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THE COOPERATOR

News and updates for leaders of resident-owned communities

Succession Planning: the key to long-term security

The term "succession planning" refers to the process for identifying and developing new leaders who can replace old leaders when they leave or retire. Succession planning is essential to running a business successfully, because it ensures that the core responsibilities and functions of the business are taken care of in the inevitable event of staff turnover and retirement.

Succession planning is especially important for organizations like resident-owned communities (ROCs) that rely heavily on volunteers, because roles and responsibilites tend to be more fluid and turnover is more frequent. ROC Boards of Directors should incorporate succession planning into their everyday workflow.

"Every day?" you ask. That's right. Although the word "plan" might suggest otherwise, succession planning is not an isolated task, completed just once a year. Succession planning is an ongoing process, a continuous cycle of activity.

To better understand this cycle, NCF has developed a three-part series of articles on the ROC Succession Planning Cycle. Each article in the series will dive into one of the three parts of the cycle, including:

1. Determining needs and defining roles;
2. Developing and training leaders (both new and existing);
3. Engaging, connecting, and recruiting community leaders.

The Cycle, Part 1: Determine Needs and Define Roles

If someone walked up to you right now and asked what your role on the Board of Directors is, how would you answer?

a. Easily. You would be able to quickly describe your position, its core responsibilities, and how it relates to the other Board positions.

b. With some difficulty. You're still a little confused about what your role is and even more unclear about what your fellow Board Members are responsible for.

c. With lots of difficulty. There are one or two people on your Board that understand how things work, but for the most part, you're in the dark.

If you answered B or C, you're in good company. Most Boards suffer from some level of role confusion.

Unfortunately, this lack of role clarity is often the primary reason that people stay away from Board service. Most people are reluctant to sign up for something they don't understand, especially when it requires them to volunteer time and energy. That's why the first part of the Succession Planning Cycle is focused on determining what roles your community needs and defining the responsibilities for those roles.

For most ROCs, the roles needed to make the community work are pretty straight-forward. In fact, the vast majority of roles are outlined in the ROCs organizational documents, either in the Bylaws or the Loan Agreement. For example, most Bylaws stipulate that the Board be comprised of five Officers (President, Vice President, Secretary, Treasurer, and Operations Manager) and anywhere between two and four additional "at-large" directors. The loan agreement often includes hiring requirements for paid staff and third-party finan-

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cial management firms. Outside of the "required" roles, most Boards are capable of identifying any other needs their community might have.

For most of the Boards NCF works with, the more difficult task is defining their existing roles. The single most useful activity in helping define roles in your community is writing or re-writing the Board's job descriptions.

Spoiler alert: there is no one-size-fits-all set of job descriptions for ROC Boards of Directors. The job descriptions for the positions on your board will vary depending on the capacities in your community and the needs of your organization.

The first step in developing Board job descriptions is finding a good template to work from. NCF has included some template language on page two and three that is tailored specifically for resident-owned communities to help get you started.

After reviewing templates, get the Board together to review and discuss. There are some responsibilities that cannot (or should not) be swapped among Board Members, so be sure to involve your NCF TA Provider in the editing process.

Finished job descriptions should have three components: 1) the position's core responsibilities, 2) the qualifications and experience required of the person filling the position, and 3) any performance goals associated with the position. You may also consider adding the estimated time commitment for the position. NCF can provide additional job description templates with these components if requested.

After the job descriptions are complete, each Board Member should sign a copy of their description. Keep the copies in the ROC's files for future reference and update them regularly. Encourage Board Members to practice describing their job out loud and have each Director give a brief explanation of their job at Membership meetings, so residents understand everyone's role.

When Board Members are clear about their individual responsibilities and their roles are clearly defined, residents are more likely to understand how Board service works, which can go a long way in building the confidence new leaders need to volunteer for Board service.

