

Arizona National Golf Course, designed by the renowned golf course architect Robert Trent Jones, Jr., opened in 1996 (well before any homes were built on the property). The developer, Larry Lippon, built the course, in part, to serve as the home of the University of Arizona golf teams. Originally called "The Raven," the golf course had a wonderful reputation, commanded premium fees to play, and was a major asset to homes being constructed in Sabino Springs.

In 1999, Larry Lippon sold the property to IntraWest for approximately \$13.5 million. At that time, IntraWest was a real estate investment company specializing in destination resort properties. IntraWest attempted to construct a hotel in close proximity to the golf course, but those plans were not approved by the surrounding community.

In 2002, IntraWest sold the property to IRI Golf Group, owned by Jeff Silverstein, for approximately \$7.5 million. IRI owned many golf courses throughout the United States including Tucson area properties Vistoso, Forty-Niner, and Canoa Hills. Romspen, a Canadian non-bank investment company that lends to a variety of businesses, provided financing to IRI for several of IRI's golf course purchases. Silverstein renamed the property 'Arizona National Golf Club' around 2003.

IRI started to run into major troubles in 2012, falling behind in HOA assessments and water bills, which ultimately led to Tucson Water cutting off service for a period of time. Paychecks to employees bounced. Eventually, after several rounds of restructuring, IRI defaulted on the debt, and Romspen took over control of the golf course in January 2014. During IRI's last years of operations we watched the club gradually deteriorate, and home values suffered.

Romspen hired OB Sports to manage the property. From January 2014 through June of 2018 Romspen invested approximately \$2.5 million to keep the golf course open. However, as time went on, shortcuts were taken in the operations to conserve cash. For example, except for the greens, water was turned off annually in June in the hopes of an early monsoon season. This practice led to deterioration of the Bermuda grass in many areas of the course, something we are still in the process of rectifying. Romspen's goal all along was to enhance the club just enough to sell it. They never wanted to be a golf course owner.

Sabino Springs Leases Arizona National in 2017

As the course declined, so did home values, marketability, and overall community satisfaction. By 2017, Romspen's management decided they needed to get out of their situation without any additional investment. In the fall of 2017, Romspen approached the HOA with an ultimatum: Contribute at least \$300,000 annually or the course would be closed. When the HOA board asked what the Association would receive in return, the response was "the course will remain open." Accordingly, the HOA Board began to look for alternatives and appointed an ad hoc advisory committee to make recommendations to the Board, who later brought their recommendation to the community for a vote. There were 5 large town hall meetings and nearly 30 neighborhood meetings where the community gave input.

Romspen was asking a relatively high price for the club given the need for capital improvements and the cost of operations. From 2013 to 2017, no credible buyer of Arizona National had emerged. The lease option was offered at one of the town hall meetings and later determined to be the most desirable option for a community vote. In lieu of a subsidy with no considerations, a rent-free lease was negotiated, over a five-year period, where all capital expenditures and operating losses would be absorbed by the HOA. In addition, a set purchase price was negotiated over the term of the lease and with a right of first refusal (ROFR) should Romspen receive an offer on the property. The lease accomplishes three things:

1. Give the opportunity to improve the course and determine if it would result in an increase in homeowner values;

2. Give the experience to determine whether running the golf club could be a viable long-term option for the HOA; and
3. Protect from a long-term financial obligation if turning this course around was not viable.

The vote passed 80% yes with over 90% of the community voting.

Sabino Springs HOA purchases Arizona National in 2021

In early 2021, well into the third year of the five-year lease agreement, an interested buyer approached Romspen about purchasing the golf course. The option in the lease agreement gave Sabino Springs the first right of refusal and Romspen notified the HOA of the interested buyer. The HOA board then formed an Ad Hoc committee to explore all options for the purchase/lease of the golf course and its associated properties. It recommended outright purchase as the optimal path to control the destiny of the property values and course quality. Four open forums were held to discuss the proposed purchase with the community. On May 20th 2021, a vote was held for a special a special assessment of \$100 and bank loan having a 10-year term, the same amount as for the prior lease. Nearly 75% of the homeowners voted in favor of the purchase. The Sabino Springs Homeowners Association purchased the Arizona National Golf Club from Romspen Arizona National LLC for \$1.5 million.

Both the course and its restaurant facility continue operations uninterrupted, managed by Indigo Sports, with the prior management and staff. It is open to the public and is a premier public golf course in the city of Tucson.