Canoa Hills Townhomes
Home Owners Association

2026 Canoa Hills Townhomes Special Town Hall Meeting

Roads Report

January 14, 2026

CHTH Town Hall

- Purpose – to give you as much detail as needed to understand this initiative
- Since this is not an official board meeting, there is no voting on anything today
- This presentation will be made available on the HOA website when this is done
- If you come up with more questions, they can be sent to the CHTH email or the treasurer email and they will be answered!

CHTH Town Hall

- Will present in multiple sections, and will allow questions to be asked ONLY after each section – we have a lot of information to cover and chances are your question is already answered further in the presentation. There will be a time at the end of the presentation for comments. If we feel a question is going to be addressed further in this presentation, we will ask for you to hold off temporarily

CHTH Town Hall

- This Town Hall is about Roads – we will not address questions not specifically related to Roads – we want to stay on point, otherwise we risk running out of time
- Three minute limit to questions and comments. Everyone must get a chance to ask their question before a person can ask a second question. Prior to asking a question or comment, you must identify yourself

CHTH Town Hall

- Please don’t talk amongst yourselves – we would like one conversation so that everyone can hear the same thing.
- Please remember that we are all neighbors and people who live in this HOA – disagreeing with an idea is fine, but please don’t attack the person – that applies to the Roads Committee, the HOA board of directors and members of the HOA

CHTH Town Hall

- As a courtesy to everyone here, please mute or turn off your cell phones.

CHTH Town Hall Topics

- Overview –How did we get here?
  - Establishment of Road committee
  - Previous work
  - Timeline
- What we've learned from other HOA's
- Engagement with Frank Civil Consulting (FCC)
- Information from GVC and Michael Shupe

CHTH Town Hall Topics

- Fundamentals of Reserve Funding and how they apply to CHTH and roads
- Road construction / Replacement
- Financial Plan Alternatives

A little history

- Prior to 2017
  - Making modest ($10-12K) contributions to Road reserve which was only covering maintenance (no rebuilding)
  - Based on analysis from GVC for regular maintenance
  - See the next page for more detail on GVC reserve funding recommendations

STREET MAINTENANCE RESERVE (2% inflaction assumption)

YEAR	Crack Seal	Replace Pavement	S.A.M. Pave	Fog Seal	TOTAL	RESERVE Provision	Balance
2,012	12,078	5,163	92,312	11,386	120,939		48,950
2,013					0	13,000	62,195
2,014					0	13,000	75,506
2,015					0	13,000	88,883
2,016					0	13,000	102,328
2,017	10,000	6,000		12,822	28,822	13,000	87,017
2,018					0	13,000	100,452
2,019					0	13,000	113,955
2,020					0	13,000	127,524
2,021					0	13,000	141,162
2,022	11,500	10,000		14,200	35,700	13,000	119,168
2,023					0	13,000	132,764
2,024					0	13,000	146,428
2,025					0	13,000	160,160
2,026					0	13,000	173,960
2,027	12,700	15,000	124,300	15,700	167,700	13,000	20,130

STREET MAINTENANCE RESERVE (3% inflaction assumption)

YEAR	Crack Seal	Replace Pavement	S.A.M. Pave	Fog Seal	TOTAL	RESERVE Provision	Balance
2,012	12,078	5,163	92,312	11,386	120,939		48,950
2,013					0	15,000	64,195
2,014					0	15,000	79,516
2,015					0	15,000	94,913
2,016					0	15,000	110,388
2,017	10,000	6,500		13,200	29,700	15,000	96,240
2,018					0	15,000	111,721
2,019					0	15,000	127,280
2,020					0	15,000	142,916
2,021					0	15,000	158,631
2,022	11,600	11,000		15,300	37,900	15,000	136,524
2,023					0	15,000	152,206
2,024					0	15,000	167,967
2,025					0	15,000	183,807
2,026					0	15,000	199,726
2,027	13,500	16,000	143,800	17,750	191,050	15,000	24,675

