



The Sig House

A Newsletter from the Board of Grand Trustees

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Seven Successful Habits

House corporations are designed to provide safe and adequate chapter housing. To be successful, consider the following habits:

1. Operate Like a Business

- ◆ File for incorporation.
- ◆ Conduct regular meetings.
- ◆ Prepare and distribute minutes for all meetings.
- ◆ Prepare an annual budget based on historical data.
- ◆ Develop a well-balanced board of directors with a mix of ages, experience and backgrounds.

2. Execute a Rental Agreement

- ◆ Specify the amount of rent for each period (monthly, semester, or annually).
- ◆ Establish reasonable rules and policies (like no smoking).
- ◆ Specify the right of the house corporation to terminate the agreement if tenants breach the agreement.
- ◆ Require written rental agreements signed by parents/guardians from all tenants which includes a security deposit.
- ◆ Conduct regular property inspections for both cleanliness and maintenance.
- ◆ Have a check-in and check-out procedure.
- ◆ Provide professional cleaning of the bathroom and kitchen to ensure sanitary condition.

3. Charge Fair Market Rent

- ◆ Charge fair and competitive market rent. If you are fortunate enough to collect more than you need, put it into a reserve fund. You'll need it.

4. Establish a Reserve Fund

- ◆ Establish a maintenance and replacement reserve fund.
- ◆ Update the reserve fund plan every year.
- ◆ Schedule projects during the summer or winter break to avoid disruption.

5. Reduce the Debt

- ◆ Reduce interest on debt when possible by refinancing.

- ◆ Always charge a fair market rent even when debt is paid off to build reserves.

6. Fill the House

- ◆ Establish a fair market rent based on what is needed to pay house corporation expenses (insurance, maintenance, debt, etc. and reserves).
- ◆ Close the house in the summer unless it will raise more revenue than the maintenance costs required to repair the damage inflicted.

7. Promote a Sense of Ownership

- ◆ Allow undergraduates to attend board meetings to promote "buy in".
- ◆ Solicit input from the undergraduates to provide a facility that will be competitive in amenities.
- ◆ Reacquaint the undergraduates every year with the purpose and functions of the house corporation.

Successful house corporations don't happen by accident. Follow these time tested habits and become one of the success stories. **IHSV**

We're Here to Help

Board of Grand Trustees is here to assist Sigma Chi house corporations in a myriad of ways. Besides many years of service to Sigma Chi in various capacities such as real estate development, property management, project administration, politics, house maintenance and renovation, insurance, tax planning, accounting, construction, fund raising, legal, education, financing, risk management and more.

While each Grand Trustee is assigned specific provinces to oversee, this combined expertise is available to all house corporations. The key to tapping this gold mine is to contact your province's Grand Trustee with a specific request for assistance. If your request is out of your Grand Trustee's specific area of expertise, other colleagues will assist in providing real solutions. Give us a try. **IHSV**

Fostering a Culture of Safety and Responsibility

Risk Management Foundation Provides

- Educational Resources
- Risk Management Services
- Insurance Services
- Guidance for Undergraduates, Chapter Officers, House Corporations, and Alumni Advisors



Risk Management Foundation

Education • Prevention • Preservation

www.rmfeeducation.org

Let Us Help You Today!

Sigma Chi Fraternity's



Affordable financing options up to \$250,000 for Sigma Chi house corporations that own chapter houses

- Chapter House Purchase
- Life & Fire Safety Upgrades
- New Construction
- Renovation



Ritual Regalia Loans up to \$5000



For more information, contact
Ed Rammrath
eramrath@rammrathrealty.com
Phone 832.483.8676

Alumni Engagement Initiative Report

The Board of Grand Trustees has been tasked with improving Sigma Chi alumni participation by way of the **Alumni Engagement Initiative (AEI)**. To that end, A multi-phase strategy has been developed.

Phase 1 identified alumni groups in these categories:

1. Existing groups that have low participation or need help getting back on track
2. Inactive groups that need to be restarted
3. University town groups
4. Potential locations for new groups in the 50 states, Canada and other countries. We have identified over 1500 potential groups across the 50 states. We have two groups in the United Kingdom, one in Holland, one in Singapore, one in Ethiopia and the Manila Alumni Chapter.
5. Virtual groups (like Facebook) that should officially register to be listed in The Magazine of Sigma Chi.

