



TEHALEH OWNERS ASSOCIATION

www.tehalehresidents.com

DATE: November 17, 2025
TO: Tehaleh Owners Association Members
FROM: Tehaleh Board of Directors and Community Life Team
RE: 2026 Budget Ratification Meeting

The 2026 Association operating budget has now been finalized and approved by the Tehaleh Owners Association Board of Directors. A copy is enclosed for your review and records. The next step in the budget process is the ratification of the budget by all members of the Association.

The Board of Directors will host a meeting of the members of the Tehaleh Owners Association to ratify the 2026 budget. Please join us! The meeting is scheduled for:

DATE: Wednesday, December 3, 2025
TIME: 5:00 PM to 7:00 PM
PLACE: Tehaleh Heights Elementary School

The procedure to ratify the 2026 budget is found in the Washington State Statute RCW 64.90.525 which says:

"Unless at that meeting the unit owners of units to which a majority of the votes in the association are allocated or any larger percentage specified in the declaration reject the budget, the budget and the assessments against the units included in the budget are ratified, whether or not a quorum is present. In the event the proposed budget is rejected, the periodic budget last ratified by the owners shall be continued until such time as the owners ratify a subsequent budget proposed by the board of directors."

In accordance with Article 6.1 of the Declaration (CC&Rs), the 2026 Tehaleh budget shall automatically become effective on January 1st, 2026, unless rejected at the meeting by Members representing at least 75% of the Association or by the Declarant during the development period. **We are requesting questions about the 2026 budget to be submitted in advance of the meeting to your community life team at the email address below by Nov. 30th, 2025.** The questions will be answered in writing and will be included in the minutes of the meeting and posted on the Association website.

PLEASE NOTE:

If the 2026 budget is ratified, Tehaleh's assessments will increase \$5.28/mo. to \$93.28/mo.



TEHALEH OWNERS ASSOCIATION

2026 Budget Ratification Meeting Agenda

Tehaleh Board of Directors: Marita Benedict, President
Scott Anderson, Vice President
Sanya Ash-Ousley, Secretary/Treasurer

Association Management: Cohere Life, Inc.

Meeting Agenda:

- I. Welcome and Introductions
- II. Call to Order
- III. Establish a Quorum
- IV. Proof of Notice of Meeting
- V. Old Business
 - I. Review and Approval of 2025 Budget Ratification Meeting Minutes
- IV. Questions Submitted in Advance (Budget Related)
- V. New Business
 - I. 2026 Budget Ratification
 - I. Washington State Statute – RCW 64.90.525: *“Unless at that meeting the unit owners of units to which a majority of the votes in the association are allocated or any larger percentage specified in the declaration reject the budget, the budget and the assessments against the units included in the budget are ratified, whether or not a quorum is present. In the event the proposed budget is rejected, the periodic budget last ratified by the owners shall be continued until such time as the owners ratify a subsequent budget proposed by the board of directors.”*
 - II. 2025 Tax Resolution
 - III. 2025 Audit Engagement
- VI. Door Prizes
- VII. Adjournment

Proof of Notice of Meeting



2026 BUDGET RATIFICATION AND RESIDENT ELECTION MEETING

The 2026 Tehaleh Owners Association operating budget is under review by the Board of Directors. Following preliminary approval, the next step is ratification by the association members – you!

The Board of Directors is hosting an election meeting in conjunction with the budget ratification meeting.

THIS IS YOUR OFFICIAL INVITATION. PLEASE PLAN TO JOIN US.

Date: Wednesday, December 3, 2025 **Time:** 5:00 – 7:00 PM **Location:** Tehaleh Heights Elementary

Election & budget ratification procedure

Your community needs your participation to elect this year's board member.

Voting can be completed electronically via Vote HOA Now – your primary household contact has received an email with a unique one-time registration code for your ballot. Your Tehaleh Community Life team can also provide the code if needed by reaching out to the contact information at the bottom of this page. **Make your vote count!** For an in-depth look at our candidates, find full bios and video presentations at tehalehresidents.com

Express your opinion, learn, and vote on the 2026 budget.

In accordance with Article 6.1 of the Declaration (CC&Rs), the 2026 Tehaleh operating budget will become effective on January 1, 2026, unless rejected at the meeting by members representing at least 75% of the association or by the Declarant during the development period.

The meeting will take place pursuant to Washington State Statute RCW 64.90.525.

Submitting questions

To ensure your questions about the 2026 budget and election are addressed, please submit them in advance to tehaleh@cohere.life no later than November 25, 2025. Questions will be answered in writing, included with the meeting minutes, and posted to the association website.

Thank you,

TEHALEH OWNERS ASSOCIATION
17681 Cascadia Boulevard East
Bonney Lake, WA 98391



tehaleh.cohere.life.com • 253-666-4515 • tehalehresidents.com

CALL FOR CANDIDATES

Tehaleh residents will select one (1) Resident Board Member for a two-year term to the Tehaleh Board of Directors.



Save the dates

September 24 - October 17
Candidate Application Period

October 22 from 5-7pm
Candidate Forum and FAQ Meeting
Discovery Park Community Center

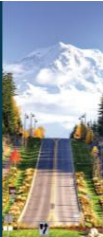
October 22 - December 3
Voting Period

December 3 from 5-7pm
Annual Budget Ratification Meeting
Tehaleh Heights Elementary School
(Zoom option for streaming only)



The election of one (1) Resident Board Member to the Tehaleh Board of Directors will occur at the Annual Budget Ratification Meeting on December 3. Owners can vote online, by proxy, or by absentee ballot from October 22 - December 3.

Residents are encouraged to scan the QR code below to receive weekly communications, explore the roles, expectations, candidacy process, and submit a candidate application.



NEWLAND
Tehaleh Owners Association
17681 Cascadia Blvd E
Bonney Lake, WA 98391



Scan the QR code to register for the website and learn more about this important election.
tehalehresidents.com/election

2025

Budget Ratification

Meeting Minutes



TEHALEH OWNERS ASSOCIATION

Cohere Life

Tehaleh Owners Association
2025 Budget Ratification Meeting Minutes

December 2, 2024

Tehaleh Heights Elementary School

Meeting Minutes are in DRAFT form only and will be up for membership approval at the 2026 Budget Ratification meeting.

Tehaleh Board of Directors: Marita Benedict, President
Scott Jones, Vice President
Sanya Ash, Secretary/Treasurer

Association Management: Trish Robinson, Cohere Regional Vice President
Andrew Long, Cohere Vice President of Finance & Accounting
Haley Rowan, Cohere Regional Operations Manager

1. Call to Order – Marita Benedict called the 2025 Budget Ratification & Resident Board Member Election Meeting to order at 7:04 PM. 57 unit owners were in attendance, representing a total of 1.4% of the total 4,098 dues-paying lots. 23 valid ballots and 2 incomplete ballots were submitted at the meeting. 105 valid proxy vote forms were received from Tehaleh members in advance of the meeting. The total number of combined voting forms received was 148; this represents 3.5% of all Tehaleh members.
2. Welcome and Introduction of Board and Staff Members – Trish Robinson introduced herself and the Cohere staff in attendance, as shown above. The Tehaleh Board Members introduced themselves to all in attendance. Trish Robinson then turned to the members present and had them raise their hands based on how long they have lived in Tehaleh.
3. Proof of Notice of Meeting – 2024 budget and election meeting information packets were mailed on November 14, 2024 to all Tehaleh owners on record.
4. Old Business
 - a. Review and Approval of the 2024 Budget Ratification Meeting minutes
Of the 142 votes turned in via proxy and ballot forms, there were 106 votes to approve the minutes as written, 12 votes to approve the minutes as amended (but no amendments were provided) and 24 members abstained from voting.
5. 2024 Budget Questions – The budget questions with Board responses are included at the end of these drafted minutes for membership review.
6. New Business
 - a. 2025 Budget Ratification
“As provided in the Revised Code of Washington 64.90.525(1.a) and 64.38.025(3), and in accordance with Article 6.1 of the Tehaleh CC&Rs, ratification of the 2024 Budget takes place unless the owners of 75% of the votes in the association reject the budget, in person or by proxy. The budget is ratified, whether or not a quorum is present.”