Template Language for Board Job Descriptions

The President: *Meeting Manager, Visionary, and Listener-in-Chief*

- Chairs all meetings of the Directors and Membership.
- Oversees the general administration of the ROC according to the guidelines established by the Board and the Membership.
- Often acts as the primary supervisor for paid staff like onsite or office managers.
- May act as one of the authorized signatories for the ROC on legal documents and contracts.

An effective president should have good meeting management skills, be able to listen to multiple points of view, be able to develop strategies for accomplishing goals, and have a good sense of perspective—able to look at the "big picture" and not get caught too much in the weeds. Exceptional board presidents have a good sense of humor, radiate positivity, and generate enthusiasm among the board and the membership for the mission of the organization.

The Vice President: *Back-up Meeting Manager and Often President-in-Training*

- Chairs all meetings in the absence of the President.
- Perform such duties delegated to them by either the Board or the President.
- May act as one of the authorized signatories for the ROC on legal documents and contracts.

Often, the Vice President is learning the job so that she or he is trained and ready to assume the Presidency at the next election. An effective Vice President should have a "can-do" attitude and be ready to take on tasks as requested by the President. Vice Presidents should be good listeners and love to learn.

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The Secretary: *Guardian of Records and Organizational Documents*

- Keeps a true record of the proceedings of all meetings of the Directors and Members and is responsible for preparing, certifying, and amending the minutes of all board and membership meetings.
- Presents the minutes at all meetings, unless a reading of the minutes is waived.
- Signs all minutes and actions of the Board, which serves as evidence of the document's authenticity.
- Posts meeting notices for the Membership.
- Types official correspondence.
- Maintains and updates membership and resident lists.
- Prepares and sends all required ROC correspondence, including the Annual Meeting packets.
- May act as one of the authorized signatories for the ROC on legal documents and contracts.

With prior approval from the Board, the Secretary may delegate tasks to other Board Members, committee members, or paid employees of the ROC, such as an onsite or office manager.

The Operations Manager: *Overseer of the Grounds and Property Condition*

- Sits on the Maintenance or Operations Committee (if the ROC has one).
- Oversees the effective upkeep of grounds and systems
- Develops services, standards, emergency and general repair procedures.
- Maintains a list of qualified tradespeople, obtaining bids, and maximizing volunteer contributions.
- Completes an annual property condition report and submits an annual projected maintenance budget.
- Oversees the updating of the capital improvement plan.

The Operations Manager closely coordinates and ensures that all operations and maintenance-related tasks are completed, either by a professional property management firm, a paid ROC employee, or a qualified vendor.

The Treasurer: *Guardian of the Cash*

- Has charge of all funds of the ROC and is responsible for tracking all disbursements and collections.
- Maintains all financial records of the ROC including previous fiscal years, financial reports, bank statements, and returned checks, invoices, records, and any and all financial records.
- Ensures that all checks drawn on the ROC accounts bear the signature of at least two authorized signatories.
- Oversees the monthly reconciliation of the ROCs accounts.
- Ensures that the books are prepared for any audit or independent financial review.
- May act as one of the authorized signatories for the ROC on legal documents and contracts.

With prior approval from the Board, the Treasurer may delegate tasks to a contracted bookkeeping service, professional property management firm, or a paid employee of the ROC, such as an onsite or office manager.

All Board Members

- Represents the ROC to vendors, members and the community-at-large.
- Ensures the smooth transition of incoming board members.
- The outgoing director will provide training to their successor on the core responsibilities, systems, and processes associated with the position.

Other Responsibilities

- Creates and distributes a monthly newsletter to ROC residents.
- Coordinates community events.
- Oversees marketing and advertising of the ROC.
- Represents the ROC at the state legislature and advocates for policies that benefit the ROC.

Onsite Staff: Managing your MVP

The onsite manager is one of the most valuable players (MVPs) of a resident-owned community. Most ROCs employ at least one part-time onsite manager who works on behalf of the business.

Under an investor-owner, your ROC's residents likely came in contact with an employee who worked for the management company and may have been assigned to multiple communities. An investor-owner's primary interest in employing a manager is to have someone who collects lot rent, fills vacancies, and adheres to the budget.

