



## Board directors share solutions at conference

The 11th Annual Senior Cooperative Housing Conference held in May brought together more than 250 cooperative members, managers, and industry partners in Bloomington. New this year were roundtable discussions where attendees were given a topic to discuss with a small group of individuals from other co-ops. Attendees were able to learn “how it’s done” at other cooperatives and possibly apply those solutions at their home cooperatives.

The previous edition of *Co-op Living* included an overview of a roundtable discussion focused on marketing challenges faced by senior housing cooperatives. This edition will take a look at challenges faced by senior cooperative housing boards of directors.

*Please note: The following is simply notes from the roundtable discussion. It is not intended to be legal advice. If members have questions, they should contact*

*their co-op attorney.*

### **How do you recruit volunteers for committees and/or board positions?**

Conference attendees ranked the issue of recruiting as the most important challenge faced by the board of directors. Short of “begging,” “arm-twisting,” and “hog-tying,” a number of individuals said that a simple personal invitation to join a committee or run for a board seat was predominantly used at their co-ops. They often pinpoint why that individual would make a good committee or board member.

Others suggested a “committee fair” to attract volunteers to their committees, complete with a carnival atmosphere including games, popcorn, and a hot dog dinner. At the fair each committee would set up a table to attract new volunteers and educate them about their committee.

Active participants could be reward-

ed with incentives like free coffee for a month or a free picnic or meal.

When specifically dealing with board nominations, many suggested having a nominating committee. Other suggestions included having a box in which people could submit nominations or changing the co-op’s bylaws to require three to seven board members.

Suggestions for making

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### Mark your calendar

**Oct. 19**— Replacement Reserve Reporting Workshop, Gramercy Park Co-op at Lake Shore Drive, Richfield

**Nov. 9**—SCH Council Meeting, Location TBD

**Nov. 14-16**—Cooperative Network Annual Meeting, Rochester



The fifth annual Senior Cooperative Housing Golf Tournament was held on August 29, 2011, at Greenhaven Golf Course in Anoka. Eighty-three golfers competed in 21 teams. The travelling trophy was won by a team from Becketwood Cooperative (pictured L to R): Denny Heath, Marti Heath, Joan Korkowski and Ted Erickson. (Only teams of senior cooperative housing members are eligible for the trophy.) During the awards ceremony after lunch, 10 hole prizes were awarded as well as numerous door prizes.

The tournament is a fun event for the participants and a small fund raiser for the Senior Cooperative Foundation. Thanks to the sponsors who helped make this event possible: Cooperative Housing Resources, LLC; RJF Agencies; Restoration Profes-

sionals; Black Dog Co-op Law; Neuger Communications Group; SCH Purchasing Cooperative; Archer Mechanical, LLC; Ebenezer Management Services; Focalpoint by Builders Carpet; Realife Cooperative of Coon Rapids; Applewood Pointe Cooperative Communities/United Properties; Realife Cooperative of Brooklyn Park; and Cooperative Network.

The Sixth Annual Senior Cooperative Housing Golf Tournament will be on August 27, 2012, at Greenhaven Golf Course in Anoka, Minnesota.

## Round tables create opportunity to network

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committees more effective included: having a board liaison on each committee, creating committee co-chairs to distribute the workload, having the board directly select committee chairs, and setting committee term limits at two years.

The importance of including and attracting new co-op members to participate in committees was also discussed, and it was noted that committee participation could be discussed early on, even when prospective co-op housing members are touring the cooperative.

### **Have you experienced leaks of executive sessions/confidentiality issues? If so, how did you handle them?**

Few cooperators at this year's conference had experienced confidentiality issues. Most co-ops addressed issues in open meetings or open discussions but were reminded that they do have the right to closed meetings if it's deemed necessary. Under Minnesota Law 515B, senior housing cooperatives are required to hold board meetings open to members. Executive or closed sessions are permitted for only a few items such as legal, contract negotiations, employee issues, or individual member issues. Board members should receive proper training on their rights and responsibilities, including their obligation not to divulge confidential or sensitive information. The importance of confidentiality and fiduciary duties of board members should be reemphasized periodically. It was noted that Senior Cooperative Foundation and Cooperative Network offer board training for senior housing co-ops.

### **How do you deal with difficult/disruptive members?**

Dealing with disruptive members or their adult children is a problem that all cooperatives are likely to face at some point. Many examples (problems ranging from pets and smokers to hot tubs) were discussed and suggestions were made for handling these difficult and sensitive situations.

Providing adequate information and having formal grievance procedures in place are important. For example, some co-ops have a policy where a disruptive resident receives a visit from one board member and one management person as

soon as a problem arises. Others have a system where a person gets a verbal warning, a written warning, and a final warning before eviction. In other co-ops everything goes to the board and the board decides how to handle problems. Some others have a procedure where the manager tries to handle the situation first and then it goes to the board if it's still unresolved.