Andrew Long presented the 2025 Budget overview. We did not have 75% of the Tehaleh membership rejecting the 2024 budget, so the budget is ratified as approved by the Board on November 13, 2023.

Of the 142 votes turned in via proxy and ballot forms, there were 109 votes to approve the 2024 budget, 31 votes to reject the 2024 budget, and 2 members abstained from voting.

- o **The monthly Tehaleh assessment for 2024 will be \$88.00; an increase of \$4/mo.**
 - b. 2024 Tax Resolution – Trish Robinson explained that passage of the IRS Revenue Ruling 70- 604 prevents the Association (*a non-profit corporation*) from paying income tax on excess membership assessment funds (if any) at year end.
Of the 142 votes turned in via proxy and ballot forms, there were 135 votes to approve the tax resolution and 7 votes to reject the tax resolution.
 - c. 2024 Audit Engagement – Trish Robinson and the Board explained that during the development period of the Association, it is recommended for annual audits to take place as budgeted for. The audit of the 2024 financial records will be performed by Newman & Associates, CPA. After the development period, a vote of the membership each year will occur to determine if the annual audit will be waived.
Of the 142 votes turned in via proxy and ballot forms, there were 112 votes to approve the annual audit, 28 votes to waive the annual audit, and 2 members abstained from voting.
 - d. Brookfield Properties Development Update – A written development update from the Tehaleh developer was provided in the meeting documents for those members in attendance.. Scott Jones discussed the items in the document, and he also mentioned the following news:
 - ✓ Falling Water Blvd will be opening the week of December 9th. The road is completed and now paperwork is just being completed.
7. Door Prizes – Four (4) door prizes were awarded by raffle tickets to homeowners in attendance, as randomly drawn by members of the Board of Directors.
8. Adjournment – The meeting was adjourned by Scott Jones at 8:42 PM.

QUESTIONS SUBMITTED IN ADVANCE OF THE MEETING

- Q. What specific initiatives or projects account for the \$4/month increase in assessments for 2025?
- A. *This is primarily due to the general increase in the cost of doing business, rising expenses for landscaping and park maintenance, and the need for additional staff. The increase, which aligns with inflation, falls within the typical range of 2.5-3%. Additionally, the community requested more events, which have been added to enhance overall engagement*
- Q. Are there plans to stabilize or reduce assessments in future budgets?
- A. *Assessments are unlikely to decrease due to inflation and the rising cost of services. While there is a balance of additional areas to maintain and additional programming as the community grows, this is generally offset by additional members paying dues. Over the long term, assessment increases are more correlated with inflation than with scale. Scale can help limit increases in assessments but cannot eliminate them. We would not expect assessments to stabilize or go flat.*
- Q. How was the decision to add a Landscape and Facilities Manager role evaluated?
- A. *The board made this decision while collaborating with Cohere, planning for 2025. The costs associated with landscaping and water are substantial, and we currently lack a dedicated person to manage these services and vendors effectively. The board felt this was very important.*
- Q. What measurable outcomes are expected from the Landscape and Facilities Manager?
- A. *This role will focus on optimizing the operations and maintenance of the community's landscape, irrigation system, stormwater system, trails, parks, and open spaces, including tree removal for safety or disease, repairing vandalism, and managing security and utility budgets. The role will also involve periodically requesting proposals from vendors to ensure competitive pricing while maintaining the expected level of service. We believe having a dedicated individual in this role would be beneficial, and it could potentially help reduce costs in the future. Additionally, this position could assist in exploring the possibility of breaking up services across separate vendors.*
- Q. Can you provide more details about why the insurance cost doubled, and were alternative providers or policies explored?
- A. *This budget line is an estimate based on experiences from other communities across the country. Our current insurer will cease coverage for HOAs in 2025, but our policy remains in effect through March. We are actively seeking a new insurer and obtaining multiple quotes, though we have not secured a provider yet. This estimate, derived from the experiences of other Brookfield and Cohere communities, is not a quote. We will re-evaluate the situation before March 2025 and explore other options as needed.*
- Q. What are the pros and cons of waiving the 2024 audit versus performing it? How does the Board justify its recommendation?
- A. *An annual audit is essential for ensuring the financial health of the association, maintaining transparency, detecting fraud early, holding the board accountable, and providing an independent review of financial records. With a typical cost of around \$5,000, an audit is highly recommended for any sizable organization. It is required unless 65% of members vote to waive it, but we do not recommend waiving it to ensure accountability.*
- Q. I have a question about the HOA Fees. Is this something that is expected to go up every year? When is enough going to be enough? The mortgages are already high, without the additional expense of an HOA Fee. When we closed on our house in 2020, the HOA Fee was \$65. In four years it has gone from \$65 to \$88. Maybe it's time to slow down on projects (i.e. trails and parks) for a couple of years.

A. Yes, dues are set to increase to \$88 per month in 2025, reflecting a 30.7% increase since 2020. However, since the Tehaleh community began in 2012, the average annual increase in HOA fees is just 2.36%, a modest increase overall. While mortgage interest rates are high, paying HOA fees is a necessary part of homeownership in an HOA. These fees help maintain and insure common area elements, and the HOA's expenses rise each year, much like household costs. For clarification, the Tehaleh HOA does not cover the creation of new parks and trails; the Tehaleh Developer funds 100% of these, including the addition of playgrounds, fitness equipment, trash cans, pet stations, pavilions, picnic tables, benches, and other amenities

Q. I see the Glacier Pointe Clubhouse has a few amenities already planned, i.e. fitness center, lawn, etc. Are there any other amenity the HOA is looking at adding at the clubhouse? Pool, Pickleball court, basketball court, tennis court, would all be a good addition to have.

A. Tehaleh was originally planned as a natural community with parks and trails, but over time, the need for an indoor space and gathering place for residents became clear. This led to the development of the community center. While a pool was initially part of the design, changes to the state energy code resulted in a \$500,000 cost increase. After careful consideration, the decision was made to forgo the pool due to its high maintenance costs and potential impact on residents' fees. Instead, we are expanding the fitness center with its own dedicated space and improved access.

The Glacier Pointe community is building its own clubhouse, funded entirely by them. We are also planning a Tehaleh Owners Association (TOA) clubhouse, which will be built by Brookfield for all Tehaleh residents. Construction is set to begin next year, with completion expected by the end of 2026. The clubhouse will feature controlled access for residents only.

Trilogy (Whitman) has a clubhouse that is exclusive to their residents and maintained by their own association. Similarly, Verterra (Glacier Pointe) is constructing a clubhouse for their own residents.

Q. There is an item for Design Review Expense, can you explain that? If we have 6 people on staff, I would think their wages would cover design reviews.

A. The majority of design reviews are handled by staff; they use an outside architect when a more complicated matter arises. The architect's hourly rate is also very reasonable.

Q. What does each staff member earn yearly? \$539,787 is an average of \$90k per year for 6 people. that's \$43 an hour average. I know there are other costs associated like SS, Tax etc but I would love a breakdown given rather than the lump sum.

A. We cannot disclose individual staff salaries; however, the total cost reflected in the budget includes salaries, benefits, and taxes. This also accounts for Social Security tax, professional development, health insurance (individual and family), 401(k) contributions, and a technology component. A general percentage is applied to account for all costs associated with on-site staff.

Additionally, the budget includes higher salaries to ensure a higher level of service. While individual salaries remain confidential, we disclose total dollar amounts for transparency. All job descriptions include salary bands, and listings can be found on our website. One position is currently posted, with five more to be added soon

Q. Why the \$20k jump in permit and license fees?

A. The \$20k increase is reflected in the rent line item, as the sub-associations are no longer contributing to a portion of the rent. It appears the lines may have been transposed, but the increase is accurately shown in the separated line items for rent.

Q. What does \$50k increase in Community Wide Programs give us?

A. During the RFP process, the board prioritized resident engagement based on survey responses and community feedback. We plan to conduct regular surveys to gather input on desired events and use this to develop an annual engagement plan to share with the community.

Residents have consistently expressed a desire for more engagement and events, which was a major reason for hiring Cohere. Their expertise will help us create a stronger, more connected community. After joining the board, it became clear that a new management company was needed. Cohere stood out during the selection process for their vision and ability to deliver meaningful engagement. We are committed to transparency and will continue to communicate openly and answer your questions.

