Midwest Association of Housing Cooperatives

MAHC

The MAHC Messenger

January–February 2021

News and Information You Need to Know

Annual Election During the Covid-19 Times: the Cumberland Green Experience

by Richard Berendson, MAHC President

In this article we will go over what is required and best practices for Annual Elections. I will share our experience with the Cumberland Green Cooperatives Annual Meeting. It is a generally accepted cornerstone of sound corporate governance that shareholder participation is a key component of a successful annual meeting. State laws require companies to hold annual meetings of their shareholders to elect directors and act upon other matters properly brought before the meeting.

In recent years, there has been ongoing dialogue regarding best practices, or safeguards, to ensure that annual meetings are accessible, transparent, efficient, and meet the corporate governance needs of shareholders, boards, and management.

Most states now permit virtual-only or hybrid shareholder meetings. Only five states require in-person meetings, and 45 states and the District of Columbia permit hybrid meetings. Thirty-three states, including Delaware, permit virtual-only meetings. Most states that allow online participation in shareholder meetings impose conditions on such participation. Generally, most such states require that a shareholder participating in a shareholder meeting online be able to:

- Vote during the meeting.
- See and hear the proceedings contemporaneously.
- Ask questions; and
- Have their remarks heard by other shareholders.

MAHC advises association leaders to discuss options with legal counsel before deciding on a form of meeting technology and how to deploy it. In general, most board deliberations and decisions must be held in a fashion that allows board members to talk to one another contemporaneously and property owners to hear that discussion in real time.

Instructions on How Shareholders Can Attend and Participate

Companies have a responsibility to provide clear and comprehensive instructions in proxy statements and related disclosure on how their shareholders can participate in their shareholder meetings. Therefore, it is incumbent upon the company to:

- Provide shareholders with complete, detailed instructions on how they can attend the meeting and vote prior to and at the meeting.
- Write these instructions in "plain English" with the individual shareholder in mind.
- Send out to all members and place these instructions in a prominent and easily located place for the meeting.
- Indicate whether attendance is limited to shareholders or open to both shareholders and guests.

At Cumberland we used Zoom Webinar as a resource to do the meeting. With Webinar everyone's microphone is off and can be turned on when the chair recognized them. This keeps the meeting under control for everyone to hear and see. We need 3 people to have a good meeting.

The chair runs and controls the meeting just like normal meetings. A coordinator watches for question and presents them to the chair to be answered. A professional director works and keep everything going as normal. *(continued on page 3)*

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Your Cooperative Community Newsletter

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The MAHC Messenger

We are going green! If you wish to continue receiving a printed copy of the newsletter please notify the MAHC office by postcard, phone or email.

MAHC Office: 734-955-9516

Email: info@mahc.coop

As a service, MAHC can provide a technical person to assist members who want help. The Zoom Webinar software is also more expensive, but MAHC has purchased it and will provide it for our members.

Instruction on How Shareholders Can Submit Questions

While it is not explicitly a legal right, shareholders expect to be able to ask questions at shareholder meetings, and companies have long included time for questions from shareholders at their annual meetings. Companies frequently have meeting rules distributed at in-person meetings, and this should be no different for Virtual Shareholder Meetings (VSMs). Thus, prior to their VSMs, companies should:

- Provide instructions on how and when shareholders will be able to ask questions at the meeting.
- Make it clear that a shareholder must attend as a verified shareholder (*i.e.*, not as a guest) to be eligible to ask questions (and vote) at the meeting.
- Explain any requirements or limitations on asking questions at the meeting (*e.g.*, time allotted for the Q&A session, time allotted per question, number of questions allowed for each shareholder, self-identification) and how the company may use discretion when selecting questions to answer and paraphrase questions for greater clarity.
- Explain whether and how the company will respond to any questions after the meeting that it was not able to answer at the meeting.
- If the company chooses to solicit questions in advance, provide instructions on how shareholders can ask questions in advance of the meeting.

With Zoom, questions are typed in the questions field. Cumberland left that open all the time and the coordinator would present them when appropriate to the chair to answer. Or they can answer the questions and send it back to the person who asked the question. Responses such as present that to management, or we can talk about that after the meeting are not appropriate at this point.

Voting

Voting is a shareholder's most important and powerful right. To that end, companies must:

- Provide a prominently visible and simple mechanism on the main VSM page for shareholders to vote their shares during the time the polls are open.
- Confirm that the VSM service provider is able to maintain the integrity of election and is able to certify the votes cast at the meeting.

In Zoom we used the polling question tool to allow everyone to be able to vote. When done we can then display the results back to everyone. This is quick and easy, and members like to see the results right away.

Company Training and Rehearsals

As with all planned events, it is important for those directly involved with the VSM execute their duties, know what to expect, and anticipate and work out as many potential technical and communications difficulties as possible well in advance. To that end, the company should:

- Ensure adequate training on the VSM platform for any board members, company representatives, and contractors who will be actively working on or participating in the meeting.
- Ensure that technical support staff is present during the meeting in case technical challenges arise.
- Rehearse the entire meeting with the persons who will be actively working on the meeting.

Everyone presenting the event should be comfortable with operating the Zoom client. We usually would practice 2 or 3 times. This ensures that everything works properly and everyone is comfortable.

