

Issaquah Highlands Annual Assessments – What am I paying for?

Every year the operating budget for Issaquah Highlands is reviewed by a Finance Committee comprised of residents. The Association staff provides supporting information to determine the actual expenses of the Association. As the IHCA is a non-profit, the budget is approved to cover the actual expenses and sums for future capital improvements as required by the Covenants, Conditions and Restrictions (CCRs).

QUESTIONS ABOUT BASE ASSESSMENTS

How are base assessments calculated?

As required in the CC&R's,¹ base assessments are calculated by taking the total expense and dividing this sum equally between all homeowner and builder owned lots (not including neighborhood or condo expense).

Association budgets must \$0-out after reserves, with any shortfall either carried over to the following year's annual budget or recouped through a special assessment.

Port Blakely Communities has provided financial subsidies for any budget shortfalls with a commitment through the 2007-08 fiscal year.

Who pays for empty lots, or the common areas near them?

Builders pay full share per unit even if there is no home built on the lot yet.

QUESTIONS ABOUT THE BUDGET

Do I have a say in the budget?

Yes, every homeowner has a say. Three homeowners currently sit on the IHCA Board of Directors, and six served on the Finance Committee that thoroughly examined this budget. The Finance Committee is a sub-committee of the Neighborhood Voting Members, elected by the homeowners.

What is the budget process?

The budget is developed by committee with staff support and presented with recommendations for approval to the IHCA Board of Directors. After approved, a homeowners' budget meeting is required with the Finance Committee presenting a power point program of the budget income and expenses. Ratification is automatic unless 75% of all homeowners (not just those in attendance) vote to reject the budget.

Last year, this process included the first IHCA Finance Committee which began meeting in February 2005 to analyze the estimated 2004-05 fiscal year budget performance, the proposed 2005-06 budget, as well as estimated budgets through 2011. Their projections for the 2006-07 fiscal budget were accurately analyzed last year. They anticipated the annual fees would increase to \$675 annually which is what they are for the current fiscal year.

¹ Declaration of Covenants, Conditions and Restrictions for Issaquah Highlands Residential Properties.

Who pays for IH parks and streetscape?

The IHCA pays for maintenance and irrigation of common areas parks and streetscape, though this is shared with the Issaquah Highlands Non Residential Association (the apartment dwellings).² Highlands Council³ shares in the maintenance and irrigation expense for Summit Park, Village Green and Ashland Park as these parks are used for community wide events and activities.

Will the retail area contribute?

No. Retail owners in the High Street or Town Center area will pay their own expenses through the High Street Owners Association (HSA). Nor will the IHCA will not contribute to the maintenance expense of the HSA.

Are IHCA financial records audited?

Yes, IHCA books are audited annually. Completed audits are posted on www.ihwebsite.com. Past audits were performed by Bancroft, Buckley, Johnston & Serres, LLP, and since last year performed by Stanford, Munko & Co., PLLC.

QUESTIONS ABOUT IHCA BUDGETED EXPENSES

What is included in employee and management fees?

Fees pay for 25% of the Executive Director or her assistant, 100% of 2 Community Managers, 1 Administrative Assistant, 1 Facilities Services Manager, 1 Landscape/Irrigation Manager, and Accounting Personnel.

What expenses are under administrative services?

This includes items such as legal fees, property taxes, B&O taxes, audit and tax services, computer expense, office supplies, photocopies, postage, phone expense, bank fees, etc.

What is the community vehicles purchase and how does this fit within the budget?

The community electric vehicles expense is the IHCA's portion of an agreement with Highlands Council to share the costs of the electric vehicles. All staff use the electric vehicles to monitor and travel in IH neighborhoods. Port Blakely paid for this through a subsidy.

What is neighborhood security and how do I reach them?

Neighborhood security is provided by Eagle Security, 10 hours per evening. For the 2006-2007 budget year, IHCA will pay for 6 of these hours, Highlands Council will pay for 2 hours and High Street Association will pay for 2 hours. Officers patrol the neighborhoods and parks, make sure Blakely Hall is locked up, make sure homeowner garage doors are closed at night, and keep a presence in the community. You can reach

² IHNRA – Issaquah Highlands Non-Residential Owners Association; the owners association for Avalon, Lakeside Montessori, and any residential neighborhood retail (does not include High Street retail)

³ Highlands Council is the unifying, community-building entity that provides IH activities, events and information and that will eventually own the Highlands Fiber Network.

security by calling 425-531-4058 (between 8 PM and 5 AM). Of course, in an emergency, or if you observe criminal activity, please call 911.