*Q. Why is Storm water management increasing so much, 2024 forecast is 25k and 2025 is 75k.
A. We were behind on some stormwater pond maintenance, which increased the risk of major issues and higher costs over time. To address this, we are increasing maintenance efforts to stay proactive and comply with Pierce County regulations. Our consultant recommended this increase, emphasizing the importance of regular upkeep to avoid costly repairs in the future. The TOA is responsible for managing stormwater ponds, and staying ahead on maintenance will help ensure long-term efficiency and cost-effectiveness*

QUESTIONS SUBMITTED AT THE MEETING

- Q. Can Board Meetings be recorded or have a virtual link?
A. We will have to look at state statutes regarding recording laws. Then we will consult with the board to decide.*
- Q. Why is reserve study only estimating total dollars coming in to fund reserves for master and not sub-association?
A. The reserve study serves as a guideline to ensure the community is financially prepared for future maintenance needs. In Washington, it is required every three years and acts as a tool to minimize the likelihood of special assessments. While it provides a framework for maintaining a healthy reserve fund, it does not directly impact the budget.*
- Q. Why are we so far off on the utility budget?
A. Dozens of lights were not transferred to the association, and TMT was not informed of the transfer from the developer. To address this, Brookfield increased its subsidy to cover the associated costs. We now have a better understanding of these expenses for 2025.*
- Q. Why have we lowered the irrigation budget?
A. We have made significant repairs and are optimistic that we won't need to spend as much going forward. The facilities and landscape managers will also play a key role in helping to reduce costs.*
- Q. Why don't we see security in the community?
A. We understand this concern. Ideally, we don't want to see security personnel because they are where they should be, doing what they're supposed to do, every night.*
- Q. Has the budget ever been rejected?
A. No, but we have received all proxy votes, and they are in the ballot boxes. You do not need to be present to have your vote counted.*
- Q. What do we do if we can't find a new insurance provider?
A. It is unlikely that this will happen. Cost increases are being felt nationwide due to factors such as rising prices, weather changes, fires, and other widespread issues. We are confident in the brokers we work with, who specialize in this area. If we are unable to find coverage, the association will*

explore self-insurance options.

Q. We would appreciate it if board members considered the increase and thought about the impact it has on residents.

A. *The board has had several meetings to discuss this matter. After careful consideration, we decided to increase the subsidy by \$100,000 to help reduce the impact on residents.*

Q. When can we add more resident board members?

A. *The by-laws outline the process for adding resident board members. The first member was added this year (Sanya), and the next step will include 3 declarant members and 2 residents. Over time, the majority will shift to residents, and eventually, the board will be fully composed of residents. In May, we went out to bid for management companies and reviewed three proposals. Sanya was involved in the decision-making process, and the board approved Cohere as the new management company.*

"I am doing this with my heart and always with the residents in mind. I advocate for a more vibrant community and events because the survey results showed that residents want more engagement. Everything I do is for you, and as long as I am here, I will continue to prioritize the community in my decisions." -Sanya Ash, Resident Board Member

Q. Why isn't there a separate treasurer/secretary?

A. *With three members, the roles of Treasurer and Secretary are combined. However, we all work collaboratively as a team, regardless of our titles*

DRAFT

2026 Board Approved Budget

TEHALEH OWNERS ASSOCIATION

2026 Budget Assumptions

The Tehaleh Owners Association's 2026 Budget was researched, workshopped, and approved by the Tehaleh Board of Directors in collaboration with the Tehaleh Community Life Team. All assumptions are based on trends from several years of historical data in multiple categories, while factoring predetermined costs that are reasonably anticipated for 2026. The Consumer Price Index for Urban Consumers in Seattle-Tacoma-Bellevue reflects a 2.5%-3.0% 12-month average inflation rate, where most assumed increases in the proposed budget reflect a 3.0% cost of living increase. The proposed assessment increase for 2026 totals 6%, or \$5.38 per month per household.

The Board and Community Life Team have heard the community's requests throughout the year - repair & maintenance (R&M) needs have been researched and detailed on an item-by-item basis in lieu of bulk contingency dollar amounts, with new inclusions reflecting feedback from the community. Engagement schedules and programming have been altered with annual survey results in mind, factoring new small, neighborhood specific programming and more variety for a wider demographic. Questions regarding performance of certain services were taken into consideration, with a rebid of multiple services currently underway that anticipate a January 1st, 2026, start date.

New R&M items include, but are not limited to:

1. Comprehensive noxious weed removals in proximity to many homes under TOA purview
2. Holistic repair of deferred irrigation issues affecting (18) locations identified during the year
3. Full scope hillside cleanings of various common area berms and hills along thoroughfares
4. Seasonal aeration of all turf areas in parks, and select larger common areas
5. Weekend trash collection and clean-up in summer months throughout common areas
6. Seasonal pressure washing of park walkways and concrete pads
7. New replacement of certain park fixtures beyond repair (benches, tables, play hardware)

New engagement items include, but are not limited to:

1. Formation of a variety of committees to increase community involvement
2. Sub-neighborhood specific events (i.e. Tye Ridge, Big Sky, etc.) to promote local communities
3. Neighborhood captain programs, promoting specific representation
4. New & resale neighbor welcome programs, in tandem with neighborhood captain programs
5. First ever formal club formation and subsidization (i.e. community center facilities at no cost)
6. Wider-variety programming geared to multiple demographic groups within Tehaleh

In addition, several services are being rebid for 2026 to assure market competitiveness, including:

1. Janitorial
2. Security
3. Landscaping (Only Newly Acquired Areas in 2026)

Anticipated income growth is primarily attributed to the proposed assessment increase of 6.0% and developer-builder driven absorption, with an additional ~500 homes expected to incorporate into the community by year-end. This growth includes a year-over-year increase in Developer Subsidy to assist in offsetting expense increases for 2026, in addition to small increases in enforcement fees to more accurately represent management approaches and trends from 2025.

Anticipated expense increases are predominantly attributed to landscaping, primarily new common areas slated for the Association's acquisition in 2026, in addition to many of the new R&M items mentioned above. Administrative expenses are the second-greatest slated for an increase, attributed primarily to the first full year of FTE staff salaries (many hired mid-year) and the accelerated hiring of the Operations Coordinator for Tehaleh, originally contracted for 2026 start. This includes a new Landscape & Community Standards Coordinator role to serve the community beginning in May, in addition to certain market pay adjustments and a linear "per-door" management fee increase corresponding directly to the number of homes in the community.

The newly proposed Landscape & Community Standards Coordinator role will serve two primary functions:

First, to own the compliance process - executing inspections, administering & clearing violations, and corresponding with homeowners on the same throughout the community on a consistent, defined basis, alleviating a team-wide effort to perform inspections as it is done today. This role will provide for fair, informed compliance execution, and form a subject-matter expert on the same. These are a necessity, and we anticipate the need to increase as the community grows.

Second, to support the Landscape & Facilities Manager in an administrative capacity. The Board and homeowners alike have given recognition to this Manager's accomplishments this year as it relates to substantial water usage savings and irrigation repair savings, in addition to their effective handling of individual homeowner issues. Considering the volume of R&M requests from homeowners, subsequent investigations, new parks and trails coming to the community (Rough & Tumble) and oversight of the various vendors serving Tehaleh, a need for backend support has become more evident. This need, again, will continue to increase as the community grows, and procurement of this role works into the future planning of the staffing model for Tehaleh.

As anticipated, a change in insurance providers was realized during 2025, with the new policy greater than budgeted expectations. The Board & Cohere utilized multiple brokers, leveraging Tehaleh's size and strong risk-averse history to obtain the best value available in the market. Coverage types were thoroughly scrutinized and adjusted during the engagement process, with economies of scale savings realized due to unit count and sheer physical footprint. The 2026 budget reflects a full policy year of the new premiums.

In mid-2025, the Cohere team was able to move out of the inherited Association office space in Bonney Lake. Offices were moved to the Discovery Park Community Center in Tehaleh, with a small improvement project performed to accommodate the staff. This transition was made primarily for a few reasons - first and foremost, to have a permanent, local presence in the community. Second, to conveniently eliminate an unnecessary rental expense for the community. This change is reflected in the 2026 budget, removing the need for what would have likely been a \$50,000.00+ annual expense.