Allowing Shareholders to Test Internet Connectivity

As with any webcast or virtual meeting, there may be instances where attendees are not able to access

(continued on pages 22–23)

Calling all MAHC cooperators and professionals! Now is the time to start planning for the MAHC Annual Conference 2021 in New Orleans. 2020 certainly has turned out to be a year to forget.

The annual conference in Denver 2020 just was not meant to happen, but we will be there in 2022 with bells on. We can all get together and sing a chorus of John Denver's "Rocky Mountain High, Colorado."

Now we can all turn our attention to the MAHC Annual Conference 2021 in New Orleans. New Orleans in 2021 will be a wonderful consolation for the 2020 washout. The Conference will be the Cooperative Housing Educational Event of the Year 2021. MAHC cooperators can always be counted on to bounce back, especially if that means bouncing over to New Orleans.

MAHC members can look forward to three days of education and recreation in the "Big Easy" from Monday, June 28-Wednesday, June 30. The Conference will feature over 50 sessions on relevant topics taught by experienced industry professionals, including 2-day Certified Cooperative Specialist (CCS)training taught on Saturday & Sunday, June 26-27. Conference registration will start on December 4, 2020 and end on June 4, 2021. Early bird registration will end on May 7, 2021.

The conference will be held in the Hilton New Orleans Riverside on the banks of the Mississippi in the city center. The hotel is adjacent to Convention Center and Outlet collection and across the street from the Harrah's Casino. Everything you need is within walking (or electric scooter) distance. Of course, you will probably want to step out on the town. In that case, the Riverfront Streetcar stop is right in front of the Hilton Riverside on Polydras Street. The French Quarter and Bourbon Street are minutes away by streetcar.

New Orleans is famous for its many fine restaurants and unique Cajun cuisine. The city boasts 1,400 restaurants, music venues, museums, zoological parks, and aquariums. There are no special tours scheduled for the 2021 Annual Conference because New Orleans itself is one giant tour attraction.

We are going to New Orleans to further the cause of cooperative housing education, but we may as well have some fun. As they say in the Big Easy: *Laissez les bon temps rouler!* "Let the good times roll."

Hilton Riverside Information

- **Central Business District – Address: 2 Poydras Street**
- **Telephone: 504/561-0500 Facsimile: 504/568-1721**
- **Reservations: 1-800-HiltonCall: 1-800-Hilton**
- **Website: www.hiltonneworleansriverside.com**

Making reservations

A dedicated website is now available for your attendees to book their hotel rooms online. Reservations can be made at this web address:

Booking Website: https://book.passkey.com/e/50142355

A Cleaner Stay from Check-In to Check-Out

We know that you are as excited as we are to welcome back travel, even if it looks a little different these days.

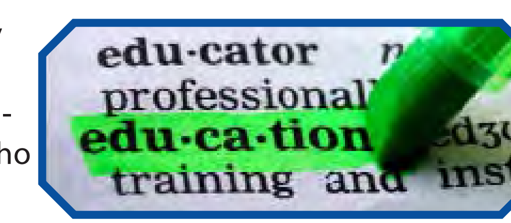
We also understand that our guests' expectations for cleaning and disinfection have changed. That's why Hilton has partnered with RB, makers of Lysol® & Dettol®*, to help deliver an even cleaner stay for our guests with the creation of the Hilton CleanStay program.

Using the same quality brands you trust in your home, Hilton CleanStay builds on our already rigorous cleaning standards to provide complete peace of mind when you stay with any of Hilton's 18 brands.

MAHC Presents an Outstanding Venue of Conference Classes

In addition to the Certified Cooperative Specialist (CCS) and New Board Member classes, there is an impressive selection of sessions scheduled for Monday–Wednesday. All of the classes are taught by highly qualified instructors with in depth experience in cooperative housing.

MAHC is a leader in the development and presentation of quality education programs for those involved in the cooperative community. Boards of Directors, staff, managers, accountants, maintenance personnel and government personnel are among those who benefit from our cooperative training.

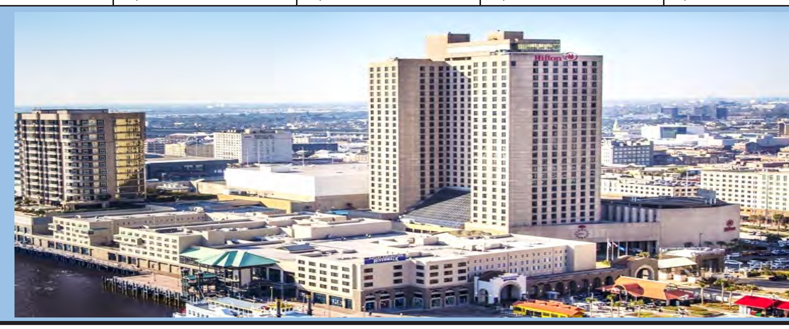


HILTON NEW ORLEANS RIVERSIDE

2 Poydras Street | New Orleans LA 70130 | 504-561-0500

MAHC Contact Information: Tel: (734) 955-9516 | Fax: (734) 955-9518 | infor@mahc.coop | www.mahc.coop

