enjoy the experience.

Many of my friends perceive our job as so much fun they want to work with us. They’re right. It is a fun job and I can’t imagine trading places with anyone. We’d like to thank our many clients and friends through the years and hope the future brings many more opportunities to have the privilege of working with you/them to solve the ever-growing variety of valuation and analysis problems that golf properties bring.

Acquisition Opportunities

GPA has been retained as the exclusive marketing agent for the following acquisition opportunities:

Tattersall Golf Club, West Chester, PA - 18-hole semi-private club designed by Rees Jones, available for acquisition. Property on Philadelphia’s “Main Line” west of city in affluent area.

Three Little Bakers Country Club, Wilmington, DE – Semi-Private golf course facility (18 holes) with clubhouse. Also, approved, 20 unit condominium development opportunity and dinner theatre facility (dinner theatre business not included) situated on 8 acres of commercially zoned ground (suitable for development), available for acquisition.

Greystone Golf Club, Dickson, TN – 18-hole daily fee golf course with clubhouse and maintenance facility, designed by Mark McCumber. The property includes a 7,500 SF clubhouse (plus lower level), 7,500 SF maintenance facility and is situated on 203± acre site. Call GPA Associate & TN Broker, Mac Harris @ 252-249-1560

Whitetail Golf Course, Mercersburg, PA – Daily fee golf course facility (18 holes) with practice area, maintenance facility and maintenance equipment, adjacent to Whitetail Ski Area with hotel development opportunity available for acquisition.

Contact Larry Hirsh at 800-775-2669 or 717-652-9800 for more Information.

Under Contract

Financing Available

GPA can now assist clients in obtaining debt and equity financing for golf properties. Minimum amount \$10 million. For more information, call Larry Hirsh at 717-652-9800 or email to Larry@golfprop.com.

Where the Dollar Hits the Dirt—Dollars & Turf

Shaun A. Henry

Future issues of this new column will identify and discuss golf course maintenance and agronomic topics that affect a golf facilities bottom line, quality, and sustainability. These discussions will target increasing facility efficiency while focusing on the big picture to facilitate enhanced quality and course conditioning while maximizing the budget dollar.

**To Maintain or Not to Maintain?
Golf Course Preservation Plans as an Alternative:**

Golf properties are no stranger to troubled waters. In fact, most facilities, at one time or another, struggle making difficult budgetary decisions when revenues fall short of projections or unforeseeable expenses are realized. Golf course maintenance budgets are often prime targets when it comes to reducing expenses, due to the magnitude of this cost center.

The condition of a course is strongly influenced by the maintenance budget and how it is utilized. Many golfers consider golf course maintenance to be the single most important factor in measuring the quality of the golfing experience. Typically, the most prominent feature in the golfer’s eyes is the condition of the greens. Therefore, it is no surprise that properties meeting the course condition expectations of their target patrons will often realize the associated revenue. This is not to say that golf course maintenance budgets should not be scrutinized or that some level of reduction cannot be realized without greatly impacting course conditions.

Golf Property Analysts

Is pleased to announce
The sale of

Pebble Creek Golf Club
Taylors, SC

To
Stoneridge Golf

GPA participated in the transaction as marketing consultant to the broker, Furman Company/Grubb & Ellis.

Typically, budgeting and forecasting for golf course maintenance expenses should focus on long-term goals and sustainability based on a predetermined golf course maintenance program that is communicated through golf course standards that have been adopted through cooperative efforts of course decision makers as well as the maintenance staff. This long-term outlook will allow for proactive versus reactive daily decisions, leading to a more efficient maintenance operation. However, the severity and urgency of certain financial situations may necessitate short-term golf course preservation plans.

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tive cultural practice decisions;

Extreme Weather, continued from Page 1

Many courses resorted to increasing the amount of hand mowing to alleviate the mechanical damage associated with larger riding mowers, while others pruned (and removed) trees, and installed fans to increase airflow around problem areas. Some courses even kept staff members on the property “after hours” to squeegee puddles from critical areas of the golf course, preventing scalding of the turf in the event of rain showers. While all of these maintenance practices may have aided the turf during periods of high stress, they were often unanticipated expenses in an already tight maintenance budget. While “worst case scenario” budgeting is unaffordable and inappropriate for most golf properties, during extreme situations, course managers and owners need to consider the cost to prevent turf loss to the extent possible versus the cost not to.

Unfortunately, extreme weather can also result in parts of the golf course being neglected as greens, tees and fairways get all the resources available for survival. Eventually, bunkers, roughs, plantings and landscaped areas become eyesores and require repair or sometimes have to be eliminated.

Consequently, extreme weather affects a golf course’s bottom line from several perspectives:

Damage Repair – count on higher seed budgets in the fall, along with increased labor costs for those projects able to be completed “in-house”. Additionally, those courses with more severe damage may need to rely on outside contractors

Problem Correction – such as the installation of additional drainage, irrigation upgrades, tree removal and trimming or in some cases green, tee or bunker renovation.

Lost Revenues – Several of the courses we’ve worked with have reported the closing of greens and some courses have closed for play for periods of time due to damage experienced. The losses in revenue are obvious in the form of no play or even



Native Soil Bentgrass/*Poa annua*

reduced green fees for courses with temporary greens. With most courses having reported improved performance over the previous two years, any such interruptions will impact those gains, accordingly.