Detailed budget explanations can be found in the next section below. If you have any questions, please do not hesitate to send them in for conversation at the ratification meeting. Thank you for the opportunity to serve you.

Sincerely,

Your Cohere Community Life Team

Michael, Serena, Alex, Jessica, Marissa & Rebecca

INCOME HIGHLIGHTS

Assessments: Based on home and lot sales forecasting provided by Brookfield Properties:

- **Homes and Builder Owned Lots:** A total of **3,450** master association homes, townhomes and lots by year-end, billed monthly at **\$93.28** per home. This dues rate represents a **6%** increase to assessments from 2025.

AND

- **Sub-association Homes and Builder Owned Lots:** A total of **1,336** sub-association homes and lots by year-end, billed monthly at **\$34.51** per home. This dues rate represents a **6%** increase to assessments from 2025.

New Capital Contributions:

- Budget accounts for **417** projected new construction closings at **\$250** each for new working capital contributions.

Enforcement Fees:

- This category includes revenue from Design Review Application Fees, issuance of Fines from community standards violations, recouped monies from 3rd party Collections efforts, Late Fees for past due payments, Renter Setup Application fees, recouped Legal Collections & Enforcement Fees, and recouped NSF / Returned Deposit Fees.

Program & Amenity Revenues:

- This category includes rental revenue from Facility & Park Rentals, specifically the Discovery Park Community Center, and various parks throughout the community. In addition, Specific Event Sponsorships that represent sponsorship revenue for funding engagement events.

Reserve Contribution:

- This category reflects funds transferred from the Association's reserve fund account to the operating account, for amounts anticipated to be spent in 2026 (see "Other Expenses" below). Amounts are based precisely on reserve study component amounts for 2026.

Other Revenue / Developer Subsidy:

- A **\$208,145** declarant subsidy is budgeted for 2026 to cover the projected operating income shortfall. The declarant is responsible for any unexpected budget shortfalls that may occur over the year, and the subsidy would be reduced for any budget savings realized over the year.

EXPENSE HIGHLIGHTS

Administrative Expenses

Accounting Fee

- Includes 1099 Filing, the 2025 Tax Return, and Audit of the Association's 2025 financial records. Performed by Newman, CPA.

Bank Charges

- Banking fees for the Association's bank accounts.

Design Review Expense

- Design Review Expenses realized during ARC application processing and consulting with the Association's Design Review Architect, partially offset by Design Review fees billed to homeowners with their application.

Insurance

- Policy premiums for the 2026 insurance renewal, including a variety of coverage types. The Association secured new insurers in 2025, with a commensurate increase reflected in premiums for 2026. The policy period runs from June through May.

Legal Fees - General Counsel

- A contingency for "General" Legal Fees, resulting from the Association consulting with its counsel, VF Law Group for a multitude and variety of reasons.

Legal Fees - Lien & Collection

- A contingency for "Liens & Collections" Legal fees, resulting from collections or violations escalated to the Association's counsel, VF Law Group.

Management Fee - Staffing

- Dedicated Association staff positions, including salaries, payroll taxes, benefits and payroll processing. The 2026 Budget forecasts seven positions, including some year-over-year market rate adjustments to staff pay, and a new full-time Landscape & Community Standards Coordinator position. A full explanation of this role can be found in the narrative section above.

Management Fee - Doors

- A flat-rate fee with incremental increases for every (100) new home closings from contract start. This fee is for management of Tehaleh's finances and handling the day-to-day operations of the Association.

Management Fee - Ancillary / Supplemental

- A fee attributed to additional services rendered at transition, not necessary in 2026.

Office Rent

- No longer effective as of June 2025, this line item previously included rental costs for the Association's office lease in Bonney Lake. The offices are now located on-site in Tehaleh, at the Discovery Park Community Center. A more thorough explanation can be found in the narrative section above.

Office Supplies

- This category encompasses all costs for office materials, including paper products, printer supplies, in-office marketing materials, "Welcome Appointment" supplies, and others. A moderate decrease was realized from the 2025 Budget, due to decreased office footprint and gains in cost efficiency.

Postage

- A category primarily dedicated to physical mailers sent to the community, meeting the requirements of current and new laws (i.e. WUCIOA legislation) that take effect January 1st, 2026, including the issuance of monthly paper statements. Less than 10% of this category is attributed to in-office postage, FedEx, or other forms of mail.

Property Tax & Sales Tax

- Real Estate Taxes paid by the Association for its owned property in Tehaleh. The 2026 Budget assumption reflects a slight increase over 2025 Budget and may vary based on community growth and 2025 actuals.

Communications Expenses

Digital Tools & Support

- Includes Operational, Engagement, and Communications software costs (previously housed under the "Computer Software" account code), such as tehalehresidents.com website maintenance, SurveyMonkey, MailChimp, Canva, and others. In addition, it includes mass mailing costs and compliant online voting for annual meetings, such as the annual budget ratification meeting. Year-over-year budget increases are primarily attributed to the relocation of expenses from the "Computer Software" account code.

Utility Expenses

Electric - Common Area, Parks, & Buildings

- All electrical utility costs for the Association, including common area lighting along private drives, in parks, and in buildings, in addition to other, smaller electrical costs.

Water & Sewer

- All irrigation water and domestic water / sewer utility costs for the Association, significantly comprised of irrigation usage in common areas throughout the community. Moderate savings were realized in 2025 due to the strategic planning of watering timings, and timing of seasonal turn-on / winterization. These savings are anticipated to continue next year and are reflected in the 2026 Budget.

Landscaping Expenses**Irrigation Repairs & Maintenance**

- Costs related to irrigation start-up, and a moderate repair contingency for issues realized throughout the year. The 2026 Budget includes addressing a total of (18) deferred irrigation repair projects, which will reduce landscaping repair costs and water costs over time.

Landscape Maintenance

- This category is wholly attributed to recurring landscape maintenance costs for the Association's common areas throughout the community. This maintenance includes mowing, pruning, edging, weeding & treatments, and more. As of Nov. 2025, the Association's sole landscaping service provider is Teufel.

The 2026 Budget reflects (4) new plats with common areas, and (1) additional park area, anticipated to be absorbed and maintained by the Association in 2026. All new areas will be bid on by a minimum of (3) service providers to assure market value and competitiveness.

Landscape Refurbishment

- Costs related to upkeep and improvement of landscape within the community of a non-capital nature. This includes aeration of turf areas, dethatching, weekend trash service in common areas, seasonal flowers in various areas, hillside cleanings, invasive weed removals, storm cleanup, and others. Additional details can be found in the narrative section above.

Tree Maintenance

- This line item typically serves as a contingency for removal of downed, dead, or compromised trees throughout the year. Due to the Association's considerable reserve budget for Tree Maintenance in 2026, the contingency has been removed. As of today, eligible trees have been removed or downed and fire-wised promptly upon discovery throughout the year. This budget also includes new software specifically for performing and tracking tree maintenance, called Tree Plotter. The software will be utilized in tandem with the Association's arborist and landscaper to accurately track, triage and financially plan tree work.

Trail Repair & Maintenance

- Annual maintenance of all trails throughout Tehaleh. Trail maintenance in 2025 was slightly greater than the budgeted assumption, resulting in greater, more accurate costs anticipated for 2026. The year-over-year increase also includes new trail areas anticipated for takeover in 2026.

Amenity Maintenance Expenses

Maintenance - General Repairs

- Costs primarily attributed to a contingency for general maintenance and repair of common area amenities throughout the community. In addition, the first HVAC maintenance contract for the Discovery Park Community Center, Pet Station Bags & Replacements, Certain Fixture Replacements at Parks, Community Center Bay Door maintenance, FLS & Security Monitoring, Community Center Hardware rentals, and other, smaller misc. expenses. A year-over-year decrease was realized due to moving of certain expenses to other, more appropriate account codes (see Janitorial, Playground Maint. & Repair, and Site Signage below).

Playground Maintenance & Repair

- Expenses specifically related to maintenance and repair of park structures throughout the community, in addition to pressure washing of concrete areas within heavily trafficked parks. Factors in repeat repairs based on prior year trends and park usage. These costs were previously housed under "Maintenance - General Repairs".

