



Alpha-Tau Chapter House Association The Chi Phi Fraternity

June 18, 2020

Dear Brothers,

As the summer ramps up and this crazy world we live in slowly comes back to life it is time to get back to work on building out our plan for the future. Thank you to those of you that joined (from all over the world!) our annual meeting last month. It was great to see some new faces and discuss our plan to move forward.

For those of you that were not able to attend the meeting, I wanted to share with you part of our discussion and solicit your help in building for the future of Chi Phi in Ann Arbor. As I mentioned both at the townhall early in the year and during the annual meeting, it is ATCHA's intention to work to get back on campus as soon as possible. In order to do this we have worked diligently to gather resources and strategize for both a short and long term plan. This work has culminated in some immediate actions that I will describe below, as well as some groundwork for some future planning steps that will require support that I will outline as well.

Securing the Short Term

Over the last few months since the suspension of the chapter, the ATCHA leadership team along with 1530 Washtenaw Partners has worked to identify ways to best secure our short term needs as it relates to paying the mortgage, identifying new tenants and staying financially viable from the standpoint of the physical chapter house. The result of this effort was to part ways with our former 3rd party facility manager, Dominion. Moving forward we have signed a contract with Alpha Management Group, a local entity with a national footprint that has formulated an operating methodology specific to fraternity organizations with house corporations in need to maintaining their zoning status after a suspension of their chapter. This organization will provide turnkey services that include physical maintenance, marketing to tenants (typically graduate or international students) and securing leases. This partnership will best fit our current needs and will help us through the suspension Timeframe.

Building a Plan for the Long Term

If the discussions over the past 6 months since the suspension of the chapter have taught us anything, it is that in order to return to campus we need a strong and well-tested plan for operating. Interviews with the national office and other parties have all described what has and has not worked as it relates to finding an operating model that can be successful on today's college campuses. Further, this type of planning will require far more than our alumni association board and house corporation teams. The House Corporation has a focus on the short term 1530 property needs and ATCHA has a focus on operating an Alumni Organization. In order to create a plan that will secure our long-term needs, our alumni body will need a committee focused purely on returning to and sustaining operations on the University of Michigan campus.

To help facilitate the creation of this committee we have conducted some informal surveys of other chapters and various resources at our disposal. We believe a group of specialized talent from different relevant backgrounds will best support the focus of this planning committee.

Call to Action

Below you will find a short summary of the types of backgrounds we are looking for to help build out a planning committee. We are looking for not only A-T alumni, but spouses, friends of Chi Phi and members of the Chi Phi Fraternity at large. Anyone who will work diligently to help in support of Chi Phi coming back to campus. Even if you do not see a fit, we welcome anyone with a passion for the house that is willing to take a leadership role in building out a plan. As a board, our commitment to you and this committee is that we will help provide support, contacts, history and as many resources possible to help ease the planning process and minimize time commitments.

Planning Committee

Chair

Focus: Create a sustainable future chapter model utilizing the talents and expertise of the alumni that will ensure successful recolonization

Member

Member

Member

Member

Member

Member

Member

Member

ATCHA Board will help provide tools, contacts and historical reference(s)

Welcome all alumni members, spouses, or interested parties

Specific expertise and experience is being sought in a few critical areas associated with planning

Planning Committee Role Search

FIN

Provide expertise & planning around the financial operation of the future chapter

LEG

Provide risk assessment & mitigation strategies.

RE

Provide insight and expertise as it relates to the real estate, zoning and property use

CON

Advise on and help plan construction efforts associated with student housing demands

MKT

Provide expertise & support efforts to market chapter (UM, Students, Parents)

HiEd

Advise on intangible aspects of recolonization through the lens of HiEd

This is your time to be involved and help put your stamp on the return to campus. We want to see the letters on 1530 again and you can make it happen. Please reach out to me directly with any questions.

Fraternally,

Matthew Herring, Alpha-Tau 2010
President | Alpha-Tau Chapter House Association
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2019-2020 Annual Meeting Financial Report

Financially, there are a couple components of ATCHA:

1. Alumni activities, such as communications and events
2. House operations, including mortgage, taxes, insurance, etc.

1. Alumni Activities

From the alumni activities' standpoint, we continue our pattern over the last three years of hitting our budget of \$15,000 in dues paid (by about 85-90 brothers.)