Phase 2 involves several areas:

1. Follow up with chapter town alumni group voids. House corporations are encouraged to assist in forming alumni groups in their chapter locations.
2. Identify towns that have clusters of Sigma Chis that don't know each other even though they may attend the same church, play at the same golf course, etc.
3. Engage more participation in large cities using a "hub and spoke" concept: one main alumni group with several sub-groups that meet in different locations, times and/or events like happy hours, holiday events, tailgate parties, etc.
4. Evaluate progress with Phase 1 targets and assist them with resources.

We expect to have over 109 working alumni groups by July 1, 2018. I hope this will spark your desire to get involved or spearhead a new alumni group. Let me know how I can help.

Bill Robinson warmco@aol.com
Grand Trustee & AEI Coordinator IHSV

Ask the Grand Trustee

Q Our chapter does not own a chapter house. The officers of Active Chapter have made arrangements to rent a house from a private party. Should a house corporation be involved in this arrangement?

A Yes. The legal ramifications of rental agreements are beyond the understanding of most undergraduate brothers. House corporations provide the kind of continuity and stability to chapter housing that is simply not possible by undergrads that come and go. Whether the chapter owns or rents a house, a properly formed and incorporated house corporation should act on behalf of the active chapter in housing matters.

Q Our house corporation board of seven includes the Province Grand Praetor, the Chapter Advisor and the Consul. Is this acceptable?

A The last three members should not serve on a house corporation board. These brothers are elected or appointed to advise or administer the Active Chapter operations while the house corporation is charged with managing, owning and/or renting chapter housing. There is a potential link to the general fraternity when Grand Praetors and Chapter Advisors serve on the board. This could bring liability to the general fraternity which could be costly to defend. However, there is nothing wrong with these officers attending house corporation meetings and advising the board.

The house corporation is a separate legal entity apart from the fraternity and its Active Chapter. It exists to own or lease property and manage it for the benefit of the Active Chapter tenants. A house corporation should not be involved with the Active Chapter operations except to collect the rent and provide safe and adequate housing.

In some instances, a properly formed and maintained house corporation may be established to raise funds to purchase or build a chapter house in the future. Still, it should not deal with active chapter operations. That is the role of the Grand Praetor, the Chapter Advisor, Active Chapter officers and an alumni advisory group.

Q Our house corporation would like to explore options for tax deductible fund raising. Who can help us?

A Having the ability to offer tax deductibility to donors can be a great incentive to increase levels of giving. Unfortunately, the tax deductibility afforded by a 501(c)(3) tax status must be approved by the IRS and has strict guidelines on what kind of non-profit corporations qualify.

For more information on tax deductible donation options, contact rich.thompson@sigmachi.com IHSV

CCI Corner

Constantine Capital Inc. (CCI) is Sigma Chi's mortgage lender for qualified house corporations. It can finance a variety of renovation and upgrade projects up to \$250,000 such as:

- ◆ Chapter House Purchase
- ◆ Life & Safety Upgrades
- ◆ New Construction
- ◆ Renovation Projects, and
- ◆ Loan Guaranty

CCI's current requests, approved or approved loans:

Kent State (closed) \$130,000
Kitchen and exterior renovations

St. Thomas (approved) \$60,000
Renovation

Fort Hays (request) \$200,000
New house bridge loan

Does your house corporation have a chapter house financing needs? Contact Chair Ed Rammrath at Ph 832.483.8676 or eramrath@rammrathrealty.com IHSV

2018 Outstanding House Corporation Awards

Each year, the Board of Grand Trustees honors Sigma Chi house corporations that demonstrate superior business practices in these 15 areas:

1. Minimum of 3 board members
2. Minimum of 2 board meetings a year
3. Have written bylaws.
4. Current with state/province annual reporting requirements.
5. House corp funds are segregated from chapter funds.
6. Have a written rental agreement for each tenant.
7. Charge each tenant a security deposit.
8. Have regular janitorial service.
9. Have and fund a plan for repairing/replacing major building components.
10. Have a fire sprinkler system.
11. Have a property manager.
12. Publish at least 2 newsletters per year.
13. Maintain an alumni database.
14. Maintain a website.
15. Have an active fund raising

campaign.