Janitorial

- Janitorial costs for maintenance of the Discovery Park Community Center, including the Association's offices (at no additional cost), in addition to the restroom structure at Big Sky Park. The 2026 Budget includes a small contingency for carpet cleaning at the Community Center, not performed prior. These costs were previously housed under "Maintenance - General Repairs".

Pest Control

- Primarily a contingency for Pest Control services throughout the community, including treatment of bees, wasps, hornets, and moles. This line item also includes recurring pest control prevention services at the Discovery Park Community Center. A decrease was realized year-over-year, based on 2025 actuals and anticipated needs in 2026.

Security

- Roving security services during off-hours serving the entire community. Services currently include one full-time unarmed guard and a marked patrol vehicle, increased to two guards during summer months. Starting in 2026, this service will include daily

reporting as a minimum requirement, with mapped GPS routes from the night prior, touch points at specific “hot spots”, required photo documentation, parking enforcement, a 24/7 dispatch call center, and much more. Security services are being rebid through the end of 2025, with the selected provider to start January 1st, 2026.

Site Signage

- Repair and replacement of Association signage throughout the community. Based on prior years’ trends, this will primarily address trail sign replacements. These costs were previously housed under “Maintenance - General Repairs”.

Storm Water Management

- Maintenance of the Association’s storm water systems, including detention / retention / overflow ponds, and nearby flora management. The 2026 Budget reflects a moderate increase, due to new ponds transferring to Association ownership in 2026.

Vandalism

- Repair contingency for vandalized parks, property and fixtures throughout the Association common areas, including scheduled and as-needed graffiti removal at “The Edge” skate park. The 2026 Budget reflects a year-over-year decrease based on prior year’s trends.

Community Engagement Expenses

Community Wide Programs

- This category captures all Community Café Events, and Small Community Events held throughout the year. Examples of small community events include Summer Movie Nights, Friday Farmers Markets, and the E-Cycle & Shredding Event. Previously, all events were housed under this category, however larger, “signature” events have been moved to their own respective account codes. See CWP Signature Event 1, 2, 3, etc. below.

CWP Signature Event #1 - Spring Fling

- Tehaleh’s Spring Fling event, centered around the change in seasons. Attendance in 2025 was strong, and this event will make a return for 2026. Programming includes an egg hunt, scavenger hunt, live music, inflatable play structures for young ones, face painting, character bunnies, and more.

CWP Signature Event #2 - Spring Snuggles

- Tehaleh’s Spring Snuggles event, a late spring event as the weather begins to improve. Attendance in 2025 was also strong, and the event will continue in 2026. Programming includes a petting zoo, planting plots, flower giveaways, and various vendors and entertainment.

CWP Signature Event #3 - Summer Luau

- Tehaleh's 4th of July Summer Luau event, an event that takes place outside of the national holiday but celebrates it in spirit. Attendance in 2025 was very strong and will come back in 2026. Programming includes catered food (subsidized for homeowners), live music, dancers and fire knife throwers, kid-friendly activities, and more. Beer and wine are under consideration for this event.

CWP Signature Event #4 - Northwest Fest

- Tehaleh's largest signature event, taking place at the end of summer. Attendance in 2025 was strong. Armed with survey feedback from the community, the event will return in 2026. Programming includes dozens of vendors, a beer & wine garden (subsidized for homeowners), live music and entertainment performances, a rock wall, shuttle services throughout the community, and more.

CWP Signature Event #5 - Teholiday Celebration

- Tehaleh's winter, holiday themed event, held during the holiday season. This event is yet to occur in 2025, attendance and feedback will determine the return of this event in 2026. This budget line operates as a placeholder for its return, or as funds to be allocated for a different event. Programming includes real reindeer, caroling, snacks & refreshments, special guests, and more.

Other Expenses

Capital Improvements

- This category captures all reserve expenses anticipated in 2026, based strictly on the reserve study for the Association. This item was not included in last year's budget, and is wholly offset by an income account, "Reserve Funds Used", for GAAP compliance purposes.

Reserve work to be performed in 2026 includes Component #'s 101, 106, 115, 119, 125, 131, 171, 172, 173, 190, 344, and 346 - these components entail Tree Trimming and Removal, Bark Replenishment in Parks + Streetscapes + Misc. Common Areas, Concrete Repairs throughout the Community, Gravel Refresh at Trail Entries, Wood Play Chip Refresh at Park Structures, Wood Chip Refresh at Dog Parks, Repair + Replacement + Reseal of Asphalt at the Community Center, Select Parking Lots, and Select Private Alleys.

A portion of assessments are allocated to a reserve budget for the major repair and/or replacement of capital assets in the common areas (i.e. playground equipment, irrigation infrastructure, asphalt parking lots, etc.) as detailed in the 2025 Reserve Study (for 2026). The Reserve Study is posted to www.TehalehResidents.com for viewing.

Tehaleh Owners Association

2025 Forecast & 2026 Budget

	2025 Budget	2025 Forecast	2025 Budget to Forecast Variance	2026 Budget	2026 Budget Draft to 2025 Forecast Variance
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REVENUE

ASSESSMENT REVENUE

40000	Association Assessment	2,906,963	2,961,971	55,009	3,466,351	504,379
40050	Builder Assessments	451,323	392,851	(58,472)	368,856	(23,994)
40205	Whitman Sub-Association Assessments	334,066	335,331	1,265	354,073	18,742
40210	Verterra Sub-Association Assessments	175,889	156,429	(19,460)	67,709	(88,721)
40211	Builder Verterra Sub-Association Assessments	-	-	-	131,483	131,483
40230	Garden Plots	-	750	750	2,700	1,950
40800	Reserve Assessments Contributions	-	-	-	(397,200)	(397,200)
	ASSESSMENT REVENUE TOTAL	3,868,240	3,847,333	(20,908)	3,993,972	146,639

PROPERTY TRANSFER FEE

41150	Working Capital	100,000	106,167	6,167	112,619	6,452
	PROP TRANSFER FEE TOTAL	100,000	106,167	6,167	112,619	6,452

ENFORCEMENT FEE

42050	Design Review Application	-	4,300	4,300	4,475	175
42100	Fines	7,275	24,190	16,915	42,250	18,060
42101	Collection fee	27,658	23,506	(4,152)	28,800	5,294
42104	Late Fees	25,627	18,224	(7,403)	24,000	5,776
42105	Renter Setup Fee	-	500	500	1,200	700
42200	Legal-Collections Fees Assessed	-	108	108	6,000	5,892
42250	Legal-Enforcement Fees Assessed	-	-	-	2,400	2,400
42300	Reimbursable Fees	-	(10)	(10)	-	10
42350	Returned Deposit Fee	-	2,815	2,815	4,800	1,985
	ENFORCEMENT FEE TOTAL	60,560	73,633	13,072	113,925	40,292

PROGRAM & AMENITY REVENUES

45050	Facility & Park Rentals	36,000	22,700	(13,300)	26,250	3,550
45360	Specific Event Sponsorships	-	150	150	-	(150)
	PROG & AMENITY TOTAL	36,000	22,850	(13,150)	26,250	3,400

RESERVE CONTRIBUTION

47000	Reserve Funds Used	-	80,121	80,121	375,798	295,677
	RESERVE CONTRIBUTION TOTAL	-	80,121	80,121	375,798	295,677

OTHER REVENUE

49150	Interest	-	88	88	1,056	968
49155	Bank Interest	-	3,477	3,477	240	(3,237)
49300	Miscellaneous	-	-	-	-	-
49798	Developer Subsidy	200,386	200,097	(289)	208,145	8,048
49875	Adjustments-Prev Mgmt Co	-	(15)	(15)	-	15
	OTHER REVENUE TOTAL	200,386	203,647	3,261	209,441	5,794

REVENUE OFFSETS

49900	Reimbursement Receipts	-	-	-	-	-
	REVENUE OFFSETS TOTAL	-	-	-	-	-

TOTAL REVENUE

		4,265,187	4,333,750	68,563	4,832,005	498,255
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EXPENSES

