

B4 TUESDAY, JULY 23, 2013

## OBITUARIES

# Roy Villanueva, longtime councilman for Surprise

By Jen Lebron Kuhney  
The Republic | azcentral.com

Veteran Surprise City Councilman Roy Villanueva, who still lived in the home he built in the original town site nearly 40 years ago, died Monday.

The 71-year-old spent most of that time on the council.

In a city that grew from almost 31,000 in 2000 to about 120,000 today, Villanueva was the voice of old Surprise. He advocated for the part of the community without HOAs or master-planned neighborhoods.

He had recently told *The Republic* that it was important for new residents to remember that the original town site was still there.

"The new Surprise is an extension of old Surprise," he said. "We were here first, and we need everyone to remember we're still here. You have to know the history and where you come from."

Villanueva battled diabetes and heart problems for years. He had triple-bypass surgery in 2011 but returned to council meetings within a few months. On Monday, he was admitted to John C. Lincoln Deer Valley Hospital with heart complica-



Roy Villanueva, 71, was first elected in 1978.

to his leadership, we are better off today," she said in a written statement.

Villanueva moved to Surprise in 1975 when he worked for Del Webb's corporate office, as the developer built the Sun City retirement community. At the time, Surprise was a small town made up of mostly Hispanic migrant workers.

He was elected to the City Council three years later and held office almost ever since.

He served as the council-appointed mayor from 1989 to 1995 and served as vice mayor in 2008. His only break from elected life was from 2003 to 2007 when he was defeated by Danny Arismendez.

As the city's population boomed during the mid-2000s, the once-primarily Hispanic

tions and died at about 8:30 a.m., according to the city.

Mayor Sharon Wolcott called his death a loss for the community.

"For decades, he worked so very hard to help build our city, and thanks

to his leadership, we are better off today," she said in a written statement.

town saw an influx of White, middle-class families into new master-planned communities. Villanueva became the only Latino left on the council.

In spite of the demographic shift, Villanueva fought to keep his district relevant as new developments, people and money began to flow into the city. While homeowners associations maintained the new neighborhoods, the lack of HOAs in the original town site left some businesses, homes and parks in disrepair. Villanueva stressed the need for more revitalization efforts in the former heart of the city. He fought for and received federal grants to make improvements to businesses and homes.

Sherry Aguilar, Surprise city clerk, town historian and friend of Villanueva's, said it was vital to have a council member who lived in the area and understood the needs of its constituents. "There are a lot of people who love this city, but this man truly loved the city and dedicated everything he did to take care of its residents and employees," Aguilar said.

He is survived by his wife, Rachel, and three children. Funeral arrangements are pending.

**ARIZONA EXPLAINED**

# Monument marks internment of Japanese-Americans in WWII

**By Brandon Loomis**  
The Republic | [azcentral.com](http://azcentral.com)

Arizona was among the states where the federal government detained Japanese-Americans during World War II, and a marker in the desert near the Colorado River encourages better protections of liberty in the future.

Poston Memorial Monument is just south of Parker on Ehrenberg-Parker Highway, also called Mohave Road. It marks the site of an internment camp on the Colorado River Indian Reservation where soldiers detained more than 17,000 people from May 1942 to November 1945.

Its central 30-foot concrete pillar, according to the Poston Restoration Project, symbolizes "unity of spirit," while the hexagonal base represents a Japanese stone lantern. Around it are 12 short pillars that turn the array into a functional sundial.

Camp survivors and their descendants raised money for the monument, built largely through volunteer efforts in 1992. They added a kiosk with a plaque in 1995: "May it serve as a constant reminder of our past so that Americans in the future will never again be denied their Constitutional rights and may the remembrance of that experience serve to advance the evolution of the human spirit."

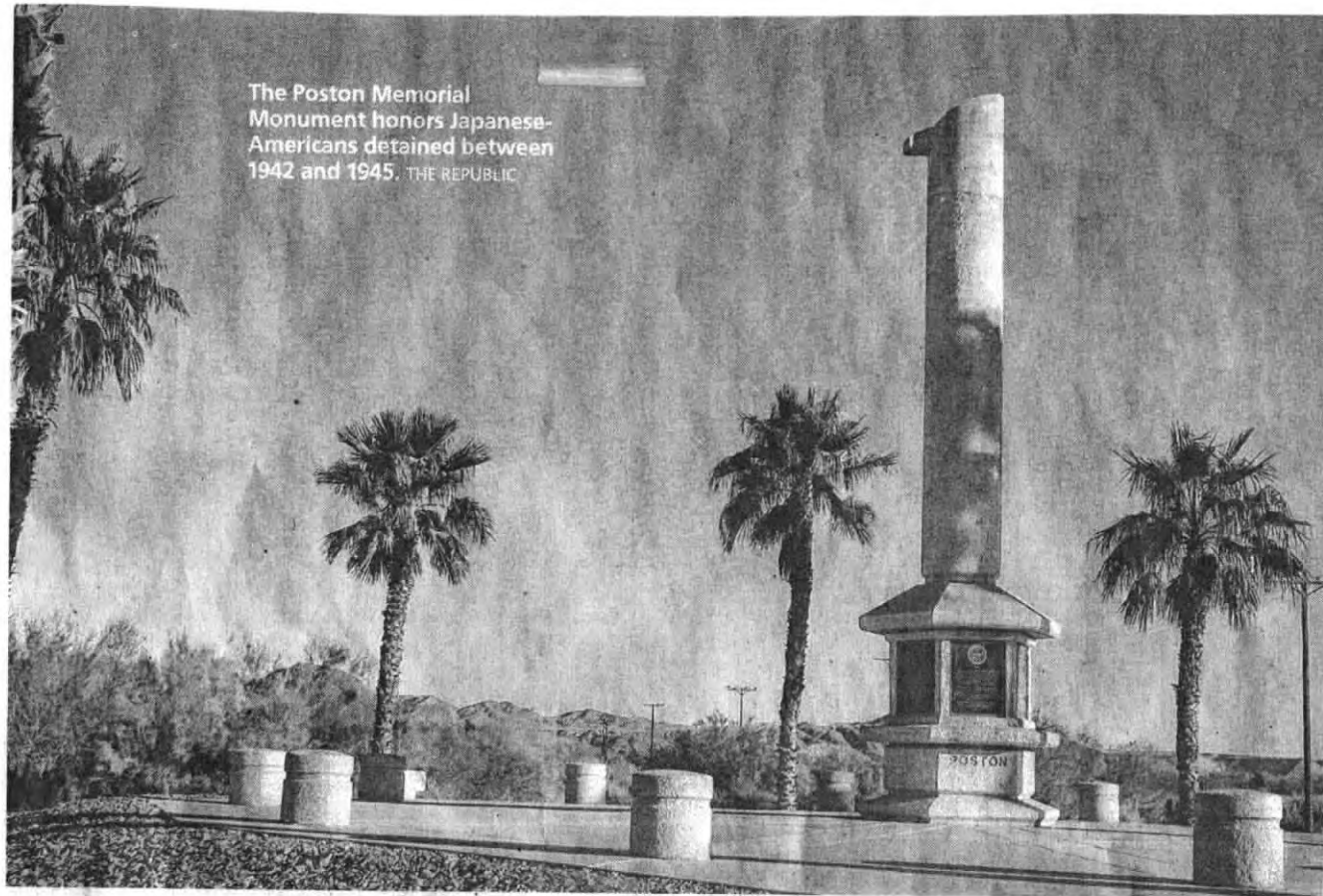
The government built the camp rapidly after President Franklin D. Roosevelt ordered people of Japanese descent removed from the West Coast. Del Webb, the contractor whose company would go on to build the Sun City retirement communities, built three barracks sites at 3-mile intervals.

According to the Parker Area Chamber of Commerce's website, the detainees called them "Roasten, Toasten and Dustin."

**Details:** [www.parkeraz.org/Poston.html](http://www.parkeraz.org/Poston.html).

*Is there something you'd like to know about Arizona? Send questions to [traveleditor@arizonarepublic.com](mailto:traveleditor@arizonarepublic.com).*

The Poston Memorial  
Monument honors Japanese-  
Americans detained between  
1942 and 1945. THE REPUBLIC



# Robson builds career providing Ariz. homes

By Catherine Reagor

The Republic

Robson began his career as an Arizona developer in the mid-1960s by enticing people to Bullhead City and look at mobile lots for a free tank of gas and an Instamatic camera.

The marketing ploy worked. Robson and his partners sold hundreds of lots in the tiny town next to the Colorado River. They handed out 2,500 Kodak Instamatic cameras to people who made the drive.

The group bought so many Kodaks that the camera company sent a salesman to Bull-



Ed Robson

negotiate deals and plan for large developments from one of the top developers of the time.

Del Webb, then-owner of the New York Yankees, would become synonymous with

head City to figure out what they were doing.

Robson talked the Kodak salesman into buying a lot in the development.

Robson learned about being a salesman from one of the best. He had just left Phoenix-based Del E. Webb Corp., where he learned to

his Sun City retirement developments.

A decade later, Robson opened Sun Lakes south of then-far-flung Chandler with other former Webb executives. The would directly compete with their boss' popular Sun City in the far-northern Valley.

Webb died in 1974, before sales at Sun Lakes soared. Still, he will always be an important influence for Robson.

"I can't say Webb was like a mentor to me, but I learned a heck of a lot from him," said Robson, who at 80 still works full time and

See ROBSON, Page 7



Ed Robson has built Arizona homes and retirement communities since the 1960s. At 80, he still works full time and commutes to his Sun Lakes office. PAT SHANNAHAN/THE REPUBLIC

## Robson

Continued from A1

Robson makes the commute almost daily from his Biltmore-area Phoenix home to his office in Sun Lakes. "He was a tough, smart businessman. I am not that smart, but I can be pretty tough."

Robson left Webb twice. The first time, Webb's recommendation helped. Robson recounts the story: Game-show host Art Linkletter was starting a real-estate enterprise. Webb told Linkletter the man who could sell land for him: Robson was "the best salesman he ever met," Webb said. Robson went to work for Linkletter. When the venture failed, Robson went back to Webb. During his second spell, he helped find a new stadium site for the Anaheim Angels baseball team of Southern California.

The second time Robson left Webb, he ended up selling trailers in Bullhead City. Since college, Robson had wanted to be an entrepreneur running his own company. With the money from the mobile homes and lots sold to new Instamatic camera owners, Robson and his partners went on to redevelop a failed golf-course community outside Flagstaff.

They opened Sun Lakes in 1972 after spending a year negotiating to buy most of the land from the Hanna family. The patriarch of the Hanna family had been an accountant for the Rockefeller family and made trips through Arizona on his way to California to monitor Standard Oil's operations.

Robson's Sun Lakes didn't begin as auspiciously as his predecessor's development.

The first weekend that Sun City opened in 1960, buyers purchased more than 270 homes.

Robson and his partners started by building mobile homes or "double wides" in Sun Lakes because they were less expensive. They didn't sell 270 homes in their entire first year. And things didn't get any easier.

In the mid-1970s, the nation's energy crisis had reached the gas stations. Fuel prices soared, shortages led to long lines at the gas pump and the country fell into a recession.

"No one in Phoenix wanted to spend a tank of gas on a drive out to Chandler in the mid-1970s," Robson remembers. "My partners and I were about to sign the bankruptcy papers, but I still felt like there was a way to save Sun Lakes."

But I gave Robson a loan. Even a good friend who was president of an oil company couldn't help him. Finally, he found financial help from an unexpected source. One of his former contractors said his ex-wife might be able to lend Robson money. She had cash on hand, and Robson talked her into a \$100,000 loan.

Robson bought out his partners for a paltry sum and the promise of a cut on future home sales. The money was enough to make payroll so he could keep selling homes. It was the start of Robson Communities Inc.

More than 10,000 homes were built in the 3,500-acre community, with the last one selling in 2005. Robson is proud that he still knows many of the residents, including several who moved in during the 1970s and are now 90 or older.

Robson credits his good luck for surviving the 1970s recession. A 2006 book that Robson wrote about his life is called "Outrageous Good Fortune." However, the many Arizona real-estate developers, brokers and investors who know Robson credit his success to being a great salesman.

Robson has built and sold more than 30,000 homes in his Arizona communities, including PebbleCreek in

Goodyear and Saddle Creek near Tucson. His only real estate developing out-of-state is a retirement community north of Dallas. His latest project is a huge development called Robson Ranch near Casa Grande that will take decades to complete.

Robson has weathered three real-estate downturns in Arizona and said the recent crash was by far the worst. He believes Arizona will rebound and continue to "grow on its merits" as long as leaders address the state's education and job problems.

Robson came to Arizona in the mid-1960s. He was born in Massachusetts and went to college at Colorado College on a hockey scholarship. He met his wife, LaNelle, a Phoenix native, at college.

The couple married and moved around while he was a helicopter pilot in the Marines. After he left the military, the couple had the

choice of going to Massachusetts or Arizona.

"It was an easy choice: sunshine or snow," Robson said. "We moved to Arizona, and I started selling real estate."

The Robsons raised five children in Phoenix, and two sons joined the family business. LaNelle Robson died in a boating accident in 1985. Several years later, Ed Robson married Michelle King, who was a real-estate agent.

A few years ago, Robson drove to Bullhead City with a land-broker friend to look at a vacant parcel for sale. While there, he drove around to look for the lots where he sold so many mobile homes almost 40 years ago.

"I looked and looked, but I couldn't find it," Robson said. "Like Arizona, Bullhead City has grown a lot in the past four decades. I am glad I have been here for the ride."

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## Del Webb Corporation

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**Employees:** 1,800  
**Sales:** \$803.12 million  
**Stock Exchanges:** New York Pacific  
**Incorporated:** 1960 as the Del E. Webb Corporation  
**SIC:** [6552 Subdividers & Developers Nec](#); [1521 Single-Family Housing Construction](#)

Once known for its hotels and casinos, Del Webb Corporation is one of the largest residential developers in the United States as a result of its success in planned retirement communities.

The life story of its founder, Delbert E. Webb, reads like a screenplay: fame and fortune pursue the simple boy. According to his official biography, he liked to boast of knowing every president since [Franklin Delano Roosevelt](#) on a first-name basis. Starting early in his career, he met such baseball greats as Ty Cobb, later Mickey Mantle, Joe DiMaggio, and Yogi Berra. As a [golfer](#), he walked a course with Bing Crosby, Bob Hope, Barry and Robert Goldwater, as well as Howard Hughes. Later, after Webb's death, legendary crooner [Frank Sinatra](#) would buy a share in the company.

Several times in his life, Delbert E. Webb found his fate unpredictably [refracted](#) through circumstance. His scholarly career was cut short in high school when in 1915 financial setbacks afflicted his father, the president of a California gravel company. After completing his freshman year, Del Webb fell back on two boyhood occupations: baseball, which he had been playing semiprofessionally since age thirteen, and [carpentry](#). For the next 12 years he moved about California, working as a carpenter exclusively for companies with baseball teams, on which he could also earn extra money. A severe bout with [typhoid fever](#) (he lost 105 pounds, from 204) [truncated](#) his major league ambitions; in fact, he could not work at all for a year.

Phoenix, in spite of its depressed economy, attracted Webb, like many others in search of a healthful climate. Eager to return to the ball field, Webb violated a league residency requirement, which he had missed by one day. Unable to play and [unwilling](#) to do anything halfway, he ended his baseball career forever in 1928 and began concentrating on construction full-time. He soon was [moonlighting](#) as a contractor. His first major jobs came from the Bayless family of grocers, who originally hired him, according to one source, after a [wayward](#) superintendent skipped town during a project. Webb's competence and personability, as well as such windfalls as rebuilding the local Sears store after a fire, kept his small business active through the stock market crash of 1929.

Although strongly identified with his work on grocery stores, Webb during this time

Del Webb eagerly sought public sector jobs, such as schools, dormitories, and the 1938 addition to the Arizona capitol building. George W. P. Hunt, Arizona's first governor, commissioned Webb to build his distinctive pyramid-shaped tomb. Webb also completed several landmark buildings for Phoenix businesses and an [unprofitable](#) dance hall joint venture. With some [audacity](#), a tiny branch office was opened in Los Angeles in 1937 to accommodate a high school project there; the geographic influence of his company gradually grew.

Del Webb's reputation gained [stature](#) from such challenging and prestigious projects, and through his own personal influence he had established himself as one of Arizona's largest contractors by World War II. However, he still hadn't attained the capital required for the bonding requirements of large federal projects. The White Miller Construction Company, a road-building firm, entered into a joint venture with Webb, helping him meet bonding requirements and also supplying certain types of expertise. The arrangement soon showered the Del E. Webb Construction Company with dozens of government jobs, including three major military bases; civil projects such as gas stations kept coming. President Roosevelt's controversial internment of Japanese Americans created a challenging order for quick construction of a huge relocation camp the size of an entire city. Webb completed the project at [breakneck](#) speed.

The new scale of operations required Webb to make several changes. In 1941, the company moved out of its severely cramped quarters into a [spacious](#) new building. The company also built itself at every building site portable office buildings, standardized in order to smooth administration. Del Webb organized personnel and procedures in a similar fashion. His travel and shoulder-rubbing demanded increasing amounts of his time, so in 1943 he appointed L. C. Jacobson, a trusted employee, to look after the home front, making him a 25 percent partner.

Concern over the cyclical nature of construction spurred the company to [diversify](#) in the postwar economy. It bought Master Products, a leather goods and filing equipment company, and invested in photography and petroleum. Webb bought a share in the New York Yankees in 1945. He gave away greatly coveted Yankees game tickets to potential clients as premiums, which allowed him to [bask](#) in a constellation of influence. After 20 years, however, the ball club was sold to CBS for \$14 million. Later diversions into sports included sponsoring an Indy race car in the early 1960s.

Webb's defense work brought him into contact with one of the most unique Americans of the century, the secretive tycoon Howard Hughes. The Del Webb Company was hired to build an addition to the Hughes Aircraft Company plant in 1950. The scarcity of materials during the Korean War proved another [hurdle](#) successfully cleared, which boosted the company's reputation. Webb built several plants for Hughes.

The company constructed apartments and hospitals, including the mammoth St. Joseph's in Phoenix, built at the beginning of the 1950s, a decade of explosive growth for Phoenix. It also entered into a new area of operations--planned communities--beginning with the 700-unit Pueblo Gardens on the outskirts of Tucson. San Manuel, a company town built for [Magma Copper Company](#), followed. It required Del Webb to



Del Webb: Information and Much More from [Del Webb](#)

build streets, stores, parks, and infrastructure as well--all in the middle of the desert.

The company's out-of-state work also thrived during the postwar period, as manufacturers expanded out of their old facilities ([Kraft Foods](#)) or ordered new facilities to reduce cross-country freight costs (Pabco Floor Covering; Self-Locking Carton Company). Del Webb's matchmaking skills helped produce a joint venture that foreshadowed the "industrial ecology" movement by decades. The Self-Locking Carton Company harmonized operations with the Diamond Match Company in the Integrated Forest Products Manufacturing Plant in Red Bluff, California, resulting in a [pinnacle](#) of efficiency. Besides egg cartons (made of [newsprint](#) recycled at the plant) and matches, paper plates and lumber were also produced at the factory, itself partly made of wood.

Numerous hotels were also built and cofinanced by Del Webb during this period, including Webb's own Highway House motel chain. The firm's expansion required increasing amounts of capital, and on December 8, 1960, the company was incorporated as the Del E. Webb Corporation in an offering worth \$12 million. This year also marked the dawn of a brilliant new phase in Del Webb's history: the opening of the first Sun City and the beginning of its full-force involvement in residential and commercial property development.

Ben Schleifer, a Russian émigré, is credited with developing the first community designed for senior citizens, Youngtown, northwest of Phoenix. A number of executives shuttled the concept through the Del Webb Corporation, where it grew quite different from Schleifer's community. Sun City would offer a relatively affluent generation of retirees "activity, economy, and individuality," according to Tom Breen, one of the project's first sponsors. Built around the remains of a 20th-century ghost town, [Marinette](#), Arizona, the project featured a recreation center, golf course, swimming pool, and shopping center--all finished before the first houses were sold. New Year's Day 1960 was the day of the impressive grand opening; turnout was ten times the expected 10,000, and 237 houses (worth over \$2.5 million) were sold in the first weekend. Sales steadily surpassed expectations, and the community grew. Eventually a hospital was built, providing another important selling point. Other Sun Cities soon sprouted up across the Sun Belt: first a small, 150-unit community in Kern City, California, then one south of Tampa, Florida, in 1962. However, these clones did not meet the success of the original, in part due to lower visibility (the Tampa location was somewhat isolated from the main thoroughfares). A fourth Sun City between San Diego and Los Angeles actually outperformed its model but suffered setbacks due to a strike.

The success of the complicated project, a work of many hands, enhanced Del Webb's personal reputation even more, garnering him a *Time* magazine cover and a place as spokesman for his vision of active retirement living. In spite of this type of popular identification, the company continued to pursue government contracts such as missile silos. The company began to venture into the international arena, losing money on Central American infrastructure projects. The Del Webb Corporation located its new headquarters in a glittering 17-story building, the first erected in what was to become a new financial center for Phoenix.

Del Webb: Information  
In the 1960s, hotel and casino development also became a highly visible part of Del Webb's blend of projects. The company had built one of the early Las Vegas hotels, the Flamingo, in 1946.

One of its owners, mobster Bugsy Siegel, was murdered in Beverly Hills just weeks after its grand opening. According to Webb, he didn't know his client's notoriety when he began the project. But he noted Siegel paid for the work quickly, in cash. The Flamingo was designed to [astonish](#) visitors when it was built, but its 100 rooms seemed [quaint](#) after Del Webb built the 1,000-room Sahara two decades later. Observers noted the casino business gained a measure of respectability from Del Webb's presence. The company headquartered its Hotel Group in the Thunderbird Hotel after acquiring it in 1964.

Gaming and leisure, enhanced by convention activity, dominated Del Webb's balance sheet and seemed an expanding industry. The company developed casinos and resorts outside of Las Vegas, including the Sahara Tahoe, the Mountain Shadows and TownHouse in Arizona, and the Fresno TowneHouse. Nevertheless, the group's most prestigious properties, such as the Mint in Las Vegas and the Primadonna Club in Reno, were located in Nevada.

By 1978 Del Webb was known as the largest gaming company in the world. Its success in this arena made it an attractive takeover target for Frank Sinatra, his attorney Milton Rudin, and newspaper publisher Harry Greenspun. However, the Hotel Group met its Waterloo in New Jersey with the purchase of the President Hotel site on the Atlantic City boardwalk and the purchase of a share in the Claridge Hotel. The President Hotel was nearly full when Del Webb took over with plans of building a new casino in its place, and plans for relocating the residents caused some initial public relations problems. Billing itself as "a corporation with a conscience," the company helped elderly residents find alternative housing and provided some financial assistance. Although the building was emptied six months later with the company's image intact, financing difficulties scuttled the plan and the building was sold.

Del Webb kept the Claridge Hotel after dipping deeply into its considerable credit (including the first revolving credit for a developer) for its restoration. However, the effort was besieged by increasing interest rates and construction costs. A bloated (compared to Nevada's) and seemingly hostile [bureaucracy](#) stalled the casino's licensure in a costly investigation of dozens of executives. The Claridge was sold in October 1983 as part of a company-wide belt-tightening that laid off thousands at Sun City and sold many other properties.

To organize this [restructuring](#), Robert K. Swanson was elected president and chief operating officer in 1981, after the retirement of Bob Johnson, a company veteran who had served as president for three years and served as CEO after Del Webb himself left the post in 1973 (remaining as board chairman). Johnson had succeeded Webb as chairman of the board as well as president when the health-conscious Webb--his desk sported a "No Smoking" sign--died on July 4, 1974, due to complications related to cancer treatment. Johnson also headed the Del E. Webb Foundation, a charitable

organization founded in 1961.

Swanson sold several recreational properties in order to cut the company's massive debt. Philip J. Dion joined Del Webb in 1982 as senior vice-president for finance, a critical position. Eventually, he and Swanson came to believe that the company's best chance for survival lay in dissolving the casino and hotel group, which, until the New Jersey venture, had been profitable. Fortunately, the success of most of these properties helped them sell, as did a recovering economy. Del Webb also took advantage of a unique tax [loophole](#) allowing it to buy millions of dollars worth of tax losses from Alaska Native Corporations, benefiting the company by \$27.5 million between 1985 and 1987.

However, in 1987, crisis struck again after the stock market crashed in late October. Robert Swanson retired and Phil Dion took over almost immediately as chief executive officer. Again, a plan to reduce debt by liquidating assets was enacted, and the company began concentrating exclusively on its retirement communities, since the hotels and casinos would require too much capital to maintain. The property management division of the company was also liquidated.

The Del Webb Corporation emerged from these difficulties as a more focused company, and its Sun City developments performed well. The original met its goals of 25,000 dwelling units and 50,000 residents in 1978, reaching a cost of nearly \$1 [billion](#). Sun City Las Vegas proved even more profitable than the [wildly](#) successful original. By 1995 over 50,000 residences had been built in seven developments in five states. A new development with a more affordable product line--the Sun City MacDonald Ranch--was planned for the Las Vegas area. However, a weak economy dampened the success of its southern California project, Sun City Palm Desert.