Conference: Monday – Wednesday, June 28 – 30, 2021		CCS Class: Saturday – Sunday, June 26 – 27, 2021				Sunday June 27, 2021
		Conference	CCS Recertifying	CCS New Attendees	CCS Class Not Attending Conference	New Board Member Class
Start Registration — Early Bird	Friday, December 4, 2020	$ 750.00	$ 250.00	$ 300.00	$ 450.00	$ 150.00
End early Bird — Regular Pricing	Friday, May 7, 2021	$ 800.00	$ 300.00	$ 350.00	$ 400.00	$ 200.00
End registration	Friday, June 4, 2021					
Paid invoice for conference by	Tuesday, June 1, 2021					
Award Deadline	Thursday, April 15, 2021					
Property management deadline to register members.	Friday, May 28, 2021					



Are We Ready for the Winter Season of Rain Snow and Freezing Temps?

by Dave Adamczyk

Water can be both a blessing and a curse. We are completely dependent upon it, whether for drinking, cooking, cleaning, production purposes in business, or simply in the operation of buildings. Losing access to water can create great challenges for both businesses and private individuals. Cleaning up water damage can take time, and in worst cases can involve mold, fungus and rot in structures as a result of water damage if clean-up is not carried out quickly enough, or in the right way.

Water expands as it freezes; so it can burst water pipes and couplings as well as contribute to breaking weak joints. Damage often appears only when there is a thaw and water then leaks out. Cold surfaces and the degree of frost can mean that leaking water spreads out and re-freezes to become a layer of ice inside the building. Frost problems in Michigan, Ohio & Indiana mean that water damage is common.

Poor heating of a property and poor insulation of water pipes caused an abnormal amount of water freeze damage in 2019. This is why Absolute Services structures our teams and systems to respond to catastrophic events like these with some of the fastest mobilization responses for large loss. What many structures owners are not aware of is that Absolute Services is backed by one of the largest claim support centers-Michigan Claims, that has not only certified technicians throughout the area but even court testified experts and trainers on staff.

Surprise, surprise: it's cold in the north

The extremely cold winter and recent changes in the polar vortex stream in the polar cap in 2021 is ready to set down upon us again. In 2019 and previous seasons, the wintery water damage and frost-related damage played a major role in large loss structure damage payments. Over the course of 2019, preliminary statistics showed that there was at least five times more frost or frozen damage claims than in the previous year in the commercial and residential market alone. It is of course valid to ask whether there should be any surprise about frost-related water damage in the Great-Lakes? There should not be. Certainly, the region is surrounded by some of the largest and amount of inland lakes. In addition, it should be expected that structures and piping systems were not designed to meet the coldest winter conditions that the region has recently been experiencing.

Absolute Services specializes in multi-unit structure assessments and responses. From water mitigation to mold events, from fire events to power & heat losses, Absolute is ready to help.

In 2019, fire suppression sprinkler systems suffered severe attacks, as water pipes laid in outside walls of older buildings combined with insufficient insulation failed when the polar vortex came down upon the region.

What should be done to prevent Freeze or frost damage?

The first thing is to trace piping both inside and outside the building. Where pipes and fittings are laid, there can be cold bridges that expose them to unexpectedly low temperatures, even if outside pipe runs are well enough proofed against ground frost. The fact that water pipes freeze because of low inside temperature is the simplest problem to do something about.

Building owners must consciously maintain internal temperatures at a high enough level to prevent fittings freezing. In normal cold spells – i.e., without extreme locations or strong winds it is suspected that about 70 W/m2 of floor area is needed to keep the temperature above freezing. In addition, doors leading to spaces with water systems should be kept open so that warm air can circulate. This applies equally to both shorter and longer periods of inactivity in the building. An example could be closure over the Christmas holiday of a business when the outdoor temperature is lower than expected.

Monitor temperature

Modern fire suppression equipment can monitor temperature and control and issue an alarm if low temperatures are detected. Correspondingly, sprinkler installations should be connected to the alarm control center so that burst pipe warnings are on the same level as release of the installation. In older wooden buildings, it may be that pipes are buried in outside walls, and there can be cracks, leaks, and structures that form cold bridges enough for water pipes to freeze.

If there is a burst in a pipe and water pours out, a leakage warning that either detects water flow or dampness on the floor can be an alternative for restricting water damage. Pipes and fittings exposed to frost can be protected with trace heat and lagging. Frost in the ground can mean breaks in buried pipes but burying insulating matting over them can prevent this.

Relatively simple measures can quickly prevent long, troublesome, and expensive interruptions or shutdowns resulting from water damage.

David Adamczyk is President of Absolute Services and a Senior Special Investigator. David is a court testified and proven expert in property and casualty losses throughout the United States. David's expertise has spanned multiple disciplines from Origin & Cause, Water, Fire, Mold Claims to even one Michigan's most told casualty investigation cases in the state. If you would like to schedule a property consultation, learn more or need help or assistance with an event you can reach David Adamczyk, by calling 248-655-7100 or emailing him at dave@absoluteservice.net.

Borrowing Money Wisely Can Save You a Bundle

by Dave Wilkins

The other day my near-adult daughter complained to me that she wanted to receive a $2,000 COVID payment and not the $600 recently announced. When I asked if she needed the money, she said "No."