It was noted that following procedures and bylaws is also important.

In some cases intervention by a housing director, staff person, or an outside mediator is the best way to handle a difficult person. In some co-ops social workers help. Getting a family member involved to help resolve an issue is another possibility.

In extreme cases, for example if someone is being threatened, it may be necessary to take some kind of legal action such as eviction.

Sometimes being patient and listening to the person's concerns can resolve the problem. Others might be encouraged to run for the board or get involved with the committee process. Most agree that it's important to deal with problems as soon as possible.

Dealing with difficult adult children was also addressed. When appropriate, involving children in the purchase process and helping them understand the rules and bylaws could prevent problems. Questions often arise at move-out time, for example. Management or management companies can be helpful in these cases. More difficult cases, such as an adult child harassing a parent for money, require law enforcement help and a restraining order.

### **Have you ever been challenged with respect to open meetings? If so, how did you handle it?**

Many co-ops believe open meetings are important, so they post agendas as well as minutes after the meeting. Some have an open meeting and then go into "executive session" and close the meeting when necessary. Make sure people understand why certain meetings are closed. It's important to know and understand the bylaws and state laws that govern whether or not meetings have to be open. Consult

or bring in an expert if necessary.

If members aren't allowed to speak at board meetings, open forums where people sign up to talk on topics could be held.

### **What board training does your co-op participate in? How do board members maintain that education?**

Conference participants identified various sources of training, including Cooperative Network, the annual Senior Cooperative Housing Conference, cooperative management companies, co-op attorneys, and meeting with former co-op board members. At one co-op, the developer purchased the Senior Cooperative Housing Education Program (SCHEP), which is supported by the Senior Cooperative Foundation, Cooperative Network and Cooperative Development Services.

### **Have you experienced a default and if so, how have you handled it?**

A number of roundtable participants said that they have not experienced a default at their cooperative. However, those who did suggested: sending letters, setting a schedule, assessing penalties and charging legal fees, recouping losses when the unit sells, and foreclosing on the unit as a last resort.

It was noted that legal assistance might be required in these cases. One co-op took a unit back by way of court action when a member became ill. Some co-ops require automatic deposits, HO6, and supplemental health insurance to protect against defaults.

### **Have you compromised your share value and if so, how did you handle it?**

It was noted that some cooperatives allow the member to sell below share value but actual share value stays the same, which advantages the buyer. This practice has made it much easier to sell units.

Other co-ops have helped new buyers through incentives like: paying moving fees, making mortgage payments on a current home, offering bridge loans interest-free for a year, allowing new owners to make monthly payments, or allowing the current owner to rent the unit to a prospective owner.

In some cases the share value can't be lowered but the seller is allowed to give up other things of financial value (such as upgrade values or annual appreciation) to help facilitate the sale.

## Annual meeting slated for Nov. 14–16 in new venue: Rochester, Minnesota

For the first time, Cooperative Network will hold its annual meeting at the Mayo Civic Center in Rochester, Minn. The theme for the 2011 meeting, slated for Nov. 14-16, is “Cooperatives: Making Communities Stronger.”

Activities will begin Monday, Nov. 14, at 3 p.m. with the Ralph K. Morris Foundation’s Cooperative Leadership Symposium, featuring Mary Brainerd, CEO of Health Partners. Several fun events are slated for Monday evening beginning at 4:45 p.m. Activities include a tailgate party prior to the Vikings-Packers football game, which will be televised, and a live auction to raise funds for Cooperative Network’s political action committees COOP and Co-op PAC.

Tuesday, Nov. 15, is the official start of the Cooperative Network annual meeting, with the opening business session scheduled from 8 to 10:45 a.m. In addition to business, Tuesday’s schedule will include several thought-provoking issue sessions. Pat Kluempke, executive vice president of corporate administration for CHS, will provide a U.S. economic forecast and examine the domestic and international opportunities and chal-

lenges presented to U.S. agriculture. Devon Brown, PhD, director of leadership development for FCC Services, will address two key issues facing cooperatives and other employers today: succession planning, as many current co-op leaders face retirement; and managing and engaging Gen Y, the future leaders of cooperatives.

Tuesday’s program will also feature the always popular “Great Debate,” with this year’s showdown centering around the *Citizens United* Supreme Court decision and its impact on the country’s political system.

Wednesday’s keynote speaker will be Susan Eisenhower, president of the Eisenhower Group, Inc., Washington,

D.C. She is the granddaughter of former U.S. President Dwight D. Eisenhower, and her speech, “Cooperation vs. Confrontation,” will draw contrasts between today’s partisan gridlock and the bipartisan leadership shown by elected officials at the height of the Cold War.