In the 1990s the company expanded upon its core business, venturing into less exotic areas than its previous [diversification](#) efforts. Coventry Homes, acquired in 1991, competed in the conventional residential construction market, and Terravita, located in North Scottsdale, offered a planned community setting to people of all ages. Both performed well. In fiscal 1995 Coventry boasted 921 closings, an annual increase of 57 percent. More than half of the available Terravita homes (723) were sold within a year and a half of the development's opening in November 1993. A similar, but much larger, planned community known as the Villages at Desert Hills was planned for Phoenix.

Del Webb seemed well prepared for the 21st century. In 1995 annual net orders rose almost 400 units to 4,534; revenues leaped almost \$300 million to \$803 million. At the same time, the average sale price for its new homes grew 18 percent. A \$45 million common stock offering in August 1995 helped reduce the company's debt. The fastest-growing segment of the U.S. population in the 1990s--adults aged 55 and over--was predicted to peak in 2010 as the baby boom generation reached retirement age. As Phoenix and Las Vegas, the company's home territories, continued in their above-average rates of growth, Del Webb entered a new frontier with Sun City Hilton Head, located near the South Carolina coast.

## Principal Subsidiaries

Coventry Homes.

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— *Frederick C. Ingram*

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**Delbert E. Webb** ([May 17 1899](#) - [July 4 1974](#)) was an [American construction](#) magnate, [real estate developer](#) and sports-team owner who is significant for founding and developing the [retirement community](#) of [Sun City, Arizona](#). He was born in [Fresno, California](#) and dropped out of high school to become a carpenter's apprentice. At the age of 28, he suffered [typhoid fever](#), and as a result moved to [Phoenix, Arizona](#) to recover. In 1928, he began his namesake company which was a construction contractor. He received many military contracts during [World War II](#), including the construction of the [Poston War Relocation Center](#) near [Parker, Arizona](#), Arizona. Poston imprisoned over 17,000 Japanese Americans and at the time was the third largest "city" in Arizona.

He was associated with [Howard Hughes](#) and golfed with Hughes, [Bing Crosby](#), [Bob Hope](#), and [Robert](#) and [Barry Goldwater](#).

A lifelong baseball fan, in [1945](#) Del Webb and partners [Dan Topping](#) and [Larry MacPhail](#) purchased the [New York Yankees](#) team in [Major League Baseball](#) for \$2.8 million. After buying out MacPhail in October [1947](#), Webb and Topping would remain owners of the Yankees until selling the club to [CBS](#) during the [1964](#) season.

In 1948 in [Tucson](#), Arizona, Webb was contracted to build 600 houses and a shopping center called Pueblo Gardens. This was a prelude to [Sun City](#), Arizona, which was launched [January 1, 1960](#) with five models, a shopping center, recreation center and golf course. The opening weekend drew 100,000 people, ten times more than expected, and resulted in a [Time Magazine](#) cover story.

Webb also developed a chain of motor hotels under the [Hiway House](#) name, and built the [Las Vegas Flamingo](#) hotel for [Bugsy Siegel](#). He later opened his own casinos, the [Sahara](#) and [The Mint](#). Del Webb Middle School, in [Henderson, Nevada](#), opened in 2005.

Webb died at age 75 in [Rochester, Minnesota](#) following surgery for [lung cancer](#), less than two months after Topping's death.

# Del Webb makes history, again

## Builder opens 2 more Sun Cities in Valley

ANNIE BOON  
DAILY NEWS-SUN

Sun City, AZ has the distinction of being Del Webb's first active retirement community, but now 46 years since its inception, Sun City is no longer in a league of its own.

"Sun City communities have evolved in the Valley and have seen quite a transformation from the first Sun City to Sun City Festival, which we're opening in early 2006," said Jacque Petroulakis, state director of public affairs for Pulte Homes and the communities of Del Webb.

"But the original Sun City is talked about internationally. The community is a tremendous prototype."

Sun City opened in 1960, created by carpenter-turned-entrepreneur Del E. Webb of Fresno, Calif.

Sun City West followed in 1977, reaching full capacity by 1998. Sun City Grand opened in Surprise in 1996, and is close to being built out.

And Arizona is making history again — for the first time in Del Webb history, two new Sun Cities are opening in the same metro area during the same year, Petroulakis said.

Sun City Festival opens for sales in Buckeye this year, and within a multi-generational Del Webb community, Sun City Anthem at Merrill Ranch will open in Florence.

"This is an indication the market is very healthy for the active adult community, their desirability and their opportunities for the future," she said.

"Sun Cities will continue to be the bulk of our business for the Del Webb brand. They will continue to be popular, and we continue to tweak and modify them to suit the needs of today's active adults."

There are 41 Del Webb communities open for sale in 16 states. Twenty-one new Del Webb communities are

springing up across America through late 2006, just as much of the aging Baby Boomers will be making the transition into retirement living.

More than 44 million Americans today are between the ages of 55 and 75, and with the aging Baby Boomers, that number is expected to grow to 80 million by 2020, said Richard J. Dugas, Jr., president and CEO of Pulte Homes.

"When we look at results from this year's Del Webb Baby Boomer survey, that at least half of them say they plan to buy a home for retirement, we think interest from this segment of the market for active adult communities in general, and Del Webb specifically, is going to be strong for some time," Dugas

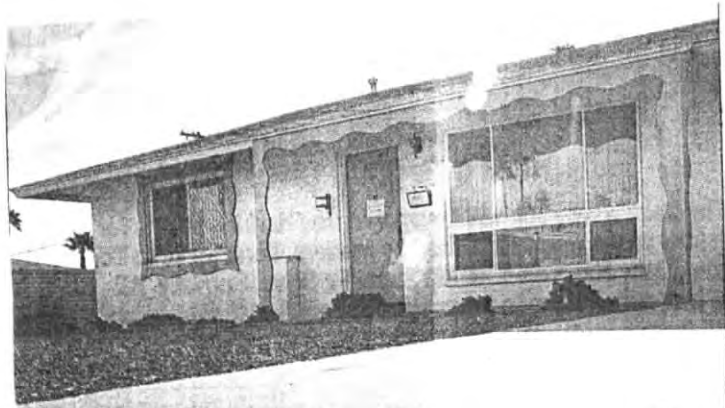
said. "We're in a great position to continue to deliver the high-quality, vibrant communities that active adults expect from Del Webb."

By 2000, the Del Webb Corp. had opened 13 active adult lifestyle communities with more than 80,000 homes. In July 2001, Del Webb Corp. merged with Pulte Homes to create the nation's largest homebuilding company.

Pulte Homes currently has Sun City, Solera and "by Del Webb" branded communities open for sale or in development in 20 states.

The new communities range in size from 350-plus homes to large-scale communities of 7,000 or more

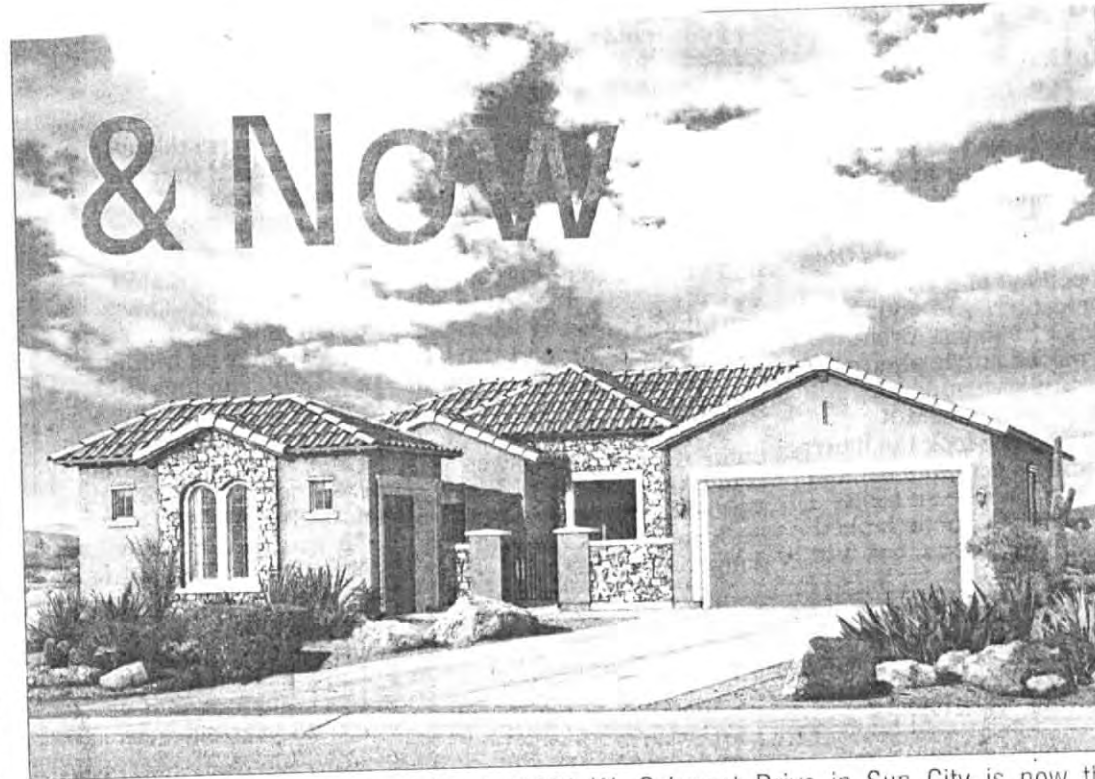
**See SUN CITY, A5**



# Then



STEVE CHERNEK/DAILY NEWS-SUN



Del Webb's first model home, left, at 10801 W. Oakmont Drive in Sun City is now the headquarters of the Sun Cities Area Historical Society. Above is a rendering of the Tuscan model for Del Webb's Sun City Festival in Buckeye.



# SUN CITY: Webb reaches out to Baby Boomers

## From A1

homes. Combined, the 21 new communities are expected to account for approximately 42,000 homes at ultimate build-out, according to Del Webb/Pulte Homes.

"The new communities on the surface look very different — bigger, more luxurious homes, amenities that are state-of-the-art, very unique and unprecedented," Petroulakis said. "But what every one of the communities has is a commitment to lifestyle. What hasn't changed is that the people create the community."

Del Webb communities are branching out to include residents of all ages, such as Arizona's Fireside by Del Webb at Norterra which will open for sales this year. And Del Webb's new country club community concept began in 2002 with Corte Bella, the first active adult gated country club located just north of Sun City West. Corte Bella features 1,850 homes, sports and golf clubs, a day spa and a social club.

"(Corte Bella) has been a very successful community. It's served a niche market very well," Petroulakis said. "By no means are we looking to replace Sun Cities, but with the Baby Boomer population skyrocketing by 2020, we need to look at many different types of Del Webb communities."



This is a rendering of the Ranch model for Sun City Festival, opening this year in Buckeye.

Though once thought built-out, Del Webb's original Sun City is growing with two new developments on the horizon. Namwest LLC's plans are under way to build 140 single-family homes on the vacant land next to Sunland Mortuary off Sunland Drive and Del Webb Boulevard. The subdivision is tentatively dubbed "Sun City Manor." The company is aiming to break ground within the next year when buyers may begin purchasing lots, according to Namwest officials.

Vision 5 Development is constructing Riverwalk Village, a complex with 257 condominium units in 12 floor plans and a retail village at

the northeast corner of 99th and Olive avenues, said Carl Bommarito, president of Vision 5. The company plans to break ground on the project in about a year, he said.

For information about Sun City Festival in Buckeye, call 866-450-9322.

For more information about Del Webb

## FYI

- Average age of current Del Webb resident: 62.
  - Average age of current Sun City, AZ resident: 73.5.
  - Number of people per Del Webb household: 1.8.
  - Total residents living at Del Webb communities currently open for sale: 87,000 (as of Dec. 31, 2004).
  - Range in price of Del Webb houses: \$124,000 to \$674,000.
- Source: Del Webb/Pulte Homes, Inc., Recreation Centers of Sun City.

communities, visit [www.delwebb.com](http://www.delwebb.com).

For information about Sun City Manor, call Namwest LLC at 602-344-4600, Ext. 116.

For information about the Riverwalk at Sun City condominiums, call Vision 5 Development at 480-837-9300.

Annie Boon may be reached at 876-2532 or [aboone@aztrib.com](mailto:aboone@aztrib.com).

## R.K. Swanson, former Del Webb executive

By Glen Creno  
The Arizona Republic

Robert K. Swanson, the executive who helped launch the Del Webb Corp.'s corporate makeover in the 1980s, died June 14 in Phoenix. He was 72.

Swanson, formerly an executive with General Mills and the Greyhound Corp., became Webb's chief executive in 1981. Webb, known for its Sun City retirement communities, was a different company then, with hotels, casinos, the Sun City franchise and such diverse holdings as marinas, shopping centers and medical facilities, according to a company history.

The book, *Del Webb: A Man. A Company*, says Swanson launched a reorganization that sold assets to pay down debt. He also revamped Webb's management, helping point the company toward a more focused identity that is now the retirement-community division of Pulte Homes.

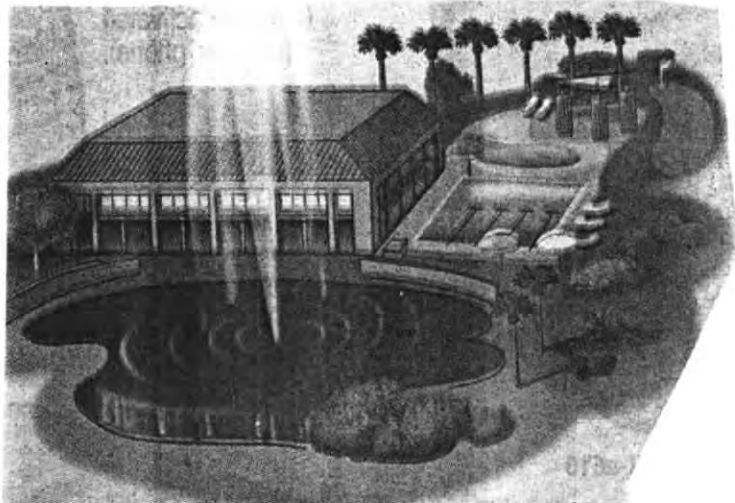
Swanson left Webb in 1987. Most recently, he was a partner in Bright Star, a master-planned community in Chino Valley.

He was born Aug. 11, 1932, in Rapid City, S.D. He graduated from the University of South Dakota and was a Fulbright Scholar at the University of Melbourne, Australia.

Swanson was a resident of Paradise Valley, Prescott and Thursley, England.

He is survived by his wife, Nancy Oyaas Swanson. He also is survived by three children: Cathryn Lynn Fleming of London, Robert Stuart Swanson of London, and Bart Killen Swanson of Germany. He also has five grandchildren.

A memorial service was held Wednesday. Memorial contributions can be made to either the R.K. Swanson Memorial Fund, in care of Trinity Cathedral, 100 W. Roosevelt St., Phoenix, AZ 85003; or to the Arizona Cancer Center, P.O. Box 32743, Phoenix, AZ 85064.



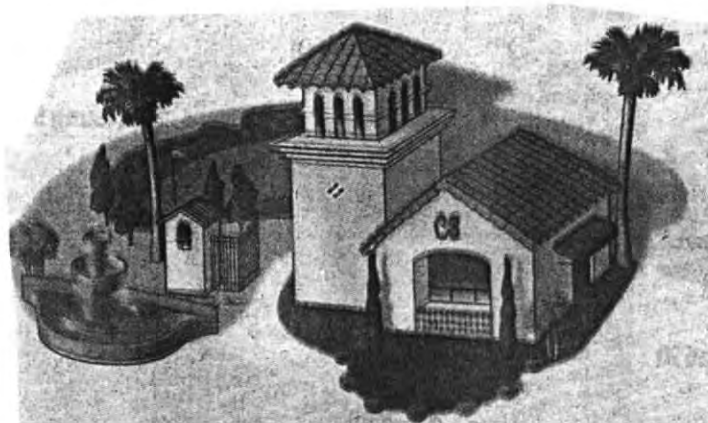
## Sun City Grand



Four golf courses, state-of-the-art fitness centers, pools, clubs and classes, hiking and biking, and a tennis pavilion bring people together here.

Sun City Grand is a community for people with a passion for trying new activities and exploring all that life has to offer. This lush, resort-like setting truly offers something for everyone, and a great many things you've always wanted to try.

Active adults age 55 and better  
20 home plans from the \$180s  
1-800-341-6121  
Grand Ave. 3 miles north of Bell Rd.



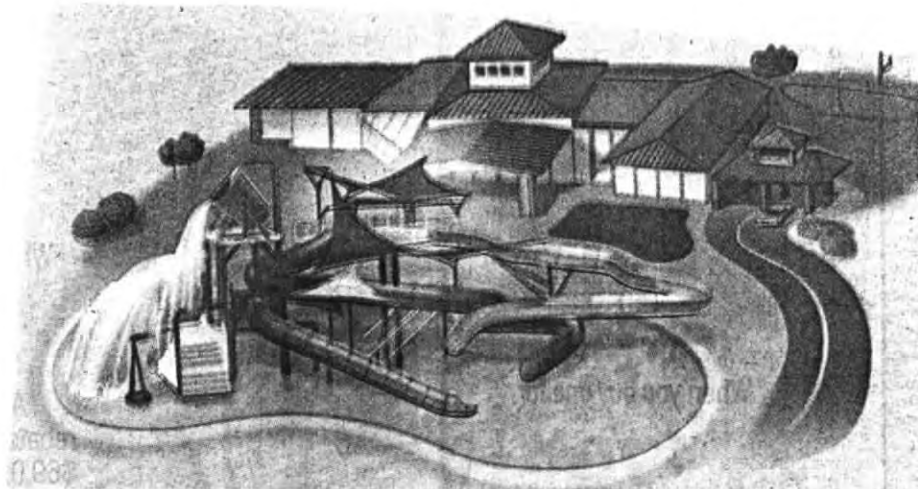
## Corte Bella



Inspired by the laidback feel of Santa Barbara, Corte Bella is the first unstuffy country club for active

adults. A country club that's about people, not status. Colorful tile mosaics, sun-dappled courtyards and Spanish-inspired architecture lend a relaxed air to golf, fitness, tennis, pools, and dining.

Active adults age 55 and better  
10 home plans from the \$180s  
to more than \$300,000  
1-877-633-5932  
Bell Rd. to El Mirage Rd., then north  
(to Deer Valley Rd.)



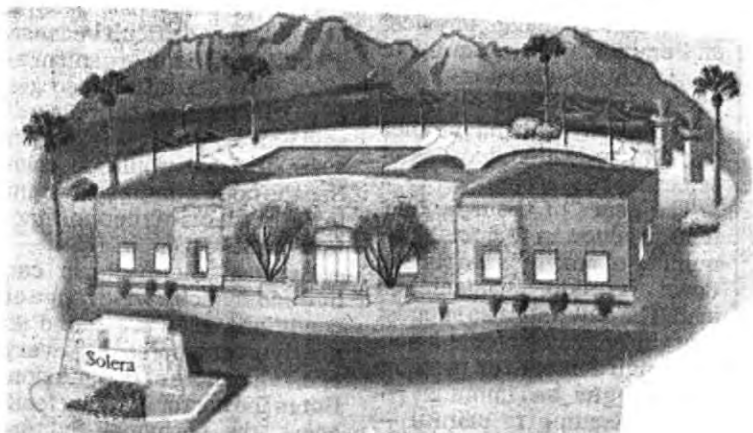
## Anthem



The 400,000-gallon Big Splash Water Park, two spectacular 18-hole championship golf courses,

mountain and Valley views, a sprawling community center with full-court basketball, and a private gated country club have made Anthem one of the nation's most nationally recognized all-ages communities. Voted Best Master-Planned Community in America in 2001 by the National Association of Homebuilders.

All ages welcome  
Homes from the \$170s  
to more than \$800,000  
1-888-2DEL-WEBB  
I-17 ten minutes north of the Loop 101



## Solera



Community here is defined by big-hearted people and small-town charm in an intimate setting for active

adults. Many residents here still choose to work, some full time. The nearby San Tan Mountains loom large, creating a stunning backdrop to 18 holes of golf, a sun-splashed fitness center, resort-style pool and spa, tennis courts, clubs and classes, a library, and more.

*Active adults age 55 and better  
10 home plans from the \$180s  
1-866-765-3725*

*I-10 east to Riggs Rd., just past Gilbert Rd.*



## Peralta Trails



The appeal of living next to the Superstitions, one of Arizona's most celebrated mountain

ranges, is drawing young families and active adults alike to this peaceful neighborhood. The Superstitions soar overhead, offering up miles of natural hiking and biking trails. A planned community center will complement this secluded Gold Canyon setting, where there isn't a single streetlight to disturb the nighttime ambiance.

*All ages welcome  
6 home plans from the \$120s  
1-800-782-2199  
US 60, 1 mile east of Kings Ranch Rd.*



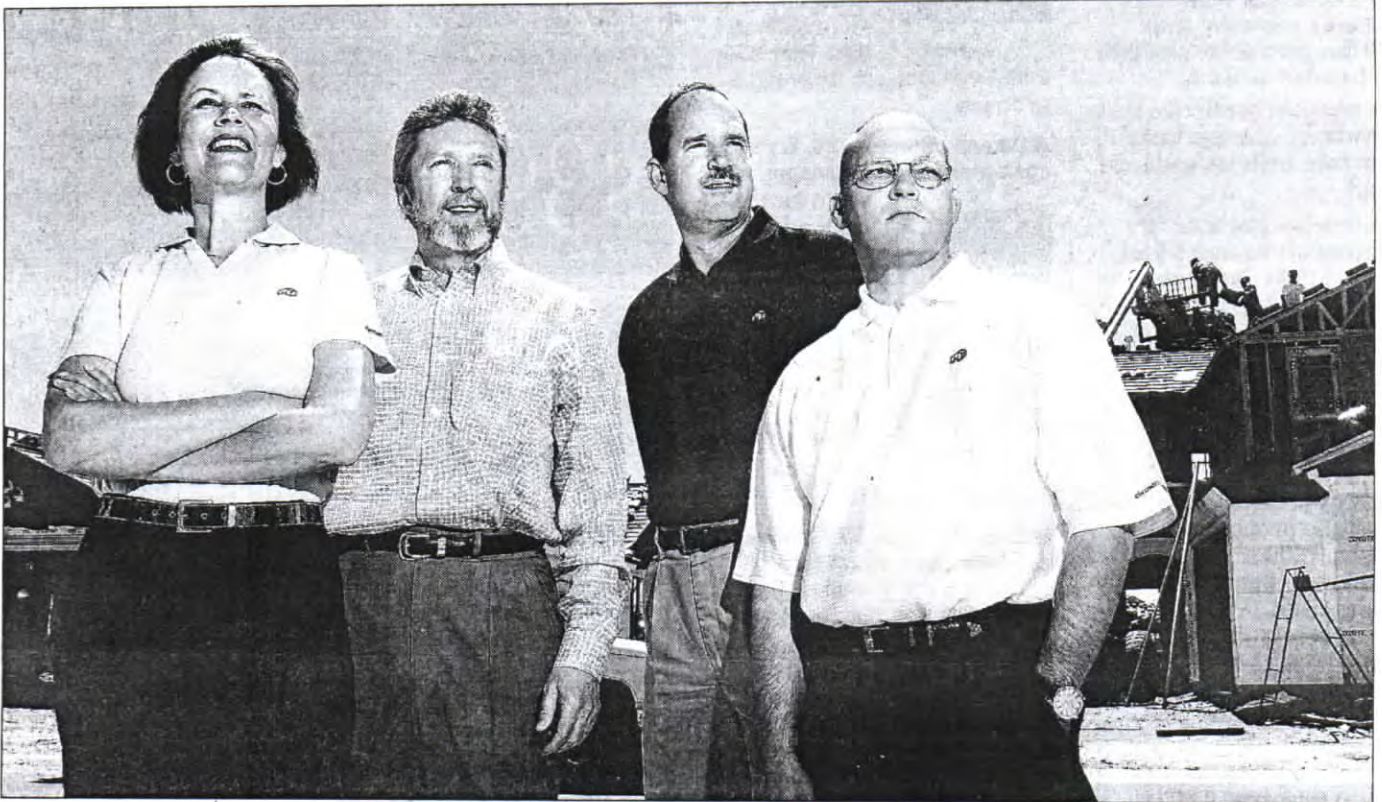
## Solera at Johnson Ranch\*



This gated small-town setting for active adults is nestled in the foothills of the San Tan Mountains of the scenic East Valley. An 18-hole public golf course winds through the community, which offers many "view" homesites. Del Webb occupies a private, secluded niche within a larger Johnson Ranch master plan, and is convenient to shopping and restaurants.