Then I asked what if she had to pay it back with interest. Well, I got that special, quizzical look. You know, the one they give you when YOU are supposed to realize you said something dumb or inappropriate.

Free money is a rare occurrence. Borrowing money when you don't need it is seldom a good idea.

On the other hand, if you are going to borrow money why not do it at the lowest cost (interest rate) possible. In 34 years of lending, I can safely say this is a low point.

Recently two cooperatives approached us for new loans.

In the first case, the Coop chose to accelerate future repairs. They had noted that commodity costs were rising. They were fearful their budgets for improvements would be woefully inadequate if costs continued to rise. On the other hand, borrowing for future repairs was relatively cheap.

Interest costs today are ½ of their current loan. We lent the Coop more money at a lower rate resulting in their budgeted loan payment not increasing. The Coop intends to use the new funds to pull forward ten years of improvements to the benefit of its community.

In the second case a board member pondered: "should we refinance now or wait for our loan maturity in three years"? This board faced a common dual dilemma, a very high interest rate on their current loan or a steep prepayment penalty. The Board was understandably frustrated at their high interest rate, but equally daunted by the prepayment penalty.

The Board asked if there was a mathematical solution to help guide them, and indeed there is. We simply asked the board, "given interest rates today, do you feel they will be higher or lower in three years when the loan balloon payment comes due?

The Board concluded rates would be higher but likely not much higher. We built a model for the Board so they could see how their prepayment penalty dropped over time and we overlaid the added cost if they refinanced at a higher rate in the future versus today. Since we do not know what future rates are, we considered increases of ½, ¾ and 1% above today's rates.

The model indicated depending upon the assumption about future rates that the Board should refinance in September of 2021 at the soonest, and to perhaps wait a year at the longest.

The Board tabled the loan decision while they re-examine their capital budget and needs. Recognizing they may need to borrow more than they currently owe they are further persuaded to act sooner on the refinance. The new dollars borrowed will garner the most benefit of today's lower rates.

So, if your CO-OP is searching for their share of the COVID relief funds it is there for the taking. It is simply in the form of record low interest rates and not a check. But the lower rates will keep rewarding the Coop month after month, year after year.

Meet the Board Member: Barbara Jackson

How long have you been living in Cooperative Housing?
I have been a resident of the Area E cooperatives for eight years, and a resident of Park Forest for 12 years. My selection of Area E was interesting. I actually road around each of the five cooperatives observing the people, and the upkeep of the public areas. I even parked and walked through parts of each cooperative to see how people kept their porches and the cleanliness of the court/parking areas. I believe that I made an excellent choice in Park Forest and especially in Area E.

How do you explain the Cooperative Housing to folks who are unaware of the advantages?
To explain cooperative living to those unaware, actually I would start with what some feel would be a disadvantage...no garages. If a garage is not an absolute need then, you can't beat the advantages. I would discuss what cooperative housing means, what it means to own a share of the corporation. Lastly, I would explain the advantages of living in Area E, and why cooperative living at Area E was my choice. The advantages almost always outweigh the use of a garage.

Park Forest is a very special place. What can you tell us about the history of Park Forest?
Park Forest is indeed a special place. It is the only town in the south suburbs that houses five cooperatives. It has been a special place since 1946 when developers got together to create a self-sufficient community centered around the return of our WWII veterans and their families. Their plans included the housing, shopping, parks and municipalities for the area which was coined "GI Town."

The announcement of the "GI Town" gained national attention. In 1948 the first residents, Leona and Ross DeLue moved in. Shortly afterward more families moved in.

In 1949 the residents voted to incorporate Park Forest officially as a Village. By 1950 Park Forest had become a haven for young families and parents of young and school age children. Some 25,000 lived in the 5,500 rental, cooperative and single family homes.

Tell us about your experiences as a board member at your cooperative. What would be the first thing you would tell a new cooperative board member?
My experiences as an Area E Board Member have been both enlightening and informative. Though I have served on various Boards in the past, I had never served on a Housing Board. It is different. Instead of just seeing Board Members and members of an incorporation to hear concerns. We actually live with the shareholders whose shares are governed by an elected Board of Directors who are actually neighbors. This is a very unique situation. This particular situation guides your view of shareholder concerns. Remembering that their concerns may include me, I am also a shareholder and as with any Board, you must maintain a level of confidentiality.

The first thing that I would suggest to a new Board member would be to sit in meetings and listen. See how the meetings are conducted and shareholders' concerns are addressed. Take notes and familiarize yourself with Roberts Rules of Order; it simplifies many actions of a Board.

Have you attended all the MAHC conferences since joining MAHC?
No, I have not attended all MAHC conferences. My cooperative sends directors to conferences once during an elected term. Thankfully, I will actually get to attend more conferences.

Do you have a most memorable conference?
My most memorable conference was held in Las Vegas. The Green River Valley Resort is an absolutely beautiful place. The accommodations, the service, the availability of various foods was second to none. The location, proximity and the ease of getting to the classrooms brought the whole event together. Lastly but far from the least, were our instructors.