Assumed interest on reserve balance - 0.5%

A little history

- Previous work done by Cholla, Tucson Asphalt, Sunland
  - This work included a chipseal overlay in 2012, crack seal, seal coat and repairing sections of failing asphalt
  - From 2007 – 2024 approximately $272,000 spent on maintaining the roads
- See next page for more info on past road work

CHTH Road Maintenance 2007-2024

Date	Supplier	Work performed	Amount
2007		??	$ 5,200.00
2008		??	$ 9,600.00
2011		??	$ 14,500.00
2012		Replace pavement	$ 5,163.00
2012	Sunland	SAM coating (chip seal)	$ 92,312.00
2012	Sunland	Fog seal	$ 11,386.00
1/9/2012	Cholla	Asphalt crack sealing	$ 12,078.00
12/13/2016	Sunland	Crack seal application	$ 11,165.00
10/24/2017	Sunland	TRMSS application (maybe surface sealer)	$ 20,997.00
6/12/2019	Tucson Asphalt	Repair	$ 12,820.79
5/27/2020	Tucson Asphalt	Repair	$ 2,957.05
7/15/2022	Tucson Asphalt	Crack sealing	$ 14,843.95
6/11/2024	Bates Paving & Sealing	Remove and Replace	$ 18,858.00
9/3/2024	Bates Paving & Sealing	Seal coat (25541 sq yards)	$ 40,319.00
			$ 272,199.79

A little more history

- In 2017, we started budgeting for $20K and moving anything extra at end of year to Roads
- Attended forums / workshops highlight Tucson Asphalt's 'Green Asphalt' $332K seemed attainable!
- Continued doing more repairs until Dick Fitzpatrick asked for a formal roads committee to evaluate what we needed going forward

Roads Committee

- Established December 2023
- Members now include:
  - Ann Redding, Jeff Frider, Tony Storniolo, Rich Bieling
  - Randy Borgwardt who had many years experience working on the roads, has since retired from the roads committee

Roads Committee (cont'd)

- We previously had Richard Patterson who is a civil engineer licensed to practice in Arizona. He and his wife sold their house, but while he was on the team gave us a lot of insight on what to look for while undertaking a project like this
- Would love to have a civil engineer as part of our team to replace Richard (preferably with asphalt/road experience)

Road committee's charter is the following:

- Understand and make recommendations for maintaining the HOA Roads
- Review local suppliers for maintaining and rebuilding the HOA roads
- Understand and make recommendations for financial implications of short and long term maintenance of the HOA roads
- Be the HOA liaison with contractors while work is being done on the roads

Roads Committee
2024 highlights

- Met with multiple contractors including
  - Tucson Asphalt (previously used)
  - Sunland (previously used)
  - Cholla (previously used)
  - Bates (working at Canoa Estates)
  - Holbrook Asphalt (flyer in GV News)
- All had different opinions for solutions
- Ended up with repairs and seal coat

HOA's and advise

- We have learned a lot along the way - we are not the only ones going through road issues! Start at Desert Hills and go south, and across I-19. Everyone working on this.
- Contact with HOA's including DH II, DH IV, Canoa Seca Estates, CSE II, Canoa Vistas, Canoa Estates, CE II, Canoa Ridge, San Ignacio Heights and across I19 at The Legends, The Greens at Santa Rita Springs
- See next page to see HOA comparisons

Green Valley HOA's assessment - PRELIMINARY	2025 Dues (yearly)	number of homes	Has current Roads project	Special Assessments	Reserve Study
CANOA ESTATES Inc. (Canoa Estates 1)	$528	140	Y	$400-$450 for 4 years	
CANOA ESTATES 2	$540	124	?		
CANOA HILLS TOWNHOMES INC	$625	142	Y		N
CANOA RIDGE INC.	$812	128	Y	$500/year for 7 years	Y
CANOA SECA ESTATES, Inc	$780	170	Y		
CANOA SECA ESTATES 2	$640	115	Y		Y
CANOA VISTAS, Inc.	$660	48	N		
CANOA VISTAS 2	$640	46			
DESERT HILLS 1 (GV Desert Hills I)	$350	22			
DESERT HILLS 2	$520	613	N		
DESERT HILLS 3 EAST	$555	91			
DESERT HILLS 3 WEST	$250	131			
DESERT HILLS 4	$550	224			
DESERT HILLS 5	$414	196			
DESERT HILLS 6	$650	60			
FAIRWAYS AT SANTA RITA SPRINGS, THE	$260	35			
GREENS AT SANTA RITA SPRINGS, THE	$740	224	Y	voted down	
LEGENDS AT SANTA RITA SPRINGS, THE	$741	218	Y	$400/year for 10 years	
LINKS at SANTA RITA SPRINGS, THE	&574	??			
SAN IGNACIO GOLF ESTATES	$534	108	Y	$500	
SAN IGNACIO HEIGHTS	$815	159	Y	$500	Y
SAN IGNACIO RIDGE ESTATES	$600	??			
SAN IGNACIO VISTAS 2	$622+$228gated	221			
SAN IGNACIO VISTAS INC	$620	228			
SPRINGS AT SANTA RITA, THE	$580	442	Y		Y