*Active adults age 55 and better  
4 home plans, models opening this fall,  
from the \$160s  
1-800-810-1198*

*US 60 East to Ellsworth Rd,  
south to Hunt Hwy., then east.*



Nick de la Torre/The Arizona Republic

Element Homes executives Susan Williams (left), vice president of sales; LeRoy Hanneman Jr., chief executive officer; Mike Jesberger, executive vice president; and Scott Peterson, chief operations officer, are all ex-Del Webb executives.

## New home developer built by veterans

By Catherine Reagor Burrough  
The Arizona Republic

Element Homes is a newcomer to Greater Phoenix's housing business. But its founders are veterans of the area's competitive home-building market.

The company was started by former Del Webb Chief Executive LeRoy Hanneman Jr. and Sun City Grand executive Scott Peterson last fall.

During its first six months of operating, the builder sold 275 homes, which puts it on track to be one of Greater Phoenix's top 20 home builders this year.

"The home-building business is the same for us now," said Hanneman, who

left Webb when Pulte bought it out in 2001. "We are just working with a scaled-down version."

Del Webb is known for its large Sun City and Anthem developments across the country. It sold more than 2,000 Valley homes annually when Hanneman ran it.

Element started building in Sunbelt Holding's Power Ranch in the southeast Valley last December. But earlier this year, the builder bought its own planned development.

Element paid \$24 million cash to buy Sonoran Mountain Ranch in Peoria, said Nate Nathan of Nathan & Associates. That project, near 67th Avenue and Happy Valley Road, now has more than 700 acres.

The Valley's expanding home-building market attracts dozens of new builders every year. But many fail because they are not able to buy lots in popular developments or purchase huge tracts on their own.

Hanneman stayed out of the home-building business until his non-compete clause with Pulte expired. When he formed his company last year, dozens of former Del Webb employees contacted him.

Now, Element has about 40 employees. One-third of staff all worked for Webb at some point.

The builder is also selling homes in Gilbert's Spectrum Estates development. Prices range from \$190,000 to \$350,000.



Photos by Jack Kurtz/The Arizona Republic

Brendy Schupp, an intern at the T.W. Lewis Co., inspects a home Friday in Estrella Mountain Ranch in Goodyear.

# Building a profession

## Construction interns on the job

By Erica Sagon  
The Arizona Republic

Brendy Schupp taps the toe of his tennis shoe on the chipped tip of a floor tile.

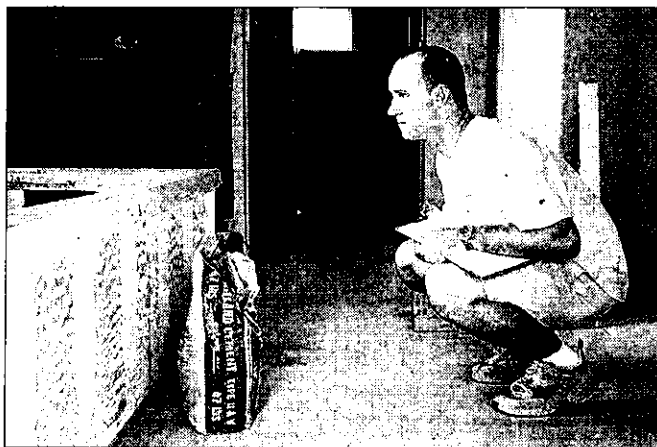
He's poised proudly over his discovery at a home under construction in the West Valley. If he hadn't caught the tiny nick now, it would be a difficult repair when the abutting carpet is laid.

As an intern for builder T.W. Lewis, Schupp catches gaffes so homeowners don't have to. He also coordinates schedules for the company's trade partners, such as plumbers, electricians and tile contractors.

Schupp is one of 50 Arizona State University students to complete a required internship for the Del E. Webb School of Construction.

Two years ago, the school responded to an industry request that every student complete a field internship after his or her sophomore year, according to Matthew Eicher, manager of industry relations for the construction school.

The Valley's decades-long building boom has made construction a lucrative career, but before the 1980s, many construction executives didn't attend college, instead learning by trade. Now, the first group



Schupp catches flaws in construction so that homeowners don't have to.

**"More and more companies are using internships as a recruitment tool."**

— Matthew Eicher  
Manager of industry relations, Del E. Webb College of Construction

of eligible students from ASU is getting hands-on experience at companies such as Fulton Homes, Devcon Construction and Hunter Contracting.

"More and more companies are using internships as a recruitment tool. That wasn't always the case before. There was so much opportunity out there," Eicher

said. "Now, we see three out of four students go with the company they interned for, if it was a positive fit for both of them."

Construction companies are looking to hire graduates who have practical experience. Schupp's résumé will boast three summer jobs by the time he graduates. His internship with T.W. Lewis has shown him the realities of time management and communication, issues that seem vague when discussed in class.

"It's almost like a perfect world in the book," said Schupp, a junior. "They never discuss the problems. Every time you have a problem, it's unique."

Schupp has become a liai-

### Del E. Webb School of Construction

**Enrollment:** 480, up from 209 students in 1989.

**Graduates' average starting salary:** \$45,000.

**Careers:** About 20 percent of the school's graduates are owners or executives of building firms.

son between homeowners and subcontractors at the 98-home Emerald Greens community in Estrella Mountain Ranch in Goodyear. After discovering problems, Schupp schedules repairs. Although he started as an intern in March, he was promoted to assistant supervisor with some managerial duties.

This is the first time T.W. Lewis has hired an intern, said Nick McKee, vice president of operations.

"When I've talked with the students at the Del Webb school, a lot of them have said they don't know specifically what kind of construction they want to get into when they come out of there," McKee said.

Internships help students narrow their focus to one of the school's areas of concentration: residential, commercial, heavy highway or mechanical and electrical fields, Eicher said.

10



Christine Keith/The Arizona Republic

Former Del Webb CEO LeRoy Hanneman is launching a new home-building company, Element Homes.

# You can build homes again

## Former Del Webb executives launch new company

By Catherine Burrough  
The Arizona Republic

Former Del Webb Chief Executive LeRoy Hanneman has jumped back into the Valley's home-building business.

The 30-year veteran of the housing industry is teaming with another veteran "Del Webber," Scott Peterson, to launch Element Homes.

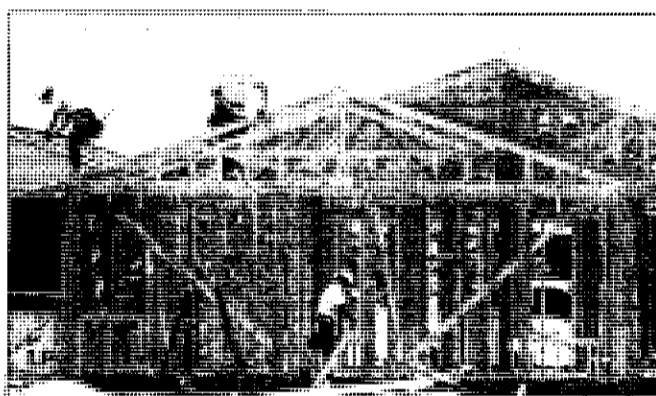
The duo, who recently began acquiring land, want the business to construct 500 homes annually in the next few years.

Pulte, which acquired Del Webb in 2001, built more than 3,000 homes in metropolitan Phoenix last year.

Hanneman left Webb when Pulte bought out the Sun City developer. He took a multimillion-dollar severance package. Hanneman had a non-compete clause with Pulte that recently expired.

Peterson, who ran Sun City Grand, was promoted to head of Pulte's Arizona operations before leaving the firm late last year.

"At first we were concerned we might have missed the market, but home building is the one part of the economy still going strong," Hanneman



Michael Chow/The Arizona Republic

New homes, such as this one being built near Queen Creek, have continued to spring up across the Valley.

### No sign of slowing

New-home building and sales in the Valley during the first three months of this year were ahead of last year's record-breaking pace.

Valley-wide comparisons for the first quarter

	2002	2003	Percentage change
New subdivisions	702	802	14.2%
Sales	8,870	10,472	18.1%
Average price	\$161,775	\$176,632	9.2%
Average size	1,937 sq. ft.	2,010 sq. ft.	3.8%

Source: Meyergs Group

Tony Bustos/The Arizona Republic

said. He also said he missed the "entrepreneurial side of building" when he was running a big firm with thousands of employees.

Element is starting with four subdivisions in Gilbert. Plans call for it to start construction on models this summer and begin sales around Thanksgiving.

The company is starting with mid-tier homes, priced above the affordable side of the market but not quite at the luxury level.

Despite the sputtering economy, home building remains hot in greater Phoenix.

So far this year, R.L. Brown puts single-family

**"At first we were concerned we might have missed the market, but home building is the one part of the economy still going strong."**

— LeRoy Hanneman  
Launching Element Homes

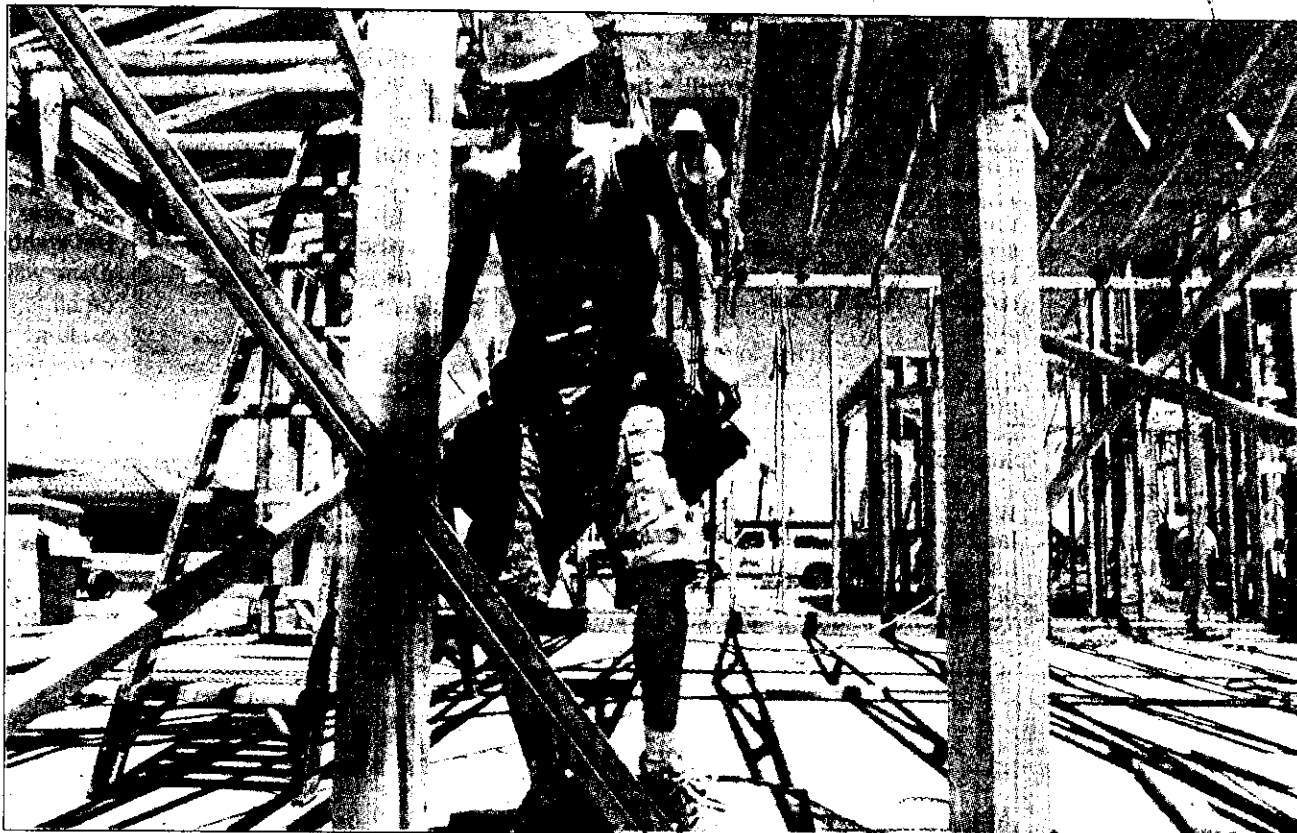
home permits almost 14 percent ahead of last year's record pace for the same time frame.

The Meyers Group tallied an 18 percent increase in Valley new-home sales for the first quarter of the year.

The parent firm of Element, Hanneman Group, is also developing 700 acres of land in Peoria. Housing is part of the development plan, but Hanneman plans to sell other land to commercial developers.

The company, which is looking to also build homes in Sacramento and Las Vegas, has offices in Phoenix's Gateway Center, near Van Buren and 44th streets. Hanneman and Peterson both have knowledge of those markets because Webb built large communities in the cities during their tenure.

# Del Webb division retired by Pulte



Jack Kurtz/The Arizona Republic

Another home is being built Wednesday in Del Webb's Sun City Grand Valley retirement community.

## Builder plans to keep name

By Catherine Reagor  
The Arizona Republic

Del Webb made Phoenix a mecca for seniors with three Sun Cities. But the once-prominent development company, acquired last year by Pulte Homes, is itself fading into retirement.

Michigan-based Pulte Homes will continue to put up communities touting the well-known Del Webb name. But the operation that had become synonymous with home building in metro Phoenix for 40 years is going away.

Pulte is collapsing the division named after legendary builder Del E. Webb into its other operations.

When it purchased Webb last summer, Pulte made the retirement-com-



Source: Pulte Homes, Del Webb Group

### Pulte's Del Webb developments

Del Webb housing developments are growing across the nation. Arizona has the most.

#### In other states

- Florida, north of Orlando.
- Illinois, near Chicago.
- South Carolina, Hilton Head.
- Texas, near Austin.
- Virginia, near Fredericksburg
- Massachusetts, near Cape Cod.
- New Jersey, near New York City.

#### In the Valley

- Anthem.
- Belasera, Scottsdale.\*
- Solera, Chandler.
- Sun City.\*
- Sun City Grand, Surprise.
- Sun City West.\*
- Terravita, Scottsdale.

#### Elsewhere in Arizona

- Sunflower, Tucson.
- Prescott Lakes, Prescott.
- Cottonwood Ranch, Cottonwood.

\*Development is completed

Belinda Long/The Arizona Republic

munity developer a separate division with its own management, strategy and offices.

"Pulte will continue to tinker with Del Webb until it can absorb the company," said Carl Reichardt, a home-

building analyst for Banc America Securities.

"As a business organization, Del Webb goes away," said its former

See WEBB Page D2

OVER



From Page D1

president, Anne Mariucci. "But as a brand and product, it's as strong as ever."

Mariucci is staying with Pulte, but will become senior vice president of strategic planning for the nation's biggest home builder. Given the choice to remain in Phoenix or move to Pulte's corporate headquarters in Bloomfield Hills, Mich., she has opted to remain in the Valley, but will report directly to Pulte's Chief Executive Officer Mark O'Brien.

"The Del Webb name will stay on all communities it's on today, and we will continue to expand the brand across the country," O'Brien said. But the Sun City name is on the shelf for now, except for Pulte's large developments, those of more than 1,000 acres.

"Pulte paid a price for the Del Webb name and its people," housing analyst R.L. Brown said. "It wouldn't make sense not to keep both."

Pulte paid \$1.73 billion for Webb, primarily for its huge land inventories and Sun City name. But it doesn't have any of the gigantic retirement developments planned, and in-



Jack Kurtz/The Arizona Republic

A sign advertises Sun City Grand, one of several communities developed in the Valley by Del Webb.



Del Webb ceases as a business organization, says former president, **Anne Mariucci.**



Pulte CEO **Mark O'Brien** says the Del Webb name will stay on all existing communities.

stead is putting up smaller projects.

"The Sun City brand still has swing with buyers in the Southwest," Reichardt said. "But a community format that huge isn't sustainable in every market."

Webb began to rethink its Sun City strategy a few years ago when its research showed that most of the 78 million baby boomers — those born from 1946 to 1964 — don't want to retire as their parents did. Some are looking for

smaller communities with amenities other than golf, while others want to retire closer to home.

Pulte is planning two of these scaled-down Del Webb developments in the Northeast. One will go up in Massachusetts near Cape Cod, and the other outside New York in New Jersey.

All of Webb's Arizona communities, including Sun City Grand and Anthem, will be folded into Pulte's new Arizona division run by former Del Webb veteran Frank Pankratz.

The division won't operate out of Del Webb's corporate headquarters in Phoenix, which housed hundreds of employees a few years ago. The upscale building near Paradise Valley is in escrow with a buyer, and many of the offices are already empty due to layoffs last year.

Pankratz is one of two former Webb executives to run a Pulte region. The other, Igor Noriega, is heading up its Southern California division.

"Things have worked out far better than expected," Mariucci said of the Pulte takeover. "Webb's business is performing better than a year ago."

DAILY NEWS-SUN

SATURDAY, MARCH 8, AND SUNDAY, MARCH 9, 2003

# Del Webb makes history — again

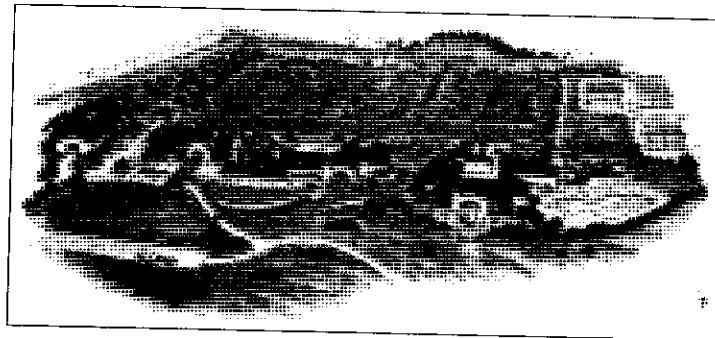
**ERIN REEP**  
DAILY NEWS-SUN

Del Webb made history in 1960 with its first retirement community, and now the brand is making history again with a new kind of community, says a spokeswoman for Webb, now a brand of Pulte Homes Inc.

Corte Bella, the brand's first country club community, will supplement the Sun Cities communities already synonymous with Del Webb. The community will be built north of Bell Road on Deer Valley Drive, adjacent to Sun City West.

"Corte Bella is a community that will be an addition to our very successful and vibrant Sun City communities," said Jacque Petroulakis of Del Webb.

Sales for Corte Bella homes begin March 15 for those who have participated



ARTIST RENDERING

With a maximum of 1,850 homes, "Corte Bella provides a more intimate, country-club style of living," said Jacque Petroulakis of Del Webb.

in an initial round of informational seminars, said Deborah Blake, director of marketing for Arizona Active Adult Communities. About 100 couples have been through the initial seminars, she said.

A second wave of seminars begins March 21 and 22, with a drawing on March 24 for opportunities to purchase

homes.

Blake said the reason for the seminars is so people are thoroughly informed about the community before they consider purchasing.

Corte Bella includes many of the amenities the Sun Cities are known for, such as an 18-hole championship golf course and a state-of-the-art

fitness center with spa-treatment rooms, lockers, spas, steam rooms and pools.

Corte Bella is unique in that it is a country-club community, a gated development with luxury homes, fountains and courtyards, according to company officials.

"Some people seek a community that (meets) different needs, has different offerings," Petroulakis said.

One misconception about Corte Bella is that it replaces the "Sun City" concept of a retirement community, Petroulakis said. Instead, the community is a "complement" to the Sun Cities within the Del Webb brand, Petroulakis said.

"Both communities offer different things for different needs," she said.

To register for an informational seminar, call 1-800-803-5043.

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© THE ARIZONA REPUBLIC TUESDAY, SEPTEMBER 17, 2002

# National Bank of Arizona buys Del Webb's ex-HQ

By Catherine Burroughs  
The Arizona Republic

Del Webb's opulent headquarters near the Arizona Biltmore in Phoenix will soon sport the National Bank of Arizona name.

The state's fourth-largest bank paid \$16.5 million for the offices

developed by now-defunct Western Savings. With granite walls and marble floors, the project cost nearly \$30 million in 1988.

National Bank plans to make the 148,000-square-foot property its corporate home and will consolidate other operations there.

"The size of the facility will al-

low for National Bank of Arizona's future growth," bank Chairman John Gisi said.

The building, 6001 N. 24th St., is being sold by Pulte, which bought Del Webb a year ago and has consolidated the Sun City developer's operations into its Valley offices. Only a few Del Webb employees

remain in the facility that the builder bought in the mid-'90s.

The deal, which closed Monday, was negotiated by Don Arones of Grubb & Ellis, Larry Downey of Cushman & Wakefield and CB Richard Ellis' Brad Anderson. The building has been on the market since late last year.

# Nonprofits expect corporate philanthropy to carry through

## BUYOUTS: New Webb owner continues community commitment

ERIN REEP  
DAILY NEWS-SUN

Restructuring of the company that purchased Del Webb Corp. last year isn't expected to have an impact on the Sun Cities — including the good will extended to local nonprofit groups.

Pulte Homes Inc. announced last week that Richard J. Douglas Jr. was confirmed as its new chief operating officer, and the company

is changing its field-operating structure. Its domestic operations are being grouped into 11 geographic areas; each local market will report to an area president. The 11 area presidents will report to Douglas, according to a Pulte press release.

Based in Michigan, Pulte acquired Phoenix-based Del Webb Corp. in August. Until now, Webb continued to function as a division of Pulte.

"The Del Webb division is going to merge with the existing Pulte divisions," said John Waldron, Webb's director of public affairs.

Instead of having two management divisions at the regional level, there will be one, he said.

"From an organizational standpoint, Del Webb does not function as a subsidiary any longer; they are fully integrated into Pulte Homes," said Valerie Dolenga, manager of corporate communications at Pulte's Michigan headquarters. "From a community standpoint, your homeowners aren't going to know the difference."

Richard Shelton, executive director of the Symphony of the West Valley, said Webb has been generous with concert sponsorships, grant funding and board participation.

"Del Webb has supported the

symphony for a long, long time. They've been a very integral part of our business."

"We do value Del Webb greatly; we do appreciate their support," he said.

"We have had someone on our board for six years," Shelton said.

Webb employee Ryan Peterson completed his term of service on the board in May 2001, and the board didn't ask for a new Webb representative to replace him, Shelton said.

"We understood that Del Webb's presence was going to be significantly reduced," Shelton said. "We didn't think to ask them to replace Ryan."

"My hope is that Pulte will maintain a community presence and support of the community to maintain the legacy of the Del Webb

Corp.," Shelton said.

That's the intent, Waldron said. Even though the company's structure has changed, Pulte plans to continue its involvement.

"The announcement is unlikely to have any large impact on the operation of Sun City Grand," Waldron said of the Surprise community Webb is building. "The same management team remains in place."

Waldron said Mike Jesberger, a 10-year Webb employee, will stay on as the community's manager.

"Since the Pulte announcement, there have really been no staffing changes in areas like customer service or construction," Waldron said. "So our customer has felt little impact from the merger."

Company officials also pledge the Del Webb name will be around for

marketing purposes.

"A good percentage of the reason for purchasing Del Webb was for the strong brand name," Dolenga said.

Birt Kellam, president of the Sundome Center for the Performing Arts Association, which has benefited from Webb personnel serving on its board, said using the Webb name is a wise move.

"I think that Pulte would never get rid of the name Del Webb — that's golden to the people who are retired," he said. "They certainly want that name."

Kellam also serves on the Del E. Webb Memorial Hospital board, as does Jesberger. Jesberger and Waldron also represent Pulte on the Sundome board.

Kellam said Webb had an unusually good relationship with

homeowners compared to many developers, and its name is well received by customers.

"Out here, there are truly hundreds and hundreds of people who are on their fourth or fifth Del Webb home," he said. Joe Davisson, chairman of the Sun City West Anniversary Committee, said Webb still has a strong presence in Sun City West, despite Pulte's purchase of the company.

"As far as we're concerned, they haven't pulled back with being involved with the community," he said.

The corporation is helping with the 25th-anniversary celebration being planned for the community, and Waldron is on the steering committee for the celebration, he said.

Daily News-Sun • Thursday, Feb. 7, 2002

# Webb opens community in Chandler

STAFF REPORT

The Sun Cities brand of retirement living is moving east.

Del Webb Corp. this weekend is opening Solera, a 606-acre, gated, retirement community in Chandler. The development is smaller than any of the West Valley Del Webb properties.

Plans call for approximately 1,150 single-family homes to be built in Solera, compared to Sun City Grand — the smallest Sun City in the West Valley — which will have closer to 12,000 homes when completed. Sun City Grand is approximately 4,000 acres.

Solera was originally known as Springfield Lakes, a retirement community by Pulte Homes. The Pulte merger with Del Webb in May 2001 provided the

opportunity to create a new retirement community, company officials said.

Like Sun City, which was the original Del Webb retirement community, Solera will be limited to those who are 55 and older and offer amenities such as golf, clubs and recreation centers.

But a lot has changed in 40 years, as Solera homes will highlight the latest in energy efficiency. New window types, along with high-tech heating and cooling units are geared toward saving residents money on their energy bills, company officials said. The new technology comes with a two-year energy guarantee, which refunds the difference if heating and cooling bills exceed an average usage determined by the builder.