	FYTD FY2019-20*	ACTUAL FY2018-19	ACTUAL FY2017-18	ACTUAL FY2016-17	ACTUAL FY2015-16
Income: Dues	\$9,220.80	\$15,381.80	\$15,241.80	\$18,401.80	\$9221.40
# of Brothers	50	86	90	99	54
Average Dues Per	\$180.80	\$178.86	\$169.35	\$185.88	\$170.77
					*Thru May 27, 2020
Comparatively	# of Brothers	Dues Paid			
April 2019	52	\$8,871.60			
April 2018	54	\$9,670.40			

For the current year (which runs through August 31), it looks like we will fall just short, which I implore you all not to let that start a trend. Just because we lost our charter doesn't mean we all aren't alumni and that there isn't a need for financial support. In fact, the reverse is true for the next several years. Not only would we like to continue our activities such as a homecoming event but we need to continue to manage the alumni association such as hiring an accountant to file our tax return and continue our relationship with the national organization. In addition, we will need to start building our funds in order to go through the recolonization process in a few short years. It will not be cheap, so we will need the continued support of all of our brothers.

2. House Operations

The house operations had been in a slow decline over the past few years. We have gone from 25 actives living in the house (which is our financial breakeven) in the 2016-17 school year to 22/20/13 actives over the last three years. We have gone from breaking even to falling a little short of funding the house to now dipping into house reserves in order to pay the bills.

Just so everyone is on the same page, the carrying costs for the Chi Phi house is about \$100,000 a year (\$65K mortgage payments, \$18K property taxes, \$13K insurance.) This does not include any consideration for repairs and long-term maintenance, such as the recent first floor bathroom repairs.

2019-2020

Going into this school year, we had only 12 actives living in the house and knew it was going to be an extremely challenging year. Our budget was set at "barebones", and we had to cut the house lease payment (which covers mortgage/taxes/insurance as well as funds the reserves for repairs, long term maintenance and house upgrades) was cut by more than half. That resulted in actually having to go into the reserves in order to pay the bills.

We knew that could not go on very long..... then came the loss of our charter. That required us to begin planning 'next steps' to maintain the house – more on this below.

Unfortunately, when things couldn't get worse, they did – we were hit by the fallout of COVID19. The University closed down in person classes and dormitories and sent students home, and we followed suit. Adding to our already difficult situation, we lost a month's worth of rent (\$17,648.)

The April Financial report prepared by Dominion, our property management company, shows YTD Net Income Variance at a negative \$17,956.98. With the considerable efforts of Dominion and Jeff Velis, we were running just about on budget right up until that last month. Unfortunately, the lost rent for April required us dip further into the reserve to cover ongoing expenses.

Short Term Future

So, what the hell are we going to do with an empty house and \$100K+ in bills to pay???? Earlier this year after the chapter suspension, the board began discussions with AMG, our previous property management company, to have them take over the property management and to rent rooms to individuals. Without getting too deep into the weeds by discussing our current grandfathered fraternity zoning, the AMG fraternity Sigma Pi, and other issues we must address, our plan is to have 15 renters this coming school year (lower than capacity due to our late start and current house condition) and this will put us in a position to run the house at a \$50K loss year one. Subsequent years (remember the charter suspension is four years) we are expecting to move into either a breakeven scenario (individual renters to a capacity of around 25 and at a higher rental rate) or even at a profit (rent entire house to sorority, fraternity annex or grad fraternity.) This could/should work....

Expect the pandemic and the possibility of no in-person classes next fall would dramatically impact this plan. In a situation where there are online courses and no students on campus we would likely run out of money to maintain the house by January. Maybe classes open up then, and maybe we get renters, but will it be enough to cover carrying costs? If a campus closure lasts the entire school year, we would need to start fundraising immediately in order to cover the \$60K to cover mortgage/taxes/insurance (plus utilities and other expenses which aren't included in that number) in order to make it to the 2021-2022 school year (assuming the pandemic closures are over by then.)

Dire times means we need you. Be involved. Be active. Contribute whatever you can when you are called upon. The future of Alpha Tau depends on it.

Fraternally,

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