In a lot of ways, a ROC's objectives are similar to that of an investor-owner, but there is a high value placed on the manager's ability to maintain positive relationships with community members, be organized, attentive, and professional. After all, the onsite manager is the first point of contact for the ROC and represents the Board and the community in important ways.

The relationship between the onsite manager and the Board can be a complicated one—both are working towards the goal of running the business and serving the community, but clarifying roles and responsibilities is key to ensuring each party is getting what they need out of the relationship.

Know What the Manager Is Not Responsible For

Board Duties. The Board is solely responsible for establishing rules and directing the organization and its employees. Board members are responsible for knowing what the bylaws say, knowing what the rules are, and being familiar with the budget. While the onsite typically attends Board meetings and provides important information, the Board is responsible for setting the agenda and preparing minutes.

Home Repairs and Maintenance. Homeowners should be informed that they are responsible for any in-unit repairs and should not be calling the onsite manager to fix problems in their homes. Reminders about the limits of the ROC's and the homeowner's responsibility may be necessary if this is a persistent problem in a community. The Board could also identify a list of potential resources for homeowners when home repairs or maintenance are needed.

Bottom Line: Taking advantage of the onsite manager by asking them to act outside of their agreed upon job description will lead to burnout of a valuable employee.

Regular Updates

Help the onsite staff keep the Board informed. Do you want the staff person to email the Board on a schedule with a weekly update? Is there a list of things you want the staff person to report on for each Board meeting? Doing this not only helps the Board keep track of what's going on and feel involved, but it helps the staff person feel validated, useful, and that their accomplishments are being recognized. In addition to crossing tasks off a list, the staff person can also tell you what larger trends they are noticing (an increase in calls for homes, a reduction in police visits, maintenance needs, etc.)

This regular exchange provides the Board with valuable information and helps everyone feel "in the loop." When everyone is in the same loop, you are more able to work as a team and show a united front to the Members and residents.

Bottom Line: When the Board knows specifically what the onsite is doing, they can better support them and tout their accomplishments to others.

Clear and Ongoing Communication with Homeowners

Residents aren't always able to attend meetings, so it's important that they are informed about the outcomes of board meetings, that they receive responses to their inquiries, and that they are generally made aware of the ROC's accomplishments.

The Board and onsite staff should plan what form communications will take throughout the year, such as posting Board meeting minutes, periodic newsletters, emailed updates, etc. It's also important to encourage feedback from residents and provide feedback channels such as a Board Q&A or "meet and greet" event, community surveys, etc. When the Board and onsite staff communicate proactively, questions and complaints can be attended to before they become a larger issue.

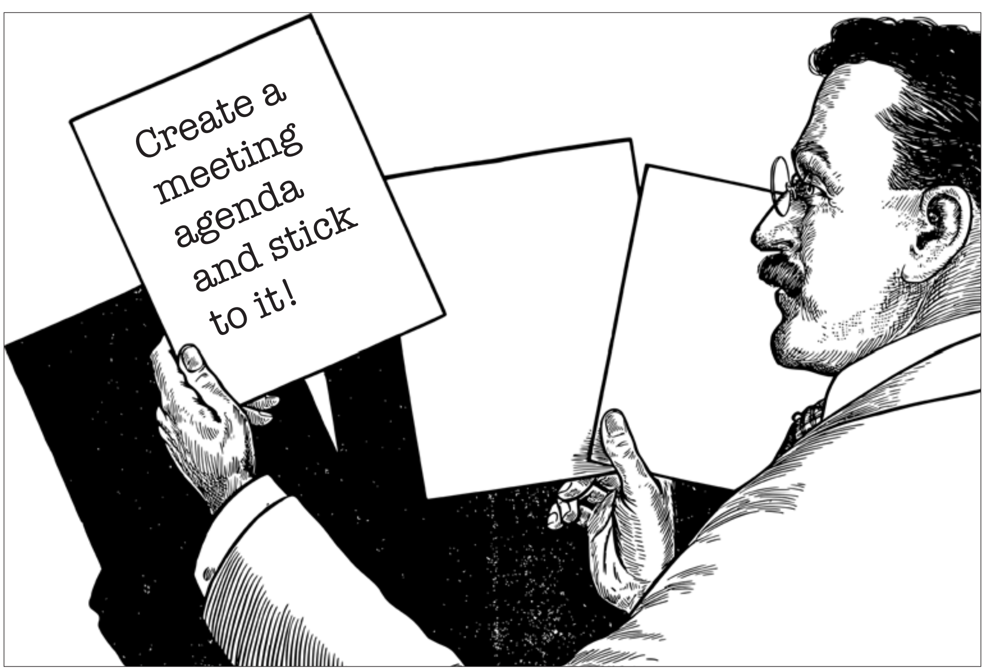
Bottom Line: Reach out to residents before they reach out to you. (No one enjoys getting blind-sided at the meeting.)