This year, a record 72 house corporations submitted applications for this prestigious award. The winners listed alphabetically are (drum roll please):

Gold Award (20-25 POINTS)

Albion College
Bradley University
California State University-Fresno
Central Michigan University
Clarkson University
Cornell University
DePauw University
Eastern Illinois University
Embry Riddle - Daytona Beach
Indiana University
Indiana University of Pennsylvania
Kansas State University
Kettering University
Miami University
Mississippi State
Missouri State University
Montana State University
Murray State University
Ohio State University
Oklahoma State University
Penn State University
Princeton University
Purdue University
Rensselaer Polytechnic Institute
Sam Houston State University
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Stanford University
Stephen F. Austin University
Syracuse University
Texas A&M University-Commerce
The George Washington University
University of Alabama
University of Arizona
University of British Columbia
University of California - Berkeley
University of Central Florida
University of Cincinnati
University of Denver
University of Illinois
University of Kansas
University of Maryland
University of Memphis
University of Minnesota
University of Missouri
University of Montana
University of North Carolina-Chapel Hill
University of Rhode Island
University of South Alabama
University of Southern California
University of Texas - Arlington
University of Texas - Austin
University of Virginia
University of Washington
University of Wyoming
Virginia Polytechnic Institute
Western Illinois University

Blue Award (15-19 POINTS)

East Tennessee State University
Fort Hays State University
Georgia Institute of Technology
Massachusetts Institute of Technology
McGill University
San Jose State
Tulane University
University of Arkansas
University of North Alabama
University of Rochester
University of St. Thomas
University of Tulsa
Western Michigan University

Honorable Mention (< 15 POINTS)

Northwestern University
Texas Tech University
Vanderbilt University

Congratulations to these hard working and effective house corporation volunteers. **HSV**

How Much Rent to Charge

An ongoing challenge for a house corporation is how to determine the proper rent level for the chapter house and individual brothers that live there. There are several issues that must be considered:

Market Forces. The chapter house is one of several housing alternatives available to members and prospective members such as:

a. Campus Housing. The university can be a significant competitor since the states and provinces provide taxpayer money or fund raising mechanisms that are not generally available to most house corporations. In addition, many universities require freshmen to live in campus housing to ensure occupancy.

b. Private Rental Competition. Apartments, houses and condominiums are available in various price points, locations and condition with the ones closest to campus commanding higher rents. Chapter houses that have a close proximity to campus have an advantage over most of private rental market.

c. The Folk's Place. For local students, their parents' place can be daunting competition. And when the folks are paying college expenses, living at home may not be optional. However, Active Chapter can control the obligation for all members (even locals) to fulfill a live in obligation of so many

quarters/semesters. Of course, local parents have to be supportive of this obligation to make it work. To protect the viability of the chapter house operation, this obligation and expectation should always exist. If a prospective member is unable or unwilling to live in, he should not be recruited.

The Shrinking Chapter House. Most active brothers are now unwilling to share a bedroom with other brothers. The post World War II days of six or more to a room are gone. Most brothers today had their own room growing up, have lots of expensive personal property and want a way to secure it and their privacy. For older chapter houses with mostly multiple occupancy rooms, it means renting the same space to half the number of occupants. Modern rentals take this into consideration by providing private rooms which share a small common area, bathroom and kitchen (cluster floor plans).

This lifestyle change has profound implications on older chapter houses which have few single bedrooms and extensive common area which is lightly used. In these cases, the house corporation should explore ways to subdivide unused common areas larger bedrooms.

If your house corporation is contemplating building a new chapter house, the Board of Grand Trustees can assist with design principles that provide the kind of quarters today's brothers are looking for. While you personally may have fond memories of the bunk bed living of the 1960s, pay heed to the housing requirements for the new millennium brothers.

Cheaper Than Market Rent. Some house corporations set rent just high enough to meet current operating expenses (minor repairs, insurance, taxes, loan payments, etc.) Lower than market rent may delight the active brothers who can use the savings for "soap and things" but keep in mind:

1. Collecting all the rent is often a challenge so having an extra margin is always a good strategy.
2. These particular tenants wear the

place out much faster than the average tenant so there will more frequent and substantial costs that must be planned for like painting, flooring, furniture, roofing, plumbing, electrical and on and on. If part of the rent is not earmarked for these expensive future repairs, the house corporation must either borrow or fund raise to pay for them. Both of these alternatives come with their own set of challenges so if your house corporation operating expenses are lower than competitive market rent, charge market rent and put the extra into a reserve fund. You will be very glad you did.

