



The Sig House

A Newsletter from the Board of Grand Trustees

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House Corp SOPs

Every house corporation should develop a set of Standard Operating Procedures (SOPs) to streamline legal, financial and management processes.

Legal Processes

Incorporate Properly. The house corporation must be legally formed. Articles of Incorporation must be submitted to your state government. The name Sigma Chi should not appear in the name of the house corporation nor should any language in corporate documents directly link the house corporation to Sigma Chi Fraternity. They are separate entities and Sigma Chi Fraternity has no authority or control over house corporations.

Submit an Annual Report. Each year, the house corporation must submit a report to the state in which it is incorporated and pay any annual fee associated with the maintenance of its charter.

Adopt Bylaws. Upon formation, the corporation must adopt bylaws and elect a board of directors as provided for in those bylaws. Changes to bylaws must follow the procedures established in that document. A sample set of bylaws which can be adapted for use are found at www.TheSigHouse.org

House Corporation Board Members. Membership should be limited to Sigma Chi alumni, usually alumni from the chapter but others can serve. Active chapter officers/members and/or the Chapter Advisor **should not** be members of the board due to liability concerns; However, they may serve in a liaison capacity, attend board meetings, give reports and offer recommendations but should not vote.

Annual Meeting. The corporation must have an annual meeting as provided in the bylaws and an annual election of board members. All actions of the board of directors must be ratified at the annual meeting of the corporation.

Board Meetings. The board of directors of the house corporation should meet several times each year (frequency based on need: monthly, quarterly or semi-annually) to discuss business and approve matters brought before the board.

Meeting Minutes. Minutes of annual or board meetings should be approved by the board. These minutes should be signed by the Secretary and stored in a central location for safekeeping. A number of digital storage options are available free of charge including www.Google.com (Google Docs) and www.Dropbox.com

Financial Operations

Establish a Bank Account. The house corporation must have a checking account in its name with, typically, the President and Treasurer as signers on the account.

Fraud & Embezzlement Control. There should be two signers on checks issued or provide for automatic electronic notification to a second board officer (usually President or Treasurer) when payments are issued electronically. At least two board officers should receive copies of bank statements directly from the bank.

Monthly Financial Report & Checking Account Reconciliation. The treasurer should provide a monthly Income and Expense Statement to the board along with a copy of the most current bank statement.

Approval of Contracts. No board officer or member may approve any contract without prior approval of the board.

Spending House Corporation Funds. No funds may be spent that have not either been approved by the board in the annual budget (like utility bills, mortgage payments, janitorial service, etc.) or in advance by the board at special or regular meeting.

Insurance. The board shall maintain fire/hazard insurance on the chapter house (if owned), directors and officers, fidelity, general liability and other appropriate insurance coverages plus undergraduate liability insurance (if paid by the house corporation). Insurance can be purchased through **Sigma Chi Risk Management Foundation** www.rmfeeducation.org or other sources.

Federal & State Tax Returns. House corporations must file federal and state tax return annually.

Fund Raising Funds. Money received from fund raising should be kept in a separate bank account and not commingled with the chapter house operations account.

Management Processes

Rental Agreements. The board should draft, approve and use two rental agreements, one with the chapter (signed by the Consul) for use of the common areas and one for each resident (signed by the individual). Sample rental agreements can be found at www.TheSigHouse.org in the Articles section under Forms & Samples. The rental agreement should include a section devoted to House Rules. The individual rental agreement should include a section about insurance which advises individuals to have renters insurance to cover their personal property.

Landlord-Tenant vs Active Chapter Operations. The house corporation should act solely as a landlord to lease/own and manage the chapter house. In that capacity, it collects rents, provides maintenance/repairs and enforces rules and other provisions of the

rental agreement including eviction for non-payment of rent. The house corporation **should not** control or interfere with active chapter operations. Active chapter operations are supervised and enforced by the Chapter Advisor, Grand Praetor and Sigma Chi Executive Committee.

Security/Damage Deposit. The house corporation should collect security/damage deposits from each renter and one from active chapter. These funds must be returned at the end of the rental period less amounts necessary to pay for unpaid charges and/or damages to the chapter house, grounds, common furniture, fixtures or appliances. The treasurer should keep a careful accounting of security/damage deposits and make timely refunds along with details of any deductions if applicable.