Want to run successful board meetings? Follow these twelve simple tips

In the last issue of *The Cooperator*, we shared the following tips for making your board meetings meaningful: 1) Keep and follow an annual board calendar (helps inform your meeting agenda), 2) Track your unfinished or 'old' business (also informs your meeting agenda), 3) Publicize the meeting, to both directors and residents, and 4) Believe. If you believe that your meetings are valuable, others will believe also.

While boards work on making meetings meaningful, they can also work on running a successful board meeting. A well-run board meeting, where everyone participates, is more likely to result in better board attendance and better board decisions.

This article will review some tips for running an effective and efficient board meeting. These tips are helpful not only for the board president, but also for all board members.



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1. Distribute minutes and other materials in advance of the board meeting.

2. Mail or email materials to the board in advance to give them time to prepare.

3. Prepare a meeting agenda. How can you run a meeting without an agenda?

4. Start the meeting on time. Starting the meeting on time sends the message that everyone's time is valuable.

5. Establish ground rules for both guests and directors. Establishing rules avoids confusion about roles and behavior during the meeting. Most importantly, rules set boundaries for how guests can and *cannot* participate in the meeting.

6. Label each agenda item as "Discuss" or "Decide." How will you know success if you haven't named it? Be clear about desired outcomes for each agenda item. If discussion drags on or a decision can't be made, add the topic to another meeting, or delegate to someone to do more research. Be clear about who's doing what and by when.

7. Follow the agenda. Don't wander.

8. Keep discussion focused on the agenda item. Be polite, but firm. If you wander off topic, suggest adding the item to another meeting.

9. Encourage participation by each board member. If you see someone is not participating in the conversation, ask them directly for their opinion.

10. Evaluate the meeting. What worked well and not so well? Note suggested improvements and mention them at the beginning of the next board meeting.

11. Establish the next board meeting time and date. Even if you have a regular meeting schedule, it helps to confirm.

12. Adjourn the meeting. Formally adjourning the meeting signals the end of official board business. After adjournment, everything else is socializing.