Potential residents will get to pick from nine housing

models, which range in price from \$124,900 to more than \$217,900.

According to the company's Web site, by building smaller communities, Del Webb can concentrate on bringing the "active-senior lifestyle" it invented in the 1960s to more areas throughout the country.

In May, Pulte Homes merged with Del Webb to create the largest home builder in the nation. An agreement in the merger kept the Sun City name alive, and included more home choices for

residents.

Since 1960, Del Webb has sold almost 80,000 homes in the active adult market, most under the company's famed Sun City brand. Del Webb operates 10 such master-planned communities in nine markets, including Phoenix, Tucson, Las Vegas, California, Texas, Florida and Illinois.

Solera will host its grand opening this weekend from 9 a.m. to 5 p.m. Saturday and Sunday. The community is near Gilbert and Riggs roads in Chandler.

THE ARIZONA REPUBLIC THURSDAY, FEBRUARY 7, 2002

# Webb expanding to E. Valley

## Retirement community planned

By Catherine Reagor  
The Arizona Republic

Developer Del Webb is launching its first East Valley retirement community, but it won't carry the legendary Sun City name.

Called Solera, the 606-acre Solera project is planned near Gilbert and Riggs roads in Chandler.

Much smaller than any of Webb's amenity-laden retirement developments, plans call for Solera will have fewer than 1,200 houses. That's less than half the size of Surprise's Sun City Grand in the West Valley, which also is home to the original Sun City, and Sun City West.

Webb, which was bought by Pulte Homes last year, also is starting its first senior community in Virginia, called

Falls Run. The Fredericksburg development also is a scaled-down version of Webb's retirement community model.

Anne Mariucci, president of Pulte's Webb division, said these new projects tailor retirement communities to specific locations. She said Webb is considering two niche retirement projects in Las Vegas, where it has Sun Cities, and in Northern California.

Webb began to rethink its Sun City strategy a few years ago when its research showed that most of the 78 million aging baby boomers don't want to retire

like their parents. Some are looking for smaller communities with amenities other than golf, while others want to retire closer to home instead of moving to Sun Belt states.

Solera will have a golf course, a community center with fitness rooms, a spa, computer center, financial library, billiards and bocce court.

Dave Schreiner, Webb's vice president of planning, said that by building smaller communities, Webb can bring the active-senior lifestyle it invented in 1960 in Sun City to more areas.



## FREDERICK PAUL KUENTZ

Fred was born in Alameda, California, September 14, 1920, where he lived until 1942 when he enlisted in the Army Air Corps, later transferring to the Combat Engineers. He left the service in 1946 as a Lieutenant.

In 1943, Fred married Charlotte Kick in Alameda, California. They have one son, Frederick Stanton Kuentz.

Fred began a 37 year association with the Del E. Webb Construction Company in 1949 as director of electrical design and cost control. Moving to Phoenix, Arizona in 1951, he was involved with the construction of several industrial and electronics plants. As the corporation expanded, he gained experience in development and management of shopping centers, office buildings, medical centers, apartments, utilities, and a variety of other commercial enterprises including the Diamond Match Plant In Red Bluff, California, the Kansas City Athletics Ball Park in Kansas City, MO, the Kuilima Hotel on Oahu, Hawaii, and Chris-Town Center in Phoenix. He also was involved with Sun City Arizona in various capacities since its inception.

Fred served as Vice President of Del E. Webb Corporation's Property Management and International Divisions and became Senior Vice President of Corporate Operations in 1965.

He subsequently was appointed Executive Vice President and was in charge of the Development Group from 1967 until 1983, and was responsible for the construction of Oakbrook, a total planned community near Chicago, Rosenzweig Center in Phoenix, and the Prudential Plaza in Denver.

In 1983, he was appointed President of Del E. Webb Development Company and was responsible for the continuing growth of Sun City West. He served as Chairman of the Board and C.E.O. of DEVCO until his retirement in 1986.

Fred felt very honored when, after his retirement, the residents of Sun City West requested that the new facility there be named the Fred Kuentz Recreation Center.

He served as director on many boards including: Boy Scouts of America, The Phoenix Zoo, Mountain Shadows Country Club, Urban Land Institute, Sun Health Corporation, and Sundome Performing Arts Association.

Fred was Chairman of the Board of MechTronics of Arizona Inc. from 1979 through 1995, and was also responsible for the oversight of the construction of a new MechTronics facility.

Del Webb called Fred "a great negotiator" Mike DeMuro says of Fred, "He taught me what friendship means." Other associates often spoke of his leadership and his ability to work with others "to get the job done."

He will be remembered by his many friends and family members for his great sense of humor, integrity, loyalty, and his great love for his family, including his four out of state sisters-in-law, their families, and his extended "adopted family" in El Salvador to whom he is known as "Grandpa."

Fred died at home October 29, 2001.

Survivors include his wife Charlotte, son Fred, brother Harold, sister Lorraine and her husband Warren Brentlinger and their families.

Memorial contributions in Fred's name may be made to the Boy Scouts of America, Back to School Clothing Drive, 5060 W. Bethany Home Road, Glendale, AZ, 85301, or the Phoenix Zoo, 45 N. Galvin Parkway, Phoenix, AZ, 85008.

# Pulte: Sun Cities will remain under Webb management

JEANNE WINOGRAD  
DAILY NEWS-SUN

Although Del Webb is owned by Pulte Homes, Del Webb staff predict the new owner will not alter Del Webb's active adult marketing strategy.

Communities such as Sun City Grand will continue to be managed by the Del Webb Group, but family communities such as Coventry and Sunflower will change to Pulte management.

"The idea of Sun Cities evolving is an idea we initiated under Del Webb," said John Waldron, regional director of public affairs for the Del Webb Group of Pulte Homes. "We're implementing those strategies under Pulte, and we think that our strategies will be employed more efficiently because of the resources Pulte brings to the plate."

While Waldron acknowledges "the concept of a name change is something we've talked about," he said even that is an evolutionary process.

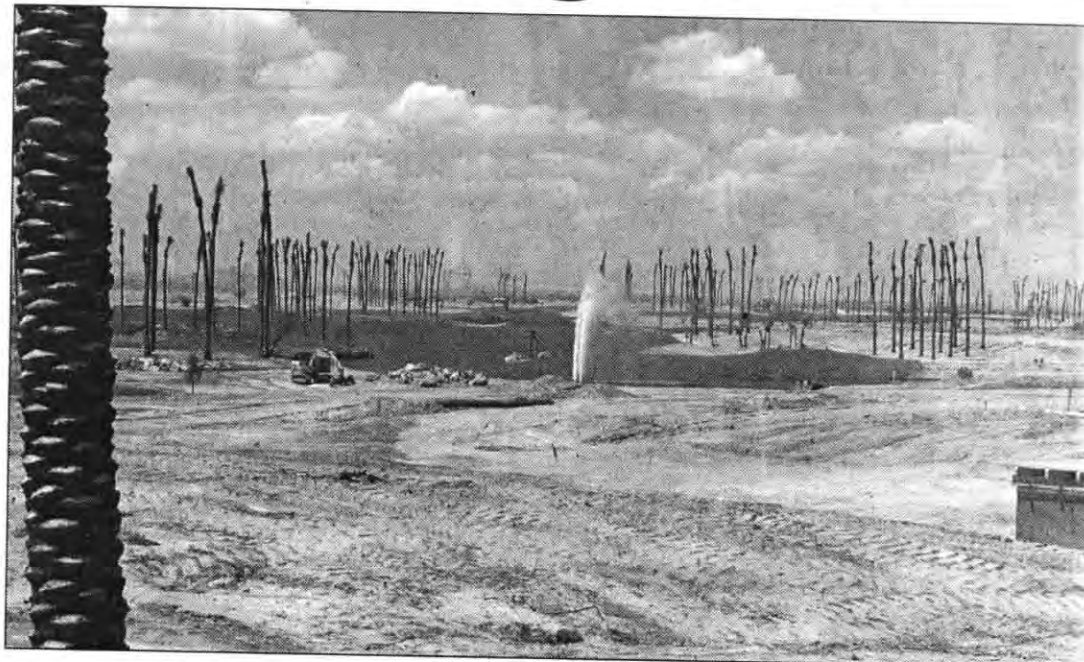
"Pulte is interested in continuing the Sun Cities concept of highly amenitized communities that are affordable and have a quality social fabric," Waldron said. "How that evolves, what its called, is part of ongoing research Pulte is involved in. The evolution is being tweaked with each new community."

Lynne Reaves, director of public affairs for Del Webb Group, said "a name change has been discussed for a long time, in that we might develop different kinds of communities, such as Anthem."

She also said that the Sun City name "is a powerful brand the company is proud of."

"Sun City' will always be with us," Reaves said.

Del Webb has proposed 1,850 homes in 1,718 acres at Pleasant Valley, which is much smaller than any Sun City community the company developed, but more consistent in size with its country



MOLLIE J. HOPPES/DAILY NEWS-SUN

The purchase of the Del Webb Corporation by Pulte Homes will not affect Webb's original marketing strategies, according to Pulte. Golf courses, like the one above in Sun City Grand are a major drawing card for Webb communities.

club communities.

Waldron said Pleasant Valley lots will be consistent with those on the northern border of Sun City West.

"The amenity package and exclusiveness will be Pleasant Valley's footprint. It will be gated with a guard at the gate. The entry in will be a little tougher," Waldron said.

With a somewhat slower summer behind it, Del Webb has been increasing customer awareness with advertising and re-energized sales efforts at Sun City Grand, where Phase IV will open in November with a new recreation center and golf course scheduled to open in January.

"Our new model park at Sun City Grand is driving sales. Every product at mid-life of its lifecycle gets a new infusion. This has been a real boost. You can see that new product throughout the community. That's added more traffic and more sales. Sales are stronger, we've had a great August, certainly stronger than last summer."

Webb also is also hoping to trigger more sales in Sun City Grand by dropping its minimum age requirement to 45 for 10 percent of its new

homebuyers. Such buyers will not be allowed to resell their properties to people under the age of 55, Waldron said.

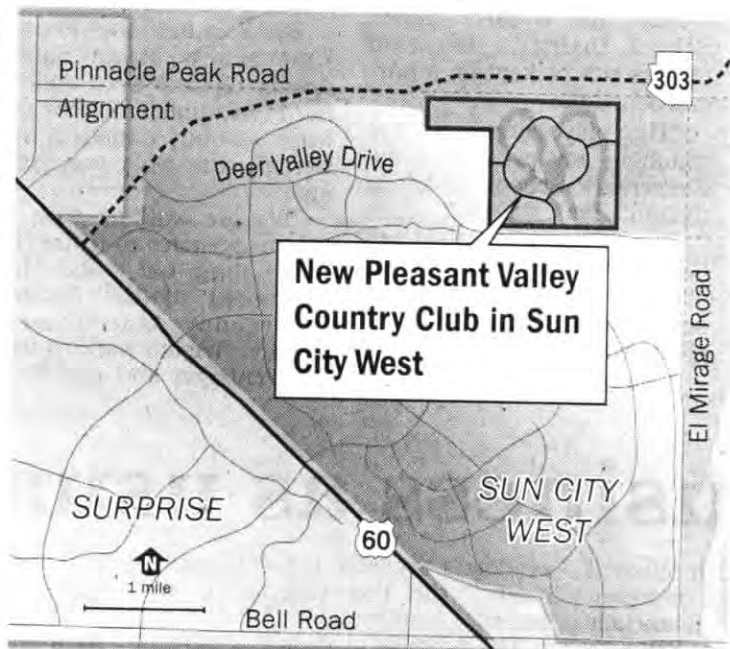
Reaves said that service has always been a part of Del Webb's strategy.

"We're very proud of our service to our customers and that's not going to change," Reaves said. "Pulte recognizes our expertise in developing

active adult communities. That is what they thought when they merged with Del Webb and they are very proud of our brand and our products. I don't think they would want to change."

Reporter Patrick O'Grady contributed to this story.

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CHARLES WADE/DAILY NEWS-SUN



THE ARIZONA REPUBLIC

SUNDAY

August 26, 2001

# Pulte shifting strategy for its Webb unit

By Catherine Reagor  
The Arizona Republic

Less than a month after buying storied Phoenix home-builder Del Webb, Pulte Inc. is leaving its imprint, aggressively cleaning house, re-vamping the business strategy and plotting a cross-country expansion of the builder's retirement communities.

In her first in-depth interview since being named president of the new Webb division of Pulte, Webb veteran Anne Mariucci revealed that Pulte is:

■ Rethinking the Sun City name, despite its widespread recognition. Webb's research

azcentral.com

Read more about the purchase of Del Webb Corp. by Pulte Homes and its impact on the Valley, at [money.azcentral.com](http://money.azcentral.com)

has long shown that the 78 million baby boomers, the biggest group of retirement homebuyers ever, associate Sun City living with their parents, and many don't want to follow in their folks' footsteps.

■ Opening up miniature versions of Webb's retirement communities from Indianapolis to Boise as it targets the country's 50 biggest metro areas. Before the deal, Webb



Paul F. Gero/The Arizona Republic

Del Webb Corp. veteran Anne Mariucci, president of the new Webb division of Pulte Inc., and Dave Schreiner, vice president of planning for the Webb division, say Pulte has initiated a number of changes in the way the Webb division will do business, including tailoring new Sun Cities specifically to markets.

was in a much slower expansion mode for financial reasons.

■ Talking to General Motors about turning its 5,000-acre Mesa proving grounds, which the automaker plans to

abandon, into one of its largest developments and the first in the East Valley. It is unclear whether it would house a Sun City-type retirement com

See WEBB Page D3

OVER

# WEBB Unit's strategy is revamped by Pulte

From Page D1

munity or an Anthem-type family oriented development.

■ Folding its Arizona retirement communities Winfield and Springfield into the Webb division and moving Webb's Coventry unit into its tract homebuilding division.

■ Laying off about 2 percent of Webb's 4,200-person U.S. workforce. Most of the cuts, 91 positions, came last week at its Phoenix corporate headquarters that housed 250 people. Some Pulte jobs will also be lost.

■ Selling Webb's opulent 135,000-square-foot corporate headquarters in the shadows of Squaw Peak Mountain and the Arizona Biltmore resort. The Del Webb Group division will remain in Phoenix but move to cheaper space.

Pulte, based in Bloomfield Hills, Mich., paid \$1.73 billion for the developer and created the nation's largest homebuilder in the process. For its money, Pulte got one of the most recognized names in housing and the opportunity to cut costs by consolidating operations — two things the homebuilder is wasting no time capitalizing on.

"Make no mistake, the companies' cultures are very different," Mariucci said. "Pulte believes in putting money in the pockets of shareholders first, then the pockets of management teams that deliver results."

rounding employees with a first-class working environment like Webb did in Phoenix is a lower priority for Pulte, which is why it is talking to investors about buying Webb's headquarters.

Altogether, Pulte plans to cut \$50 million out of the combined operations this year. During the cost cutting, analysts say it's important that Pulte strike a balance between old and new cultures if the marriage is going to work.

"It will take a lot of discipline at Pulte to rein in Webb's culture and costs without losing the talented people who have made Webb work," said Carl Reichardt Jr., a housing analyst with Banc of America Securities.

One thing the company won't be scrimping on is land purchases. The Webb division is scouting for potential retirement community sites in all the U.S. cities where Pulte builds.

Webb had been trying to grow outside the Sun Belt. Spurred by research showing boomers may want to retire close to home instead of moving to Sunbelt states like their parents, Webb opened its first cold weather Sun City outside of Chicago a few years ago. The developer had been hunting for land in the East and Midwest but was constrained by the \$1 billion in debt it racked up from previous expansions.

Now Mariucci said Pulte

ever considered. But she said the sites will be smaller because finding another rapidly growing city like Phoenix or Las Vegas, where its communities like Sun City Grand and Anthem routinely sell 1,000 houses a year, is like looking for "a needle in a haystack."

"Instead, we can build 10 or 15 smaller communities that steadily sell 150 houses a year," Mariucci said.

The model for a typical Sun City is also being revamped. Webb's own research shows boomers don't necessarily want to live in a "one size fits all" traditional Sun City, with its golf course and similar-looking houses and a big community center in the middle.

"There's evidence that the stereotypical Sun City has varying appeal with people aging now," said Dave Schreiner, vice president of planning for the Webb division and the former head of Sun City Chicago. "So now we are going to tailor Sun Cities specifically to markets."

He said that could mean not calling them Sun Cities or building them without golf courses, but he was reluctant to give too many specifics since the market is so competitive.

Webb was experimenting with a new version of Sun City in the northwest Valley on the fringes of Sun City West. Called Pleasant Valley Country Club, the 718-acre gated proj-

## Home-building marriage

Pulte Inc.'s purchase of Phoenix-based Del Webb Corp. brings these Valley communities and subdivisions under the same corporate umbrella.\*

### Del Webb

Sun City Grand, Surprise  
Anthem, Maricopa County  
Bellasera, Scottsdale  
Lone Mountain, Phoenix  
Roseview, Phoenix  
Terralea, Phoenix  
Countryside, Phoenix

### Pulte

Winfield, Chandler  
Springfield, Chandler  
Springfield Lakes, Chandler  
Discovery, Chandler  
Las Palmeras, Phoenix  
LeSueur Estates, Mesa  
Peralta Trails, Gold Canyon  
Reflections, Chandler  
Sierra Foothills Estates, Scottsdale  
Stetson Hills, Glendale  
Superstition Foothills, Gold Canyon  
Citrus Point Canterbury, Surprise

\*Sun City, Sun City West, Terravita and other sold-out developments are excluded.

nity in metro Phoenix and its most upscale. Construction is scheduled to start next year.

Housing analysts say that with Webb, Pulte can corner the retirement housing market.

"Nobody is as good at retirement building as Webb. Pulte has only had mixed success with it," Reichardt said.

Reach the reporter at

TC

Daily News-Sun • Friday, Aug. 24, 2001

A3

# Webb says cuts will not hurt Sun Cities

## STAFF REPORT

The Sun Cities should experience no fallout from this week's announcement that Del Webb Corp. will eliminate nearly 100 jobs, company officials said.

Lynn Reaves, director of public affairs for Del Webb Corp., said the people who will be affected are employees working at the company's corporate headquarters.

"There was duplication in a number of functions," Reaves said. Elimination of the jobs had been discussed for some time, she added. Del Webb and Pulte Homes Inc. officially merged several weeks ago.

This week, Del Webb announced that approximately 90 jobs at its Phoenix headquarters will be eliminated. The reduction represents only 2 percent of Webb's 4,200 employees nationwide and less than 1 percent of Pulte/Webb employees.

Some employees will be laid off immediately, while others will lose their jobs over the next 12 months.

Del Webb spokesman John Waldron declined to comment on the loss of jobs and referred all calls to the corporate office.

At the closing of the merger of the Del Webb Corp. and Pulte Homes a few weeks ago, it was

announced the combination of the companies likely would mean some reduction in the combined company's workforce to prevent duplication.

These reductions were expected to be most prevalent at Webb's corporate headquarters in Phoenix where duplication now exists in a number of functions with Pulte's home office.

Webb redefined retirement living in 1960 with the creation of Sun City. In 1978, it started developing Sun City West, and it now is in the midst of building Sun City Grand in Surprise, which opened in 1997.

Operations at Sun City Grand are continuing as scheduled, and Pulte Homes' main base will remain in Michigan.

According to company officials, the merger boosted Del Webb's operations because Pulte absorbed its \$1 billion debt.

The merger was negotiated for several months between the two home builders and increased Pulte's annual revenue to \$6 billion. It also gave Pulte an avenue to tap into Webb's large retirement market. The first of 78 million Baby Boomers overcame the age restriction to move into the Sun Cities at the beginning of this year.

# Pulte to ax 91 Del Webb jobs locally

Third of builder's staff;  
Biltmore HQ is for sale

By Catherine Reagor  
The Arizona Republic

Two weeks after home builder Pulte Inc. completed its buyout of Del Webb Corp., it is laying off more than a third of the employees in Del Webb's Phoenix headquarters and putting the building up for sale.

The Bloomfield Hills, Mich.-based builder cut 91 of the 250 jobs at Del Webb's former corporate offices Tuesday, a Pulte statement said. The positions range from senior-level management to administrative personnel and represent less than 2 percent of Del Webb's 4,200 employees nationwide.

The statement said the employees whose positions have been eliminated will leave the company over the next 12 months. They will be offered Pulte's customary severance package, details of which the company did not provide.

Pulte closed on its \$1.73 billion purchase of Del Webb on Aug. 8. Since the deal was announced in May, Pulte executives have said the elimination of duplicate jobs would be part of its cost-cutting measures. Some layoffs at Pulte also are expected in coming months.

The sale of Del Webb's 135,000-square-foot headquarters near the Arizona Biltmore is also part of the cost-cutting effort. The company is talking to potential buyers for the opulent building on North 24th Street.

The Sun City developer has become Pulte's fifth and largest division. Called the Del Webb Group, it will remain based in Phoenix but move to smaller, less-expensive offices, which it is currently seeking.

THE WESTER Thursday, August 16, 2001

## Pulte Homes, Del Webb complete merger

Pulte Homes, Inc. and Del Webb Corporation recently announced completion of their merger effective July 31, 2001. As previously announced on July 27, 2001, shareholders of both companies overwhelmingly approved the merger under which Pulte Homes has acquired all of the outstanding shares of Del Webb in a tax-free, stock for stock transaction.

On a pro forma basis, with the completion of this merger, Pulte Homes is the nation's largest homebuilder, with over \$6.0 billion in annual revenues and more than 37,000 closings in the United States, Argentina, Mexico and Puerto Rico. Reflective of its Homeowner for Life™ strategy of serving home buyers throughout each stage of their lives, Pulte Homes will hold an unmatched market position among first-time, trade-up and active adult home buyers. Through Del Webb, the premier builder of active adult communities, Pulte Homes will be the leader in the fastest-growing demographic segment of the market.

Del Webb Corporation (www.delweb.com), based in Phoenix, is the nation's leading builder of active adult communities for people age 55 and older. The company operates 10 active

adult communities in markets including Phoenix and Tucson, AZ; Palm Desert and Lincoln, CA; Ocala, FL; Chicago, IL; Las Vegas, NV; Hilton Head, SC; and Georgetown, TX. The company also builds family and country club communities in Phoenix and Las Vegas. Four of Del Webb's communities are currently ranked in the top 10 of the best-selling master planned communities in America.

Pulte Homes (www.pulte.com), based in Bloomfield Hills, Mich., has operations in 41 markets across the United States, Argentina, Puerto Rico and Mexico, where it is the fifth largest builder. Based on most recent 12-month results, Pulte Homes delivered nearly 20,000 homes in the United States and more than 8,000 homes in Mexico and Puerto Rico. Over its history, the Company has constructed more than 275,000 homes and has been honored as "America's Best Builder." Pulte Mortgage Corporation is a nationwide lender committed to meeting the financing needs of Pulte Homes customers by offering a wide variety of loan products and superior customer service.

The Del Webb Group an-

nounced a new national organizational structure, designed to leverage its experience in master-planned and active adult communities under the new Pulte Homes umbrella. The Del Webb Group is now the largest of six operating groups inside the Michigan-based homebuilding company.

Under the new national blueprint, Webb will continue to oversee the development of all large-scale adult communities and will continue to develop its two Anthem communities. Webb will be reorganized into three operating regions and will assume responsibility for five large Pulte Home developments, including two in Arizona and three in California.

"With the transaction complete,

the transition and integration of our two companies is moving forward rapidly," said Anne Mariucci, who was named president of the Del Webb Group last week. "Now, the exciting part of this merger begins as we start to deliver on the promises of this unbeatable combination." Mariucci, a 17-year veteran at Webb, will report directly to Pulte President and COO Mark O'Brien.

Mariucci also announced three new regional presidents of the Del Webb Group and emphasized that all three come from Del Webb's previous senior management team. Scott Peterson, vice president and general manager at Sun City Grand in Arizona will serve as regional president for Arizona.

# Del Webb OK'd for buyout

## Pulte to purchase Phoenix-based home builder

By Catherine Reagor  
The Arizona Republic

Del Webb Corp. shareholders Friday approved a \$1.7 billion buyout of the Phoenix-based builder by Pulte Homes Inc.

It's the final step in a deal that will put the legendary Sun City name, as associated with Arizona as the Grand Canyon, under a new umbrella.

Pulte, based in Bloomfield Hills, Mich., will become the

nation's largest homebuilder with nearly \$6 billion in annual sales.

Webb will become its fifth and largest division. Renamed the Del Webb Group, it will remain in Phoenix and will be run by Webb veteran Anne Mariucci, who has been running the company's country club and family divisions.

"We have had our eye on Webb," Robert Burgess, chairman and chief executive of Pulte, said in an interview. "It has had one of the best brands and operations for years."