Information Resources. The Board of Grand Trustees offer a number of information resources to Sigma Chi house corporations:

- **Legal Issues.** The house corporation should have and use a local attorney that specializes in real estate law. Grand Trustee Harvey Silverman harveyas@aol.com is a Sigma Chi attorney licensed to practice in Virginia and can give general legal advice.
- **Management Questions.** The house corporation can contact the Board of Grand Trustees (see www.TheSigHouse.com for contact information) for information and advise on management issues and other general questions.
- **The Sig House Newsletter.** The Board of Grand Trustees publishes a complimentary quarterly newsletter devoted to house corporation issues. To subscribe, email rich.thompson@sigmachi.com
- **House Corporation Officers Training Seminar (HCOTS).** Held every summer in conjunction with Balfour Leadership Training Workshop, HCOTS trains up to 25

house corp officers in the important aspects of running a successful house corp like Corporate Governance, Fund Raising, Maintenance Planning and Renovation Planning. Travel, housing and meals are paid for by Sigma Chi. Registration opens every April and is noticed to the Grand Trustees' house corp email database. If you are a house corp board officer, have not attended a previous HCOTS and are interested in attending, email rich.thompson@sigmachi.com to be put on next year's waiting list.

- **TheSigHouse.org Website.** The Grand Trustee's website www.TheSigHouse.org has Grand Trustee contact information, newsletter archive, article archive, sample chapter house floorplans and other resources.

Take advantage of your Grand Trustee resources and develop your own Standard Operating Procedures to smooth the house corp's operation. **IHSV**

Forever Young

One area of continuing frustration for house corporations is the immaturity and bad judgment that periodically punctuates Active Chapter life. It's the same old story: A Quaestor's failure to collect house bills causes the chapter to default on rent. Some young brothers manage to pull a stunt that attracts the wrong attention from the police and university. Hazing raises its ugly head. Alcohol takes its toll with lasting and tragic results.

Yet, most of us were in similar shoes as undergrads. We made our share of mistakes as we tried on manhood for size. Like the boys in "Lord of the Flies", many of us made significant life changing decisions for the very first time as undergraduates. Some of us learned from our mistakes while others didn't seem to get it.

"The older I get, the better I was" reflects a common attitude among some Sigma Chi alumni. These brothers loudly decry the bad behavior of "kids these days". Time blurs memory of their own undergraduate days when

actions and decisions were equally immature.

Sigma Chi always has been, and always will be a training ground for leaders. One of its core purposes is to improve individual performance by teaching standards of truth and excellence. But coming to real understanding of those standards takes time, patience and maturity.

Young men do what young men do. Maturity comes from experiences with lasting impressions. When impressions aren't lasting enough, mistakes are repeated until they are. Thankfully, most young men are quick studies and don't require near death experiences to understand the way they should go.

Freshmen are particularly vulnerable since this is the time when most are out of the nest for the first time. Last year's high school valedictorian can easily become this year's college dropout when the folks are no longer around. Having an older brother that shows sincere interest can make a lot of difference in keeping these brothers on track. This is where older brothers can help. Getting to know actives and pledges on a personal level helps them to better focus on strengths and weaknesses.

Identifying and encouraging those with strong leadership potential is an important goal for a house corporation. Active chapters with strong leadership will be more successful and make the house corp's job much easier. If older brothers encourage key brothers into leadership positions, many disciplinary, financial and academic problems can be circumvented.

House corp should also encourage leaders and potential leaders to take advantage of the resources offered by Sigma Chi like Balfour Leadership Training Workshop (BLTW) and Horizons. Since most or all of the expense is covered, house corp only needs to promote the concept and assist with scheduling.

Remember when you walked into your first chapter house as a rushee? It was probably both intimidating and

exhilarating. The Sigma Chi experience is a life long journey. It can seem at times that young actives aren't learning much along the way. They can seem forever young and dumb. But their reality is not unlike yours. They have hopes and dreams. They respond to a caring and helping hand, the kind that house corporation mentors can provide.

House Corporation Officers Training Seminar

Every year, the Board of Grand Trustees hosts HCOTS to train the essentials of running a house corporation. This



summer, 37 house corp board officers attended to brainstorm and receive cutting edge education from experts in their field.

Some of the comments:

I found the time to be *very well spent*.
Gary Munson - Eta Mu - Eastern Illinois University

Very informative. I'm glad I made the trip!
Adam Hildebrand - Sigma Chi Upsilon - University of New Hampshire

I really benefitted from the group discussions, learning *a lot* by what other house corporations are doing.
Brandon Robins - Omega - Northwestern University

As a new house corp member, I learned a lot and feel more empowered in my position. I am excited to get back and get to work.
Shaun Modi - Epsilon Theta

The Board of Grand Trustees is dedicated to educating house corps on best practices with timely and cutting edge presentations and discussions. If you are interested in attending a future HCOTS and are a Sigma Chi house corp board officer (President, VP, Treasurer or Secretary), email rich.thompson@sigmachicom IHSV

Seven Successful House Corporation 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 minutes for all meetings and mail them to all stake holders.
- ◆ Prepare an annual budget, as well as a five-year finance and expenditure plan.
- ◆ Review all expenses annually to determine where costs and revenues can be adjusted.