Taxes in resident-owned communities

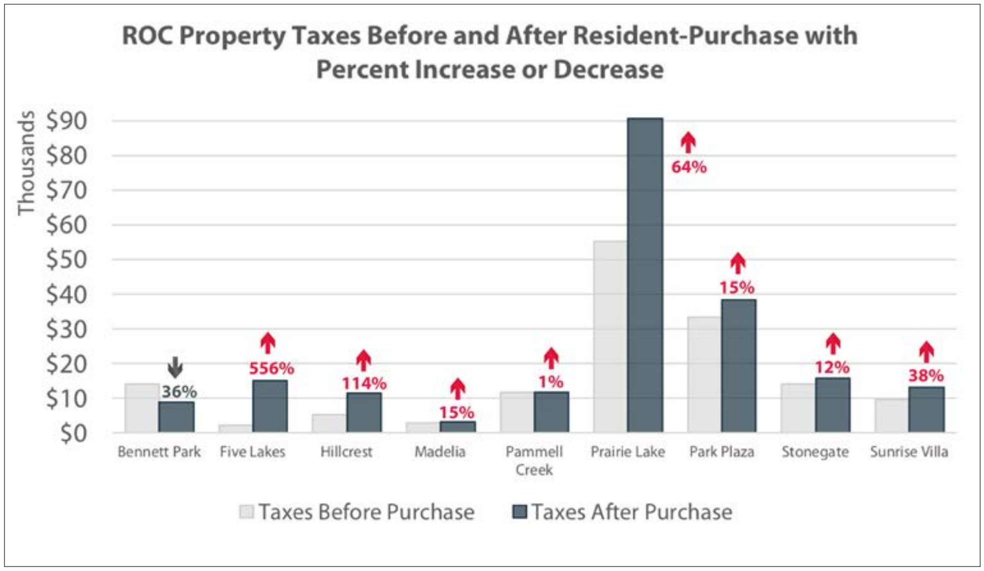
NCF often receives questions about what kinds of taxes are levied against resident-owned communities (ROCs). The following is a breakdown of taxes paid by homeowners living in a ROC and the ROC as the owner of the land.

Sales/Excise Tax - Each individual home is titled by the state as a vehicle, and each homeowner pays a one-time tax when they originally purchase a new home and transfer the title to their name.

Personal Property Tax - Manufactured home owners in a ROC do not have title to the land on which their home is situated, and their homes are usually titled as personal property, similar to a vehicle. In this case, taxes on individual homes are assessed as personal property, levied in the current year, and are payable by each homeowner. The calculation used to determine this tax, and the date on which payment is due, varies by state and municipality. Remember: personal property taxes must be paid before a homeowner can transfer the title.

Parking Fee (Wisconsin) - Municipalities in Wisconsin may enact an ordinance to collect a manufactured home monthly parking fee from all homes located within the municipality. If you live in such a municipality, this fee is payable by individual homeowners.

Real Estate/Property Taxes - The county levies a property tax on the land that is owned by the ROC, which includes the lot on which each individual home is situated. The county assesses and collects the tax, and then distributes the funds among the county, city or township, school district, and other special service entities.



Victoria Clark, NCF

The average increase of property taxes after resident-purchase is 37 percent, excluding the biggest outliers, Five Lakes and Bennett Park. As part of the purchase process, Bennett Park sold off a portion of their property, which decreased their overall property tax burden. Five Lakes' increase was the result of a multi-year under-assessment; the property's taxable market value went from $235,900 pre-resident purchase to nearly $1.5 million post-purchase. Zumbro Ridge Estates, which became a ROC in December 2017, is not included in this graph because property tax data is not yet available for 2019.

Real estate tax is one of the largest items in a ROC's budget. The tax is paid by the ROC and incorporated in the ROC's annual budget. How real estate taxes are calculated varies by state, but generally, it's based on the "taxable market value" of the land. The generic formula for calculating taxable market value is: "Estimated market value" of the property (determined by county assessor), minus any "deferments or exclusions" for which the property or community is eligible, equals "taxable market value."

From year to year, the county assessor may adjust the estimated market value of the property, and property taxes are adjusted accordingly. When the property changes hands—as when residents purchase the property—the actual taxable market value of the property is re-assessed.

Resident purchase often causes an increase in taxable market value, and property taxes go up, sometimes considerably (see graph above). The amount of the increase is a function of the period of time that has elapsed since the property last changed ownership—and because property values usually increase over time, the longer the interval between ownership change, the larger the tax increase.

During the resident purchase process, the anticipated property tax increase is factored into the new operating budget.

Board President reports on advocacy event at Minnesota State Capitol

Every year, a regional advocacy organization representing the co-op sector called Cooperative Network hosts an event at the State Capitol called Minnesota Co-op Day at the Capitol. The event brings leaders from cooperative businesses together to hear from legislators on issues that directly affect their businesses. Event participants also have the opportunity to meet face-to-face with legislators and discuss their core legislative priorities.