With its purchase of Webb, which will formally close on Tuesday, Pulte gets one of the

See **WEBB** Page D2

## Top exec to run state unit

By Catherine Reagor  
The Arizona Republic

With Anne Mariucci's appointment as Pulte Homes' top executive in the state, Arizona retains one of its highest-ranking female executives and the highest in the home-building industry.

Mariucci gained a high profile in the Phoenix business community in recent years as she rose through the ranks of Sun City developer Del Webb Corp., becoming an executive vice president.

But with Webb's pending buyout by Pulte, her future was unclear. Top executives at



Anne  
Mariucci

the acquired company usually take severance packages and retire, consult or join another company.

Mariucci, who has been part of the transition

team folding Webb into Pulte, said staying and running the Webb division of Pulte wasn't initially where she was headed.

"Early in the process, it was ... difficult for me," she said.

"But toward the end, I got to know Pulte's executives and came to grips with how strong my feelings are about Webb's brand and traditions."

Mariucci, 44, with Webb for 17 years, will run the Phoenix-based unit that will develop Sun City and Anthem communities across the nation.

"Anne comes to us with a wealth of financial, operational and strategic experience," Robert Burgess, chairman of Pulte, said. "She is a wonderful forward thinker."

Valley housing analyst R.L. Brown says he isn't surprised she ended up staying.

"Anne could have gone out on her own, but she is the type who wouldn't pass on a chal-

## At a glance

**Who:** Anne Mariucci.

**Age:** 44.

**In the news:** Named president of the Del Webb Group, a division of new Webb parent Pulte Homes Inc.

**Past jobs:** Executive vice president of Del Webb Corp. Previously worked for American Continental Corp. and KPMG Peat Marwick.

**Education:** Bachelor's degree in accounting and finance from University of Arizona.

**Awards and boards:** Urban Land Institute's Community Development Council and Arizona Preserve Initiative.

**Diversions:** Golf and hiking.

lenge like this one," he said.

Her colleagues and competitors alike say she is aggressive and full of energy.

Mariucci has lived in Arizona since she was a student at the University of Arizona, where she played golf. She is still an avid golfer.

Mariucci can also often be seen watching Phoenix Mercury games from floor seats surrounded by a group of fellow business leaders and friends.

"We always try to turn out to cheer for women's basketball teams, but it's been a busy summer so I have missed some games," she said.

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republic.com or (602)444-8040.

COVER

From Page D1

most familiar names in retirement housing just as the biggest group of retiree buyers ever, the 78 million baby boomers, begin to hit their mid-50s.

Webb Chief Executive LeRoy Hanneman is retiring with a severance package valued at anywhere from \$6 million to \$11 million depending on his bonus for this year, which hasn't been disclosed yet even though many of the company's annual bonuses are currently being distributed.

"It's a glorious day for shareholders," said Hanneman as he left the shareholder meeting.

The Pulte deal, which also includes assuming nearly \$1 billion of Webb's debt, is \$100 million less than originally estimated in May because Pulte's stock has fallen since then. Pulte's stock closed Friday at \$40.97, down \$1.02. It was above \$46 on May 1, the day the deal was announced.

Webb shareholders will get .89 of a Pulte share, worth \$38.80 based on a recent 15-day average of Pulte's stock price.

Although Webb's stock closed at \$36.51 on Friday, a year ago it was trading for less than \$16 a share.

Webb's sagging stock price drew an unsolicited buyout offer of \$30 a share from California-based homebuilder J.F. Shea Co., which Hanneman said at the time wasn't a good deal for shareholders.

"Webb is very fortunate to have Pulte buying them," said Webb shareholder Kay Zegarac-Martin. "It has had some good runs, but just think where the company's stock was last summer."

More than 98 percent of Webb shareholder's voted in favor of the deal at a meeting held at the Arizona Biltmore Friday morning.

Pulte shareholders approved the acquisition earlier in the day.

The buyout of Webb means Phoenix loses another corporate headquarters.

Layoffs are expected at the

home builder's upscale corporate offices near the Biltmore.

Of Webb's 1,140 Arizona employees, 340 are based at its headquarters. Some employees have been distributing resumes since the deal was announced, while others have already left in anticipation of Webb's downsizing.

"We are mindful of our legacy in Phoenix," Mariucci said. "We aren't going away, but it is going to be a different operation."

She said the Del Webb Group would operate Sun Cities and Anthems across the country.

Pulte has its own retirement home-building operations in Arizona that could be consolidated with Webb, but no announcements on the new structure will be made until after the deal is done, company executives say.

Combined, the two builders put up almost 28,000 houses nationwide last year. In the Valley the new Pulte will be 50 percent bigger than its next largest competitor, Shea Homes.

Webb built 2,200 houses across the metro Phoenix during the past year, making it the area's biggest home builder. Pulte is the sixth-largest residential constructor and put up almost 1,100 new homes.

Pulte takes its name from founder William Pulte, who began construction of his first house in 1950. Analysts call Pulte, which has been profitable each year since then, a more conservative company than Webb.

Del Webb, the maverick builder the company is named after, started his first Sun City on the fringes of Phoenix in 1960. He also built such Arizona landmarks as St. Joseph's Hospital and an addition to the state Capitol. In Las Vegas, Webb, who co-owned the New York Yankees, built the Flamingo Hotel for mobster Bugsy Siegel.

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# Webb sale worth millions to its CEO

## Other executives also rewarded

By Catherine Reagor  
The Arizona Republic

Del Webb Corp.'s chief executive officer stands to walk away with several million dollars in severance from the home builder's buyout by Pulte Corp., according to regulatory filings, which also show that two Webb board

members voted against the \$1.8 billion deal.

LeRoy Hanneman, who became CEO in late 1999 and plans to retire when Pulte completes the purchase this summer, will get anywhere from \$6 million to \$11 million in severance, depending on his bonus for this year, which hasn't been disclosed. His severance package is valued at three times his annual salary and highest recent bonus, according to a filing

with the Securities and Exchange Commission late Thursday.

The payout doesn't include the \$1 million he will get a year from now for consulting services, a lump-sum payout for his retirement benefits, stock options that become instantly exercisable and fringe benefits such as continued company automobile use and country club dues for three years. That part of the exit package

could also total several million dollars.

Five other Webb senior executives — John Gleason, Anne Mariucci, John Spencer, Frank Pankratz and David Schreiner — are eligible for severance packages worth 2.5 times their annual salaries and highest bonuses plus \$600,000 fees a year from now. The deal, which will create the nation's biggest home

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builder with \$6 billion in annual sales, is expected to close in the third quarter of this year after a vote by Pulte and Webb shareholders.

Webb's board approved the company's takeover by Pulte, despite the opposition of two unnamed members.

According to the filing, the dissenting board members said the risks of the transaction outweighed the benefits. Those risks included the potential for the deal to fall through

and what the uncertainty of a buyout would mean for Webb management and employees.

Pulte was persistent in its pursuit of the Phoenix builder, which has redefined retirement living with its Sun City communities.

It along with several other home builders contacted Webb, and its investment adviser, Credit Suisse First Boston, expressed interest in the company a year ago, according to the filing.

But Webb was busy fending off a hostile buyout attempt by

Shea Homes while trying to implement a plan to cut costs and raise its share price.

In late November, when Shea had gone away and Webb had successfully fought off two activist investors who wanted board seats, Pulte Chairman Robert Burgess called Hanneman and suggested a meeting.

Hanneman put him off, saying the company's board had just voted to go ahead with its new plan.

In December, Burgess called again. That time Hanneman agreed to meet with him in January.

On Jan. 10, Webb and Pulte entered into a confidentiality agreement, and the next day the two home-building executives met to discuss a potential business combination.

They talked and crunched numbers for a few months, meeting in Scottsdale, San Diego and Pulte's hometown of Bloomfield Hills, Mich.

By the end of March, Pulte was in New York talking to its investment adviser, Salomon Smith Barney, about terms of the deal.

It was April 2 when Pulte sent Webb an offer. That month they hammered out the terms of the buyout. Each builder's board agreed to the deal on April 30, and it was announced the next day.

Webb will become a subsidiary of Pulte.



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# Del Webb Corp sells to Pulte Homes

## Purchase price is \$1.8 billion

By JANICE YAKLICH DAVIS  
Independent Newspapers

A \$1.8 billion buyout of Del Webb Corp. will not affect the completion of Sun City Grand, a company spokesman said May 1.

The design of the master-planned community will remain the same after Pulte Homes takes over the company, said John Waldron, Sun City Grand spokesman.

"Del Webb is not going away," Mr. Waldron said. "The Sun City name will remain and so will its operations. It will be business as usual."

Del Webb Corp. developed both Sun City and Sun City West. Sun City, which opened on Jan. 1, 1960, is considered the prototypical retirement community.

About 5,300 of the 9,600 planned homes in the community are completed, as are three of four golf courses.

Mr. Waldron also assured all warranties and management will remain the same.

"We are honoring our commitment to our customers and clients," he said. "We have a lot invested in this community."

Pulte Homes will assume about \$1 billion in outstanding debt held by Del Webb, according to terms of the agreement.

The purchase will make Pulte Homes the largest homebuilder in the United States, of which Del Webb will be a division. The company will retain Pulte's headquarters in Bloomfield Hills, Mich.

Sun City Grand is slated to be completely built out in the next four to five years, Mr. Waldron said.

Completion of the fourth and final golf course is expected in 2002.

The development opened 19 new model homes for buyers to choose from on May 1.

It will take about three months for the transaction to be completed.

IC



Jack Kurtz/The Arizona Republic

By purchasing Del Webb, Pulte Homes will get control of giant development Anthem.

# Pulte-Webb union impact far-reaching

By Catherine Reagor  
The Arizona Republic

[azcentral.com](http://azcentral.com)

Read more stories about the Del Webb Corp., Pulte Homes and Tuesday's deal at [special.azcentral.com](http://special.azcentral.com).

For a glimpse of what Pulte Homes' purchase of Del Webb Corp. could mean for home buyers, other builders and investors nationwide, consider its impact in metro Phoenix.

Sun City developer Del Webb built 2,200 houses across the Valley during the past year, making it the area's biggest homebuilder. Pulte Homes, the Valley's sixth-largest residential constructor, put up almost 1,100 new homes.

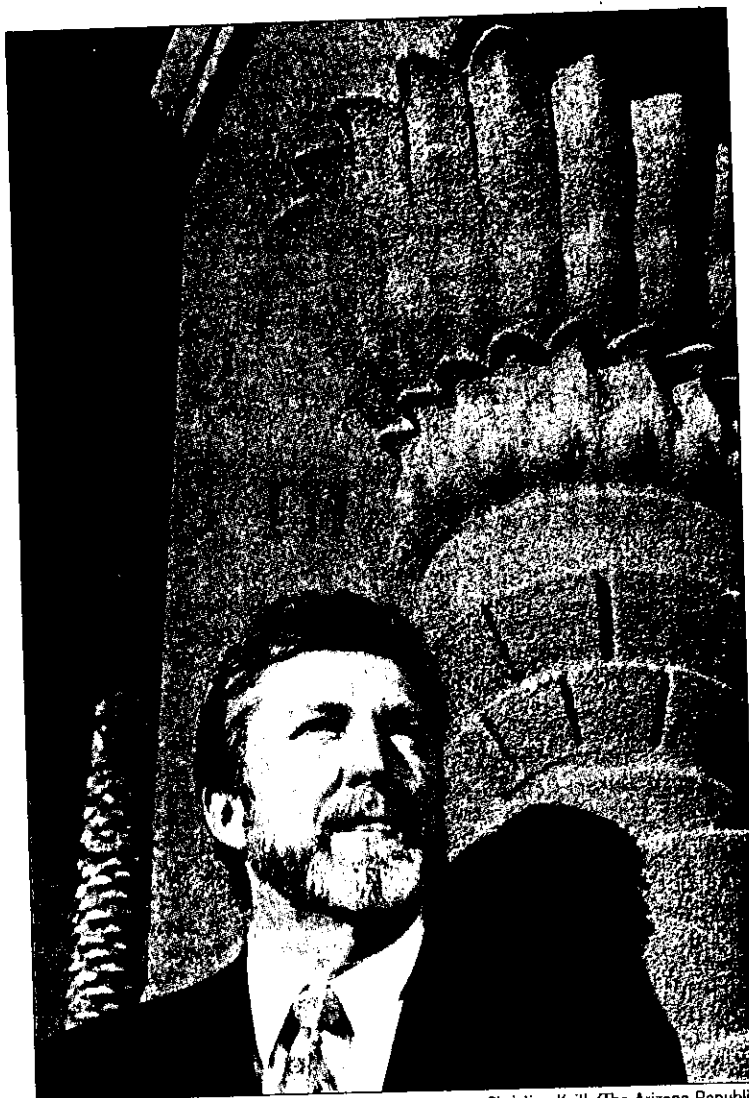
When they combine, the two companies will immediately be 50 percent bigger than their next biggest competitor, Shea Homes, and will build across the market spectrum, from starter homes to high-end retirement retreats throughout the Phoenix area.

"The deal will create a mon-

ster in Phoenix," said housing analyst R.L. Brown. "Pulte will have the land, the money and the Sun City name to dominate the market."

Pulte's planned purchase of Phoenix-based Del Webb for \$1.8 billion won't necessarily produce the same results in all markets where the two builders operate. But the deal will create the nation's top builder with nearly \$6 billion in sales and give Pulte enough reach and size to dominate other competitors.

See MERGER | Page D2



Christine Keith/The Arizona Republic

Del Webb's chief executive office, LeRoy Hanneman, will retire during the summer.

(OVER)

From Page D1

Combined, the two companies built a total of 28,000 homes across the country last year.

For buyers in existing Del Webb communities, the merger wouldn't bring obvious changes.

Anne Mariucci, executive vice president at Del Webb, said homeowners in existing Sun Cities will see little change as Del Webb continues to develop those properties.

However, analysts say Pulte will likely handle all conventional home building, so Del Webb's Coventry division will likely go away. That means Pulte could be building soon at Anthem in northwest of Phoenix, where at least 6,000 homes remain to be built.

For Bloomfield Hills, Mich.-based Pulte, the deal will give it a corner on developing communities for the giant cohort of baby boomers as they migrate into their retirement years.

"Pulte has the capital to grow the Sun City retirement business as it needs to be to catch this huge segment of buyers," said David Weaver, an analyst with Legg Mason Wood Walker.

Del Webb has been positioning itself to cash in on the affluent group but was held back by its heavy debt load and, until recently, its low stock price. Now, its investors can cash out at more than \$40 a share if Pulte's stock price holds up until the deal is consummated this summer. A year ago, it was trading for \$15.

In the wake of Tuesday's announcement, Del Webb's stock closed at \$38.40, up \$4.60. Pulte's stock fell \$4.28, to \$42.50, as some analysts raised concerns about the \$1 billion of Del Webb debt it is assuming.

"The combination of complementary products and land positions will enable Pulte to rapidly introduce Del Webb's powerful brand name into new markets which Pulte already has established operations," said Del Webb Chief Executive LeRoy Hanneman, who will retire this summer. He said both

companies now can profit on Del Webb's large inventory of land in some of the fastest growing cities in the country.

Because of the debt it is taking on, Pulte will need to immediately cut costs.

Both Pulte Chairman Robert Burgess and Hanneman talked Tuesday about eliminating overlap created by two corporate headquarters, which could result in some job cuts and a hiring freeze.

Analysts say many of the layoffs will be at Del Webb, which has 5,000 employees across the country — including 2,000 in the Valley — and about \$2 billion in annual sales.

Pulte has twice the revenue, but the same number of workers.

Pulte executives also are talking about consolidating offices in areas where both companies operate, such as Phoenix. Del Webb will become a subsidiary that will remain based in the Valley, but it's not clear whether Pulte will keep its new division's upscale offices near the Arizona Biltmore.

Other cost savings will come from Pulte being able to save on building materials because of even bigger buying power. It also could cut back on land purchases for awhile after acquiring Del Webb's lots.

Despite the potential savings for Pulte, home buyers won't necessarily see those savings.

"The big gains in the deal will be for investors," said David Thikoll of the Meyers Group. "The market dictates home prices, and Pulte will charge what the market will bear."

"This is a great deal for shareholders," said Garth Wieger, head of Journey Homes and a Del Webb investor through Pacific Partners.

"It's Pulte's style to cut costs," he said. "That's why they have one of the best balance sheets in the country."

Reach the reporter at catherine.reagor@arizona-republic.com or (602)444-8040.

## FYI

The Valley's biggest home builders based on annual building permits through the first quarter of 2001.

1. Del Webb (being bought by Pulte), 2,229.
2. Shea Homes, 2,182.
3. KB Home, 2,037.
4. Continental Homes, 1,813.
5. Richmond American, 1,527.
6. Fulton Homes, 1,225.
7. Pulte Homes, 1,188.
8. Standard Pacific Homes, 1,006.
9. Hancock Communities, 929.
10. Lennar/Greystone, 915.
20. Meritage, 417.

Source: R.L. Brown Phoenix Housing Market Letter.

THE ARIZONA REPUBLIC TUESDAY, MAY 1, 2001

## Del Webb has long, impressive history in state

By Glen Creno  
The Arizona Republic

Del Webb was known as a builder who could pull off a project in "the middle of nothing," but his top lieutenants were worried on the eve of the opening of Sun City on New Year's Day, 1960.

Even though Webb had laid the groundwork with an avalanche of cold country advertising, there were second thoughts. Would people abandon the notion of spending their golden years in Florida for an "active" retirement of golf, swimming and shuffleboard in the Arizona desert?

"How am I going to get a 30-

year mortgage on a guy that's 65?" one executive fretted.

Webb executives hoped 10,000 people would show up. By day three, an estimated 100,000 had tied up streets, the sales office had run out of contracts racking up 237 transactions, and Del E. Webb Development Co. was the new king of retirement builders.

Webb has retained that title, building under the Sun City name and others in markets as diverse as Arizona, California, South Carolina, Florida and Illinois. The company also extended its offerings to a younger audience, building country-club developments like Terravita in the north Val-

ley and family living communities like Anthem. Del Webb himself died before his company came to full flower. He died on July 4, 1974.

The appeal of the Del Webb brand was one reason Pulte Homes cited in its offer to buy Webb in a \$1.8 billion deal that includes the assumption of \$1 billion in Webb debt. Pulte expects to push Webb's "powerful brand" into markets where it operates, while capitalizing on Webb's land holdings.

The combined company will have offices in Phoenix but its headquarters in Michigan.

That would effectively alter the character of a company

that's been closely identified with Arizona, building such landmarks as St. Joseph's Hospital, a state Capitol addition, and the pyramid tomb in Papago Park for Arizona's first governor, George Hunt.

Webb built Sun City West and Sun City Grand near the original Sun City in the West Valley and exported the brand across the country.

Webb fought off an aggressive effort to wrest control of the company last year by an investment group that included Shea Homes.

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# Del Webb being bought by Pulte

## Stock swap deal worth \$1.8 billion

By Catherine Reagor  
The Arizona Republic

Del Webb Corp., developer of the Sun City communities that redefined retirement living, is being bought by Pulte Homes in a deal that will create the nation's largest home builder, *The Arizona Republic* has learned.

The merger, a stock swap valued at \$1.8 billion based on Pulte's closing stock price Monday, will be announced to analysts and investors in New York today, Del Webb officials said.

The deal, which was negotiated over months, will boost Michigan-based Pulte's annual revenue to \$6 billion, catapulting it to the upper ranks of the home-building industry. Its acquisition of Del Webb will give it one of the most familiar names in the home-building industry and a surer way to tap into the biggest group of retiree buyers ever — the 78 million baby boomers who are beginning to hit their mid-50s.

Pulte will take on Del Webb's \$1 billion in debt, something that has hampered the retirement developer's ability to grow and scared off some other suitors over the past year. The deal is expected to close within three months and must be approved by both com-

panies' shareholders.

From a plane on his way to New York, LeRoy Hanneman, chief executive officer of Del Webb, called the deal a "beneficial one" for investors.

"Our primary focus was on shareholders, but we are also concerned with customers, employees and our business associations," he said. "It's sad for Phoenix to lose another public company, but now Webb will be part of a larger and stronger corporation."

Del Webb will become a subsidiary of Pulte, and Hanneman will retire after the merger closes.

Del Webb stockholders could net \$40.51 a share based on Pulte's Monday closing price of \$46.78. Del Webb investors could get more if its acquirer's share price rises, but as little as \$30 if Pulte's stock falls.

Del Webb's stock closed at \$33.80 Monday, up more than 100 percent from a year ago. Pulte was down 5.6 percent for the day, but still more than double its 52-week low of \$20.87.

The equity value of the deal could exceed \$800 million, and will be based on a 15-day average of Pulte Homes' stock price for the period that ends three days before Webb's board meeting in late June. The companies will soon send proxies out to investors.

Founder William Pulte owns 26 percent the company's shares and has given the buyout his blessing.

"With our strong brand names and combined deliveries of 10,000-plus active adult homes annually, we now have a competitive advantage in serving the fastest-growing segment of the home-buying market," Robert Burgess, chairman of Pulte Homes, said in a written statement.

He also said the deal will make Pulte the most profitable builder in the country.

Pulte plans to generate cost savings of about \$50 million annually from the deal, partly from job cuts and combining operations in areas such as Arizona, where both builders operate.

Pulte's retirement division has a community in Chandler called Springfield and a development near Del Webb's

Sun City in Palm Springs, Calif. But it has no communities in Nevada, one of the top retirement destinations in the country and an area where Del Webb has a significant market share.

When the deal is completed, Burgess will remain chairman and chief executive officer until the end of the year. He will be succeeded by Pulte President Mark O'Brien.

The Pulte board will grow to include three members from the Del Webb board. To merge Del Webb into Pulte during the next few months, a transition team with four executives from each builder has been formed.

Del Webb, with its dominant market position for boomer buyers, has been a takeover candidate for the past year. Last fall, it staved off a hostile buyout by California builder J.F. Shea Co., which was offering \$30 a share for the developer.

That's when Hanneman said talks began with Pulte. But Webb had its plate full fending off unwanted suitors and implementing a strategy to cut costs and boost its share price.

The heavy debt load Webb has racked up to position itself with communities from Chicago to Sacramento has scared off some suitors and hindered its ability to grow. The Phoenix builder's debt-to-capital ratio is 62 percent, down from last year but still one of the highest in the home-building industry.

Pulte, considered one of the most conservative builders for piling up debt, has a debt-to-capital ratio of less than 40 percent.

## Del Webb-Pulte merger

■ Pulte Homes will acquire Del Webb Corp. in a stock-for-stock transaction.

■ Sale must be approved by regulators and both companies' shareholders.

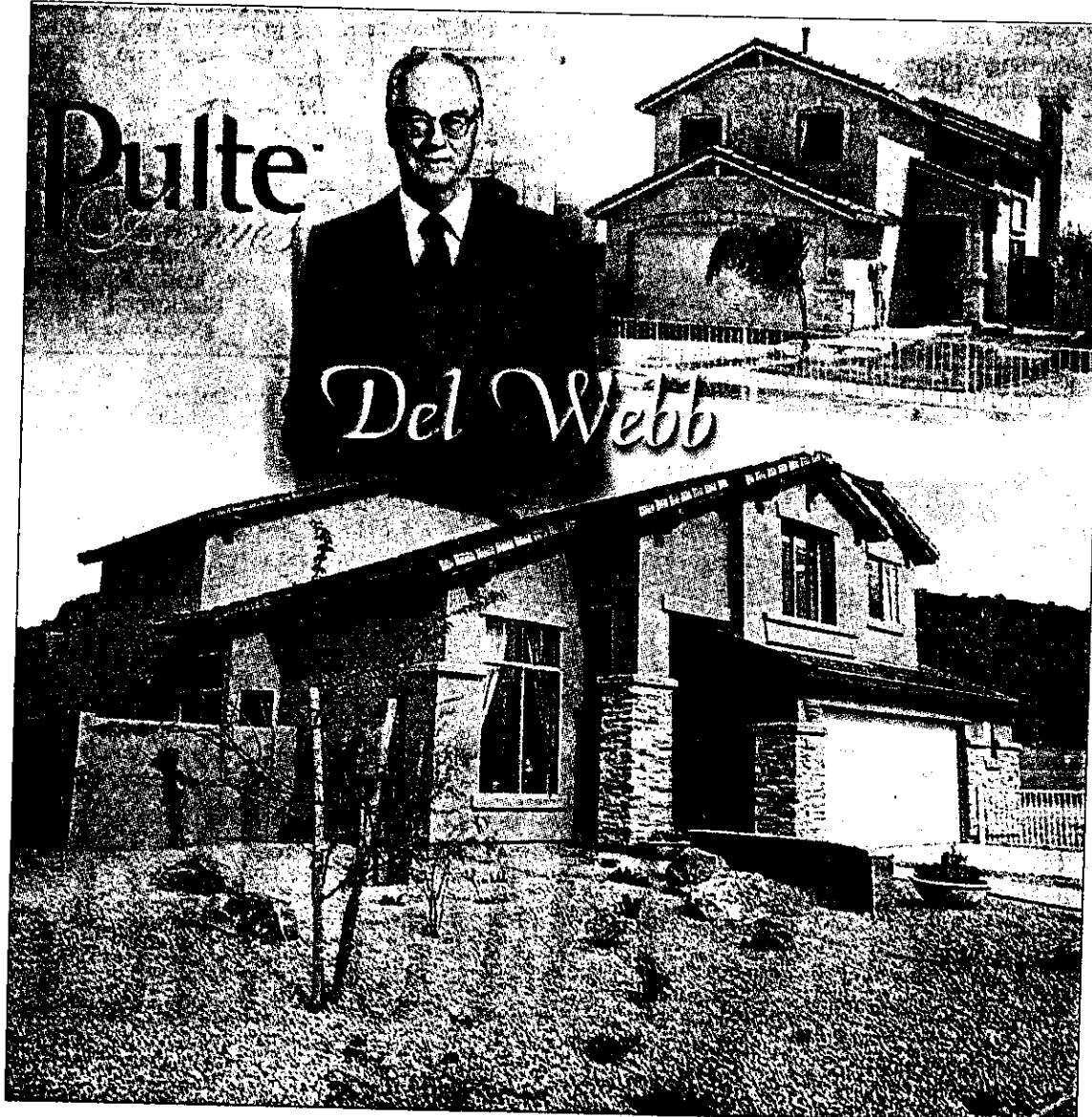
■ Del Webb stockholders will receive anywhere from about \$30 to more than \$40 of Pulte's stock for each Del Webb share they own. Price depends on Pulte's average closing stock price during 15 days ending three days before the annual meeting in late June. Total equity value of deal could exceed \$800 million.