USGA Spec Bentgrass Green

While it is difficult at best to estimate the dollar impact to each course because of the varying levels of damage, this summer’s weather could impact the value and thus the potential sale price of those courses slow to recover or make repairs. Given an expeditious program to return the facilities to their prior condition (or improved) long term performance, values should show little change as this year’s weather has been abnormal AND has been characterized by some of the superintendents we’ve worked with as a “ten year” occurrence.

“While all of these maintenance practices may have aided the turf during periods of high stress, they were often unanticipated expenses in an already tight maintenance budget”.

In conclusion, there are several things we can learn from the challenges of 2005:

Preparation – Operators shouldn’t be surprised with conditions like they’ve experienced this summer. If, as one superintendent characterized it this is a “ten year event” then we should plan accordingly with appropriate sinking funds.

Drainage & Irrigation – While this year has seen problems from heat, humidity and (in some cases) excessive rainfall, it highlights the importance of drainage. Despite high temperatures, courses with adequate irrigation experienced problems in “low” areas, as

Extreme Weather



Inadequate Fairway Drainage

opposed to higher spots, which may not hold water. Water doesn't always cure the problems of tough summers.

Trees – Trees are often the object of considerable debate. Everybody (except the superintendent and the turf) loves trees. The recent removal of upwards of 1,000 trees at some of the nation's greatest courses (Oakmont and Merion to name a few) were not without good reason. As trees grow, they deprive other parts of the course, especially greens and tees of sunlight nutri-

ents and water. Trees require maintenance (trimming) and in some cases removal as they grow to ensure adequate air circulation. This should be part of any courses long-term plan.

Budgeting – It is difficult for most of us to budget for unforeseen circumstances. Therefore, our natural shortsightedness suggests that we “normalize” our budgeting, often in an effort to make it attractive. The suggestions above should be incorporated into an accurate annual budget in the form of a sinking fund for occurrences, that while not annual are certainly foreseeable and somewhat periodic.

We hope the readers benefit from the unique combined perspective of a former superintendent and a golf course consultant-appraiser with over 25 years experience.

Shaun A. Henry is a former golf course superintendent with considerable construction, grow-in, renovation and major championship experience. He is now a staff appraiser-consultant with Golf Property Analysts.

Laurence A. Hirsh, CRE, MAI, SGA is the president of Golf Property Analysts and has performed over 1,000 appraisal, consulting and brokerage assignments in 43 states and Canada. He is a past president of the Society of Golf Appraisers and a many times published author.

“Everybody (except the superintendent and the turf) loves trees.”

Hirsh Speaks

GPA President Larry Hirsh recently spoke to the International Association of Assessing Officers (IAAO) Legal Seminar in Chicago.

Hirsh is also scheduled to speak in March, presenting a seminar to Continuing Legal Education Seminars (CLE) in Naples, FL and in April to the Urban Land Institute (ULI) Golf Development Seminar in Palm Springs, CA.

Where the Dollar Hits The Dirt—Dollars & Turf—continued from Page 3

We have recently worked with several facilities that drastically reduced or discontinued maintenance activities during a time of transition. These properties offer unique case studies in options for golf course preservation and the consequences of reducing or ceasing maintenance all together.

One of the properties previously mentioned is available for acquisition. The seller is not currently in a position to continue to operate or maintain the course while it is on the market. This property is about as turnkey as they come. However, with each week the course goes without being maintained, the greater the reclamation task be-

comes for the eventual buyer, making urgency critical.

Another course was sold over a year and a half ago for development purposes and has not been maintained since the time of sale. This facility is currently slated to return to its original use as a golf course. In this case, the damage is already done, so to speak; another week, month or even year is not going to greatly influence the budgets of time or money required to reopen the course. In order return to playable conditions, re-grassing (stripping or tilling the existing vegetation and re-planting new grass), at great expense, is almost inevitable.

Each situation is very unique in scope, urgency and associated cost.

Preservation plans can range from minimal inputs such as mowing key playing surfaces on an as needed basis, to a slight reduction in maintenance intensity. However, almost with out exception, investing in some level of ongoing maintenance will prove more economical than the alternative of reclaiming a course that has been allowed to “over grow.” A short-term reduced maintenance golf course preservation plan can be a viable alternative to both the financial burden of the existing level of conditioning and completely terminating maintenance.



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The Practice Tee

- **Fortress Investment Group**, of New York, NY retained **GPA** to provide a market value appraisal of the **Legends Club, Heritage Club and Oyster Bay Golf Links** near Myrtle Beach, SC.
- **GPA** has been retained by **Carl M. Freeman Golf**, to provide a market value appraisal of the **Bayside Golf Club** in **Shelbyville, DE**.
- **The Delaware Department of Transportation** recently retained **GPA** to provide market value appraisal services for **Back Creek Golf Club**, in **Middletown, DE**.
- **The Township of Upper Dublin (PA)** recently retained **GPA** to provide consulting services in connection with **Twining Valley Golf Club, Dresher, PA**
- **Core Communities** recently retained **GPA** to provide consulting services in connection with the golf club component of **Argent West**, in **Hardeeville, SC**.
- **The Village of Crete, IL** recently retained **GPA** to provide a market value appraisal for **Lincoln Oaks GC** in **Crete, IL**.
- **Dorsey & Whitney** recently retained **GPA** to provide valuation consulting services for **The Country Club at Castle Pines** in **Douglas County, CO**