A few things we've learned

- Even well maintained roads have a limited lifetime – about 35 - 40 years
- Roads are expensive
  - Cost to repair and to replace has gone up significantly in the past several years
- Every contractor (asphalt company) wants to sell you their product which are both expensive and may not be in your best interest.

2025 highlights

- Engaged with Frank Civil Consulting
  - They are an engineering company with 20 years of experience of working with asphalt in Arizona and have worked with several HOA's in GV
- Investigate the existing pavement, drainage and related components See report HERE
- Produce a 10 year maintenance plan which includes costs by year See report HERE

Results of FCC engagement

- The investigation report shows the wear and tear on our roads and why we need to plan to rebuild them
- The 10-year Plan give us better vision of what we need to be saving for eventual rebuild of roads

Why an engineering company?

- Years of experience with road construction and maintenance
- Comes with an unbiased opinion on what product or company we should use
- Expertise in bidding and supervising projects of this nature
- Highly recommended
- We have no internal civil engineer expertise

Project undertaking

- By far the largest project this HOA has undertaken
  - Spillways was about $200K
  - Rebuilding the roads will be around 5 times that amount
- Seeking professional advice is needed to protect the HOA and its members

From our lawyer

At a recent GVC ‘office hours’ with Michael Shupe, the following was stated:

“Under Arizona law directors have the right to seek professional advice. A Board must take all opinions into account, but they must also give them appropriate weight.”

From our lawyer (pt 2)

Mike Shupe gave the example of a professional engineering firm holding more weight than a lay person's opinion. He even went on to say that the law provides protection to the Board who relies on advice of a *licensed professional* in the event that something does go amiss.

More from M. Shupe

- By Arizona Law, the Board of Directors' responsibility is to the corporation – Canoa Hills Townhomes, Inc
- The board of directors has fiduciary responsibility for the corporation

Questions?

Fundamentals of Reserve Funding

- What is a Reserve Study?
- Why do a Reserve Study?
- What are “Adequate Reserves”?
- What should CHTH have in reserves?

What is a Reserve Study?

As explained by Browning Reserve Group:

“A budget planning tool which identifies the current status of the reserve fund and a stable and equitable funding plan to offset the anticipated future major common area expenditures.”

Why do a Reserve Study?

If Association is incorporated…

- The Board must act in good faith; in the interests of the association as a whole; and with reasonable inquiry of industry professionals.

Why do a Reserve Study (cont)?

- The Board of Directors has fiduciary responsibility to maintain the community, not keep assessments artificially low.
- The reserve study is a long-term plan and should not be manipulated without good cause and for the proper reasons.

What are “Adequate Reserves”?

- As defined by the Community Associations Institute’s (CAI) 2023 National Reserve Study Standards, ‘Adequate Reserves’ are defined as:

What are “Adequate Reserves” (cont)?

- “A replacement reserve fund and stable and equitable multiyear funding plan that together provide for the reliable and timely execution of the association’s major repair and replacement projects as defined herein without reliance on additional supplemental funding.”

What should CHTH have in reserves?

- In a perfect world a reserve will be 100% funded by the time of need. This need can include the rebuild or replacement of an HOA's asset, such as a pool, a building, roads, etc.
- To arrive at annual funding toward a particular reserve determine the cost of the replacement and the life expectancy.