■ Pulte will assume Del Webb's outstanding debt of \$1 billion.

■ Del Webb will become a Pulte subsidiary, Del Webb Group.

■ Pulte will try to minimize workforce impact through growth, attrition and reduced hiring.

# WEBB MERGES WITH PULTE



CHARLES WADE/DAILY NEWS-SUN

## National builder embraces developer's celebrated legacy

JOHN SOKOLICH  
DAILY NEWS-SUN

Despite the \$1.8 billion merger between Pulte Homes and the Del Webb Corp. announced this morning, officials said the overall plan and name of Sun City Grand will remain on target.

The definitive merger agreement, under which Pulte Homes will acquire all the outstanding shares of Del Webb in a tax-free stock-for-stock transaction, will create the largest homebuilder in the nation. But the Sun City Grand development plan will continue as scheduled, including the possibility of adding Pulte Home houses to the mix.

"What we wanted to do is introduce other builders into our communities that are consistent with the values already in place," Anne Mariucci of Del Webb said. "What this will do is speed up that combination. And Del Webb will continue its operations as usual in the Sun City area."

Del Webb redefined retirement living in 1960 with the creation of Sun City. In 1978, it started developing Sun City West and is in the midst of

building Sun City Grand in Surprise, which was opened in 1997.

The operations at Sun City Grand will continue as scheduled, officials said this morning, under the Del Webb Group of Pulte Homes. Pulte Homes' operation will remain based in Michigan.

"The Sun City name brings a tremendous amount of respect, and it something we are looking to continue," said Robert Burgess, CEO of Pulte Homes. "The Baby Boomers are the fastest-growing segment of home buyers. Combining the efforts of Del Webb and Pulte Homes will create a revenue powerhouse with a size, geographic presence and product portfolio that is unrivaled in the home-building industry."

In the end, according to officials, the merger will boost Del Webb's operations, because Pulte will absorb its \$1 billion debt, according to Burgess.

The merger was negotiated for several months between the two home builders and will increase Pulte's annual revenue to \$6 billion. It also will give Pulte an avenue to

See Merger creates, A5

OVER

**From A1**

tap into Webb's large retirement market. The first of 78 million Baby Boomers overcame the age restriction to move into the Sun Cities this January.

"It is a bit too early to draw any conclusions on exactly what will happen with all operations of Del Webb in the future, but for now everything will stay the same," said Leroy Hanneman, CEO of Del Webb. "Our dedication to quality will continue, and this

is a winning combination for all shareholders."

Pulte Homes has 41 markets throughout the country, with seven developments within the West Valley — including its closest, Citrus Point Canterbury, at Bell Road and 115th Avenue in Surprise. Based on a 2000 J.D. Power and Associates' New Home Builder Customer Satisfaction Survey, Pulte's Chicago and Las Vegas operations were ranked No. 1.

Del Webb operates 10 active-adult communities

throughout the country and it ranked second in the Phoenix market. Pulte ranked sixth.

The final transaction for the merger is contingent upon the approvals of both entities' shareholders as well as appropriate regulatory approvals. William J. Pulte, founder of Pulte Homes who owns approximately 26 percent of his company's shares, has agreed to vote in favor of the transaction, according to a Del Webb release this morning.

The deal is expected to be completed within the next three months, Burgess said.

Webb and Pulte each employs about 5,000 workers. Layoffs are expected to be kept to a minimum because of the expansive growth anticipated with the merger.

"There will be some duplications of jobs, but anticipated growth will keep work force impacts to a minimum," Burgess said.

*John Sokolich can be reached at [jsokolich@aztrib.com](mailto:jsokolich@aztrib.com) or at 876-2526.*

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SATURDAY, APRIL 28, 2001

### Developer Del Webb named industry 'icon'

Sun City developer Del Webb Corp. was named an "Icon of the Industry" by the National Association of Home Builders Senior Housing Council on Friday.

Webb was presented with the award at the trade group's conference on "Building for Boomers," held at the Hyatt in downtown Phoenix.

The Senior Housing Council gives the icon awards to groups that set the standard for others to learn and benefit.

Webb won for the active-adult builder/developer category. The council called Webb a pioneer in the creation of active-adult retirement communities.

Three other icon awards were given out.

Erickson Retirement Communities of Baltimore won for the service-enriched builder/developer category.

General Electric's Appliance division was lauded for its leadership in designing kitchen systems for houses.

And the National Investment Center for Seniors Housing and Care Industries was named an icon for its work educating the market.



# Webb studies boomers, terms them 'zoomers'

JEANNE WINDGRAD 4-28-01  
DAILY NEWS-SUN

Del Webb Corp. has a few things to teach other homebuilders around the country about design and marketing to "Ikes" and "Zoomers," terms it uses to define Baby Boomers' parents and the Boomers themselves.

Del Webb President and CEO LeRoy Hanneman Jr. spoke about changes in the housing market due to "Zoomers" during a National Association of Home Builders meeting titled "Building for Boomers and Beyond, Seniors Housing Symposium 2001," held Thursday in Phoenix.

Hanneman said the company has conducted four nationwide Baby Boomer studies in the past five years. The company is in the process of trademarking its term Zoomers, which it defines as the generation of more active seniors who began turning 55 on Jan. 1.

"Appearance and style are crucial," Hanneman said. "Unless you're changing with the times, you retain the same dated look."

One of the company's findings is that "350,000 Boomers will consider

moving to a Sun City-type community as they retire," which Hanneman said "shows the strength of our brand."

But subtle changes are in the plans, he said, referring to the Sun City near Chicago, which he described as the company's "country club" style of development that is age-targeted, not age-restricted.

Hanneman also said the majority of the company's future developments will be significantly smaller than past ventures such as Arizona's Sun City and Sun City West. Although the bigger developments may still be undertaken, smaller communities will be more prevalent.

The company is planning four new developments, and will unveil more information about them in the next 30 days, he said.

It is increasingly difficult to purchase large tracts of land, Hanneman said. For smaller or mixed sizes, such as the Anthem property in north Phoenix, the Del Webb brand can be adapted.

Hanneman said company officials have considered whether they want to update the Sun City name for future projects. He referred to

the "It's not your father's Oldsmobile" campaign General Motors used before discontinuing the Oldsmobile line.

"Is Sun City itself your father's Olds?" he said. "I hope not."

He said Terravita and Anthem, the latter of which targets three groups within one property, are examples of how the company already is altering its focus.

"The old-fashioned sense of retirement is as extinct as shuffleboard," Hanneman said, noting that the company's studies show "Zoomers" are healthy, active, into learning, technical and financially savvy, and one-third want to start businesses in retirement.

The company's research found that most 55-year-olds won't think of themselves as old for another 22 years.

Although a primary Zoomer goal is to be free of dependents and debt, and though the generation has been described as self-indulgent, Hanneman said increasing numbers of Boomers are taking care of parents or other older family members. Del Webb, he said, will consider such needs as it builds in the future.

## Marketing to Boomers

Del Webb Corp. studies have revealed a host of marketing information about Baby Boomers — or Zoomers, as the company has dubbed them because of their more active lifestyles.

Among the findings:

- The active adult market is the fastest growing segment of the housing industry.

- Born between 1946 and 1964, the 84 million Baby Boomers will turn 55 in the next 10 years. The first wave started hitting the milestone on Jan. 1.

- As a group, Boomers will inherit \$10 trillion from their parents.

- Boomers are sophisticated homebuyers, many of whom have owned three or more houses.

SATURDAY

November 18, 2000

# Webb shaking up tradition

By Catherine Reagor  
The Arizona Republic

Phoenix-based Del Webb Corp. is shelving its traditional Sun City developments to build everything from small in-fill communities to downtown high-rises.

The company is shaking up what it builds for retirees to attract the biggest group of

home buyers ever, the more affluent and choosy baby boomers who are beginning to hit their mid-50s.

"We are changing our business model and are no longer in the business of buying 5,000 acres that take 20 years to build out," David Schreiner, a senior vice president with Webb, told a group of developers at an Urban

Land Institute conference in Chicago earlier this month.

He said Webb is considering many different types of housing projects now, particularly in-fill developments, residential towers and country club communities much smaller than Sun Cities.

This is a dramatic and swift change for the developer that started its first

Sun City in the northwest Valley more than 40 years ago and does extensive research on its buyers.

Early this year, company management had said it would continue to use the model Webb was founded on, with some refinements for baby boomers by upgrading amenities and building in areas outside the Sun Belt.

What has changed since the start of the year is outside pressure on the company to boost its stock price. Webb recently fended off a bid for board seats by a dissident investor group and an unsolicited buyout offer by California-based builder J.F. Shea Co.

See WEBB Page D3

The investor group criticized Webb management for taking on too much debt and doing little to boost shareholder value. Webb's stock has climbed less than 30 percent during the past five years, half the rate of other major builders.

Webb executives declined this week to elaborate on Schreiner's remarks. They will unveil the new strategy next month to senior management and analysts.

Home building analysts say Webb is "aggressively" pursuing in-fill sites in Chicago, Reston, Va., and the East Coast as well as smaller parcels for country club communities much closer in than its traditional Sun Cities in Phoenix, Las Vegas, California and Florida.

It's time for the change, some analysts say, because baby boomers aren't a one-size-fits-all market for Sun Cities.

"There is no silver bullet that will satisfy what everyone wants in a retirement home," said Kathleen Cecilia, president of the housing research firm K.C. and Associates of New Jersey.

Other Webb watchers believe the company might falter by getting out of a market it knows so well.

"Webb is essentially a land developer," said Timothy Jones, a home-building analyst with Ryan, Beck Southeast Research of Florida.

"Its expertise is in finding big parcels and building huge communities."

In the Sun Cities development model, Webb would purchase a huge tract of cheap land on the fringes of a big city and put up nearly \$100 million in amenities before the first buyer moved in. The company has amassed more than \$1 billion in debt, which some investors say has been a drag on earnings.

Schreiner's comments were the most telling about the company's new direction.

"Our customers are more unpredictable in their housing needs and are demanding much more variety in adult communities," he said.

But in an interview in late October, Webb Chief Executive LeRoy Hanneman said the company accumulated its more than \$1 billion in debt during the 1990s while positioning itself across the country in places boomers would like to retire.

# Del Webb Corp. prevails over challenges by suitors

**STILL INTERESTED:**  
Pacific Partners and  
Shea Homes say they  
still want to be involved  
in Webb's affairs

**BRUCE ELLISON**  
DAILY NEWS-SUN

Del Webb Corp. has apparently won its battle with two outside groups that wanted to take over direction of the developer of Sun City retirement communities.

At the Webb annual stockholder meeting Thursday in Indian Wells, Calif., near its Sun City Palm Desert community, the company beat back a challenge by Pacific Partners to gain two seats on the Webb board.

At the same time, the privately held J.F. Shea Co., which builds Shea Homes,

said it was dropping a bid to buy all of Del Webb for \$30 a share, a price that Webb's chief executive, LeRoy Hanneman, had earlier called too low.

But both suitors still want to be involved in Webb's affairs and say they'd like to see the company change some of the ways it does business.

While the proxy contest had little direct effect on Sun City or Sun City West unless residents there own stock, the outcome could have had an impact on Sun City Grand, still under development in Surprise.

Pacific Partners, an Arizona group that has bought more than a million Del Webb shares in recent months, said it will seek to "continue to be a positive influence" on Webb, said Garth Wieger, one of the partners.

Pacific has said that Webb has been a poor performer on the stock market, had too high a debt load, and declined to take seriously the buyout proposed by

Shea, among other things.

"We're pleased that our campaign has yielded positive results," Wieger said Thursday. "Since we started our campaign, Del Webb has shown a willingness to make some changes that may begin to turn the company into a leaner, more efficient and profitable operation."

Pacific has encouraged Webb to create smaller communities requiring smaller investments in infrastructure. In Sun City Grand, for instance, Webb had invested some \$80 million in roads, amenities, sewage, and the like before getting back a single dollar in sales. But the complete project, including the lush green Desert Springs golf course visible from Grand Avenue, and the thousands of flowers blooming at the entrance on Sunrise Boulevard, were effective selling tools, industry observers suggest.

The partners, all of whom had other experience in the home-building business, also asked that Webb leverage its

brand name through partnerships, joint ventures and licensing arrangements with other builders.

That's something that may be in the offing, since in its annual report, Hanneman said the company was planning a Phoenix-area project in partnership with another firm.

Pacific also called on Webb to retain its ownership of commercial properties and other parts of the major projects it develops.

In Sun City, for instance, Webb initially owned all shopping centers, the Kings Inn complex, Sunland Mortuary and Memorial Park and what later became Citizens Utilities water and sewer operations.

But as the community matured and Webb needed cash for other operations, it sold off those pieces.

Shea Homes officials said Thursday that they'd like the chance to continue talking with Webb. "We would welcome

further constructive dialogue," said chief executive officer John Shea.

For its part, Webb has agreed to expand its board of directors by two seats later this year and to listen to shareholders before appointing additional directors to fill them.

"I have committed to a number of large shareholders that they can participate" in the process of boosting outside representation, Hanneman said at the annual meeting.

"I would like them to determine what qualifications and what agenda the nominees might have."

A preliminary count of proxy votes showed that Webb's nominees to the vacant seats outpolled the Pacific Partners' slate by about 15 percent, with voting by mail by about 70 percent of all holders.

A final, official tally likely will take another week to complete, but probably won't change the outcome.

THE ARIZONA REPUBLIC FRIDAY, NOVEMBER 3, 2000

# Webb wins proxy fight

By Max Jarman  
The Arizona Republic

**INDIAN WELLS, Calif.** — Del Webb Corp. narrowly won a contentious proxy fight for board seats Thursday, but the slim margin of victory served notice on the Phoenix home builder that stockholders are not pleased with the company's recent performance.

According to preliminary results announced at Webb's annual shareholder meeting

From Page D1

by the end of the year, he said.

Pacific Partners, which owns about 5.5 percent of Webb's stock and has loudly criticized the company's stock performance and high debt load, believes the proxy contest turned on Webb's eleventh-hour announcement about the new board members. Webb announced the move last Friday, saying the change would occur if Pacific Partners' bid failed.

"That tells you where this was last Friday," Miller said. "You don't reconstitute your board unless you have to."

Pacific Partners isn't going

away, but it toned down its rhetoric in the wake of the defeat.

"We're proud to be here, and regardless of the outcome, we're proud to be Del Webb shareholders," said Garth Wieger, one of four principals. "We look forward to being actively involved with the company in the future."

In a separate statement, Pacific Partners took credit for putting pressure on Webb.

"By shining a light on the company, submitting concrete recommendations and making a run for the board, we've set into motion a series of events that will hopefully

## Dissidents lose battle

here, Webb's board nominees beat nominees picked by a dissident shareholder group by 15 percentage points. Analysts note that company nominees generally clean up in shareholder votes.

"I would hardly call it a vote of confidence in the company's present management," said Rick Miller, attorney for Pacific Partners,

the Phoenix-based investment group that waged the unsuccessful proxy fight to get two representatives on Webb's board.

Webb is glad to have the proxy fight behind it.

The dissension created a tense atmosphere at the meeting, which was punctuated by tight security and a rigid, carefully scripted for-

strengthen the company and increase stockholder value," the group said. "Now it's the new board's challenge to show positive results. We'll be watching."

J.F. Shea Co., which had threatened to pull a \$30-a-share offer for Webb if Pacific Partners' nominees weren't elected, said Thursday that the offer has expired.

Shea, which backed Pacific Partners board representatives William Levine and Brian O'Connor, has criticized Webb for not seriously considering its offer. Webb has raised doubts about Shea's ability to finance what would be a \$1.6 billion deal including debt.

mat.

"It will be nice to get back to running the business," Chief Executive Officer LeRoy Hanneman said after the two-hour meeting.

Hanneman, who took the reins from longtime CEO Phil Dion just 11 months ago, reiterated the company's commitment to add two representatives of longtime shareholders to its board. A committee could select them

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Although the offer has lapsed, Shea said advisers from both sides have talked, and that it "would welcome further constructive dialogue."

Another player in the fray, Florida-based Avatar Holdings, which also owns a stake in Webb, didn't make itself known at the meeting.

There has been speculation that the group, led by Wall Street investor Leon Levy, may have been promised one of the new shareholder board seats in exchange for throwing its support behind Webb's board nominees in the proxy contest.

A Webb spokesman said Thursday that there was no

such deal.

George Skoufis, a housing industry analyst with Standard & Poor's in New York, called Webb's margin of victory "very narrow." He said the home builder clearly has some financial problems given its high debt load and low margins, but believes management is capable of solving them. A takeover is not the only answer, he said.

"They've got a good product and a good brand, and they're doing the right thing by trying to lower their debt," he said.

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By Catherine Reagor  
The Arizona Republic

William Levine's fortune began more than 30 years ago with the children's restaurant chain Pistol Pete's Pizza.

Today, at the age of 69, the low-key philanthropist and Valley billionaire is at the center of the fight for retirement-community developer Del Webb Corp.

The players are a Who's Who of real estate. From Levine's Phoenix-based investment group Pacific Partners, which includes home-building veteran Garth Wieger and former Webb executive Joe Contadino, to bidder J.F. Shea Co., which built the Golden Gate Bridge and is Webb's biggest competitor in the Valley.

Somewhere in the fray falls the small Florida developer Avatar Holdings, chaired by multimillionaire Leon Levy, who has been a central player on Wall Street for more than 50 years.

The prize is Phoenix-based Webb, a company poised to cash in on the huge wave of wealthy baby boomers nearing retirement age. Webb has spent the past decade studying the 74 million Americans in the group and positioning itself to build their retirement homes. But its heavy debt load has dragged down its share price, making it an easy target for potential buyers.

"Del Webb is in play," said

See DEL WEBB Page D4

# The battle for Del Webb



Associated Press



Joe Contadino, who left Webb in 1997, was attracted to the venture by Del Webb's low stock price.



Arte Moreno helped form Pacific Partners and started buying Webb stock.



Garth Wieger says the investment grew out of his desire to buy a big home builder.

## Major players a Who's Who of real estate

*Handwritten signature or initials.*

WEBB CORPORATION

VF

Sam Lieber of New York-based Alpine Management and Research, a Webb shareholder who started buying in July when the stock was at \$15 and hovering near a 52-week low.

### A longtime interest

Levine, who is one of Pacific's two Webb board nominees, is no newcomer to its business. He has been eyeing Webb as an investment since Frank Sinatra tried to buy the company in the late 1970s.

In the '80s Levine became busy with Pistol Pete's and his billboard business, Outdoor Systems. Outdoor was sold last year to Infinity Broadcasting for \$8.3 billion. The money Levine netted on the deal boosted his net worth to \$1.4 billion and catapulted him onto *Forbes* magazine's list of the richest Americans.

Phoenix-based Pacific Partners emerged as a major Webb investor in August when the group announced out of the blue that it had purchased a 5.1 percent stake in the builder.

Garth Wieger says the investment grew out of his desire to buy a big home builder. Wieger, a former top Arizona executive at Shea and president of the Central Arizona Home Builders Association, had just left Blandford Homes last spring when he began making the rounds of other builders looking for a deal.

One of his first stops was Joe Contadino, who had left Webb in 1997 after LeRoy Hanneman was tapped as the next CEO.

The two home builders watched Webb's laggard stock price and saw an opportunity. Wieger went to Levine,

who had sold a 540,000-piece of land in the early 1990s while Wieger was Sbea.

Known as a shrewd businessman, Levine brought his chief executive at Outdoor Systems, Arte Moreno, who also made the *Forbes* list after selling to Infinity. In May, they formed Pacific Partners and started buying Webb stock.

Levine and Moreno each contributed about \$5.5 million. Wieger and Contadino each pitched in \$1 million. The rest came from a brokerage margin loan. Pacific now owns a 5.5 percent stake in Webb.

Levine, who is described as tall and lean with dark hair and wears large glasses, shuns publicity. He declined to be interviewed for this article, which is pieced together through

**We are in this for the long haul. We see through all the bluster.**

**Garth Wieger**

Co-founder of Pacific Partners

interviews with friends and business associates, and newspaper reports.

Earlier this year Levine donated \$10 million to help build a Jewish community center in Scottsdale in memory of his wife, Ina, who died of a brain tumor last year. Levine wouldn't pose for a photo to mark the occasion.

In the 1960s, Levine came to Phoenix from the East Coast. He immediately got into real estate; one of his first projects was to develop a warehouse in south Phoenix.

The father of three then got into the restaurant business with several Valley McDonald's franchises.

Pistol Pete's followed in 1973.

Levine and some partners founded the entertainment-themed pizza restaurant chain, which had grown to 30 locations by the time it was sold to competitor Peter Piper in 1995 for about \$10 million.

Right after the sale, Levine, who friends say doesn't eat junk food, granted a rare interview.

"Today is the first day in 30 years I woke up and didn't own a restaurant," he told a reporter.

During the '70s and '80s, Levine continued to accumulate real estate, including ministorage operations, and built his billboard business. He started renting out signs at bus stations, stadiums and malls, working his way up to billboards on prime street corners by accumulating the real estate to house them. He also had a stint on the board of the horse-racing venue Turf Paradise.

But his lifestyle changed little even as his wealth grew. He and his wife lived in a small home behind the Arizona Biltmore for many years. He drove an old gold Mercedes for years past its prime, friends say. And he kept an inexpensive office at 28th Avenue and Camelback Road, instead of moving into the new expensive high-rises along Central Avenue.

Part of Levine's public reticence could stem from a tragedy at his office. A mail bomb inside a jewelry box was delivered to his office, addressed to a client. One employee was killed when the bomb went off and others were injured.

Friends say Levine still doesn't talk about the tragedy because it's so upsetting for him.

For much of the past five years, Levine has been focused on Outdoor Systems, which went public in 1996 and netted early investors a 2,400 percent return when it was sold in 1999.

"He's a formidable competitor, but few people really know him," said Karl Eller, who runs rival Eller Media of Phoenix and has been acquainted with Levine for decades.

Eller is betting that Levine is going after Webb not for the money, but because he would like a hand in running it.

Levine has played tennis for years with Ed Rohson, a former Webb executive. Rohson started his own retirement community business in the 1980s developing Sun Lakes projects.

"About the only person who can beat Bill on the courts is his son Tommy, and he played professionally," Rohson said.

### Shea makes a pitch

Shea has thrown its support in the proxy battle to Levine and Pacific's other board nominee, investment banker Brian O'Connor, even threatening to drop its purchase offer for Webb if they aren't elected.

Walnut, Calif.-based Shea, whose roots in the construc-

tion business go back a century, is one of the nation's biggest private home builders. It owns less than 1 percent of Webb's stock but wants to buy it all for \$30 a share to get the Sun City name and the company's land from the Chicago area to Sacramento.

Shea first started courting Webb last spring after its executives did a poll in Seattle, an area where Webb doesn't even build, and found the Sun City name was the most widely recognized among seniors. It then approached Webb Chairman Phil Dion and continued stilted discussions through the summer before making an offer in September.

### Mystery investor

The wild card in the fight for control is Avatar. The Florida firm, which is developing the retirement community Rio Rico in southern Arizona, accumulated a 5 percent stake in Webb during the past 14 months. The company is losing money and is just a tenth of Webb's size. But its chairman, Levy, 74, has pockets almost as deep as Levine's. Like Levine, he shuns publicity. But the former head of the investment house Oppenheimer and Co. is widely known among savvy investors. *Forbes* put his net worth at \$675 million.

Levy and his investment group, Odyssey Partners, could easily buy the entire company, analysts say.

