

Co-op Coalition Survey: Proxies

Thanks to the members who responded to the survey.

OF SPECIAL NOTE: From the Coalition's counsel: The answers partly will depend on 2 things:

- 1. Where the cooperative is incorporated. Delaware allows proxies. The DC cooperative statute does not allow proxy voting.**
- 2. The cooperative's own bylaws. Some bylaws impose specific requirements and restrictions on proxy voting.**

Because of the importance of this caveat, it is also embedded into the summary chart.

Following is the e-mail containing the e-survey with result in the table, below.

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In a message dated 3/19/2015 8:32:58 A.M. Eastern Daylight Time, CooperativesDC@aol.com writes:

A Coalition member is interested in learning what policies/rules other Coalition members have concerning proxies. The question follows. Please respond by Friday, March 27.

Again, thanks for answering these short e-surveys and helping out one another!

Best,

Mike O'Dell, Director
DC Cooperative Housing Coalition

I have listed a few questions below to help us as we consider modifying our by- laws regarding the unrestricted use of general/ undirected proxies.

1. Does your co-op allow unrestricted use of general undirected proxies? That is, can any co-op owner who is not coming to a quarterly or annual meeting of the co-op just sign a witnessed proxy form (appointing the name of their proxy holder and his/ her unit number) for the purpose of establishing a quorum and casting the absent member's vote for any matter at the upcoming meeting (that is, the proxy holder can decide how to cast the absentee owner's vote) to be held on xxxxxx including any adjournments thereof, provided that the proxy share expire as of the final adjournment of this particular meeting.

2. If not, what kind of proxies (if any) are permitted by your cooperative..... For Quorum Purposes Only proxies, only directed/ limited proxies (with written instructions on how the absent owner wants the proxy holder to vote), etc? Please describe and send a sample proxy form along with your reply.

3. Do you limit the number of proxies that any owner can hold and vote at a meeting? That is, can any owner bring in 5-10 ,.....or more.....proxies and vote them as he/she sees fit (without any written instructions from the absentee owner?)

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| OF SPECIAL NOTE: From the Coalition's counsel | The answers partly will depend on 2 things: 1. Where the cooperative is incorporated. Delaware allows proxies. The DC cooperative statute does <u>not</u> allow proxy voting. 2. The cooperative's own bylaws. Some bylaws impose specific requirements and restrictions on proxy voting. |
| <50 units | 1. Yes 3. No restriction on the number of proxies |
| <50 units | In the five years I have been here, we only use proxies at the annual meeting. And, the purpose of the proxy has been to vote on the new board only. We have never discussed or voted on assessments and we have paid off our mortgage. A member is only allowed to hold one proxy. And, the proxy works to have 50 percent representation which is required for our annual meeting. |
| <50 units | 1 -- Yes. 3. -- No. There is no imposed limit. |
| 50 – 99 units | [Our co-op's] by-laws do not provide for any use of proxies for matters voted on by the membership. However, we would be interested in any information on this topic that other coalition members provide. |
| 50 – 99 units | 1. YES 3. Yes. In no case may a person represent more than 5 memberships as proxy. |
| 50 – 99 units | Our proxy form ... is accompanied by a letter that asks that anyone who can't attend the meeting leave a proxy with either the President, Secretary or someone they know who will be attending. We use the proxy for purposes of establishing a quorum and for scheduled agenda items. As a matter of policy, we don't allow anything to be voted on at the meeting that hasn't been noticed to the members and listed on the proxy form. We try to structure the proxy in a way that encourages people to explicitly make their choices known – to avoid the situation where members collect proxies and then have disproportionate influence in votes that are taken. If someone should produce a legally adequate proxy from another member we would accept it. However, we have found that by being proactive in distributing our proxies ahead of time, this has not happened. |
| 50 – 99 units | 1. Yes, we allow unrestricted use of undirected proxies. Proxy can be given to any shareholder or to the board. 3. No, no limit (never been an issue). |
| 100 – 199 units | 1. At [our co-op] we use 1. We need a quorum to be able to vote (50% of the shares represented). 3. No, we do not limit how many proxies one shareholder can show up with. |
| 200+ units | 1. No 2. Quorum Purposes Only 3. NA |
| 200+ units | 1. We have a "special" way of handling our ballot/proxy form. Each shareholder gets a numbered proxy with a raised seal affixed over the number. It is also printed on letterhead (color). As a result of our formatting of the ballot/proxy, there is no need for a witness – because it is on letterhead, is numbered and has the corporate seal affixed. |

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| | <p>So anyone who wishes to vote (or give a proxy vote) assigns a proxy and <u>should</u> mail the ballot/proxy form along with the carrier envelope to the person who is holding the proxy.</p> <p>2. Perhaps we are fortunate, but we only use the ballot/proxy form during our Annual Meeting – once a year.</p> <p>3. A shareholder may hold up to five proxies; a non-shareholder only one proxy.</p> |
| 200+ units | <p>1. Yes</p> <p>3. Yes (2)</p> |
| 200+ units | <p>1. Yes, and the terminology is restricted and unrestricted. There are significant on-line resources about proxy forms and requirements however, it is best to provide whatever you create to the Cooperative’s attorney for review. There is nothing worse than a shareholder challenging the vote and then having the attorney say all proxy forms are invalid.</p> <p>2. The form must comply with the Bylaws and state statutes for the state of incorporation so it may be different for every cooperative. Check with attorney, but in the absence of specific requirements in state statutes and/or Bylaws voting guidelines may be established by the Board and provided to all shareholders with the official notice of the meeting that define the proxy form, whether it is instructed or uninstructed and other procedures and processes for voting without the need to change the Bylaws. Sample Proxy is attached.</p> <p>3. No, but again it must be in compliance with state statutes and Bylaws. One final point is that sometimes voting restrictions are included in the Articles of Incorporation or House Rules. It is best for the attorney to review the governing documents regarding all forms intended to be used at a meeting of shareholders.</p> |
| 200+ units | <p>A proxy can be used for voting for the Board of Directors, or for any other vote at an annual or special meeting.</p> <p>Proxies are only valid for one meeting.</p> <p>No member can exercise more than one proxy per meeting or Board election.</p> |
| 200+ units | <p>1. YES</p> <p>3. An owner can hold only one proxy.</p> |