My favorite class was on legal issues. I believe that the instructors work with Randy Pentiuk. They were informative, clear and concise. They indulged participant conversation concerning pets, service animals and legal marijuana, which just happened to be concerns of mine at that time. I thoroughly enjoyed this conference.

Education and training are the focus of the MAHC mission. You have years of experience as a professional educator. Please tell us about your teaching career and how you plan to apply your experience to MAHC.
My career in education spans from teaching primary grades though high school. Serving as an Elementary School Principal, High School Dean of Students. I also served as a Community College Instructor, University and grad level adjunct professor.

Lastly, I served as CEO and program director of my own Illinois State Board of Education Non-Public School for Foster and Special Needs children. My school, The Potter's House Learning Center was the first school of its type in the history of the State of Illinois per the Illinois State Board of Education. I serve as Principal Consultant of Jackson & Associates where we conduct educational workshops and seminars Statewide. It is the culmination of the aforementioned experiences that I bring to the educational focus of MAHC as I am fairly comfortable with conducting workshops and seminars as well as working with curriculum.

You are going teach a class at the MAHC Annual Conference in New Orleans. Can you preview yourclass?
Preview of the class for New Orleans is going to be a 60 minute open dialog as to how to use cooperative members/shareholders in the marketing of your cooperative."Members and Marketing" We will discuss Marketing as a 24/7 effort, forming committees and commissions, incentive awards, developing community, local school, and utility partnerships. Plus, how to be presentable as possible as often as possible.

As MAHC moves into the future, what are some areas you would like to see enhanced and expanded?
Areas that I would like to see enhanced or expanded. As mentioned earlier concerning my favorite conference. I absolutely enjoyed the class on legal matters. I would love to have a class like that enhanced/expanded to include "hearings" and "arbitration" and as to whether or not they can be conducted by the Board of Directors, and if not, then who should conduct them. And what type of animals must be accepted as service animals.

Lastly, as horrific as the year 2020 had been, there were a couple of things in 2020 that I am happy about and most proud of. One would be that as a student pilot I am less than forty hours away from my private pilot's license. The second thing is that I became a Board Member of the Midwest Association of Housing Cooperatives, a position in which I am thankful to serve.

For the Village of Park Forest - I serve as Vice Chairperson of our Veterans Commission and an advocate for Veterans, I also chair a committee set up for female Veterans especially those living in nursing facilities in Illinois.

TROY MANOR COOPERATIVE

Building a stronger community, one community event at a time

Joining Mr. & Mrs. Claus (Nick and Ruth Hittle) are Sarah DeMunbrun, George Cowans, Jordan Miles, Dawn Miles - Property Manager, Delria Redfern, and Phyllis Lee.

Troy Manor Cooperative is a great place to call home on the southwest side of Indianapolis, Indiana. This cooperative has been a member of the prestigious Kirkpatrick Management collection of residential communities for 26 years. Troy Manor takes pride in providing a living experience for the discerning resident with a busy, active lifestyle. Residents enjoy such amenities as ample green spaces, mature landscaping, two playgrounds, a basketball court, a liberal pet policy, on-site maintenance, and an on-site courtesy officer. The floorplans range from 1 bedroom flats to 3 bedroom townhomes. Troy Manor is currently averaging a 97% occupancy rate.

The cooperative is led by a devoted Board of Directors, Stephanie McGaha, Delria Redfern, David Hoaglan, Phyllis Lee, and Stephen Borden. The talented Kirkpatrick Management staff is comprised of Dawn Miles - Property Manager, Sarah DeMunbrun, Patrick Porter, Jordan Dowdy, George Cowans, Michael Buchanan, Devan Porter, Sun Hui Wood, and Christina Wood.

One of the many benefits of living at Troy Manor is the numerous annual community events. Troy Manor's management involvement continues to grow each year. They host the Annual Fall Festival, Thanksgiving Senior Dinner, and a Kids' Christmas Party with Santa. Once a month, Bingo is held in the community room. On Mother's Day, they host a flower giveaway, and on Father's Day, they host a Donuts with Dad's breakfast. Troy Manor is also a host site for Summer Servings, providing kids with lunches during the summer.

Even though 2020 has been an extremely challenging year, the Board Members and staff were determined to continue the Holiday activities while remaining socially distant and safe. Traditionally, every Thanksgiving, Troy Manor hosts a dinner for their senior citizens. With large gatherings being discouraged during the Covid-19 pandemic, they worked hard and overcame that obstacle. The Board of Directors and KMC staff brought in catered food from a local restaurant. They hand-delivered over 35 meals to the senior citizens' doorsteps.

December is always a festive month for Troy Manor's kids, yet usual planning had to be amended once again. However, nothing can stop this team from accomplishing its goal. Mr. & Mrs. Santa Claus were driven via golf cart through the community by members of the Board of Directors. They spread cheer by waving to everyone and passed out over 60 stockings to the community's kids.

