

This summary was produced by Notion A1 and posted on Facebook.
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Summary

Action Items

- All homeowners: complete the straw poll survey by 5:00 PM Phoenix time on Monday
- Homeowners who do not receive a survey link within 2–3 hours after the call: email [Linda Dillenbeck](#) to request one
- Homeowners who attended: share the meeting video and survey link with neighbors who were not on the call
- Committee: aggregate survey results and report back to Shea to determine next steps
- Committee: post answers to the 100+ unanswered Q&A questions to the homeowner portal
- Committee: clarify how vacant lot ownership will be treated in any formal vote
- Committee: engage legal counsel to determine what changes a new buyer (homeowners or third party) can make to refundable member deposits
- GGA Partners (if LOI proceeds): conduct capital expenditure review and water situation analysis during the 60-day due diligence period

Meeting Context

- The CEC (Community Engagement Committee) called an emergency meeting over Labor Day weekend after learning of competing third-party offers for the Trilogy club amenities
- The meeting was held with approximately 450 attendees and over 100 questions submitted via chat
- The purpose is to gauge community interest via a **non-binding straw poll**, not to execute a purchase
- Shea will use the straw poll results to determine whether to continue negotiating with the HOA or proceed with a third-party buyer

What Is Being Purchased

- The **club assets only**: golf course, restaurants, fitness center, pickleball, tennis, bocce, etc.
- This is an **asset purchase**, not an entity purchase — no cash reserves are included
- The HOA common grounds are a **separate matter** and will be turned over to homeowners regardless of who buys the club
- No matter who buys the club, existing HOA control under Shea will only transfer to homeowners upon closing of the 1,384th (second-to-last) lot — unless the HOA itself buys the club, in which case Shea transfers control on closing day

Financial Analysis

Fair Value Calculation (\$20M scenario)

- $\$20\text{M} \div 1,315$ paying lots (~70 Shea-owned lots are exempt from assessments) = **\$15,209 per homeowner**
- The amenities yield approximately **\$2M cash profit per year** after reserves
- $\$2\text{M} \div 1,385$ lots = **\$1,444 per homeowner per year** potential dues reduction or reinvestment
- This represents a ~10% annual return on a \$20M investment, compared favorably to other investments

Current Asking Price (\$31M scenario)

- Third-party LOIs have pushed the price to **\$31M** — an \$11M premium over estimated fair value
- $\$11\text{M premium} \div 1,315$ lots = **\$8,365 per homeowner** in additional upfront cost
- Private equity buyers typically seek **12–15% annual returns** and would need to raise dues significantly to achieve this

Worst-Case Third-Party Dues Increase (20%/year cap)

- Year 1: +\$676 | Year 2: +\$1,488 | Year 3: +\$2,463 | Year 4: +\$3,632
- **Total 4-year increase: \$8,259** — nearly identical to the \$8,365 per-lot premium, illustrating that the premium would effectively be paid back through dues increases
- The 20% annual cap applies to both social and golf dues, and there is a **carryover provision** allowing unused percentage capacity to roll to the following year

HOA Purchase Financing Example

- Total assessment: $\$31\text{M} \div 1,315$ lots = \$23,574, **rounded up to \$24,000** to include startup reserves
- 20% down = **\$4,800**; 80% financed = **\$19,200**
- Financed at 7% over 7 years: **\$873/quarter**, total payments = **\$24,444**
- **7-Year Break-Even Analysis:** Total savings/returns (\$10,108 from annual profit + \$19,155 from avoided fee increases) = **\$29,263** vs. total debt payments (\$24,444 + \$4,800) = **\$29,244** — essentially break-even
- Profit split is estimated at roughly **\$1M from golf, \$1M from other amenities**

Financial Due Diligence Limitations

- Shea does not provide audited financials and has not provided a balance sheet
- Full financial details will only be accessible during the 60-day due diligence period after signing an LOI

LOI & Purchase Process

- The HOA previously submitted a **non-binding LOI at \$25M**, which Shea rejected with no counteroffer
- Shea has indicated offers above \$30M exist; **11 outside parties** have toured the facilities
- Once any party signs an LOI, there is a **30-day exclusive negotiation** period → purchase and sale agreement → ~60-day due diligence → closing

- If another LOI is signed and closes, **the HOA loses its opportunity to purchase**
- A formal homeowner vote requires **67% approval**
- Shea is not required to pay any assessment on its ~70 unsold lots

Pros & Cons of HOA Ownership vs. Third-Party Ownership

HOA Ownership — Pros

- Members control the future of the club: investment priorities, dues levels, amenities
- Shea transfers HOA control immediately upon closing
- Protects home values and community character
- Precedent: Vistancia Trilogy homeowners purchased their club and rate Blue Star near the top on all survey categories

HOA Ownership — Cons

- Financial risk for major capital improvements falls on homeowners
- Governance and decision-making may be slower
- No cash reserves come with the purchase; funding must come from assessments or early profits

Third-Party Ownership — Pros

- No homeowner assessment or financing requirement
- No direct liability for major capital expenditures
- Experienced multi-club operators may bring operational expertise and possible reciprocal club privileges
- Potential procurement savings across multiple clubs

Third-Party Ownership — Cons

- HOA control remains under Shea until the second-to-last lot closes
- Dues (social and golf) can be raised up to 20%/year
- Third party could make amenities public, add members, charge for individual amenities (e.g., pickleball courts)
- Homeowners would have no say in club management decisions

Club Management (If HOA Buys)

- The HOA would **not manage the club directly**; a professional management company would be retained
- Blue Star managed Vistancia's club both before and after the homeowner takeover with positive results
- The homeowner-owned HOA would set policy and direction; the management company would execute

Straw Poll / Survey Details

- Survey link will be sent to all homeowners shortly after the call
- **One survey per lot**; takes approximately 5 minutes
- **Deadline: 5:00 PM Phoenix time, Monday** (Labor Day)
- If no link received within 2–3 hours, contact Linda Dillenbeck

- ***The straw poll gauges interest at the \$31M price point and any LOI submitted after this will be non-binding.***
- Results will be shared with Shea to determine whether to proceed with a formal homeowner vote