

Chapter Seven: Frequently Asked Questions

Open Meetings Act: Many people believe that a Cooperative, since it holds Board meetings and may be involved with HUD, must hold open meetings. While in some states that is true, it is not the case in Michigan. The definition of “public body” does not extend to Cooperatives in this State. It may be advisable from a political standpoint to hold at least some meetings in the open, it is not a legal requirement here.

Remuneration: Board members frequently ask if they can be paid for their service. Sometimes, they ask if they can be reimbursed for lost wages when they attend to Board business. Unless the Bylaws state otherwise, the answer is “no.”

Vacancies: When a Board member resigns or dies in office, the Bylaws typically empower the remaining Board members to appoint a successor, who serves only until the next annual meeting of the membership.

Proxies for Board Meetings: Proxies are not available for Boards. You must be present to vote on Board business.

Selecting Management Agents: As noted above, the Board selects its Management Agent. It is good practice to seek proposals from as many Management Agents as possible, and then conduct interviews, check references and carefully examine the proposed Management Agreement. The Cooperative Attorney and Auditor are useful resources in identifying potential candidates to be contacted. MAHC has a Management Agent Request for Proposal which serves as a starting point for drafting one for your Cooperative.

HUD's role: The United States Department of Housing & Urban Development was instrumental in the development of a large number of Housing Cooperatives several decades ago, and as such, entered into contracts that empowered the agency to regulate Cooperatives. Once the Cooperative has ended its relationship with HUD, the authority of HUD to regulate ceases. It is important to find out whether HUD continues to have authority. This can be learned by reading the Regulatory Agreement, and finding out whether the Cooperative has entered into a Use Agreement or Section 8 Contract with HUD that remains in effect. The Cooperative Attorney can assist in answering these questions.

Awarding Bids & Contracts: The Board is the final decision maker on awarding contracts for the Cooperative. While it is not necessary that the lowest bidder's proposal be accepted, any decision to chose another vendor should be carefully documented and be in the best interest of the Cooperative.