How to Determine the Rent. Generally, the first place to start in determining chapter house rent is with your biggest competitor, the university. University housing information is easily available online at their website. Pricing is usually quoted by single or double room plus food plans which is helpful for chapter houses that provide a food plan. You typically do not want to exceed campus pricing since there is often substantial pressure by the university to hold students there with various incentives which the chapter house can't compete with. And take note of the two tiered pricing if your chapter house has single and multiple occupancy bedrooms. Offering lower rent for group rooms will help fill them.

When analyzing the private market rental option, inquire with one or more rental management companies that rent to college students. They should have a variety of options available for comparative purposes.

With this market information in hand, decide on a rent level that is competitive, not cheap. Membership in Sigma Chi should never be based on cheapness, but value. If Sigma Chi has little value to a prospective member, that man should not be recruited. By the same token, the house corporation should insist that all prospective members be educated about their financial obligation to the local chapter house. Before pledging, each prospective member and his parents should be provided a written summary of those obligations so there is no misunderstanding of expectations. The house corporation should assist Active Chapter in producing and distributing

this information for consistency.

Financial accountability is the mark of a mature man, the kind that Sigma Chi strives for. The house corporation should do its part to capture as much rent as possible to properly sustain the chapter house and teach active brothers about what it takes to pay for it.

House Corporation Resource Directory

ARCHITECTURAL & PLANNING SERVICES

Aynesworth Architects & Consultants 512.328.2272
G. Tim Aynesworth tim@aynesworth.com
PO Box 161434, Austin TX 78716 www.aynesworth.com
Architectural design and construction management. Texas Registered Architect, Certified by National Council of Architectural Registration Board.

Hug & Associates, LLC 678.297.2929
Mike Hug mhug@HugArchitects.com
5250 Avalon Blvd
Alpharetta GA 30009 www.HugArchitects.com
Specializing in the design and renovation of fraternity housing.

Reifsteck Reid & Company Architects 217.351.4100
Rod Reid rreid@rr-arch.com
Chapter house renovation and construction design; collects data, analyzes project requirements, develops cost estimates; assists locating design and construction team members.

CHAPTER HOUSING DEVELOPMENT

Pierce Education Properties, L.P. 619.297.0400
Matt Maruccia, VP for Acquisitions
www.PierceEducationProperties.com National developers, buyers, owners and operators of student housing with specific expertise in Greek Housing acquisition, disposition, development, finance, etc.

CHAPTER HOUSE FINANCING

Constantine Capital, Inc. 832.483.8676
Ed Rammrath erammrath@rammrathrealty.com
Affordable financing to Sigma Chi house corporations for chapter house purchase, life & safety upgrades, new construction, renovation and loan guaranty

CHAPTER HOUSE RENOVATION & DESIGN

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launch@starstream.net www.launchinteriordesign.com
New construction and renovation for cost effective and efficient design selections including paint colors, furniture, lighting, window & floor coverings and more.

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Patrick Terrian C 310.590.4413
pterrian@memberplanet.com www.memberplanet.com
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Pennington & Associates 785.843.1661
Patrick Alderdice palderdice@penningtonco.com
www.penningtonco.com Capital campaign coordination, gift management, alumni relations programs, website development

The Laurus Group 770.903.3987
Bill Paris bparis@thelaurusgroup.net C 404.441.9630
www.thelaurusgroup.net Fundraising consulting specializing in capital campaigns, gift management, alumni communications, annual funds

HOUSE DIRECTOR SEARCH & SCREENING

Greek House Resource 361.450.0818
greekhs@gmail.com www.greekhouse.net
Screen, interview and placement for chapter house directors.

Do you offer a service for Sigma Chi house corporations? Email rich.thompson@sigmachicago.com with the details and get listed in the Service Directory.

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Missing: Rick Lewandowski, Clyde Dornier, Ted Pitt, Jim Carroll