Another fantastic event is made possible because of the Decatur Central High School Football team under Coach Kyle Enright's leadership. For two years, they have continued to host events for the kids at Troy Manor similar to the NFL Play60. On Play60 Day, they spend at least 60 minutes keeping the kids active, but the players never leave in 60 minutes, usually volunteering for 2-3 hours. Last summer, they brought Wiffle ball, frisbees, soccer balls, football, and hula hoops. The highlight for the kids is racing against the player of their choice. Though this event is centered around the kids, the parents usually come out and enjoy playing too. This year they provided pizza and juice at the end of the event. They also hosted Troy Manor's first Trunk or Treat event over Halloween. Coach Enright uses these opportunities to teach his players the importance of giving back and being a part of the community. Troy Manor is grateful for their commitment to the community youth!

These events are coordinated by the Board of Directors and Dawn Miles. Miles was named Property Manager of the Year at the Kirkpatrick Management Company Spirit Awards on August 29th, 2019. When asked, Dawn offered this quote to perfectly describe the Troy Manor community; **"It's a community event. Community events create strong communities, and a strong community is a healthy community. A healthy community is a happy community."** - *Sandy Smith*.


KMC
KIRKPATRICK Management
TOP WORK PLACES 2019
Detroit Free Press
Thank You!
to our employee family
We are thrilled to share with our MAHC partners the news that Kirkpatrick Management of Michigan overwhelmingly voted that the company is a TOP WORK PLACE, as recognized by the Detroit Free Press in 2019.
KMC
KIRKPATRICK Management


COOPERATIVES MATTER.
TOP WORK PLACES 2019
KMC
KIRKPATRICK Management
Over 300 employees, 1 mission...
To help cooperatives grow.
MAHC

Attorney Fee Recovery in Termination Disputes

The relationship between the member and the cooperative is largely determined by reading together the governing documents which are comprised of the articles of incorporation, subscription or membership purchase agreement, the occupancy agreement and the cooperative's rules and regulations. These documents constitute a contract governing the legal relationship between the cooperative housing corporation and the cooperative unit owners.

In some states the relationship between an apartment cooperative and the various co-operators is that of landlord and tenant, although in other states the relationship between a cooperative and the cooperators is not the same as that between a landlord and tenant, regardless of any provision in the occupancy agreement attempting to consensually define it as a landlord-tenant relationship.

In other states, the cooperative may be subject to a separate housing cooperative act which further defines the statutory organization and operation of the housing cooperative in that particular state.

Since housing cooperatives are, by their very nature, separate and distinct entities created by statute apart from rental housing, their governing documents must be drafted so as not to run afoul of the articles of incorporation and the bylaws.

Among the unique traits embodied by housing cooperatives is the right to collect attorney fees resulting from the expulsion of a member through use of a summary proceedings or summary dispossess act. Despite having this avenue of relief, unless your governing documents are in order, you could be denied recovery of attorneys' fees at the end of a termination proceeding.

In order to ensure the highest rate of recovery for the cooperative's attorneys' fees, language should be crafted within the governing documents to be complimentary to each other. Most cooperatives already have a provision in their bylaws that provide for recovery of either reasonable or actual attorneys' fees in the event the cooperative terminates a member's membership. The phrase "reasonable attorneys' fees" is not the same as "actual attorneys' fees," however. The determination of what is "reasonable" is often left to the subjective determination of a Judge in a legal proceeding.

A provision providing for "actual attorneys' fees," advises the parties and the Court that the parties agreed that expenditure of legal fees in a termination dispute will be the responsibility of the Member being terminated. If your bylaws do not have this language, your cooperative is already at a disadvantage, particularly if your legal matter is before a Judge who dislikes awarding attorneys' fees.

The occupancy agreement is another avenue for defining fees and obligations of the defaulting party. Language should, however, be devised by your cooperative attorney to ensure you are not running afoul of any statutory limitation applicable in your state.

Rules and regulations, likewise, should be complimentary with the language you have in your bylaws and occupancy agreement. If the language is not complimentary then this will create an ambiguity and invite the Judge to make his/her own determination as to the parties' intention with respect to responsibility for payment of attorneys' fees and how much.

If the language for recovery of attorneys' fees is outdated or has not been reviewed in some time, then it is time for you to contact your cooperative attorney to discuss if amendments are in order. Additionally, your cooperative attorney can discuss with you additional options that could maximize attorney fee recovery and lessen the burden to the rest of the membership for heavily contested termination cases.

April E. Knoch, Esq.

Pentiuk, Couvreur & Kobiljak P.C.

Ask the Co-op Counselor: Re-opening the Pool

Dear Co-op Counselor:

We kept our pool closed last year because of COVID-19. Members are already voicing their concerns about re-opening the pool this year. Is there anything we can do now to plan for re-opening safely so Members can have some normalcy at home this year?

Sincerely, Frustrated Board

Dear Frustrated Board,

Members who are adamant about the re-opening and use of the pool must be thoroughly advised of the risks and that they are assuming those risks for not only themselves, but for each person over which they have responsibility.

That being said, what can the Board do to prepare for the pool in 2021? Boards should always conduct due diligence to ensure they have exercised every avenue to legally operate in these trying times. Start with your insurance policy. Any policies which exclude claims related to viruses or include "pandemic" should be reviewed by the Board and your cooperative attorney with the insurance agent.

Unless your insurance agent guarantees you will have coverage in the event someone gets COVID-19 after using your pool, we would not recommend a client endeavor to open the pool, even if all health measures are strictly abided by your members.

