

CLUB EVALUATION COMMITTEE

Transaction Status

Town Hall #2
September 24, 2026





THE AGENDA

1. Updated Timeline to Closing
2. Where We Stand: LOI Signed
3. Economics of the Transaction
4. Due Diligence Underway
5. Straw Poll: What we're Asking & Why
6. Next Steps
7. Q&A



JUNE–AUGUST: FOUNDATIONAL WORK



The CEC focused its first two months on independent diligence, financial analysis and homeowner communications



MID-AUGUST TO SEPTEMBER: THE TIMELINE ACCELERATES

Market pricing changed significantly during the evaluation process



The CEC continued its evaluation while preserving homeowner choice within an accelerated timeline



SEPTEMBER TO PRESENT: LOI SIGNED

The community's position moved from an offer under review to a signed agreement

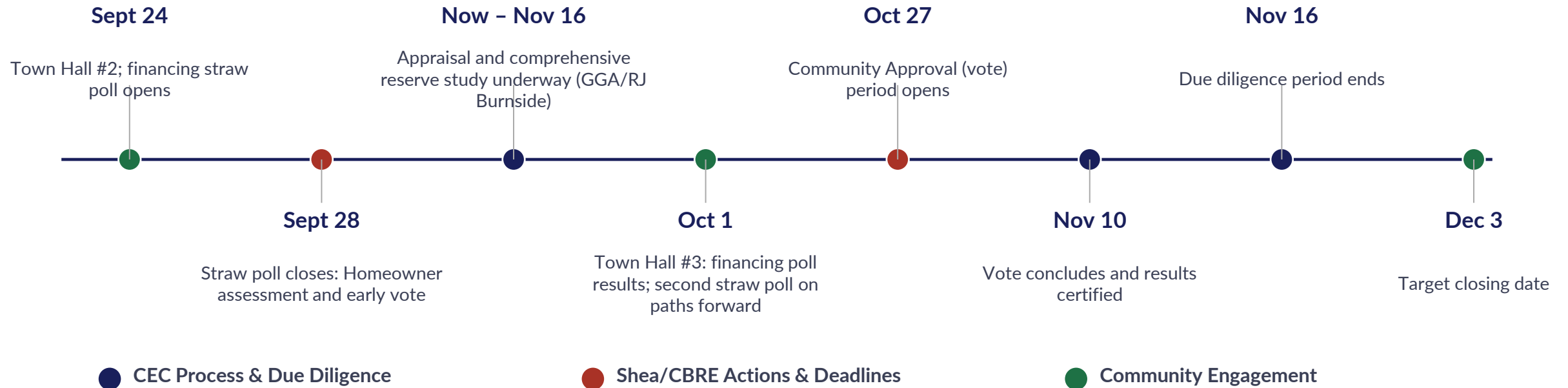


With a signed LOI in hand, the CEC has launched two town halls and a financing straw poll



WHAT'S NEXT: DUE DILIGENCE TO CLOSING

Key milestones between today and a potential closing



Due diligence is underway and will help determine the final financing structure and assessment amount.



WHERE WE STAND: LOI SIGNED

The CEC has signed a non-binding Letter of Intent with Shea.

Total Funding Need

$\$31,000,000 + \$2\text{M Working Capital} = \33M

Funding Structure

Bank financing, a loan from Shea, and a homeowner assessment

Homeowner Approval

Required — at least 67% of eligible votes

Purchase Obligation

None. The LOI does not commit homeowners to buy or to fund a purchase.

Target Closing

On or before December 3, 2026, subject to due diligence, financing, and approval vote



WHAT'S IN THE SIGNED LOI: KEY TERMS & PROTECTIONS

DEPOSIT

- \$50,000 due after the Purchase Agreement is signed, not at LOI signing.
- Fully refundable if we terminate during due diligence or if Community Approval is not obtained..