ADMINISTRATIVE

50000	Accounting Fee	5,000	-	5,000	6,380	(6,380)
50025	Staff Development & Recognition	-	-	-	-	-
50065	Bad Debt Expense	7,267	4,673	2,595	4,000	673
50075	Bank Charges	-	1,236	(1,236)	14,730	(13,494)
50100	Comp - Srv & Sup	-	2,000	(2,000)	3,300	(1,300)
50125	Computer Software	14,848	4,389	10,459	-	4,389
50150	Coupons & Statements	-	19,219	(19,219)	-	19,219
50225	Dues & Subscriptions	-	432	(432)	240	-
50250	Education & Travel	961	320	641	600	(280)
50260	Design Review Expense	8,227	8,546	(319)	8,760	(214)
50300	Insurance	17,572	63,565	(45,993)	81,360	(17,795)
50375	Legal Fees-General Counsel	8,840	15,844	(7,004)	8,320	7,524
50400	Legal Fees-Lien & Collection	4,871	6,233	(1,362)	3,172	3,061
50425	Mgmt Fee-Staffing	539,787	528,608	11,179	703,877	(175,270)
50426	Mgmt Fee-Tech	-	2,333	(2,333)	-	2,333
50427	Mgmt Fee-Doors	203,000	202,001	999	229,000	(26,999)
50429	Mgmt Ancillary/Supplemental Fee	40,511	33,464	7,048	-	33,464
50475	Meetings	1,012	507	505	3,000	(2,493)
50550	Office Equipment Rental	-	1,925	(1,925)	2,370	(445)
50575	Office Rent	47,720	51,071	(3,351)	-	51,071
50600	Office Supplies	24,501	19,446	5,056	14,467	4,979
50625	Permits and Licenses	133	655	(523)	-	655

Tehaleh Owners Association					
2025 Forecast & 2026 Budget					
	2025 Budget	2025 Forecast	2025 Budget to Forecast Variance	2026 Budget	2026 Budget Draft to 2025 Forecast Variance
50650	Postage	1,500	851	649	(21,841)
50675	Professional Fees	-	-	-	-
50700	Property Tax & Sales Tax	20,012	26,670	(6,658)	4,170
50720	Reserve Study	2,480	1,491	990	1,491
50722	Storage	2,485	2,628	(143)	(1,572)
50725	Telephone & Internet	-	353	(353)	(9,859)
	ADMINISTRATIVE TOTAL	950,728	998,459	(47,732)	(144,721)
	COMMUNICATIONS				
51050	Digital Tools & Support	5,000	18,829	(13,829)	(17,089)
	COMMUNICATIONS TOTAL	5,000	18,829	(13,829)	(17,089)
	UTILITIES				
60000	Electric - Common, Parks & Buildings	120,408	139,819	(19,411)	8,674
60100	Water & Sewer	630,856	556,203	74,653	9,603
	UTILITIES TOTAL	751,265	696,023	55,242	18,278
	LANDSCAPING				
61150	Irrigation Repairs & Maintenance	80,000	81,544	(1,544)	(37,757)
61200	Landscape Maintenance	1,499,660	1,478,889	20,771	(307,537)
61250	Landscape Refurbishment	-	-	-	(126,184)
61300	Tree Maintenance	65,994	83,659	(17,665)	79,159
61375	Trails Repair & Maintenance	31,500	35,165	(3,665)	(4,986)
	LANDSCAPING TOTAL	1,677,154	1,679,257	(2,103)	(397,305)
	AMENITY MAINTENANCE				
62000	Maintenance - General Repairs	115,819	74,005	41,814	(5,761)
62050	Building Maint - Repairs & Supplies	-	580	(580)	580
62080	Playground Maint. & Repair	-	-	-	(14,565)
62225	Holiday Decorations	-	-	-	(2,500)
62300	Janitorial	-	20,550	(20,550)	(350)
62450	Pest Control	18,323	3,493	14,830	(5,079)
62560	Security	154,000	157,958	(3,958)	(4,702)
62625	Site Signage	300	100	200	(4,904)
62650	Site Vehicle	-	-	-	-
62670	Storm Water Management	75,000	99,094	(24,094)	(2,973)
62675	Street Sweeping	-	-	-	-
62700	Vandalism	20,400	3,400	17,000	(10,404)
62750	Waste Services	-	2,398	(2,398)	(242)
	AMENITY MAINTENANCE TOTAL	383,841	361,577	22,264	(50,900)
	COMMUNITY ENGAGEMENT				
70650	Community Welcoming Program	-	4,060	(4,060)	4,060
70675	Community Wide Programs	100,000	77,631	22,369	50,107
70700	Entertainment Licenses	-	-	-	(800)
71100	CWP Signature Event 1	-	-	-	(12,000)
71200	CWP Signature Event 2	-	4,002	(4,002)	(3,998)
71300	CWP Signature Event 3	-	13,943	(13,943)	1,943
71400	CWP Signature Event 4	-	-	-	(40,000)
71500	CWP Signature Event 5	-	-	-	(10,000)
	COMMUNITY ENGAGEMENT TOTAL	100,000	99,637	363	(10,687)
	OTHER EXPENSES				
80000	Reserve Contributions Exp.	397,200	397,200	-	397,200
85050	Capital Improvements	-	80,121	(80,121)	(295,678)
	OTHER EXPENSES TOTAL	397,200	477,321	(80,121)	101,522
	TOTAL OPERATING EXPENSES	4,265,187	4,331,103	(65,916)	(500,902)
	NET SURPLUS (DEFICIT)	(0)	2,647	2,647	(2,647)

Assessment & Reserve Funding Disclosure Summary

30-Year Reserve Projections as Recommended in Reserve Study 23981-11

Fiscal Year Start: 1/1/2026	Net After Tax Interest: 1.00 %	Avg 30-Yr Inflation: 3.00 %
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Reserve Fund Strength (as-of Fiscal Year Start)	Projected Reserve Balance Changes
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Starting Reserve Year	Fully Funded Balance	Percent Funded	Special Assmt Risk	% Increase In Annual Reserve Funding	Reserve Funding	Loan or Special Assmts	Interest Income	Reserve Expenses
2026	\$1,293,003	83.5 %	Low	1.81 %	\$404,400	\$0	\$13,011	\$400,030
2027	\$1,310,385	84.6 %	Low	3.00 %	\$416,532	\$0	\$13,899	\$270,200
2028	\$1,470,616	86.9 %	Low	3.00 %	\$429,028	\$0	\$15,628	\$258,870
2029	\$1,656,402	88.9 %	Low	3.00 %	\$441,899	\$0	\$17,339	\$302,827
2030	\$1,812,812	90.4 %	Low	3.00 %	\$455,156	\$0	\$19,444	\$209,716
2031	\$2,077,696	91.9 %	Low	3.00 %	\$468,810	\$0	\$21,826	\$279,072
2032	\$2,289,260	92.9 %	Low	3.00 %	\$482,875	\$0	\$22,209	\$639,976
2033	\$2,154,367	93.1 %	Low	3.00 %	\$497,361	\$0	\$22,565	\$313,753
2034	\$2,360,540	94.1 %	Low	3.00 %	\$512,282	\$0	\$25,271	\$202,341
2035	\$2,695,752	95.0 %	Low	3.00 %	\$527,650	\$0	\$27,495	\$445,228
2036	\$2,805,670	95.4 %	Low	3.00 %	\$543,480	\$0	\$27,011	\$777,362
2037	\$2,598,799	95.6 %	Low	3.00 %	\$559,784	\$0	\$26,086	\$564,117
2038	\$2,620,552	96.2 %	Low	3.00 %	\$576,578	\$0	\$27,014	\$439,576
2039	\$2,784,567	96.9 %	Low	3.00 %	\$593,875	\$0	\$29,531	\$283,912
2040	\$3,124,061	97.5 %	Low	3.00 %	\$611,691	\$0	\$32,824	\$325,101
2041	\$3,443,475	97.9 %	Low	3.00 %	\$630,042	\$0	\$35,584	\$432,850
2042	\$3,676,251	98.2 %	Low	3.00 %	\$648,943	\$0	\$34,381	\$1,156,624
2043	\$3,202,951	98.5 %	Low	3.00 %	\$668,412	\$0	\$33,508	\$403,311
2044	\$3,501,560	99.0 %	Low	3.00 %	\$688,464	\$0	\$36,896	\$346,105
2045	\$3,880,815	99.3 %	Low	3.00 %	\$709,118	\$0	\$40,599	\$388,103
2046	\$4,242,428	99.5 %	Low	3.00 %	\$730,391	\$0	\$42,843	\$725,569
2047	\$4,289,894	99.7 %	Low	3.00 %	\$752,303	\$0	\$44,069	\$558,516
2048	\$4,527,751	99.8 %	Low	3.00 %	\$774,872	\$0	\$46,922	\$488,817
2049	\$4,860,728	99.9 %	Low	3.00 %	\$798,118	\$0	\$49,052	\$753,969
2050	\$4,953,930	99.9 %	Low	3.00 %	\$822,062	\$0	\$51,958	\$385,885
2051	\$5,442,064	99.8 %	Low	3.00 %	\$846,724	\$0	\$54,780	\$825,011
2052	\$5,518,557	99.8 %	Low	3.00 %	\$872,126	\$0	\$52,479	\$1,461,457
2053	\$4,981,704	100.1 %	Low	3.00 %	\$898,289	\$0	\$51,499	\$609,100
2054	\$5,322,392	100.3 %	Low	3.00 %	\$925,238	\$0	\$55,894	\$442,325
2055	\$5,861,199	100.3 %	Low	3.00 %	\$952,995	\$0	\$59,932	\$743,803