If the insurance policy is not a direct deterrent, the Board can start by having Management assist it with soliciting bids for appropriate staffing and monitoring of the pool as well as PPE and disinfection requirements. This will allow the Board to see whether the increased costs associated with opening the pool in the midst of COVID-19 is even feasible.

Next, the Board should look into temporary restrictions on who may use the pool, i.e., only Members and their immediate household occupants (no guests, no individuals outside of the cooperative community). This means that pool passes will be required and no pool pass means no entry. The Board could also look into a card reader at the pool gate that only operates during the allocated pool hours to assist pool staff in monitoring who is using the pool and whether those persons are authorized.

Pool passes also serve an additional purpose which is to limit the number of persons in the pool area which could be done via a sign-in sheet where the pass is turned over to the attendant and returned once the Member "checks-out" of the pool area. Additionally, temperature stations could be set up to ensure those who do gain entry have a body temperature reading no higher than 100.1 before they gain access to the pool.

An additional protocol that can be enacted is to have any Member sign off on a consent and release form prior to use of the pool and require the Member to carry it on his/her person when they seek to use the pool. Such a consent and waiver is the Member's agreement that he/she will take all responsibility for not only his/her health but the health of his/her household occupants and children brought into the pool area.

Regardless of the Board's decision to re-open the pool this season or to keep it closed, speak with your cooperative attorney first to ensure that state and local health department guidelines are followed exactly and proper procedures are put in place.

Sincerely,

Co-op Counselor

April E. Knoch, Esq.

Pentiuk, Couvreur & Kobiljak P.C.

To submit a question to the Co-op Counselor, send your question via email to sanders@mahc.coop. Include "Co-op Counselor" in the subject line. While we will do our best to respond to your questions, please understand that submission of your question to this forum is no guarantee that you will get a published response.

HSR PROPERTY SERVICES, LLC

HSR Property Services, LLC has a long history in the field of multi-family housing; Property Management and Development. HSR is currently managing approximately 5,000 multi-family units in the Chicago Metropolitan area and surrounding Counties. The current portfolio consists of HUD 202 (Elderly), LIHTC (Tax Credit), Limited Equity Housing Cooperatives, Condominium and Homeowner Associations.

Previously, the President of HSR Property Services, LLC was employed as President of Diversified Realty Group, LLC in Chicago. Through an employee acquisition, a new firm was created, HSR Property Services, LLC effective June 1, 2001.

HSR Property Services, LLC has assembled a team of innovative and dedicated Property Managers. The Executive staff includes a Certified Property Manager (CPM) through the Institute of Real Estate Management (IREM) and a Certified Public Accountant (CPA). All Management employees are encouraged to continue their education through IREM, MAHC and NAHC.

In June 2001, HSR received the designation of Accredited Management Organization® from IREM. The AMO designation has been awarded to approximately 570 firms on a national level. Additionally, we maintain membership in MAHC, NAHC and the Community Association Institute (CAI).

HSR Property Services, LLC is proud to have been the developer of Chatham Park South Cooperative (112 units) and Silent Cooperative Apartments (99 units), under the Diversified name. HSR still acts as the Management Agent for both of these Limited Equity Cooperatives, designed for Elderly and Disabled members, located in Chicago. During our tenure, we have been instrumental in refinancing the original HUD 202 mortgages, providing capital for rehab of all units. Both Cooperatives continue to achieve Superior ratings in the HUD REAC inspections and MOR management reviews, though more than 30 years old.

At HSR, we are proud to subscribe to the Code of Professional Ethics promulgated by the Institute of Real Estate Management and the Midwest Association of Housing Cooperatives. Every individual we work with -- from the Not-For-Profit, to Cooperative and Association Board of Directors -- is guaranteed personalized service designed to maximize the potential of their real estate investment. At HSR, one of our goals is to bring the personal touch afforded only by smaller privately held firms.

the event easily due to inadequate technical capabilities that could have been resolved had they been tested in advance. To that end, companies should:

- Provide a simple way for attendees to check the online system compatibility requirements (e.g., operating system, web browser, and Internet connection strength) to connect to the VSM and minimize the likelihood of connection issues well in advance of the meeting.
- Allow attendees to login at least 15 minutes before the scheduled start time to resolve connection issues.

At MAHC and Cumberland Green we had a practice session before the real event so any of the members can try and get used to using zoom. We also passed out a phone number so anyone who had trouble during the meeting could call and get help getting into the meeting.

Assistance for Attendees

As with any webcast or virtual meeting, there may be instances where attendees will face technical difficulties and seek immediate assistance during the meeting. That may be especially true for individual retail shareholders who have never attended an annual meeting, whether in-person or virtually, or who are not proficient with the technology of virtual meetings. Companies using a VSM platform should:

- Provide information in advance of the meeting for how members can contact the company or the VSM service provider with questions about attending the meeting.
- Provide a visible mechanism on each page of the VSM platform for attendees to contact a live operator for assistance via phone, online "chat" function, or other form of real-time communication.

Proceedings of the Meeting

The formal legal portion should be conducted in the same manner as any in-person shareholder meeting, with certain modifications or enhancements described below to make the virtual experience for the shareholder as close as possible to an in-person shareholder meeting.

