



COROMANDEL

Coromandel Community Associations

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A MESSAGE FROM THE COROMANDEL TOWNHOME ASSOCIATION PRESIDENT, ALAN POLIKOFF

Dear Coromandel townhome unit owners:

This has been a very challenging year for everyone. Obviously, COVID-19 has impacted virtually every area of our lives, and the various Boards in the Coromandel community have had to address numerous issues in an effort to keep the residents safe. Also, there has been a very recent transition to another property manager who is attempting to acquaint herself with the many issues inevitably arising in the community. As your Townhome Association president, I want to thank each of you for your patience and understanding during this difficult year.

I want to let you know that, along with others, I have been involved in the budgeting process for next year. You will soon receive the proposed 2021 budgets (for both the Townhome and Umbrella Associations). The Townhome budget, when passed, is the basis for the monthly assessment each unit owner will pay during the year. I encourage you to review these proposed budgets. You will also receive guidance on how to comment on the budgets.

Since, as townhome owners, we are all involved in setting financial goals, guidelines and limitations for the Townhome and Umbrella Associations via the budgeting process, I thought, in the interest of transparency and clarity, it would be helpful to review generally the Townhome and Umbrella Boards' duties, responsibilities and limitations, as well as to review the fiscal relationship between the Townhome and Umbrella Associations.

Legal Responsibilities – Who is responsible for what?

The legal responsibilities of each Association Board (Townhome and Umbrella) and its respective Board members are delineated in the Declaration and By-Laws for each Association. Among other things, these legal, governing documents allocate among the Associations the responsibilities in running our Associations and in managing our property, as guided by the Boards. You may read the various Declaration and By-Laws on our website (www.coromandelweb.com). With respect to the Umbrella and Townhome Boards, these duties and responsibilities include the following:

- The Umbrella Board has the sole and exclusive authority over the management and maintenance of our grounds, including the landscaping, irrigation, ponds, snow removal, the ring road, clubhouse, and the swimming pools. It is also responsible for the annual financial compilation and review and for management payroll.
- The authority of the Townhome Board is limited. Other than matters pertaining to the enforcement of Townhome Association rules, the Board's authority extends only to matters directly affecting certain townhome structures, i.e., roofs, foundations, steps, footings, exterior walls and driveways serving the townhomes. The Townhome Board has no authority whatsoever to deal with issues and responsibilities controlled solely and exclusively by the Umbrella Board.

The Budgets – Who pays for what?

The Umbrella Association budget is comprised of two components: (1) the anticipated recurring Umbrella Association expenses for the forthcoming year; and (2) the amount to be contributed to the Umbrella Association reserve fund, to be used for future Umbrella Association capital projects. The Umbrella Association receives funding to meet all of its budgeted obligations from the Townhome Association, the Condominium Association and

the Manor homes in proportion to the percentage of ownership the units in each residential Association (Townhome, Condominium and Manor home) bear to the total percentage of ownership in the entire community.

- As a matter of interest, the proposed Umbrella Association budget for 2021 includes an increase for the landscaping contract of approximately 22% over the amount projected for 2020.

The Townhome Association budget is comprised of three components: (1) the anticipated Townhome recurring operating expenses for the year; (2) the amount to be contributed to the Townhome Association reserve fund, to be used for future capital projects; and (3) the Townhome Association's required contribution to the Umbrella Association budget (Townhome's contribution represents 23.11% of the total annual Umbrella budget). In the Townhome proposed budget for 2021, 69.73% of this total budget is earmarked as the Townhome Association's required contribution to the Umbrella Association.

The Boards – Your neighbors: Coromandel unit owners

The Umbrella Board consists of seven directors, six of whom are appointed for a one-year term by their respective residential Boards. A numerical majority of these directors are Condominium Association unit owners. The Condominium Association, because of its 316 unit owners, is entitled to have its Board appoint four of its directors to serve also on the Umbrella Board; and the Townhome Association, which has 68 unit owners, is entitled to have its Board appoint only two of its directors to serve also on the Umbrella Board. The seventh Umbrella Board director is elected from among the 16 manor home owners. Each director on the Umbrella Board is entitled to cast only one vote on any given issue, and no vote is entitled to receive more weight than any other vote. The Umbrella Board's actions as to matters within its sole and exclusive authority are decided and controlled by a majority of those voting.

The Townhome Board consists of three directors, each of whom is elected by the townhome unit owners to serve a term of two years. As previously stated, the authority of the Townhome Board directors to vote at Townhome Board meetings is limited solely to matters directly affecting certain townhome structures.

Fiduciary Responsibilities -- Directors

Each and every director on a Board is a fiduciary, occupying a position of trust, and, as such, is legally obligated to act solely in the best interest of the Association on whichever Board he/she serves, to the exclusion of his/her own personal interest. Being a fiduciary includes the duty of obedience to the provisions of the Declaration and By-Laws and of fidelity to the opinions of Association's legal counsel construing (interpreting) those provisions. In furtherance of this duty, where there is an appearance of a conflict between the interest of an Association and the personal interest of a Board director on a matter under consideration by the Board, it is incumbent on that Board director to recuse himself/herself from voting on that matter.

I hope this note has clarified some of the issues or questions involving the responsibilities and obligations of the Umbrella and Townhome Boards and their directors, as well as provide an outline of the funding of these obligations.

Sincerely,



Alan M. Polikoff
President
Coromandel Townhome Association