What is required for reserves for the IHCA, and what is the current reserves balance?

Reserves are required for any community asset repairs or replacement. In IH, this means funds for potential parks, fencing, street trees or similar repairs or replacements are set aside in an interest-bearing account. Currently, IHCA reserves total \$97,169.

OTHER QUESTIONS

What is future years' assessments estimated to be?

2006-07	\$675
2007-08	\$750
2008-09	\$770
2009-10	\$800
2010-11	\$825

The Finance Committee determined that there would be stabilization in the 2007-08 fiscal budget with moderate increases thereafter. Port Blakely will fulfill it's commitment to IHCA with the final subsidy in the 2007-08 budget season. At that time, the community will be financially self-sustaining. The annuals assessments will change if savings are realized on utilities such as irrigation rates.

Who owns and pays for Blakely Hall, Connections, www.ihwebsite?

This is owned and paid for by Highlands Council. No annual assessments are used for Highlands Council.

What are the differences between Issaquah Highlands Community Association and Highlands Council?

This chart clarifies the roles of two of the governing organizations in Issaquah Highlands to help build community while protecting the CCRs that are in place to help preserve the values of your home. We always encourage the residents to call staff with any questions you may have.

IH Community Association	IH Non-Residential Association	High Street Association	Highlands Council	Highlands Foundation
Current Board Composition Board of Directors 3 appointed by Founder 2 elected by voting Members from Residential Neighborhoods	Current Board Composition Board of Directors 3 appointed by Founder 2 elected by young members of Non-Residential Association	Current Board Composition Board of Directors 3 appointed by Founder	Current Board Composition Board of Trustees - appointed 3/PBC, 1/Non-Res, 1/HSA, 2/Community Asso.	Current Board Composition 501(c)(3) non-profit Board
Final Board Composition 7 Board of Directors elected by Voting Members from Residential Neighborhoods	Final Board Composition 7 Board of Directors elected by members of Non-Residential Association	Final Board Composition 7 Board of Directors elected by members of High Street Association	Final Board Composition Board of Trustees - appointed 3/PBC, 1/Non-Res, 1/HSA, 2/Community Asso.	Final Board Composition 501(c)(3) non-profit Board
Only homeowners are members	Only specified apts/retail are members	Only specified retail, office and commercial entities are members	All homeowners, apts, retail commercial are stakeholders	No Members
Purpose Administration of the CCR's for all homeowner residential units and residential common areas designated for common use and enjoyment of residents. Addresses concerns of individual homeowners. Maintains a standard of conduct & maintenance as provided in the CCR's.	Purpose Administration of governance of all rental residential units and non-residential common areas. Ensures standard of conduct, maintenance and activity	Purpose Administration of governance for all units & commercial/retail common areas for the common use and enjoyment of the residents and businesses. Maintain a standard of conduct, maintenance and other activity.	Purpose Development of a vibrant and caring community committed to service, diversity and well-being. Promotes greater community involvement, life enrichment and sustainability. Addresses the need of the total community.	Purpose Support and enhancement of education, environmental and cultural opportunities consistent with the goals of the Highlands Council
Responsibilities Finance: Staff Payroll Budget Office Operations Assessments & Collections Financial Reports Accounting Software Architectural Review: Application Processing Approval and Compliance Neighborhood Association Management CC&Rs Enforcement Maintenance, Repair & Replacement Private Roads/Alleys Private Trails Private Parks Landscape Sidewalks Ponds Wetlands Streetscape Irrigation	Responsibilities Finance: Staff Payroll Budget Office Operations Assessments & Collections Financial Reports Accounting Software Architectural Review: Application Processing Approval and Compliance CC&Rs Enforcement Maintenance, Repair & Replacement Private Roads/Alleys Private Trails Private Parks Landscape Sidewalks Ponds Wetlands Streetscape Irrigation	Responsibilities Finance: Staff Payroll Budget Office Operations Assessments & Collections Financial Reports Accounting Software Architectural Review: Application Processing Approval and Compliance CC&Rs Enforcement Maintenance, Repair & Replacement Private Roads/Alleys Private Trails Private Parks Landscape Sidewalks Ponds Wetlands Streetscape Irrigation	Responsibilities Finance: Staff Payroll Budget Office Operations Assessments & Collections Financial Reports Accounting Software Volunteers: Data Bank Recruitment Recognition Facilities: Blakely Hall Parks Maintenance: Ashland Park Village Green Summit Park Volunteer Committees: Parks & Open Space: Community Parks Trails Wetlands Ponds Community Garden Pet Committee: Bark Park Policy Technology Communications: HFN IH Website Connections Community Outreach School Issues Public & Private Art Special Interest Programs: Youth Services Senior Services Environment Cultural Wellness Education Strategic Partnerships Education Strategic Partnerships	Responsibilities Fund raising Grants Scholarships Charitable Donations
Funding Sources Potential Transfer Fees per the CC&R's Phase I only. 0.10% of 1% of gross sales price at time of resale. Applies to homes that are not Stakeholders in the Community Council. Annual Assessments Neighborhood Assessments Neighborhood Management Fees Fines/Fees Special Assessment	Funding Sources Annual Assessments Fines/Fees Special Assessments Specific Assessments	Funding Sources Annual Assessments District Assessments Fines/Fees	Funding Sources Enhancement Fees: Residential 0.25% of 1% of gross sales price at time of resale Non Residential: \$50 annually per rental dwelling unit, with annual CPI increases Retail & Commercial Space Up to \$.12 per square foot of gross floor area annually Sponsorships Fundraising Events Trust and Endowment Grants	Funding Sources Fund Raising Trusts Grants Endowments Donations (tax deductible)



