

EXPLANATION OF CEC NUMBERS presented on the Zoom Call (September 4, 2026)

First though, there seems to be some confusion regarding the possible purchaser of the Amenities. The work that the CEC is doing is to provide information to the Homeowners for the HOA to purchase the Amenities, not individual homeowners. If borrowed funds are used to help purchase the Amenities, the HOA would be the borrower.

Again, prior to any legal commitment, there would be a formal vote of the Homeowner community. Shea is requiring that the vote be 2/3rds in favor of the purchase of the Amenities for Shea to complete the transaction. We estimate that the Homeowner formal vote would occur near the end of the due diligence period around 45 – 60 days after the signing of an LOI between Shea and the HOA.

People have requested to see a summary of the various numbers I talked about yesterday. Please see the information below.

HOW and WHY, we got from \$20 M to \$31 M

**** Please listen to the entire zoom meeting for better context**

\$ 20 million

\$ 20 million - fair market value for the Amenities (Pool, Eddies, Club, Restaurant, spa, all courts, golf course)

divided by 1315 (current lot owners, (Shea does not pay assessments on unsold lots)

equals \$15,209 per lot owner

\$2 million

\$2 million – annual cash profit from the Amenities

divided by 1385 (all lot owners, including sold and unsold lots)

equals \$1,444 per lot

Meaning

The \$20 million is the initial value that Shea stated the Amenities were worth in their first email (\$18-20 million)

The CEC's due diligence to date indicates that an investment by the lot owners at \$20 million would give us \$2 million of cash each year. We could use that \$2 million for anything:

- Increase reserves
- Make major changes to the Amenities

- Reduce social dues

Note: Shea has agreed that if and when we purchase the Amenities, at closing, they will turn over control of ALL the assets including the Amenities to the Homeowners.

DIGGING DEEPER into the numbers

Shea now has confirmed bids from outside buyers for \$31+ million for the Amenities. This shows an additional value for Shea of \$11 million. Let's call this Shea's premium.

Why are the other buyers willing to pay this premium? The \$11 million premium represents what other buyers are willing to pay, largely due to the fact they can raise social dues up to 20 % per year (per CCR's and AZ law). Doesn't mean they will but they can! They can also raise golf dues, charge for amenity usage such as the pool, exercise facilities, tennis and pickleball courts.

\$11 million – Shea's premium

divided by 1,315 lots as previously explained

equals **\$8,365** per lot owner

IF they do raise social fees 20 % per year for 4 years, here are the cumulative amounts that would be paid annually per lot owner:

\$676 year 1

\$1488 year 2

\$2463 year 3

\$3632 Year 4

equals

\$8,259 total amount if social fees were raised 20% each year for 4 years

NOTE: If you compare the **\$8,365 (Shea's premium) to the **\$8,259** (social fees over 4 yrs), you will see the lot owners would have paid in 4 years what they could have paid to buy their part of the Shea Premium for the Amenities.**

Back to the Big Picture:

The Purchase Price is \$31 million

IF we do purchase the Amenities, there are 2 parts to the investment:

- A true investment of \$20 million which gives the homeowners \$2 million of cash each year called the annual cash profit (\$1,444 per lot owner)
- An investment of \$11 million to eliminate future social fee increases

NOTE: we recognize there will be inflation but did not include this due to its complexity

\$31 million – purchase price

divided by 1315 lot owners

equals

\$23,574 per lot owner

NOTE: we would round this up to \$24,000 to fund reserves

FINANCING

2 options:

- **Cash** – Homeowners would have the opportunity, if they chose to pay the **\$24,000 at closing of the transaction.**
- **Financing** – the CEC has spoken with a couple banks
Example: if people financing put 20% down (\$4800), the amount borrowed would be \$19,200. If that debt is paid over 7 years @ 7% interest, the quarterly payment would be \$873.

One way of looking at this: since the true investment portion (the \$2 million profit on the \$20 million) of this purchase equates to \$1,444 per year per lot owner. The cash generated over the 7 years (the length of the loan), equals **\$10,108.**

Next, if we take the \$8,259 of fees through year 4, keep them flat for years 5-7, that total fees paid by each homeowner over the 7 year period totals \$19,155.

Add \$10,108 (cash generated by the Amenity cash profits over 7 years) to \$19,155 of additional social dues paid over the same 7 years, the total of the cash profit saved, and the 7 years of additional social dues equals \$29,263.

The debt payment over those same 7 years is \$1,444 per lot owner. When you add the downpayment of \$4,800, the total amount paid is \$29,244.

What this calculation shows is that, if the social dues and just the social dues are raised at the top rates for 4 out of the 7 years, each homeowner would have paid the same amount to a new owner as they would have paid if the homeowner had made the downpayment and borrowed the funds.

However, after 7 years, there is a stark difference. In the scenario where someone else buys the amenities, those fees continue. The Homeowners have no control over all the Amenities. No say and potential for increased dues and no investment in all the Amenities that they purchased.

As mentioned, while not perfect, our goal is to provide as much information as we can to the Homeowner's, then the decision on the next steps to purchase or not is up to the Homeowner's when the time comes for a final vote.

Thank you for your time.