

6-13-17 ATCHA Telephonic Meeting - Minutes

Matt Herring
Matt Pattullo
Bob Klaffke
Allan Lutes
Jeff Velis
Matt Smith
Brad Holmes

Minutes Approved from 5/9/17 Meeting

Allan Lutes – Alpha Management Group (AMG) – addressed the group

Recommending changes based on observations from the last year & input from Velis & new board.

Will consider any other recommendations tonight.

Have worked with ATCHA for 9-10 years; largely successful.

Have interest, assuming we can agree on better ways of operations, in continuing.

7 changes I'm recommending:

- 1) Facility manager from Greg August to Anthony Balsidano (sp?). Have already changed that. Anthony has softer personality and doesn't butt heads with actives. Thinks a better fit.
- 2) Implementing a service manager position based in our office. Hub of all our service work – better monitoring of work requests. More timely work. We got off to a bad start last year when we were hit with 6 city inspections that overwhelmed us. We've been more attentive to service requests since then.
- 3) Changing house damages/repairs billing process. Now done on a monthly basis – damages being billed monthly. Think at end of each semester would be better. Monthly usually is a deterrent to brothers. Hasn't happened here. Parents/students feel like they're being nicked and dimed.
- 4) The house corporation should work out an agreement with chapter so that they place a \$5-\$8k deposit to cover damages in the common area from out of house members, guests, alumni, etc. At end of each year replenish the security deposit. Would place responsibility on the entire chapter and not just those living in the house. Think it would reduce disputes and unfairly punishing residents when others might be responsible.

Patullo – concern about the move to end of the semester is that it might be larger \$ and

people unprepared for it. How about increasing rent by \$10-\$20 to build up some money to cover this.

Lutes – if you increase the rent then the members might not have any incentive to hold brothers accountable and it might be open season.

6-9k of annual damages and about 70% to the common areas. Some chapters have a “parlor fee” charged to all members to cover common area damages. Also think there should be regular meetings at the chapter level to discuss damages and who is responsible.

- 5) Reducing or eliminating formal inspection processes. Currently doing formal ones every 2 weeks. Don't feel the inspections are being effective in changing culture or reducing damages. Chapter just does what they want to do. Can save money from this. Also, Velis is visiting and making all service requests. Jeff is also trying to teach the chapter members to fix some things themselves. Lastly, we have significant concerns over liability issues being construed against AMG and the chapter association. We regularly see lease violations & risk management violations that could lead to a bad situation like at Penn State. We're supposed to take action if we see risk management violations. Smoke detectors are regularly deactivated or covered, alcohol, hazing, fire extinguisher discharges, alarms, etc. If we change our contract so that we aren't doing formal inspections, then we won't have that liability going forward. If we didn't do that, we would have to create new policies around ways to alter behavior around certain levels. Of existing fraternity clients (30), Chi Phi is at the highest level of risk in these areas.
- 6) Consider changing the issuing of our reviewed financial reports from monthly to quarterly. Haven't seen alumni group acting on the monthly reports and it takes extra effort so if you're not using it, it makes sense to only do quarterly and it would save money.
- 7) Had gotten into pattern of regular conference calls. There are 3 key periods when decisions by ATCHA/1530 Partners need to be made. Had been doing calls every 2 weeks. Monthly or 2-3 calls per semester would be a good idea. Also more participation from chapter executive managers. Has been delegated to just one person. Try to discuss damage and lease violation charges before they are billed to residents. This communication to chapter officers should help with the acceptance by residents of those charges.

Lutes: Potential for knocking \$4-5k off of the recent proposal I submitted to you all but we would have to go through a number of these things.

Bob: Getting monthly statements from AMG lets me eyeball charges and see if anything looks out of order.

Lutes: Whatever level of detail you'd like is fine. If there are questions intra quarter, we can give you that info.

Patullo: the \$4-\$5k savings would come mostly from ?

Allan: Going to qtrly financials cuts by \$600-900 per year. Rest is driven by amount of inspections plus with how damages are handled.

Herring: I haven't heard anything about the risk violations before this. Has it been continuous?

Lutes: Continuous. Not our goal to get your chapter in trouble. We've frequently brought up conditions relating to the alarm, tampering with smoke detectors and discharging of fire extinguishers. Temporary pool constructed in the house for a party. When we document and communicate these things there needs to be quick actions by the house corporation to avoid any liability. [So they haven't been documenting this stuff and we're just now hearing about it?]

Herring: Is pooled fund seen at other chapters?

Lutes: About half the groups we see are charged \$100-\$400 per semester. Some of them are charged a membership deposit when they become a member.

My guess is \$500 per semester per guy is being spent on social activities – if there's 100 guys that is \$100k per year. The amount of security deposit is a fraction of that and that is not a good situation.

Lutes: I will submit a revised proposal with all changes except the move from monthly to quarterly financial statement reporting.

We will need to make the decision of whether we're going to work together before the end of June.

[Mr. Lutes disconnected from the call & Brothers discussion ensued]

Herring: Red flag re what he said about all of the risk management violations.

Velis:

Pool issue didn't occur last year

Extinguishers – 2 were discharged around December. To my knowledge none since then.

Smoke detectors – have been able to curtail the covering of them when they use smoke machines during parties

Common source alcohol – yes, there are kegs in the house. Unless the board puts down a decree that there will be zero common source. For parties, they meet all of the regulations.

Herring: What about the hazing?

Velis: I don't know what Allan means about that. Things like Around the World don't exist anymore.

I don't see anything.

My perception of being here on a regular basis is that things have changed since Plaid.

Patullo: my son has told me that things have gotten better.

Herring: Nothing Allan said changed my mind about creating a better relationship with a facilities management company.

Patullo: I've had some conversations with the AMG folks. Seems to me some of the proposals address our issues. Greg's attitude was my biggest problem and Allan has addressed it. I'm concerned that we're going to have to do things really fast to make this change.

Matt Smith: Understand your anxiety but some is overcome by CORE's willingness to have in-house rep that will have an active role in the management of the house. Need to be confident that CORE can take this on.

Herring: Jeff has built a plan to get CORE up to speed. I think Allan has brought a very negative attitude to this.

Smith/Velis: CORE is looking to grow in the fraternity/sorority market and they seem very committed to it and going into it with their eyes open.

Velis: have been talking past 6 mos with the EC about installing a \$50 per member security deposit that can help pay for common area issues.

Motion was brought by Velis to remove AMG and hire CORE – seconded by Matt Smith

All in favor – Herring, Smith, Velis, Patullo, Holmes

Against - Bob

Velis – set up a call in the next week for go ahead

Is the contract ready to be signed?

Matt Smith – Happy to look at it one last time. It parallels in almost all aspects AMG's agreement.

Herring – Will contact Smith, confirm documents we have, I will set up a call with Ed to go over anything before talking to CORE.

As long as we have the contract by the end of the week, we'll go ahead with CORE

Communications committee – will know by end of the week

B&G committee – Jeff put together a report we'll get out

EC Advisory – Jeff reached out to Clauw – doesn't want to chair – reached out to David Henslovitz

Meeting Adjourned