DISCLOSURE RIGHTS

Prior NDAs are terminated, allowing the CEC to share:

- Purchase price | Financing | Closing timeline | Voting requirements

Negotiated documents themselves remain confidential.

VOTE REQUIREMENTS

- 67% of Class A votes required, with one vote per lot. Shea's unsold lots will vote in the same proportion as homeowner votes.

OTHER KEY TERMS

- BlueStar remains Club manager while the Shea loan is outstanding, but takes direction from the HOA; contract terminable for cause.
- Assets convey "as-is," subject to any changes negotiated in the Purchase Agreement

Full LOI terms are available to the committee and legal counsel. This summary covers the items most relevant to your vote.

Economics of the Transaction

What Drove the \$31M Purchase Price



WHY MARKET BIDS ROSE ABOVE THE INITIAL \$18–20M ESTIMATE

Shea's Initial Estimate

\$18–20 million (first homeowner communication)

Recurring Revenue

Required Social Dues create a predictable revenue stream

Pricing Flexibility

Outside owners can increase Social Dues within the existing cap (20%)

Attractive Assets

Golf, amenities and an established community



ONE EXAMPLE: HOW AN OUTSIDE BUYER COULD USE THE CAP TO EARN ITS RETURN

Based on conversations with potential investors

- A typical private equity return target is approximately 12%.
- One possible mechanism: a \$25,000 fee charged at each home sale, paid by the new buyer.

The risk: this doesn't raise home values. The current homeowner would likely just net \$25,000 less at sale.

Other possible levers an investor could use:

- Higher golf fees
- New tennis and pickleball court fees
- New pool usage fees
- A minimum monthly food & beverage charge
- Reduced service levels

There are many ways a new investor could create returns – this is one illustrative example



FINANCING APPROACH AND ISSUES

The CEC has been working to minimize homeowners' out-of-pocket contribution.

- Several banks have been contacted and expressed interest in financing a portion the acquisition.
- Shea has also agreed to loan the HOA money at a below-market rate on the condition that BlueStar remains the manager until that loan is paid off.

Banks need two things before they'll lend:

Fair Market Value

Independent appraisal of the Club assets

Repayment Source

Club cash flow available to service the debt

FINANCING STRATEGY



THE FINANCING STRATEGY

- The Club needs approximately \$33M at closing for the purchase and working capital.
- Bank and Shea financing will fund a significant portion of the total.
- The remaining cash needed at closing must come from homeowners.