30-Year Reserve Projections at Board of Directors Budgeted Rate 23981-11

Fiscal Year Start: 1/1/2026	Net After Tax Interest: 1.00 %	Avg 30-Yr Inflation: 3.00 %
Reserve Fund Strength (as-of Fiscal Year Start)	Projected Reserve Balance Changes	

Year	Starting Reserve Balance	Fully Funded Balance	Percent Funded	Special Assmt Risk	% Increase In Annual Reserve Funding	Reserve Funding	Loan or Special Assmts	Interest Income	Reserve Expenses
2026	\$1,293,003	\$1,549,252	83.5 %	Low	-5.74 %	\$374,400	\$0	\$12,861	\$400,030
2027	\$1,280,234	\$1,548,531	82.7 %	Low	3.00 %	\$385,632	\$0	\$13,441	\$270,200
2028	\$1,409,107	\$1,692,457	83.3 %	Low	3.00 %	\$397,201	\$0	\$14,851	\$258,870
2029	\$1,562,289	\$1,863,644	83.8 %	Low	3.00 %	\$409,117	\$0	\$16,229	\$302,827
2030	\$1,684,807	\$2,006,302	84.0 %	Low	3.00 %	\$421,390	\$0	\$17,989	\$209,716
2031	\$1,914,470	\$2,261,105	84.7 %	Low	3.00 %	\$434,032	\$0	\$20,011	\$279,072
2032	\$2,089,441	\$2,464,434	84.8 %	Low	3.00 %	\$447,053	\$0	\$20,021	\$639,976
2033	\$1,916,540	\$2,314,819	82.8 %	Low	3.00 %	\$460,465	\$0	\$19,990	\$313,753
2034	\$2,083,242	\$2,509,795	83.0 %	Low	3.00 %	\$474,279	\$0	\$22,294	\$202,341
2035	\$2,377,473	\$2,838,835	83.7 %	Low	3.00 %	\$488,507	\$0	\$24,101	\$445,228
2036	\$2,444,854	\$2,941,437	83.1 %	Low	3.00 %	\$503,162	\$0	\$23,184	\$777,362
2037	\$2,193,838	\$2,719,301	80.7 %	Low	3.00 %	\$518,257	\$0	\$21,809	\$564,117
2038	\$2,169,788	\$2,724,852	79.6 %	Low	3.00 %	\$533,805	\$0	\$22,271	\$439,576
2039	\$2,286,287	\$2,873,996	79.6 %	Low	3.00 %	\$549,819	\$0	\$24,304	\$283,912
2040	\$2,576,498	\$3,203,555	80.4 %	Low	3.00 %	\$566,314	\$0	\$27,095	\$325,101
2041	\$2,844,806	\$3,516,648	80.9 %	Low	3.00 %	\$583,303	\$0	\$29,335	\$432,850
2042	\$3,024,593	\$3,744,707	80.8 %	Low	3.00 %	\$600,802	\$0	\$27,593	\$1,156,624
2043	\$2,496,364	\$3,251,173	76.8 %	Low	3.00 %	\$618,826	\$0	\$26,161	\$403,311
2044	\$2,738,040	\$3,536,308	77.4 %	Low	3.00 %	\$637,391	\$0	\$28,969	\$346,105
2045	\$3,058,295	\$3,907,011	78.3 %	Low	3.00 %	\$656,513	\$0	\$32,072	\$388,103
2046	\$3,358,776	\$4,264,209	78.8 %	Low	3.00 %	\$676,208	\$0	\$33,494	\$725,569
2047	\$3,342,909	\$4,303,725	77.7 %	Low	3.00 %	\$696,494	\$0	\$34,276	\$558,516
2048	\$3,515,163	\$4,536,259	77.5 %	Low	3.00 %	\$717,389	\$0	\$36,461	\$488,817
2049	\$3,780,197	\$4,867,920	77.7 %	Low	3.00 %	\$738,911	\$0	\$37,900	\$753,969
2050	\$3,803,038	\$4,957,396	76.7 %	Low	3.00 %	\$761,078	\$0	\$40,090	\$385,885
2051	\$4,218,321	\$5,450,283	77.4 %	Low	3.00 %	\$783,910	\$0	\$42,171	\$825,011
2052	\$4,219,391	\$5,527,906	76.3 %	Low	3.00 %	\$807,428	\$0	\$39,103	\$1,461,457
2053	\$3,604,464	\$4,975,235	72.4 %	Low	3.00 %	\$831,651	\$0	\$37,328	\$609,100
2054	\$3,864,343	\$5,307,516	72.8 %	Low	3.00 %	\$856,600	\$0	\$40,902	\$442,325
2055	\$4,319,520	\$5,845,854	73.9 %	Low	3.00 %	\$882,298	\$0	\$44,089	\$743,803

Brookfield Properties December 2025 Development Update



Brookfield Residential December 2025 Development Update

Glacier Pointe Neighborhood

- The newest collection of neighborhoods in Tehaleh, situated east of the entrance roundabout, are now fully developed, with home construction and sales actively underway by nine different homebuilders. Sales at Glacier Pointe are expected to continue over the next one to two years.
- Glacier Pointe includes a new Age Qualified (55+) neighborhood by Shea Homes: Verterra – a Trilogy® Boutique Community™. This neighborhood is planned to include 483 homesites and a dedicated clubhouse specifically for Verterra residents which is currently under construction.

Elysian Meadows North

- Development is progressing on Tehaleh's newest neighborhood, which is scheduled for completion in late 2026. This community will offer 174 traditional homesites along with 68 townhome and duplex homesites.

Parks & Trails

- Glacier Pointe Clubhouse: Planned for approximately 8,000 sf, the clubhouse will feature a fitness center, great lawn, pickleball courts, TOA offices, open sitting areas and, of course, spectacular views of Mt. Rainier. Our groundbreaking occurred earlier this year and vertical construction is anticipated to begin in December 2025 with total construction taking approximately 18-20 months to complete. Programming and operations are still being finalized, and specific elements are subject to change. More updates will be announced in the coming year.
- Glacier Pointe Trails and Parks: Along with the neighborhoods noted above, new parks and trails continue to be added in Glacier Pointe. Infinity Park is currently being enjoyed by residents. Earlier this year we opened Skyline Park, located on Cascadia Blvd. East and it features an assortment of swings. Ruff 'n Tumble Park is located on 205th Ave. East and will begin construction in early 2026 with completion in the summer of 2026.

Commercial Development

- Tehaleh Commerce Center: This commercial and light industrial area (on the way down to Trek Mountain Bike Park) includes CC Edwards' new headquarters and Tall Firs light industrial by Panattoni Development. Panattoni has completed construction on one of two buildings that will total approximately 215,000 sf. They are currently in talks with several potential tenants but have not yet released specific business names. On the other side of CC Edwards, a local fencing company acquired the property earlier this year and have submitted for permitting for their building and site. The two parcels on the corner of 170th and Tehaleh Blvd. are under contract with a medical services developer who is in the process of recruiting potential tenants.