- ◆ 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 rules and policies (like alcohol/substance free and no smoking).
- ◆ Specify the right of the house corporation to terminate the agreement if tenants breach the agreement.
- ◆ Obtain a written rental agreement from each individual tenant 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 facilities at least once a year.

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 analysis every year.
- ◆ Schedule projects during the summer or winter break to avoid disruption.

5. Reduce the Debt

- ◆ Have a plan to pay off debt.
- ◆ Continue to charge fair market rent even when debt is paid off.

6. Fill the House

- ◆ Establish a minimum base rent based on what is needed to pay house corporation expenses (insurance, maintenance, debt, etc. and reserves). Add rent for additional occupants based on fair market rents.
- ◆ 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 recommendations and needs of the undergraduates to provide a facility that will be competitive in amenities.

- ◆ Speak at a chapter meeting every year to reacquaint the undergraduates 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**

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.

Reid Studio Architecture LLC 217.390.7403
 Rod Reid rod.reid@comcast.net
 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. 816.300.0604
 Tom Burton tom.burton@abrealty.com
 Bob Schock robert.schock.zo@sigmachi.com
 Affordable financing options to Sigma Chi house corporations for chapter house purchase, life & safety upgrades, new construction, renovation and loan guaranty

CHAPTER HOUSE RENOVATION & DESIGN

LAUNCH Interior Design 916.660.9856
 David Leinberger **C 916.769.2464**
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.

FINANCIAL & DATABASE MANAGEMENT

GreekBill, Inc. www.greekbill.com 800.457.3816
 Web-based billing and financial management service enables billing, collecting, budgeting, reporting, online payment options

Legacy Financial LLC www.legfi.com 888.430.2253
 Online bill paying and administration

FINANCIAL & DATABASE MANAGEMENT

OmegaFi www.omegafi.com 800.276.6342
 Chapter and alumni management tools to bill and collect dues and rent, manage rosters and records, pay bills and employees and file tax returns.

FOOD SERVICES

Campus Cooks 847.309.1859
 William Reeder wreeder@campuscooks.com
 Comprehensive program includes an on-site cook who prepares meals and snacks plus management of staffing, payroll, food and supply ordering, menu preparation.
www.campuscooks.com

Culinary Consultants Purchasing Services

Stan Faulkner Support@infoccps.com 314.422.3407
 Brian Heider www.infoccps.com 847.566.7533
 National buying program exclusively for fraternity chapters with food programs. Instant cost savings with no major changes to existing food program.

Greek Kitchen Management 623.565.8289
 Justin Rolnick info@greekkitchenmanagement.com
www.greekkitchenmanagement.com
 Kitchen management program: staffing, ordering and food preparation. Cleaning products: cleaning chemicals, supplies & paper goods

FLOORING

The Carpet Company 541.484.5373
 Daryl Egbert C 541.517.8820
daryle@thecarpetcompany.biz www.thecarpetcompany.biz
 All major brands of commercial and residential flooring.

FUNDRAISING ASSISTANCE

Grand Trustee Bruce Morgan Casner 202.543.4600
bruce.morgan.casner@sigmachi.com
 Options on qualifying for tax deductible donations.

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
 Mary Barlow C 678.848.8987
mbarlow@thelaurusgroup.net www.thelaurusgroup.net
 Fundraising consulting specializing in capital campaigns, gift management, alumni communications, annual funds

INCORPORATION ASSISTANCE

Grand Trustee Harvey Silverman 703.319.8806
harveyas@aol.com

Do you provide a product or service for Sigma Chi Fraternity chapter houses? Get listed in The Sig House Resource Directory! Email rich.thompson@sigmachi.com IHSV

Here to Serve

The Board of Grand Trustees is available to assist house corporations in a myriad of ways. The eighteen Grand Trustees have over *700 years of combined professional expertise* in areas like property management, project administration, politics, maintenance, renovation, insurance, tax planning, accounting, construction, fund raising, legal, education, housing, risk management and more. Give us a try. **IHSV**



Board of Grand Trustees

Front Row Left to Right: Tom Ely, Harv Silverman, Bruce Casner, Rich Thompson, Bill Bringham Jr., Steve Schuyler, Dan Harrop, Rich Hronek
Back Row Left to Right: Ray Baumgarten, Scott Ross, Breck Grover, Chad Ward, Tony Flores, Tom Samulski, John Watson, Bill Bowlin, Bill Robinson