All Cooperative Network members are encouraged to participate in this key annual event, which includes director elections and passage of the resolutions that guide the association’s legislative activities for the upcoming year.

For more information on registration or lodging for the annual meeting, please contact Cooperative Network’s Wendy Enlund at 608-258-4412.

## Senior Cooperative Housing Council

The Senior Cooperative Housing Council would like to thank past Chair Maureen McDonald, Gramercy Park of Plymouth; and past Vice Chair Nora Schroeder, Valley View Cooperative of Eden Prairie; for their time of service on the committee. Both stepped down from their positions but will still be active with the committee.

New council leadership includes Dick Bennett, Realife Cooperative of Coon Rapids, as the new chair; John Sweeney, Applewood Pointe Cooperative of Roseville as the new vice chair; and Nancy Atchison will remain as secretary.



**Replacement Reserve Reporting Workshop**  
**Wednesday, October 19, 2011**  
**9:30–11:30 a.m. (registration begins at 9 a.m.)**  
**Gramercy Park Co-op at Lake Shore Drive**  
**6711 Lake Shore Drive, Richfield, MN 55423**

Steve Bolz, CPA with Judd, Ostermann & Demro, Ltd., and Mike Gramm, CPA with Westberg, Eischens, PLLP, will address recent changes in Minnesota law that require senior housing cooperatives to provide annual disclosure information to their members about how they do their replacement reserve analysis and the adequacy of funding. What does my cooperative have to do with its replacement reserve analysis? What should the auditors be doing as part of the annual audit? What does my cooperative need to report to our members?

RSVP Required: Please register online at [www.cooperativenetwork.coop](http://www.cooperativenetwork.coop) or email Vicky at [vicky.chaput@cooperativenetwork.coop](mailto:vicky.chaput@cooperativenetwork.coop) or call (651) 280-4900. Cost per person is \$30 for Cooperative Network member cooperatives and \$50 for non-member cooperatives. Reservations on a first-come, first-served basis. RSVP by October 12.

# WATCH OUT FOR TELEMARKETING SCHEMES



"Honey, we just won a NEW BOAT!"

Readers recently have asked me a series of questions on telemarketers. In one case, several consumers told me that they were telemarketed by a person who left a message stating that they had "good news" and implied the consumer may have won Easter Seals' "Cool Car, Cold Cash" raffle. The consumers were asked to call a named person at a tollfree phone number to collect the prize. Fortunately, before calling, each of the consumers decided to research the solicitation to determine if it was for real. They did the right thing because they likely would have been defrauded if they

had called to collect their nonexistent prize by paying the "taxes" or "shipping charge" up front.

Other readers complained to me that they are receiving pre-recorded phone calls from telemarketers who leave messages on their answering machines stating that they should press a telephone key to hear "an important message." When consumers press the key on their landline telephone, they then hear a foghorn and are told, "This is your captain" and that they will receive an all-expenses-paid cruise to the Bahamas and Nassau if they answer a series of questions. Fortunately, the readers thought this marketing pitch was suspicious and hung up the phone. Is this a scam? The short answer is that these calls violate Minnesota's consumer protection laws for at least three reasons. First, pre-recorded telephone solicitations are illegal across the United States. Second, these consumers are listed on Minnesota's "Do-Not-Call" Telemarketer Registry. Therefore, it was illegal for the telemarketer to contact the consumer unless he or she had a prior business relationship. Third, the telemarketer appears to state the consumer will win the cruise if the questions are answered. I checked into the reader's complaint and determined that the solicitation appears to be tied to a "survey research center" allegedly located in South Carolina. I learned many consumers are complaining about the solicitation and none appeared to have received the promised cruise.

Veteran readers know that I have

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often advised consumers to never give out personal identifying information, including credit card numbers, over the telephone to someone who has called or emailed them. Why? Because it is impossible to verify that the callers or writers are really who they say they are. Unfortunately, many telemarketer or online thieves are quite expert in using methods that convince consumers they are legitimate. For example, many consumers are already suspicious of pre-recorded telemarketing pitches. Therefore, some fraudulent telemarketing firms provide names and phone numbers the consumer can call back. This gives some consumers a false sense of confidence. Others fall for calls they believe are made by well-known charities.

Your best defense is to hang up on these calls. Also, never engage live operators in a conversation because that is when they will begin to hook you into their scams.

Also make sure you are on the Minnesota "Do-Not-Call" registry. This will protect you from at least some calls and substantially increase the penalties if the fraudulent telemarketer should get caught by federal or state authorities. Go to <http://1.usa.gov/MNnoCall> or call 1-888-382-1222.

You can file a complaint about potentially fraudulent telemarketers or online marketing by contacting the Minnesota Department of Commerce at <http://bit.ly/rbaZdN>.



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