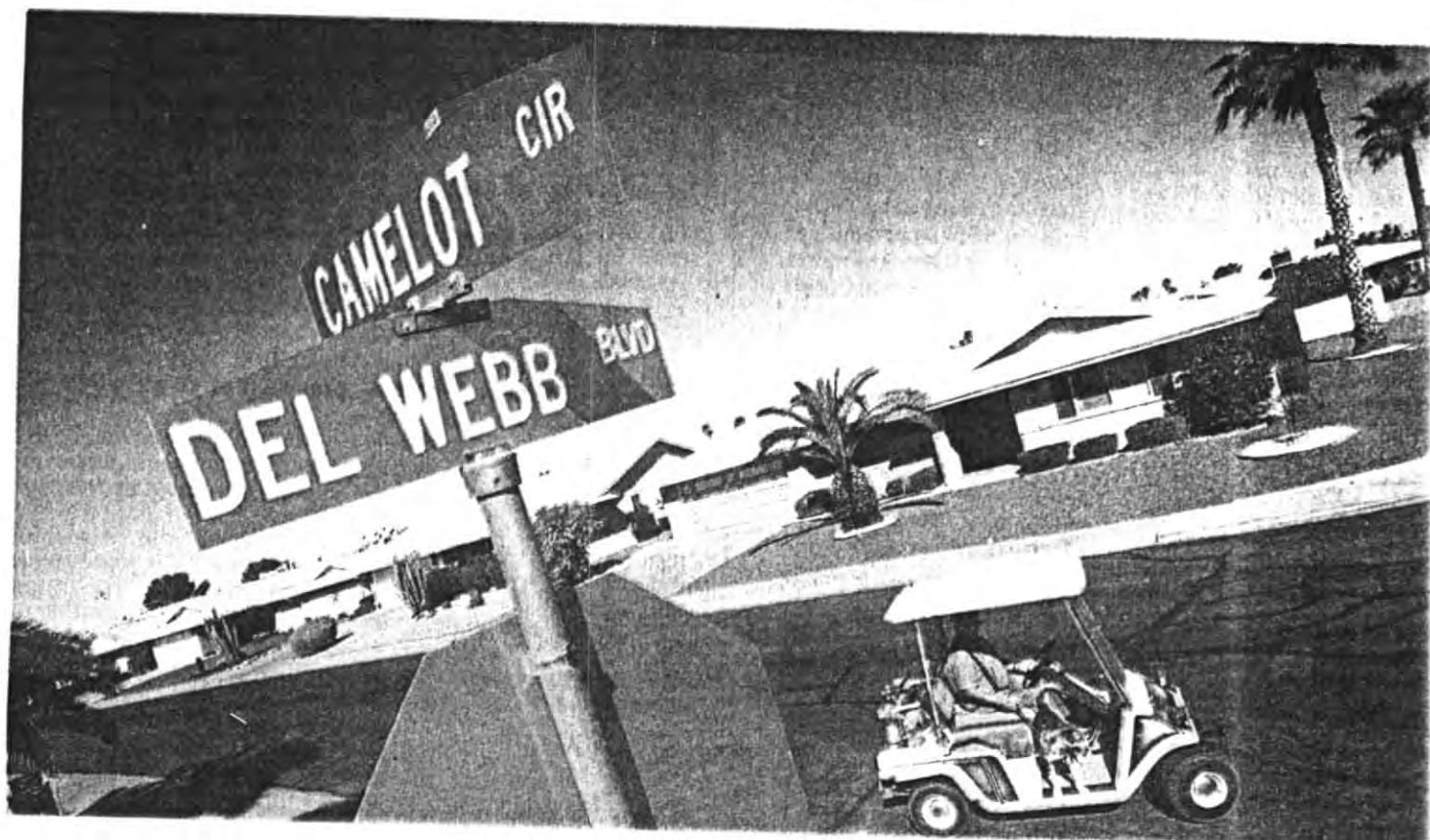
Avatar officials did not return repeated phone calls seeking comment for this story.

In a filing with the U.S. Securities and Exchange Commission, Avatar reported that it had considered buying Webb at one time during the past year.

The battle likely won't end on Thursday, even if Pacific gets its board seats.

"We are in this for the long haul," said Wieger, who is widely regarded as one of the more amiable executives in the cutthroat industry.

"We see through all the bluster."



Camelot was the goal of retirees years ago in Sun City, and that's where Forrest Ward has lived since 1985. Peter Schwepker/The Arizona Republic

## Busy week to determine Del Webb's future

By Catherine Reagor  
The Arizona Republic

Can Sun City builder Del Webb Corp. stay independent?

A war for control of the nation's leading retirement developer has been raging, with daily skirmishes among the company, investor Pacific Partners and suitor J.F. Shea

Co. since September.

It could all come to a head Thursday at Phoenix-based Webb's annual meeting in Indian Wells, Calif.

Pacific Partners, owner of 5.5 percent of Webb's stock, will find out whether shareholders voted to give it the two board seats it wants. On Friday, Webb parried by agreeing to add two share-

holders to its board if Pacific's nominees aren't elected.

Shea says it will pull its \$30-a-share offer for Webb if Pacific's nominees aren't elected. The California-based builder is supposed to meet with Webb management again this week to go over how it will finance the deal.

Investor Avatar Holdings' intentions for Webb are also

expected to play out this week. The Florida group, led by Wall Street multimillionaire Leon Levy, has built up more than 5 percent stake in Webb since September 1999 but has stayed in the background so far. Avatar executives are considered likely candidates for Webb's add-

See BUILDER Page D4

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tional board seats if Pacific's William Levine and Brian O'Connor aren't elected.

No matter the outcome, all this interest has given Webb's stock a boost. When Pacific first declared its intentions in August, Webb stock was at \$19.56. On Friday Webb's shares closed at \$26.50, up 35 percent.

"Webb may not be acquired along the way, but we expect investors will be well served either way," said John Stanley, an analyst with UBS Warburg in New York.

Some investors don't see how the company can emerge from this battle alone. Webb Chief Executive Officer LeRoy Hanneman disagrees.

"It's not a foregone conclusion that a transaction for Webb will take place," he said.

The money Webb has spent preparing for the baby boomers has made it vulnerable. Its debt has risen as quickly as its record home sales,

which topped \$2 billion last year. In 1999 alone, it mounted a \$1 billion expansion with developments from Chicago to Sacramento.

As a result Webb has one of the highest debt-to-capital ratios in the industry, at 67 percent. That has worked to keep its stock low, even as other builders' shares have rallied, and made it a takeover target.

That hefty debt load is why publicly held home builders aren't lining up to buy it, said real estate analyst Timothy Jones of Ryan Beck Southeast Research of Florida.

"They can't take on that kind of debt. It would kill most of their balance sheets," Jones said.

Last week, while announcing that its first-quarter earnings jumped 20 percent, Webb also showed analysts it's learning a new way to operate in the face of pressure to do just that. Its full plan will be unveiled at its annual meeting, but one key part includes teaming with other developers for the first

time on its huge projects to defray costs.

"They had to come up with something, but there's criticism about how quickly they produced results," said Web investor Sam Lieber of Pine Research and Management in New York.

The firm's formula changed little since the first Sun City opened on the fringes of west Phoenix years ago. Webb buys huge pieces of land on the outskirts of growing metro areas and pumps more than \$100 million into infrastructure and marketing before the first house is sold. The strategy built name recognition and a land bank of 55,000 lots that Shea wants to buy.

Webb executives and some of its investors don't believe privately held Shea's offer of \$30 a share is enough for the company, which has a book value of \$26 a share.

Leslie Goldstein of Silver Associates owns Webb stock and thinks the company is worth at least 20 percent more.

# Proxy fight spurs Webb

By Catherine Reagor  
The Arizona Republic

In a move to thwart an investment group's proxy battle, Del Webb Corp.'s board has decided to expand its board to include two shareholders.

The move will be taken only if Pacific Partners' push to get two board seats fails next week, but it's a strategic step by Webb to woo frustrated shareholders who are considering voting for Pacific Partners' nominees. Phoenix-based Pacific Partners, which owns 5.5 percent of the company's stock, is trying to get two of its representatives on Webb's board so they'll push for change at the home builder.

Garth Wieger, a well-known Valley home builder and principal in Pacific Partners, was incensed.

"Del Webb's recent announcement is nothing more than a transparent and desperate ploy to buy votes," he said in a statement.

Webb's board voted on the latest plan Thursday night, after management spent the early part of the week in New York talking with investors.

LeRoy Hanneman, Webb's chief executive officer, said the board doesn't believe Pacific Partners' candidates are worthy because the group has owned the Sun City developer's stock for a short time and bought it when the price was low.

Pacific fired back with a letter to shareholders Friday afternoon pointing out that, with 1 million shares, it owns more than five times the stock the entire Webb board holds.

Executives from Florida-based investor Avatar Holdings are said to be in line for the Webb board positions that would be added by year-end. Led by Wall Street millionaire Leon Levy, Avatar has accumulated a more than 5 percent stake in Webb during the past year.

Friday's announcements are the latest round in a contentious battle for control of retirement developer Webb, considered a catch because of the wave of aging baby boomers.

Pacific has been critical of

the home builder's operations and shareholder profits citing a negative 32 percent return on its stock during the past five years. It has nominated Phoenix billboard mogul William Levine and investment banker Brian O'Connor to Webb's board.

If they are elected by shareholders next week, Webb will not expand its board.

On Thursday, Institutional Shareholder Services recommended Pacific's board slate

over Webb's nominees.

Earlier in the week Webb suitor J.F. Shea Co. said it will withdraw its \$1.6 billion offer if Webb prevails in a proxy contest next week.

The California builder's threat came as Webb continued to raise doubts about Shea's ability to finance a deal. The two home builders are supposed to meet to discuss the financing before the board meeting in Indian Wells, Calif., on Thursday.

Webb's stock closed at \$26.50, up \$1.50 on Friday.



Daily News-Sun • Tuesday, Oct. 24, 2000

# Webb reports boost in revenues

THE ASSOCIATED PRESS

PHOENIX — Del Webb Corp., the nation's leading builder of active adult and lifestyle communities, today reported net earnings of \$16.5 million, or 89 cents per diluted share, for its first quarter ended September 30, a 20 percent increase over the \$13.8 million, or 74 cents per diluted share, for the same period one year ago. Revenues in the first quarter increased modestly to \$417.7 million, compared to \$409.6 million in the year earlier quarter.

President and Chief Executive Officer LeRoy Hanneman said the company was very pleased to report a strong improvement in earnings with only a modest increase in revenues. "We are firmly committed to improving the financial returns for our shareholders," he said.

For the first quarter, exclusive of last year's sale/leaseback of model homes and vacation units, homebuilding revenues increased slightly to \$395.1 million from \$389.4 million for the same period last year. Revenues from the company's active adult operations declined, consistent with a drop in closings, but a 22 percent increase in revenues from family and country club operations offset that revenue decline. An increase of \$10.1 million in land and facility sales for the quarter ended September 30 was largely attributed to land sales at the

company's family communities in Nevada which are being closed out. These revenue increases were offset by a decline in revenues generated last year by the sale/leaseback of model homes and vacation getaway units. Overall, revenues during the first quarter were fairly stable at \$417.7 million, compared to \$409.6 million during the same period one year ago.

The modest gain in revenues occurred while closings declined 11 percent company-wide, from 1,808 units to 1,609 units. Closings in the company's active adult operations declined 15.5 percent, with a significant part of the decline coming from Sun City in Huntley, Illinois. That decline was due to the high level of homes closed during the first quarter last year that the company believes resulted from initial pent-up demand in that market.

While home closings declined during the quarter, the company experienced a significant increase in revenues generated per closing. Average revenue per closing company-wide increased to \$245,600, compared to \$220,700 for the same quarter last year. In the company's active adult operations the average closing price was \$238,500, an increase of nearly 10 percent compared to the first quarter one year ago.

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# 2 Webb suitors facing deadline

By Catherine Reagor  
The Arizona Republic

Del Webb Corp.'s suitors are running out of time to get seats on the Phoenix-based home builder's board of directors.

Both Pacific Partners of Phoenix and J.F. Shea Co. of Walnut, Calif., announced intentions to nominate three of their own directors at Webb's annual meeting on Nov. 2.

However, neither has sent proxies to shareholders nor filed with the U.S. Securities and Exchange Commission.

Rick Miller, an attorney for Pacific Partners, said if the group intends to go after the board seats, it will need to start the process within the next week.

Pacific Partners has acquired a 5.5 percent stake in Webb since May. The group, which was drawn by Webb's low stock price and top position in the active-adult housing market, might not be pushing for board representation because of a recent meeting with Webb management.

Webb, which developed Sun City, has 11 active-adult developments. It has entered the family master-planned market with Anthem developments in Arizona and Nevada.

Both Miller and Webb spokeswoman Lynne Reaves called the meeting "amicable" and "cordial" but would not disclose any more information.

Last week, Shea emerged as a suitor for Webb with a

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\$551 million cash offer that the builder promptly rejected. Shea would also have to pick up Webb's more than \$1 billion in debt.

Shea, which offered \$30 a share, also indicated if its buyout proposal was rejected it would like to nominate three directors, including its chief executive and the head of its retirement division.

Bruce Varker, chief financial officer for Shea, said the company hasn't taken its buyout offer off the table. He added Shea has a few more days before it must take action on the board seats.

UBS Warburg analyst John Stanley said Webb is worth at least \$40 per share and possibly as much as \$60 per share.

Webb chief executive LeRoy Hanneman has said the company will entertain only offers that would benefit shareholders. He defended Webb's strategy by saying the company is paying down its debt, has cut costs and is well-positioned with retirement developments from Chicago to Sacramento to cash in on baby boomers preparing for retirement.

The company's stock closed at \$27.62 on Tuesday, up 28 percent from when Pacific first announced its intentions in July.

In August, Pacific laid out plans to nominate principals William Levine and Arturo Moreno and investment banker Brian O'Connor to the 10-member Webb board. Pacific also indicated it might seek a buyer for the company.

Levine and Moreno, former executives of Outdoor Systems, made *Forbes'* richest Americans list after the billboard company's sale. The two were among those tied at No. 207, each with a net worth of \$1.4 billion.

The two other principals in Pacific Partners are home builder Garth Wieger and former Webb executive Joe Contadino.

Pacific and Shea share a connection: Wieger ran Shea Homes' Arizona division be-

fore joining home builder UDC. However, both Shea and Pacific say their actions with Webb aren't related.

There's no word from Avatar Holdings Inc., a Coral Gables, Fla.-based retirement builder, which on Sept. 14 said it had accumulated a 5.1 percent stake in Webb. The company said it had been buying Webb over the past 12 months in the belief it is undervalued.

Other big U.S. home builders, such as Toll Brothers and Lennar, have also been named as potential suitors for Webb.

However, home-building analyst Timothy Jones, with Florida-based of Ryan, Beck Southwest Research, said publicly traded builders are hesitant to buy Webb because its heavy debt load would drag down their balance sheets.

"Webb's huge projects scare many builders," he said. "They cost too much to set up and can drain resources if they don't attract enough buyers right away."

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Daily News-Sun • Tuesday, Sept. 26, 2000

# Webb rejects builder's overture

**SHEA HOMES:** Third offer in recent weeks drives up retirement-community developer's stock price

BRUCE ELLISON  
DAILY NEWS-SUN

California builder Shea Homes remains interested in a friendly buyout of Phoenix-based Del Webb Corp., developer of Sun City retirement communities, despite Webb's lack of enthusiasm.

Webb on Monday dismissed a Shea bid

of \$600 million for the company as inadequate. That would be \$30 a share.

Shea chairman John Shea said his company "approached Del Webb several months ago in an effort to negotiate a transaction," adding that his company has "been unable to engage Del Webb in meaningful negotiations."

Shea is the third homebuilder in recent weeks to express an interest in buying the New York Stock Exchange-listed Webb, which, until the offers became public, had traded as low as \$12 a share in the last year.

On Monday, the stock spurted more than \$4 to about \$28, and it was trading higher this morning.

Analysts say Webb stock is seriously undervalued despite its relatively heavy \$1 billion debt. John Stanley, a home-building analyst with UBS Warburg in New York, said Webb is worth at least \$40 per share, and perhaps as much as \$60.

The retirement-home market is considered one of the largest growth areas for the next 20 years.

"Del Webb has one of the few well-known brand names in the home-building business — Sun City," said David Thikoll, a Meyers Group housing analyst in Phoenix. "That alone is worth some money."

Avatar Holdings Inc. of Coral Gables, Fla., which also builds in Rio Rico, a southern Arizona community, recently has

acquired a 5.1 percent interest in Webb. Pacific Partners, executives of which have had links with both Shea and Webb, has acquired a 5.5 percent stake since May.

Webb said Monday that Shea, a major builder in Arizona, advised Webb it may nominate three people to Webb's 10-member board of directors. Shea also proposed acquiring Webb's outstanding shares at \$30 a share if its examination of Webb's finances stood up.

Shea requested secrecy on its bid, but Webb Chief Executive Officer LeRoy Hanneman said his company felt it must disclose the proposals.

Hanneman said there also is a question as to how Shea might finance the stock

acquisition — a \$551 million deal — and satisfy Webb's outstanding debt.

Webb's several issues of bonds require they be paid off if the company is taken over by another firm or group of individuals.

Additionally, Hanneman said, the book value of Webb stock is more than \$26 per share and would be expected to exceed \$30 a share by June 30, 2001, the end of the fiscal year.

The stock should increase in value because the baby-boomer over-50 market is growing and because Webb has four major new active-retirement communities under development in Arizona, California, Illinois and Nevada, Hanneman said.

# Del Webb gets offer from Shea

## Developer shuns \$551 million bid

By Catherine Reagor  
The Arizona Republic

The battle for control of Del Webb Corp. escalated Monday, with homebuilder J.F. Shea Co. making a \$551 million cash offer that the Sun City developer promptly rejected.

Still, analysts say this could be the beginning of a drawn-out takeover battle.

Walnut, Calif.-based Shea is offering \$30 a share. It would also have to pick up Webb's debt of more than \$1 billion.

A deal between Webb and privately held Shea would unite the top two home builders in the Valley, creating a company that constructs retirement, semi-custom and tract homes. Analysts say Shea covets Webb's dominance in the retirement market, the biggest growth area for home builders in the next two decades.

"Del Webb has one of the few well-known brand names in the home-building business — Sun City," said David Thikoll, a Meyers Group housing analyst in Phoenix. "That alone is worth some money."

News of the offer drove Webb's stock price up 18 percent, or \$4.94, Monday to close at \$27.25 a share.

But Webb said the offer was not enough for shareholders.

"The proposal from Shea is

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deficient in many ways," Webb Chief Executive Officer LeRoy Hanneman said in a prepared statement.

Home building analyst John Stanley of UBS Warburg in New York says the company is worth at least \$40 per share and possibly as much as \$60 a share.

Shea's offer comes on the heels of major investments in Webb by two other suitors who were attracted by the company's low stock price and excellent position to cash in on the aging baby boomer market with its upscale retirement communities.

Phoenix-based Pacific Partners was the first. It has bought a 5.5 percent stake in the company since May, and recently nominated three members to Webb's board of directors. Webb's stock is up 28 percent since Pacific disclosed its position on Aug. 18.

Pacific and Shea share a connection: Garth Wieger, one of the principals of Pacific Partners, ran Shea Homes' Arizona division before joining homebuilder UDC. He then negotiated the sale of UDC to Shea Homes.

However, both Shea and Pacific say their actions with

ings Inc. of Coral Gables, Fla., has amassed a 5.1 percent stake in Del Webb since last September.

Publicly traded Avatar, which builds in Florida and Rio Rico, Ariz., said it began buying the stock last year because it was considering a business combination or a bid to gain control of Webb.

Neither Pacific Partners nor Avatar returned phone calls about the Shea offer.

A statement from Shea said the company first approached Webb several months ago about a deal.

"We have been unable to engage Del Webb in meaningful negotiations," Shea's chairman, John Shea, said in a prepared statement.

Still, it was Webb that disclosed Shea's offer Monday morning.

Shea has also asked to nominate three members to Webb's board, including its CEO and the head of its retirement business.

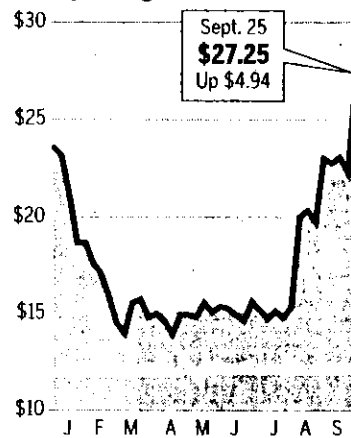
Although Shea, which had \$1.6 billion in revenue last year, is privately held, housing analysts say it has the money or at least the backers to finance the purchase of Webb.

Hanneman has defended Webb's strategy by saying the

## Building momentum

Shares of home builder Del Webb Corp. jumped 18 percent Monday after it received a buyout offer.

### Weekly closings



Source: Bloomberg Financial Markets

### Webb aren't related.

Pacific also includes Joe Contadino, once considered a candidate for CEO at Webb before leaving it in 1998; and William Levine and Arte Moreno, executives who built Phoenix-based Outdoor Systems into the country's largest billboard company before selling it to Infinity Broadcasting Co. last year for \$8.3 billion.

Separately, Avatar Hold-

company is paying down its debt, has cut costs and is well-positioned with communities from Chicago to Sacramento to cash in on baby boomers getting ready to retire.

Webb's debt load, high even for an industry that must pay a lot of up-front costs, is boosted by the huge expense of opening its communities. It spends at least \$100 million on the projects before the first home is sold.

Analysts say other builders are interested in Webb. D.R. Horton, Pulte and Lennar have all been named as possible suitors because they want to get into the retirement building business.

"It looks like they are in play now," said Barbara Walchli, a mutual fund manager following Arizona companies for Aquila Rocky Mountain Equity Fund.

She said Webb, like most home builders, has been undervalued, but has been looking at strategies to boost its values. However, she said the company didn't get a chance to implement them.

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# Webb scores with home buyers

**J.D. POWER & ASSOCIATES MARKET SURVEY:** Phoenix-based builder comes in second in area in eight categories ranked by new-home buyers

PATRICK O'GRADY  
DAILY NEWS-SUN

Del Webb Corp. got high marks in a recent survey judging customer satisfaction among new-home buyers.

The survey, released by J.D. Power and Associates Wednesday, found the Phoenix-based builder ranked second in the Phoenix market, and third in the Las Vegas and Chicago markets, where the company is building several new Sun City communities.

The study examined new-home buyers experiences in six markets, including Houston, Dallas and Washington, D.C., and asked them to rate their experiences in eight categories — quality of workmanship and materials, the builder's customer-service representation, the builder's sales staff, price and value, physical-design elements, the builder's design center, recreational facilities and location.

Webb developments in Phoenix ranked behind Gilbert-based developer Blandford Homes, the

highest-rated developer for a second year. Webb received a composite score of 115, well above the 104 average for home builders in the Phoenix market.

Although the company's officials were not aware of the study Wednesday, spokeswoman Paula Jennings said the company has extensive follow-up with home buyers to determine the company's strengths and weaknesses: "One of the things I know that ensures we meet the highest standards is that after 15 days, each home buyer is given an extensive questionnaire."

Another questionnaire is sent out after 60 days, the answers to which fuel corporate decisions on how to keep quality and amenities high, Jennings said.

In Las Vegas the company tied for second with Coventry Homes,

and in Chicago Webb ranked third in overall satisfaction. In each market, the company scored above the market average, the survey stated.

The survey, conducted for six of the seven fastest-growing new housing markets, has been conducted for the past three years in Phoenix and around the country as a way to measure trends in what buyers are looking for in a new home. The detailed, four-page survey requests opinions on several factors that concern home buyers, and the survey is weighted to reflect what is of more concern to buyers, said Paul Sonkin, director of home building for J.D. Power.

"If they do well in the first two factors, like building materials and customer satisfaction, you are going to get a higher score than if you rank well in lesser categories,"

Sonkin said.

Quality of materials and customer service represent 50 percent of how well builders are doing. If they rank higher than average — set at 100 for the study — the score they receive is commiserate with the percentage at which they rank above the average, Sonkin said.

"If a builder ranks 20 percent above, they get a score of 20 over the average for that category," she said.

The study, planned to be continued on an annual basis, also gives information on how the markets compare. In this year's study, Phoenix ranked highest of the six for overall customer satisfaction. Only builders who constructed and sold more than 250 homes in 1999 are included in the study, Sonkin said.

J.D. Power and Associates 2000 New-Home Builder Customer Satisfaction Study		RANKED
■ Blandford		1
■ Del Webb		2
■ Shea		3
■ Engle		4
■ Morrison		5
■ Pulte		6
■ Robson		7
■ Continental		8
■ Greystone		9
■ Elliott		10
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SOURCE: J.D. POWER AND ASSOCIATES  
CHARLES WADE/DAILY NEWS-SUN

# Del Webb pressured to reduce debt load

## Pacific Partners wants more control

By Catherine Reagor  
The Arizona Republic

The Phoenix investment group that recently bought a stake in Sun City developer Del Webb Corp. is digging in deeper, with plans to add to its holdings and go after three board seats.