Natividad Seefeld, Board President at Park Plaza Cooperative in Fridley, Minnesota participated in this year's Co-op Day at the Capitol. NCF interviewed Natividad to get the scoop on her experience at the Capitol.

Q. How did you feel before heading to the Capitol for the event?

A. *It was scary at first because I hadn't been to the Capitol in the over thirty years I've lived in Minnesota. Once I got into the building and saw the people I knew, and heard about what other people from other co-op businesses are working on, I felt a lot better.*

Q. What was the highlight of the day?

A. *It was during one of the one-on-one meetings we had with a legislator. After hearing about the bill we had proposed about increasing infrastructure funding for manufactured housing communities, he picked up the phone and called up his legislative aid and asked them to add him as a supporter of the bill. Just like that. Right on the spot! If it was that easy every time, I would be at the Capitol all the time! Another highlight was when the CEO of Cooperative Network came up to me after I addressed the group and said, "I want you to know that I heard what you said today and I want to help." It was just the coolest thing to feel heard by people who are in a position to help you get done what you want to get done.*

Q. Why did you decide to go to the Co-op Day at the Capitol event?

A. *I think it's really important for Board Members to get involved in advocacy work. If you don't get involved, you're not going to be heard. Once you take that first step, I think most people will find it hard to stop, because you start seeing how much of an impact you can have. When you get out in the community and advocate for change, you're saying "We matter. Our communities matter." And I think people are hearing us. That's powerful.*

Q. What do you see are the benefits to getting involved in advocacy work?

A. *Every time I attend a local City Council or legislator meeting or call a policy maker, I gain valuable knowledge about what's happening in the community and the state, things that can potentially impact our ROC. If you don't get out there, you'll miss opportunities to get informed.*

Q. What were the main issues you were you talking about at Co-op Day at the Capitol?

A. *We were mostly talking about the manufactured housing infrastructure fund bill and talking about the need for dedicated resources for manufactured housing communities to update their infrastructure systems, water, sewer, etc. I talked about how Park Plaza was spending over $47,000 a year on water and sewer system repairs before we were finally able to repair and replace our system. It was so hard to get the financing we needed for that project. I hope the legislature can find a way to help make it easier for communities like us to update our infrastructure.*

Q. What advice do you have for other ROC Board Members who are interested in getting involved in advocacy work?

A. *Get started by reading up about the issues facing your community. NCF can help you find the information you need to get informed. You'll feel more confident about getting involved when you get informed. If you're scared of going it alone, partner with another Board member or community member. Try to get to know your state legislators really well. Start with those relationships and build out from there.*

ROC USA Better Together Grant application period is now open

ROC USA® recently announced a call for applications for the Better Together Community Grants Program. Applications are due by June 13. Awardees will be chosen by the ROC Association Board of Directors on June 23.

The Better Together grant program was established in 2010 by ROC leaders who attended a national leadership summit. The group of leaders came up with the grant program as a way to help fellow ROCs and engage new leadership in their community. Five grants of $2,000 each are available through the program.

In the past, ROCs have used these grants to fund small beautification projects in their communities such as getting started on a community center, furnishings for a new building, playground equipment, signage, or landscaping.

The grant project must be coordinated by at least two ROC members who do not serve on the Board of Directors, and are not related to or married to any of the Board. The goal of the grant program is to get new leaders involved in the governance of their ROC. All projects must be voted on and approved by the ROC's Board of Directors.

If you have questions, please email Deb Wyman at ROC USA at dwyman@rocusa.org or call her at 603-513-2836.

You can find the grant application and read about past grant winners by logging onto www.rocusa.org/CommGrants. All ROCs are eligible to apply. Awardees of last year's grants are not eligible for this year's awards.

Applications due June 13

Did you miss the last issue of *The Cooperator*? Check out the archive on the NCF website for all past issues. Visit northcountryfoundation.org/the-cooperator.