What should CHTH have in reserves?

- Example: If an HOA's pool has expected, future replacement cost of $100,000 and will last 20 years; $5,000 should be saved each year and after 20 years $100,000 will be saved for replacement.

What should CHTH have in reserves?

- It is reasonable to have funding at 80-85% for an asset.
- This funding level, although less than replacement cost, is somewhat reasonable in that it leaves a manageable amount of special assessment to complete the project.

Questions?

Rebuilding CHTH Roads

- The results of the Frank Civil Consulting reports are that, 1) our roads are at the end of their life, 2) estimated costs and timeline for replacing them
- Estimates based on the Roads Condition report and the 10-year maintenance plan
- Other HOA's in the area have used the same estimating process.

TOTAL *Estimated* Cost from FCC
$ 1,204,992

- Pavement reconstruction $801,480
- Concrete Repairs $24,750
- Survey mon., utility adj. etc. $82,450
- Drainage repair $8,750
- Unforeseen Conditions * $187,012
- Technical Assistance * $62,813
- Traffic control $5,550
- Sales Tax $32,187

Estimated cost

- FCC estimate is based on 3” of asphalt as the basis for light weight residential traffic to match the Estimated Single Axle Load (ESAL) value for a pavement section in this geographic area (Pima County) with an added factor for Green Valley’s remote location.
- Go to the next page to see Unforeseen Conditions possibilities
- Technical Assistance info is on page 43

Unforeseeable conditions as defined by Michael Frank

The “Allowance for Unforeseeable Conditions” is related to potential cost issues below the asphalt you cannot see until you remove the asphalt. This includes the following.

1. Wet/Unstable Subgrade. This can be a major cause of asphalt fatigue. It cannot be bid out as the extent of any instability is unknown until the pavement is removed. Cost of repairing unstable grade can cost approximately $7 to $10 per square yard.
2. Repair of shallow utilities. All wet and dry utilities should be a minimum of 20” below grade; however, historically added utilities are placed to shallow and can be struck during pavement removal.
3. Other unforeseen issues that may arise like material or labor escalations.

The “Technical Assistance” Allowance covers the following.

Once the Community has made a Contractor selection, the following occurs.

Contract administration. We develop an “Owner friendly” Owner-Contractor agreement for the Community and their legal counsel to review and edit. We never let our clients sign a vendor proposal agreement that is slanted towards the vendor. The agreement incorporates the contract documents and provides strong language related to default and performance. We have had lots of Community HOA attorneys review this agreement and have only had minor edits. Once edited, we complete the edits and forward to the selected Contractor for their review and signature. We want them to sign first in case they wish to make any edits to the contract. Once returned, the agreement is sent back to you for final review and full execution of the agreement.

Once the agreement is fully executed, we will begin working with the Contractor on scheduling and coordination. This includes developing a sequencing map of the work with accompanying dates that comply with the specifications related to performance. Once Frank Civil Consulting (FCC) is comfortable with the provided schedule, we forward to you for final review and discussion. Once all parties are in agreement, we complete a Community flyer with the final approved sequencing map for your Community Manager to distribute to all residents in the Community. We also recommend posting at mailboxes and providing your security guards at the gate these flyers. We like to have this process done at least one month before the work is to start so that all residents have the ability to plan accordingly.

Approximately one week before the work starts, we schedule and conduct a pre-construction meeting with all impacted parties to discuss

Exceptions to FCC estimates

- Planning to do reconstruction in 2030 for financial reasons
- We adjusted some pricing down and added inflation to 2030, bringing project price estimate to $ 1,280,000.
  - Contingency adjustment because aggregate subbase condition is expected to be satisfactory

Road Replacement Plan

- Keep in mind that these are only estimates
- Currently we think we can move reconstruction to 2030
- Our goal is to be able to continually evaluate the scope of work, evaluate bids and manage projects for integrity and financial responsibility.
- Evaluate special assessment requirements

Road Replacement Plan

- We must expect that there will be the potential of unforeseen conditions, inflation, etc. This is NOT an exact science.