Sample of polling questions

A company's annual meeting is the only opportunity you may have to address questions and comments from shareholders. In that sense, the annual meeting is an important event for shareholders to engage directly with boards and management, as well as other shareholders. To this end, companies should:

- Allocate ample time on the agenda for people that may be late due to connection problems.
- Giving shareholders the ability to indicate their level of interest in particular questions.

- Provide an opportunity to show members how to vote and feel comfortable with the process.

Members tend to be a few minutes late. Do not punish people for missing the start on time. By giving sample polling questions it gets everyone more comfortable at the beginning of the meeting with the voting procedure. It also lets them know it will be interactive at the meeting. You also get information on how members feel on certain questions.

Announcements

At any large meeting, it is important to provide clear guidance on how the meeting will be conducted and instructions for how to participate. This may be even more important at virtual events. In addition to the announcements traditionally or required to be made at annual meetings, it is important to announce the following immediately after the meeting is called to order:

- Instructions on how to vote during the meeting.
- Instructions on how and when to submit questions during the meeting and how and when they will be answered (including the need for questioners to provide their name and contact information)
- Information for attendees requiring technical or other assistance.

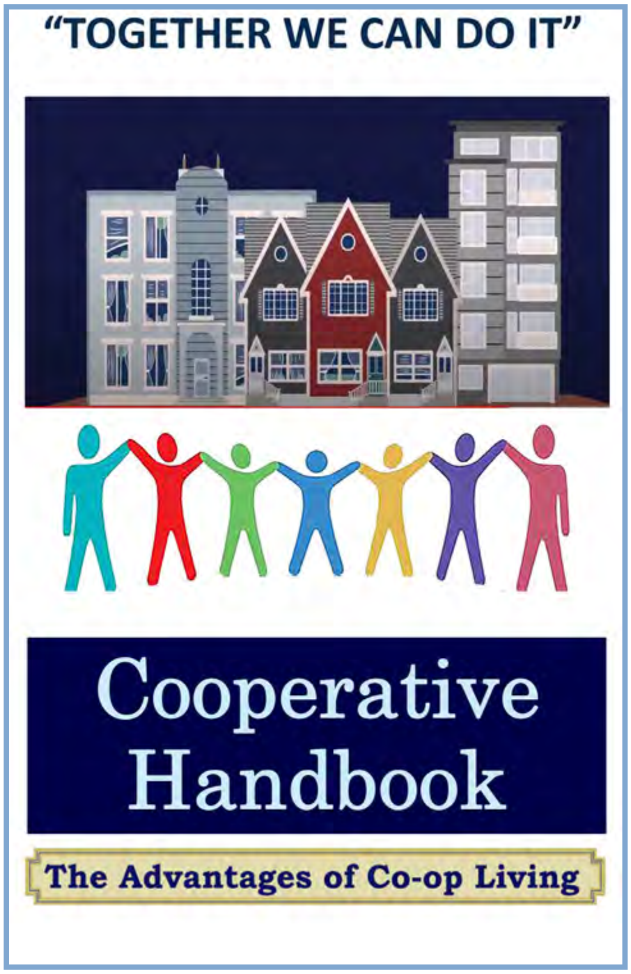
The chair should announce the procedures on how the meeting we be handled and what the members should expect. Walk everyone through what is going to happen and get everyone comfortable on what is going to happen.

The meeting does not have to be all virtual. At Cumberland we had a hybrid meeting. Members were on their laptops and telephones, but and we also opened the clubhouse and had a projector projecting the meeting. We gave them the questions for the polling so they could participate. But we kept everyone spaced apart with the proper social distancing as required and limited the numbers in the clubhouse.

There are many ways to have an annual meeting. We know of one cooperative that before it got too cold, rented three large tents so everyone could be spaced apart and held their meeting. They had to use a loudspeaker to reach everyone.

At MAHC we are available to assist any of our members in setting up their annual meeting virtually. We would help with the technical part, but you and your board will do the meeting.

Cooperative Handbook: The Advantages of Co-op Living



Need a quick 25-page introduction to co-op living? The new Cooperative Handbook is a clear, concise, and easy to understand introduction to the principals of cooperative living. New and prospective co-op members can learn the benefits of cooperative housing. This is a great place to start for new cooperative members.

The bottom line is that members have control of their own housing, not a landlord. These benefits also carry responsibilities. Members have a duty to understand the decision-making processes of the community. The handbook explains the HOW and the WHY of cooperative living.

The Midwest Association of Housing Cooperatives (MAHC) supports cooperative communities with certified training and dynamic sources of information, including the MAHC website at www.mahc.coop and a quarterly newsletter.

The MAHC annual conference is always the cooperative housing educational event of the year, offering an opportunity to learn from professionals and network with fellow cooperators.

The Cooperative Handbook will be available for purchase from MAHC with volume pricing for cooperative members. Contact the MAHC office at (734) 955-9516.

Ad space is running out. If you are interested in advertising in

The **MAHC** *Messenger*

Contact: Ben Sanders via email at: **sanders@mahc.coop**

Co-op and professional members are invited to submit articles, items of interest or suggestions for topics to:

Ben Sanders, Associate Editor at: **sanders@mahc.coop.**