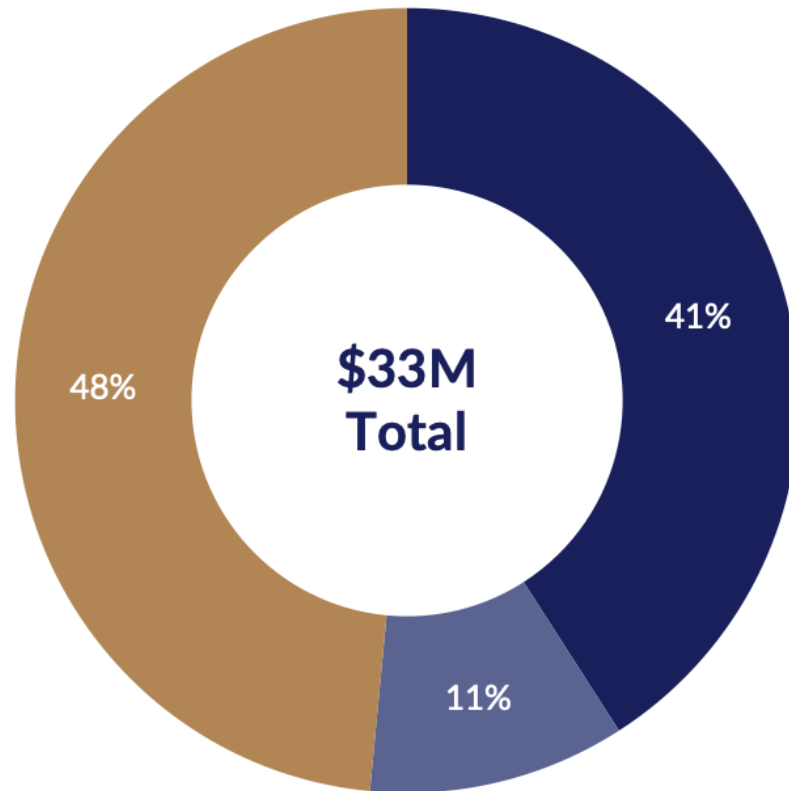
GOAL

Use every available financing lever to minimize the homeowner contribution.



CLOSING THE GAP: CASH NEEDED FROM HOMEOWNERS

Total need of \$33M, fully accounted for across three funding sources



FUNDING BREAKDOWN

Bank Loan	\$13.5M
Shea Loan	\$ 3.5M
Cash Needed From Homeowners	\$16M

Total	\$33M
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Loan debt will be serviced through club revenue. Homeowner assessments fund the cash needed at closing.



USING CLUB CASH FLOW TO FUND THE PURCHASE

The key objective: use the Club's cash flow to service the bank loan, not individual homeowner assessments.

The Club's ongoing revenue (dues, golf, F&B) services the loan going forward. That revenue works for the community instead of flowing to a third-party owner.

Structure

Bank loan is serviced by Club cash flow, not individual homeowners.

Result

Homeowners fund only the remaining cash needed at closing after bank and Shea financing.

What this means for you

Club revenue that would go to a third-party owner instead services the Club's debt.



HOMEOWNER FINANCIAL IMPLICATIONS

Estimated assessment range: \$10,000 – \$12,000 per lot

Payment structure

A single assessment, due at closing, not spread across multiple years

Homeowner payment collection

November 16, 2026 (based on actual due date)

Illustrative deadline

December 3, 2026 (aligned with target closing)

Why a single payment

The Club-level financing minimizes the homeowner contribution. A single payment keeps the structure simple and avoids additional financing costs.

Final assessment amount depends on the appraisal, reserve study findings, and straw poll results, and will be confirmed before any formal vote.



DUE DILIGENCE IN PROGRESS

Bank is requiring due diligence in three areas:

- 1. Water Rights - Legal counsel is engaged on a dedicated water rights analysis. Deliverable will be a letter outlining the current water situation and future risks.**
- 2. Comprehensive Reserve Study - GGA Partners has been engaged to perform a capital reserve analysis for club assets. GGA Partners works with an engineering firm to provide the comprehensive study.**
- 3. Cash Flow Analysis - GGA Partners is performing due diligence on the cash flow of the club.**

Additional due diligence

As stated previously, the bank is engaging a firm to perform an appraisal of the club in order to determine the maximum loan availability.



STRAW POLL: WHAT WE'RE ASKING

This is NOT the formal vote to purchase the Club. It helps us understand homeowner support before moving forward.

- 1 SUPPORT**
Would you support the purchase at **\$31M**, with an estimated **one-time assessment of \$10,000–\$12,000**?
- 2 WHAT COULD CHANGE YOUR VIEW?**
If you do not currently support the purchase, what would need to change or what additional information would you need?
- 3 UPFRONT PAYMENT OPTION**
Would you consider paying **\$24,000–\$26,000 upfront** to avoid potential future dues increases associated with financing?

Accurate responses matter. The results will help us understand homeowner support, evaluate financing options and determine what additional information is needed before the formal vote.



NEXT STEPS

- The straw poll opens today & closes Monday, 9/28/26 at 5pm AZ time.
- The CEC will review aggregate results; individual responses remain anonymous.
- Results will help shape the financing structure, assessment amount and next steps.
- We will share the results and what they mean at the next Town Hall.

No purchase can occur without a formal homeowner vote.



Questions?