- At the intersection of Cascadia Blvd. and Tehaleh is the planned mixed-use Town Center. Tehaleh is in the process of partnering with a commercial developer that will bring exciting retail opportunities to the Tehaleh resident. A grocery store will serve as the anchor of this space.
- **Tehaleh Industrial Park:** This employment center area is in the northernmost area of Tehaleh, along the Falling Water Blvd. extension, labeled Parcel 2B on the Tehaleh Masterplan. Two purchase agreements are in the works with vertical construction likely to start in 2026 and 2027.
 - **Commercial Inquiries:** Brookfield Residential receives a steady stream of inquiries from Tehaleh residents and local businesses interested in creating, expanding or relocating in Tehaleh. All inquiries received via email or through the Tehaleh website are responded to by a Brookfield Residential team member and then forwarded to the designated contact at the appropriate commercial development partner. If you have interest, please visit Tehaleh.com/Commercial and click the "Get On The List" button.
 - **Future Commercial Development:** There are several future types and locations of commercial development planned in Tehaleh from shops, restaurants, and office space to light industrial and manufacturing areas. Tehaleh is unique in Pierce County (and WA) as the only "Employment Based Planned Community." As the name suggests, employment centers are an important component of Tehaleh, allowing the opportunity to live and work without a commute. A majority of the commercial uses are planned in the northwest portion of the community in close proximity to the new Rhodes Lake Road connection (see more below). With the opening of this road expected in late 2027, these commercial opportunities will start to come to life.

Infrastructure Connecting Tehaleh

- **New Rhodes Lake Road East:** New Rhodes Lake Road East (to be named Tehaleh Blvd. upon opening) is made up of four segments known as County Road Projects (CRPs) funded and managed by Brookfield Residential. These projects have all been underway for several years and will be constructed over the next few years creating two new connections from Tehaleh to the regional road network.
 - **CRP 5841 – Falling Water Boulevard:** Falling Water Blvd. is a segment of the Rhodes Lake Road East corridor that connects Tehaleh Blvd. to the existing end of Falling Water Blvd. (near the neighborhood of the same name) providing a second road in and out of Tehaleh. Construction was completed in 2024 and the road is open.
 - **CRP 5731 – Hill Climb:** This is the segment from Tehaleh to McCutcheon Road in the Puyallup River Valley. Grading work is complete. Construction of the road and sidewalks will start upon issuance of federal permits from the Army Corp, FEMA and CLOMAR which are delayed. This project also includes realignment of McCutcheon Road and a new traffic signal at McCutcheon Road and Rhodes Lake Road. As of today, the schedule has been delayed for our target completion with the road opening in late 2027. When complete, this section will generally have three lanes up the hill and two lanes down the hill.
 - **CRP 5842 – 128th St. Widening:** The 128th Street Widening project is the portion of work from the Puyallup River Bridge to SR162. Pierce County is in the process of acquiring the remaining property rights from adjacent landowners, while Brookfield Residential is managing the design



- and permitting concurrently. Early work for utility relocations will start late spring 2026 and the majority of work in summer 2026 with the goal of aligning construction completion with the CRP 5731 road and sidewalk work in late 2027.
- CRP 5843 – Puyallup River Bridge: Following the Hill Climb and 128th Street segments, a new bridge will be constructed over the Puyallup River immediately north of the existing bridge ultimately serving westbound traffic (the existing bridge will remain). Design and permitting are underway and construction is estimated to begin in 2027.
 - WSDOT Mitigation Projects:
 - SR162 Widening and Roundabout at 128th St.: This is a WSDOT project managed and funded by Brookfield Residential and includes a roundabout at the intersection and approximately one mile of improvements along SR162. Advanced utility work is underway and active roadway construction is expected to start early 2026 with estimated completion in early 2027.
 - Additional WSDOT Projects: Brookfield Residential has also committed to contributing up to \$21 million to additional WSDOT projects along the SR162 corridor in the future (these projects have not yet been identified).
 - Total Mitigation Costs for Tehaleh: Total costs for roadway mitigation improvements funded by Brookfield Residential is currently in excess of \$185M.
 - WSDOT Funded Projects: Over the last decade, Brookfield Residential has worked with the state legislature, WSDOT and local community groups to bring attention to the SR162 corridor. Most recently, in the 2023 session, the legislature approved funding for improvements at the SR162 and 410 interchange. This \$10.5 million project is anticipated to be completed in 2026.

NOTE: Please recognize permitting, property rights acquisition and construction are extraordinarily complex processes, and maintaining schedules is challenging. Brookfield Residential will keep residents apprised as work continues on these road projects and we thank you for your understanding.



TEHALEH OWNERS ASSOCIATION – Proxy Form

(To be used only if you CANNOT attend the meeting in person.)

Valid for: 2026 Budget Ratification Meeting

Date of Meeting: Wednesday, December 3, 2025 – 5:00 PM Tehaleh Heights Elementary School

Expiration: This Proxy expires at the end of the Meeting
**If the Meeting is adjourned to another date, this Proxy will still be valid at that adjourned meeting.*

Deadline: This Proxy form may be: 1) Emailed to the management team at Tehaleh@coherelife.com by Nov 30, 2025; or 2) Delivered to the Tehaleh Owners Association office at the Discovery Park Community Center 17681 Cascadia Blvd E.

Questions? Call: (253) 666-4515

***Please select only one option below. If more than one option is selected, this Proxy form will not be valid.
Please remember there is only one (1) vote per household.***

I give [name] _____ permission to vote for me at the Tehaleh 2026 Budget Ratification Meeting [you may choose anyone who will be present at the meeting], in any election or on any issue that may be raised at the meeting. This person may vote for me as if I was personally present at the meeting.

I DO NOT give anyone permission to vote for me and have made my voting selections on the reverse side of this Proxy form. Even though I cannot attend, I do want the meeting to take place and I give the Secretary of the Tehaleh Owners Association permission to count this Proxy Form toward the quorum requirement** at the meeting.

I am the owner of a Tehaleh Owners Association home at the address listed below. By signing this Proxy Form, I revoke any earlier Proxy Forms I may have signed.

Your Name (printed)

Your Address

Your Signature

Date you signed

Witness *(anyone who watched you sign this Form)*

INSTRUCTIONS

1. Fill in all blanks and boxes.
2. Sign the form in front of any witness.
3. Deliver the Proxy Form by the deadlines listed above.
4. This Proxy Form is effective only for the address listed above.

** A “quorum” is the number of Association members who must be present at the meeting for a decision made at the meeting to be official.



All Proxy Forms received by Cohere Life will be verified by its staff.

DIRECTED PROXY VOTE
TEHALEH OWNERS ASSOCIATION

2026 Proposed Budget

I have reviewed the 2026 Budget as approved by the Board of Directors and (select only one option below):

Accept Reject

2025 Tax Resolution

Association Resolution for Revenue Ruling 70-604 Election

Excess Income Applied to the Following Year's Assessments

Each year, the Tehaleh Owners Association, which is a non-profit corporation, has to identify any excess membership income to be carried over from the prior year's budget. The funds are not subject to income tax if the membership annually adopts the resolution below:

WHEREAS, the Tehaleh Owners Association is a corporation duly organized and existing under the laws of the State of Washington; and

WHEREAS, the members desire that the corporation shall act in full accordance with the rulings and regulations of the Internal Revenue Service;

NOW, THEREFORE, the members hereby adopt the following resolution by and on behalf of the Tehaleh Owners Association:

RESOLVED, that any excess of membership income over membership expenses for the year ended 2024, shall be applied against the subsequent tax year member assessments as provided by IRS Revenue Ruling 70-604.

This resolution is adopted and made a part of the minutes of the meeting of December 3, 2025.

Approve as written Reject

2025 Audit

Per Washington State Statutes, an annual audit is required for Associations with annual assessments of \$50,000 or more. However, if 67% of the membership votes in person or by proxy, at a meeting of the Association where a quorum is present, the audit requirement can be waived.

Perform Audit Waive Audit

THANK YOU!