CHTH Road Reserve

- As of December 31, 2025, CHTH has $318,000 in Road Reserves
- Road replacement is anticipated to cost $1.28M in 2030
- Road reserve contributions anticipated to be made in 2026-2030 by increasing the dues should add $400,000 to the reserve
- 2030 Road Reserve balance to $718,000 (56% funded)

CHTH Road Reserve

- Our road reserve is underfunded for two main reasons:
  - We were not initially reserving for rebuilding the roads, only the maintenance on them
  - We did not anticipate the inflation in recent years that would affect the costs
- CHTH needs to plan for future (post 2030) road maintenance & repair, and eventual replacement in 35+ years

Financial Considerations

- Completing project over a few years
  - Mobilization expenses would add 30%
- Reduce other HOA spending to move more money to Roads
- Deed roads to the County
  - would first need to rebuild to County specs then have no control over repairs
- Grants
  - little interest in “bricks and mortar” items, HOA, etc.

Road Replacement Funding Assumptions

- Annual Road Reserve Contribution from dues needs to be $80,000 per year
- 2026-2030 contribution $400,000
- 12/31/25, Road Reserve Balance $318,000
- 1/1/30 Road Reserve Balance $718,000
- Projected road replacement costs $1,280,000
- $562,000 funding short fall

Road Replacement Funding Option assumptions

- $718K in road reserves at start of construction for all options
- 3% inflation per annum
- Options 1 – 3 assume a $1.28 million rebuild cost

Road Replacement Funding Options

- Option 1 - Loan
- Option 2 - Lump sum special assessment at construction
- Option 3 - Special assessment for equal amounts (until last year when we get a final cost)
- Option 4 – Adjustable amounts with annual review

Option 1

- No assessments but take a 5-year loan with members paying loan Principal & Interest the year the construction takes place

Option 1 - Loan

- Annual payment per household = $943/ $4715 total starting in 2030 for five years
- Loan amount $570,000 ($560,000 plus loan costs) terms as per Steve Cataldo, Vice President First Citizens Bank, Phoenix, AZ
- 5-year amortization schedule
- 6.5% interest (175-225 basis points above the 10-year Treasury Bill)
- Annual P&I payment = $ 133,840

Option 2

- Each member being assessed one amount in 2030 (or year of construction, which ever comes first)

Option 2

- No assessment until the year of construction
- Expected shortfall will be $560,000
- $560,000 divided by 142 households = $3,944 one-time assessment

Option 3

- Each member being assessed an amount for 5 years starting in 2026 with the 5th year assessment determined in 2030 once project's final cost is known.

Option 3

- 5-year special assessment starting in 2026
- $720 per year per household for 5 years
- Total household assessment = $3600
- $3600 x 142 households = $511,200
- Interest earned would amount to approximately $ 46,010
- Total amounts to $556K

Option 4

- Continual monitoring of project and annual assessment amounts
  - Unforeseen conditions will be unknown until construction commences and can have a large bearing on final cost.
- Special assessment to be $600 per household in 2026.
  - We cannot wait to start saving money, even if project is much less than budgeted.

Option 4 (cont'd)

- Special assessment will be evaluated and voted upon each year up until final project costs are determined.
- Road Committee will prepare an updated report for Board and membership every year
- Continue to estimate potential of 'unforeseen condition' expense and inflation.

Pros and Cons

- Each option has its own pros and cons

Loan

- Pros
  - No special assessment for five years
- Cons
  - Do not want to commit future Boards to take out a loan
  - Costs are much higher due to loan fees and interest
  - We'd be securing our loan with future dues collection

Assessment only in 2030

- Pros -
  - Will be exact amount
  - Doesn’t commit HOA until the end
- Cons -
  - Very large, one-time payment
  - Doesn’t allocate enough costs to those of us that have been using roads

5 year equal special assessment

- Pros
  - Provides more positive funding, and sooner
  - Maximize interest potential
- Cons
  - Possibility of under or over charging

Option 4

- Pros
  - Most flexibility
  - Assessments noted in this presentation can easily be adjusted
- Cons
  - May need a large one-time catch-up assessment at construction completion

Questions?