Pacific Partners is trying to force Phoenix-based Webb to get out from under a heavy

debt load and boost its stock price.

The investment group announced plans Thursday to nominate principals William Levine and Arturo Moreno and investment banker Brian O'Connor to the 10-member Webb board. Pacific also indicated it might seek a buyer for the company, according to

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documents filed with the U.S. Securities and Exchange Commission.

In response to the Pacific filing, Del Webb said in a prepared statement that it "regrets that they have indicated a plan to institute a costly and disruptive proxy contest."

The company also said the current board continues to act in the best interest of all shareholders.

Del Webb's stock has risen 12.6 percent, or \$2.82 a share, to \$22.38, since Pacific Partners' disclosure of a 5 percent stake in the company on Aug. 17. That stake, now at 1.002 million shares, is worth \$22.4 million.

The share price is still down 16 percent for the year to date despite record annual sales and earnings reported in July.

Levine and Moreno are former executives of Outdoor Systems who made millions from the billboard company's \$8.3 billion sale to Infinity Broadcasting Corp. Both are still with Infinity.

The two other principals in

Pacific Partners are home builder Garth Wieger and former Webb executive Joe Conatadino. O'Connor is a senior vice president of Hutchinson, Shockey, Erley & Co. of Phoenix.

Pacific says it intends to keep buying Webb stock, up to 15 percent of the outstanding shares.

UBS Warburg analyst John Stanley said Webb was already moving toward many of the objectives Pacific has listed. He said he wasn't sure the investment group could get it there any faster than current management.

The investor group has focused on Webb's 3-to-1 debt-to-capital ratio, well above the 2-to-1 ratio considered healthy in the industry.

To cash in on the aging baby boomer market with more updated retirement communities, Webb needs the capital to keep expanding. It typically puts \$100 million into its amenity-rich communities before the first residents move in, which has contributed to the leverage on its balance sheet.

Wieger said the investors had a deadline of Sept. 4 to

submit director nominations for Webb's annual meeting Nov. 2 in Phoenix.

Pacific has requested a meeting with Del Webb Chief Executive Officer LeRoy Hanneman. He suggested a Sept. 11 meeting, one week after the deadline.

SATURDAY, AUGUST 19, 2000

1C

# Investing in Webb a step to merger?

By Catherine Reagor  
The Arizona Republic

A local investment group's purchase of a 5.3 percent stake in Phoenix-based Del Webb Corp. did little to the developer's share price, even though some analysts think it could be the first step toward a takeover or merger.

The Sun City builder's stock closed at \$20.31, up 75 cents, on Friday, the day after Pacific Partners announced its acquisition of \$15 million in Del Webb's outstanding common shares. Trading was fairly heavy, with 179,000 shares changing hands, twice the three-month daily average volume.

The Phoenix investment group is made up of William Levine and Arte Moreno, former executives of billboard company Outdoors Systems; Garth Wieger, former head of home builders Shea, UDC and Blandford; and Joe Contadino, a longtime Webb executive who started Coventry Homes.

"Del Webb's stock is dirt cheap so this looks like some kind of consolidation move," said Timothy Jones, a home-building analyst with Ryan, Beck Southeast Research.

Del Webb declined to comment on its new investors' intentions.

Pacific Partners initially wants a board seat and a meeting with management about its debt load. A meeting won't likely happen right away because next week Webb senior management is on a planning retreat out of state.

Home building analyst R.L. Brown said that if the billboard millionaires just wanted to invest in Webb, they wouldn't have teamed with two veteran builders.

Levine and Moreno have put in more than two-thirds of the cash for the group's stake in Webb.

*over*

FRIDAY, AUGUST 18, 2000

• THE ARIZONA REPUBLIC

## 'Local guys' buy \$15 million of Webb to hike share price

By Catherine Reagor  
and Dawn Gilbertson  
The Arizona Republic

Two prominent home builders have teamed with two wealthy investors to scoop up \$15 million of Del Webb Corp. stock, with the goal of pressuring the Phoenix company

to boost the share price.

Pacific Partners LLC announced late Thursday that it has acquired 975,886 shares, or 5.32 percent, of the Sun City developer's common stock and may seek a seat on the board of directors.

Activist investors are common, but this case is partic-

ularly interesting because it has a cast of characters worthy of a business soap opera. It pits a former Del Webb insider, another widely known home building executive and two billboard magnates against a pioneering home builder whose name is synonymous with retirement com-

munities.

"This is wild," said R.L. Brown, a Phoenix housing analyst who is close to some of the players but wasn't privy to this deal.

"They obviously feel there's more to be done with

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Del Webb."

Pacific Partners includes Joe Contadino, once considered a possible successor to longtime Webb Chief Executive Officer Phil Dion; Garth Wieger, former head of the home builders Shea, UDC and Blandford; and William Levine and Arte Moreno, executives who built Phoenix-based Outdoor Systems into the country's largest billboard company before selling it to Infinity Broadcasting Co. last year for \$8.3 billion. Both remain with Infinity.

Webb, with deep roots and about 1,000 employees in the Valley, recently reported record annual earnings. But the

company faces challenges on many fronts: The stock is down 21 percent this year, the company's high debt level has impeded its growth and a huge wave of baby boomers is looking beyond the Webb model for retirement.

Del Webb would not comment directly on its new major shareholder, but said in a statement that it routinely meets with shareholders and would expect to meet with Pacific Partners at a mutually convenient time.

Contadino, who retired last year right before LeRoy Hanneman was named Webb's chief executive officer, said he and Wieger hooked up with Levine and Moreno earlier this year.

"We're just a couple of

local guys trying to make good," he said.

Levine, through a limited partnership, and Moreno each contributed \$5.5 million, with Wieger and Contadino, through a family trust, each pitching in \$1 million. The \$1.9 million balance came from a brokerage margin loan.

Pacific Ventures began buying Webb's stock in May and passed the 5 percent mark, which requires public disclosure, this week, according to a Securities and Exchange Commission filing.

It bought the shares at prices ranging from \$14.46 to \$19.50, paying a total of \$14.9 million.

At Thursday's closing price of \$19.56, the stake is worth

\$19 million.

In a letter to Hanneman, Levine said Pacific Partners acquired the stake because it believes Webb hasn't done enough to boost its stock price.

"Although the company is the recognized brand name and the leader in the active adult housing business, we are concerned that shareholder value has not been maximized," the investment group said in the letter.

It blames the company's debt load, which it says hurts its cash flow and ability to grow.

The investors are requesting a meeting with management to review the company's plans to address its financial



Daily News-Sun • Friday, Aug. 18, 2000

# Investors grab Webb stock

**TAKEOVER HINTED:**  
Principals connected  
to homebuilding

DUCE ELLISON  
DAILY NEWS-SUN

For the second time in three years, a group of outside investors is eyeing Del Webb Corp. as a possible takeover target. Phoenix-based Webb is the developer of the Sun Cities retirement communities and other family-housing developments, mostly in the Sun Belt. On Thursday, Pacific Partners LLC of Los Angeles said it had bought more than 5 percent of

Webb's stock and thinks the stock could be worth more if management moved "to maximize shareholder value."

Webb's stock, listed on the New York Stock Exchange, has been trading at low levels all year.

Its price-earnings ratio, a standard measure of performance, has been as low as 4. Many bank stocks have p/e ratios of 8 to 10, while hi-tech high-fliers trade at



Contadino

30 to 50 or more times annual earnings.

In the last few weeks, Webb stock spurted more than 30 percent — from 15 to about 20 — possibly as a result of rumors of the Pacific Partners investment, which began in May.

At 11:45 this morning, Webb stock was trading at \$19.92 a share, down from its opening price of \$20.75, but up 38 cents from the Thursday close. Volume was about 84,000 shares.

In late February 1998, an unidentified group of potential investors had been talking with the Webb board about a takeover in which shareholders would receive shares and cash worth in the low



DAILY NEWS-SUN FILE PHOTO

Webb built its reputation on developing retirement communities such as Sun City Grand in Surprise.

\$30s per share.

That announcement was preceded and followed by a runup in the company's stock price to about \$35 a share, but the price soon dropped back to the low \$20s after Webb in early March 1998 said sale talks had ended.

The potential buyers were never revealed.

This year, even though Webb's earnings have been rising, the

company's stock has been as low as \$12 a share even as it reported earnings of \$4 a share.

But this time, the principals in Pacific Partners are known, and some of them are well-connected in the home-building industry. One of them, Joseph F. Contadino, sold his company, Coventry Homes, to Webb in the early

**See Investors eye, A5**

## From A1

1990s, and had been mentioned as a possible successor to long-time Webb chairman Phil Dion, who retired last year.

Others in the investor group are Garth Wieger, a former head of homebuilders UDC and Shea Homes; and William Levine and Art Moreno who ran an outdoor advertising firm in Phoenix and later sold it.

Their 5.32 percent investment in Webb cost \$14.9 million. At today's price, they're already some \$4 million ahead.

The investors have asked to

meet with Webb executives "to better understand the steps management intends to take to maximize the value of the company's recognized brand name and increase shareholder value."

Webb officials said this morning that they knew of the investment and would meet with the investor group at a mutually convenient time.

They declined other comment. Pacific Partners also said it might seek a spot on the Del Webb Corp. board at the next annual shareholders meeting, this fall.

Webb operates on a fiscal year that ends in June.

June 17, 2000

# Webb gifts in NW Valley total \$325,000

By Jim Gintonio  
The Arizona Republic

Charitable contributions from the Del Webb Corp. to organizations in the north-west Valley totaled about \$325,000 in 1999. Large and small groups benefited from the donations provided by the corporation's Sun Cities-Phoenix Division.

Beneficiaries ranged from Arizona State University's Sundome Center for the Performing Arts, which received \$60,000 to complete a \$250,000 commitment, to much smaller projects.

"We feel any corporation's responsibility to the community is necessary, whether it's \$250,000 for the Sundome's renovation or \$50 for an elementary school's readathon program," said Hal Roach, the senior vice president and general manager of Webb's Sun Cities-Phoenix division. "We are proud of the part we play as a partner with the community, and we know it's important to give back not only in the Sun Cities but in surrounding communities as well.

"But the key element in all this is that the people in the communities are being helped."

Del Webb began its charitable program in 1960, when Sun City was developed. The company always has had a strong community presence, and its donations have covered a wide range during the years.

Spokesman John Waldron said that although many groups are helped, Del Webb's main focus has always revolved around children, education and the environment. In honor of Sun City's 40th anniversary, a donation of more than \$32,000 was made to Project Wisdom, which provides funding for a program to match youngsters to seniors. So far, there are 30 matches with kids in the Surprise and El Mirage areas, Waldron said.

A \$100,000 donation was made to Stardust Building Supplies, a non-profit agency that sells donated building supplies and gives the money to Habitat for Humanity.

Other contributions included \$43,000 to the Northwest Valley Chamber of Commerce; \$25,000 for the Arizona Senior Olympics; and \$11,000 to the Symphony of the West Valley. The Dysart Unified School District received \$43,000.

© THE ARIZONA REPUBLIC FRIDAY, MARCH 31, 2000

# Once again, Del Webb looks to stretch the Valley to northwest

Some analysts say you can watch Del Webb Corp.'s land purchases to predict where the Valley will grow.

It was one of the first builders in Ahwatukee, started a home-buying rush in north Scottsdale with Terravita, launched the I-17 corridor as a housing hub with Anthem. And of course, it transformed the northwest area into a retirement mecca with its three Sun Cities.

In Las Vegas, Del Webb himself was one of the first to build a hotel in the middle of the desert, and now the company has several master-planned communities.

In metro Phoenix, the developer is headed northwest again. It recently paid \$28.6 mil-

LOCATION, LOCATION, LOCATION



CATHERINE REAGOR

The Arizona Republic

lion for an interest in a 2,100-acre (more than three square miles) plot north of Sun City West near Lake Pleasant.

The buy is part of a bigger plan. The Phoenix-based company also is going after the land north of the parcel to get at least 7,000 acres. The land known as Lakeland Village and Lake Pleasant Heights that Del Webb wants

is part of the Baptist Foundation of Arizona's property liquidation.

Anne Mariucci, a senior vice president with Del Webb, said that if Del Webb is successful with its bids, the stretch of land could become its next Valley Sun City or even another Anthem.

The deadline for bids on the land near Lake Pleasant is April 22. The buyer will be picked by a team charged with selling the Baptist Foundation's assets to be distributed to its 13,000 investors. The foundation, which owns some choice land but still went under during this boom cycle, filed for Chapter 11 bankruptcy protection in November.

It's not hard to see why Del Webb is looking for more Valley

land to build homes.

The company's Sun City Grand project just sold its 4,000th home. The Surprise community opened in 1996 and has been selling about 1,000 houses each year.

The upscale retirement area is attracting a slew of first-wave baby boomers. To up its amenities one more notch, the developer is building an education center called Chaparral Plaza, which will have a university-type student union, an Arizona State University Learning Center, a computer lab and a coffeehouse.

Del Webb completed Sun City West, which is next door to its Grand project, in 1998. It recently looked at expanding west of the built-out community on a

638-acre piece of orange grove land called Bodine Ranch. But that deal didn't work out.

"There's not a lot of big parcels left around the Valley," Mariucci said.

Del Webb also has shown interest in state Land Department sites near the White Tank Mountains, but many of those big parcels could be made preserve land.

If Del Webb gets the huge chunks of desert near Lake Pleasant, development on a community likely wouldn't start right away.

Typically, Del Webb goes farther out and buys before an area is ripe for home building to get better prices on the dirt. The company bought its Anthem site

almost a decade before it started selling houses there. It has the deep pockets that allow it to hold on to undeveloped land.

If Anthem keeps selling 1,000 homes a year like it did during its first 12 months, the 6,000-acre community near New River could be done much sooner than originally expected, even if the home-buying market slows, as some real estate observers are predicting.

The 50,000 to 60,000 residents projected to settle into the Valley each year will need somewhere to live.

Reach the reporter at  
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The Arizona Republic

# Retirement's midlife crisis

## Del Webb looks to the future of golden years for its strategy



Peter Schwepker/The Arizona Republic

Sun City was one of a kind when it debuted in 1960 (top left). Now, thousands call it and its sister communities home, like Forrest Ward (above), who with pal Joe, has Del Webb to thank for his own private Camelot in the desert.

By Catherine Reagor  
The Arizona Republic

Del Webb Corp., the company that defined retirement for millions of seniors, has hit its own middle age.

The Sun City developer's crisis is whether the children and grandchildren of its original buyers will pay to spend their golden years at Webb communities.

Those baby boomers will be the largest and wealthiest wave of retirees in history, doubling the number of senior citizens in the United States during the next 20 years.

"Baby boomers don't want to retire like their parents," said Jay Pulis, a real estate analyst with Ernst & Young. "They want a whole lot more, so builders better be prepared."

Del Webb comes armed with reams of research, poll results from 100,000 seniors and aging boomers on how they want to retire, to support a billion-dollar bet on a new vision of retirement living.

### Del Webb Sun City locations

- 1 Sun City, Arizona  
Opened: Jan. 1960  
Completed: 1978  
Acres: 8,900  
Homes: 26,000
- 2 Sun City West, Arizona  
Opened: Oct. 1978  
Completed: 1998  
Acres: 7,100  
Homes: 16,900
- 3 Sun City Tucson, Arizona  
Opened: Jan. 1987  
Completed: 1997  
Acres: 1,000  
Homes: 2,500
- 4 Sun City Grand, Arizona  
Opened: Oct. 1996  
Acres: 4,000  
Homes: Current: 2,800  
Projected: 9,750
- 5 Sun City Summerlin, Nevada  
Opened: Nov. 1988  
Completed: 1999  
Acres: 2,530  
Homes: 7,800
- 6 Sun City MacDonald Ranch, Nevada  
Opened: Feb. 1996  
Acres: 564  
Homes: Current: 1,425  
Projected: 2,500
- 7 Sun City Anthem, Nevada  
Opened: Oct. 1998  
Acres: 3,300  
Homes: Projected: 9,100
- 8 Sun City Roseville, California  
Opened: May 1994  
Completed: 1999  
Acres: 1,200  
Homes: 3,100
- 9 Sun City Palm Desert, California  
Opened: July 1992  
Acres: 1,600  
Homes: Current: 2,170  
Projected: 4,800
- 10 Sun City Lincoln Hills, California  
Opened: Spring 1999  
Acres: 2,370  
Homes: Projected: 5,300
- 11 Sun City Georgetown, Texas  
Opened: Apr. 1996  
Acres: 5,300  
Homes: Current: 1,800  
Projected: 9,500
- 12 Sun City at Huntley, Illinois  
Opened: Nov. 1998  
Acres: 2,000  
Homes: Projected: 5,100
- 13 Sun City Hilton Head, South Carolina  
Opened: Nov. 1994  
Acres: 5,600  
Homes: Current: 1,400  
Projected: 8,500

Source: Del Webb Corp.

OVER

## The new Del Webb

The company is trading in its older-model Sun Cities, which started in the northwest Valley 40 years ago, for racier, Disney-esque senior developments. Instead of plain, block ranch homes, tidy streets and churches lined up together, new communities such as Sun City Grand have the pampered feel of resorts.

Del Webb also is building Sun Cities where the sun rarely shines, because many seniors, even those from cold climates, want to stay close to home after they retire.

"We have our finger on the pulse of the active-adult market," said LeRoy Hanneman Jr., 52, a Phoenix native and 28-year Del Webb veteran who took over as chief executive officer two months ago.

If the company is right, the impact could be felt by everyone from shareholders to legions of grandchildren to whole communities and even governments.

Del Webb investors have yet to see a Viagra-like boost for a stock intimately connected to the graying of America.

With its money and political connections, the company can build almost anywhere it chooses. And, as the highest company in its field, Del Webb leads a parade of copycat builders who can create whole cities where once sat just acres of land, creating a tax base, a new demand for services and even altering the social makeup of a place. Large groups of seniors flocking to one community can become political and economic forces, as they have in Arizona and Florida.

It was Hanneman's predecessor as CEO, company Chairman Phil Dion, who yanked the company out of the money-losing casino business after taking over in 1987 and moved more aggressively in the core business of retirement communities.

More than 130,000 people live in new Sun Cities, and that number could more than double in the next decade, especially with 40 million baby boomers expected to hit retirement age by 2020.

Now Hanneman, who owns about 51,000 shares of the company's stock, worth nearly \$1 million, has to keep the boom going.

The firm's basic formula isn't likely to change. Webb routinely buys a huge piece of land on the fringe of a growing metro area and pumps more than \$100 million into its infrastructure before the first house is sold. It builds megahype for each project through pricey advertising, luring buyers who camp out at its gates before the first day of sales.

### Growing over the years

Not every Sun City has been an instant success. Sun City Hilton Head, in South Carolina, was plagued with torrential rain when it opened in late 1994, slowing sales while the company had to keep putting cash into it.

Sun City Palm Desert opened as California was still in the throes of a recession during the early 1990s, and sales were dismal at first.

But the company's model for development, dating from the first Sun City, has hoisted the company's revenue to \$2 billion this year.

The downside is that Del Webb has invested so much into trying to shape baby boomers' retirement that its debt has risen as quickly as its record home sales. But analysts say the company should be spending more to capture the next generation of retirees.

The developer mounted a \$1 billion expansion last year with four developments from Chicago to Sacramento.

The company's biggest strategy shift came after research showed that most Americans on the cusp of Social Security don't want to move to Arizona or Florida. They want to stay close to their family and friends.

So Del Webb is going to them. Its first cold-weather Sun City opened last year in Huntley, Ill., a suburb more than 40 miles from Chicago.

The experiment for the company paid off. Almost 200 homes were sold in just the first few months that Huntley was open.

Del Webb is planning many more Sun Cities on the East Coast and in the Midwest to draw the almost 90 percent of future retirees who don't want to move far away. Amenities in the newer communities include everything from rock climbing walls and in-line skating paths to home offices.

### Taking on debt

Del Webb's heady spending last year drove up the firm's leverage — a measure of how much money it's borrowing against shareholder equity in the company — to a 3-1 ratio. It's since dropped down to about 2½-1, but the developer is still working on getting it back to the 2-1 ratio that is considered the industry standard.

The company's spending spree caught the attention of Wall Street analysts.

"It's not a great situation, but they are leveraged for good reason," said John Stanley of investment bank Warburg Dillon Read, which has monitored the company's debt levels closely since last year. "The company has positioned itself to cash in on a huge new group of customers."

He said Del Webb needs to grow even more, when it can afford to.

But the builder's stock price

hasn't reflected the growth. While earnings have almost doubled in the past five years, the stock dropped to a 16-month low of \$18.25 last week before recovering slightly.

Most home-building stocks have been in the tank since interest rates started to go up last summer and home buying began to slow.

### The competition

Del Webb has competition for the lucrative baby boomer market. Several big builders, such as U.S. Homes, Pulte and longtime competitor Robson Communities, are nipping at its heels.

Some builders even have attempted to copy the Sun City model. Ed Robson, a former Del Webb executive, has opened competing amenity-rich retirement communities next door to Sun Cities.

Building for retirees is most of Del Webb's business; one-third is just regular home building. The Anthem development on the fringes of north Phoenix is its first Sun City-esque community for families, and houses have sold at a rate of at least three a day during the past year.

Research shows that some seniors don't want to live in age-restricted developments like Sun City, so the company is betting they will opt for an Anthem or a home in one of its country club projects, such as Terravita and Belasera in north Scottsdale.

Other aging baby boomers don't want big gated communities or golf. They want walking trails and wine tasting, so Del Webb opened a small project last year in California's Sonoma County for those buyers.

The small projects are doing fine, but analysts say Del Webb's expertise is in building big. Few other developers can manage so many massive and expensive projects in different parts of the country all at once.

"Retirement housing is where the big money will be in the next two decades," said Arizona economist Elliott Pollack, who has tracked Sun City since early on. "As baby boomers like me start to take our teeth out at night, home builders will begin to drool."

Reach the reporter at Catherine. Reagor@ArizonaRepublic.com or (602) 444-8040.



Stephanie Sinclair/Chicago Tribune

Del Webb's first cold-weather Sun City opened last year in Huntley, Ill. A woman checks the Mackinac Plan model at the opening in March.

# Del Webb places bet on East Coast

By Maureen West  
The Arizona Republic

A Sun City for New York City; Washington, D.C.; Philadelphia and Chicago?

If the Del Webb Corp. has its way, all those major U.S. cities will have active retirement communities on their fringes over the next 20 years. A Sun City is already being built in the Chicago area, and sales are brisk, according to Charles Roach, senior vice president for Del Webb Corp.

Roach, demographer Charles Longino and Walter Bortz, an expert on aging, spoke Thursday

in Sun City as part of a lecture series marking the 40th anniversary of the community. They looked ahead to the shape of retirement communities of the future.

New Sun City communities across America won't hurt the Valley's Sun City, according to Roach, because they are going after an untapped market: those who want to stay close to their traditional home.

Only 10 percent of retirees over 60 are willing to move 100 miles or more. The great majority wants to stay near family, work opportunities and the rich cultural life of a city.

About 100,000 people over 60 move to Arizona every five years, according to Longino. More of them are coming from California and other Western states than in the past. Fewer are coming from Illinois, Michigan and New York.

New sections of the Sun City area are being built with amenities like resorts.

The big market, however, is yet to come, Del Webb hopes: They are the baby boomers who reach retirement age in 2008. They will want lakes and waterfalls, a bigger emphasis on health and fitness and businesses that cater to their desires, Roach said.

# Webb, subcontractors remodel Surprise school

By Lori Baker  
The Arizona Republic

Del Webb Corp., developer of the Sun Cities, has teamed with local contractors to donate materials, labor and money to renovate Surprise Elementary School.

On Monday, students returning from winter vacation will see a newly painted cafeteria and classrooms as well as new carpeting in classrooms and new shade structures at their school, 12907 W. Greenway Road.

More than \$40,000 in materials, labor and money was donated as part of Webb's second annual holiday WINS (Webb Involvement in Neighborhood Schools) program. Work was done while students were on break in December.

"We are thrilled that Del Webb and their contractors have selected our school as the recipients of this generous opportunity," Principal Mark Yslas said. "The repairs are very

much needed."

Contractors other than Webb were Design Drywall, Metro Valley Paint, Floorworks, R/S Service and Schuck and Sons.

"Helping schools in the area has always been important at Del Webb. The WINS program is a win-win for all," said Chuck Roach, general manager for Del Webb's Sun Cities-Phoenix division.

Dysart Superintendent Margo Seck said Webb has helped Dysart with different programs over the past few years, including an annual grant to pay Dysart's volunteer coordinator's salary.

"We appreciate their community spirit," she said.

Last year, the WINS program and the city of Surprise remodeled Bicentennial Park in Surprise to benefit children's baseball and softball programs.

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