OVERVIEW & TERMS FOR ASSOCIATIONS

Assessments – what the association charges each owner to cover association expenses, preferred term to “dues” since assessments are required, not optional

Base Assessment – annual amount charged to each owner in IH to cover operating expenses – usually billed and paid biannually

Capitalization Assessment – a one-time fee charged to the first purchaser to fund reserves for the association

Neighborhood Assessment – annual amounts charged to the neighborhood owners to cover expenses for a neighborhood park, open space, or other item for that neighborhood only, usually billed and paid biannually

ARC – Architectural Review Committee – we have two forms of ARC, the homeowners ARC, and the builders ARC

BH – Blakely Hall – the community center owned by Highlands Council

BOD – Board of Directors (all associations)

BOT – Board of Trustees (Highlands Council only)

CDC – Community Development Committee – the advisory committee for the Highlands Council BOT (not to be confused with an HOA management company named *CDC Management Service, Inc.*)

CFN / HFN – Community Fiber Network / Highlands Fiber Network, the fiber network company that owns and operates the IH fiber network, required for most IH residents by the Covenant for Community; eventually to be owned by Highlands Council (see also Isomedia, below)

Grant / Founder’s Grant – income supplied by the developer to fund shortages in the Highlands Council’s operating fund, PBC supplies this without requiring repayment

HC – Highlands Council – the non-profit, unifying, all IH entity that provides community activities, the Connections newsletter, and IHwebsite.com, owns and operates community property, and will own and operate the fiber network (HFN)

HOA – homeowners association – alternatively known as CA for Community Association

HSA (IHHSOA or HSOA) – Issaquah Highlands High Street Owners Association – the association for the retail and commercial areas along High Street and Highlands Drive, aka High Street

IH – Issaquah Highlands – refers to the entire, 2200-acre site, including residential, retail and open space areas

IHCA – Issaquah Highlands Community Association – the association for individually owned residences, aka the Issaquah Highlands Residential Association

IHNRA – Issaquah Highlands Non-Residential Owners Association – the association for rental and residential commercial and office space (Avalon, Sherm's, Lauren Heights, the Montessori)

Isomedia – Internet Service Provider for HFN, which manages billing, customer service and tech support for HFN.

PBC – Port Blakely Communities, the real estate developer division of Port Blakely Companies, which for IH is also referred to as Grand-Glacier LLC

Subsidy – amount the developer provides to the CA for cash shortages; historically, PBC has supplied subsidies without requiring repayment

OVERVIEW & TERMS FOR THE CITY OF ISSAQUAH

COI – City of Issaquah

MDRT – Major Development Review Team – a division within the Public Works Engineering Department of the City of Issaquah responsible for plan review, permitting and inspections for major development within the City (IH and Talus).

MDRAC – Major Development Regional Affairs Committee – represents the Council in the creation of major development agreements, e.g., Issaquah Highlands and East Village.

UVDC – Urban Village Development Commission – reviews initial development standards not adopted as part of the Development Agreements.