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Partnering with Alpha Fraternity Management is today's smart approach to **increased revenue generation** and assuring **stable day-to-day operational management** for your chapter houses.





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COVID-19

SUCCESSFUL STRATEGIES FOR FRATERNITY HOUSING



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Allan Lutes - Principal

Welcome



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Fraternity operations will be forever changed due to this outbreak. Leaders must act now to:

- Communicate
- Reduce the potential for damages
- Take advantage of opportunities that will improve the probability of future success





Strategies

- Hope for the best, plan for the worst.
- Expect the “Cruise Ship” mentality – negative attitudes and preferences for high-density cohabitation.
- It will be imperative to maintain high levels of communication with all stakeholders – members, parents, alumni, financial partners, and key vendors.





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CHAPTER HOUSE OPERATIONS



Move-Out

This will be an unscheduled and less organized process – be flexible!

- Revise policies and procedures then communicate them thoroughly (e.g. storage policies).
- Stagger move-out times to minimize person-to-person interaction.





Move-Out

- Clean and disinfect the house immediately.
 - Dispose of food and garbage ASAP
 - Debris and furniture removal will be a larger problem
- Secure the property and increase security during shutdown (consider house sitters).
- Follow state laws for security deposit inspections and return of security deposits.





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Cleaning

We will have to overcome the stereotype that a fraternity house is not a clean environment.

- Increase cleaning frequency and add cleaning to high-touch points.
- Update your cleaning specifications to make sure that the cleaning staff is using the proper chemicals for disinfecting. Clean first, then disinfect.





Cleaning

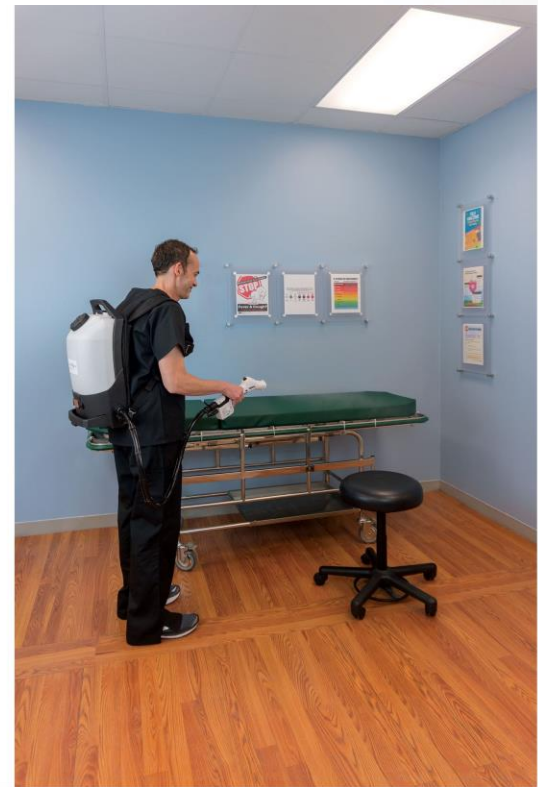
- Cleaning and maintenance staff should:
 - Self-check before work each day, temperature and breathing self-tests
 - Practice social distancing
 - Wear masks and gloves
- Install hand hygiene stations at every entry, bathroom, kitchen and dining areas.
- Hand Soap Dispensers by Sinks





Cleaning

- Consider a regular whole-house decontamination with systems such as chlorine dioxide applied with an electrostatic sprayer.
- Consider the costs if you don't do this and have an outbreak.
- **Communicate this information to members and parents.**





Food Service

What happens if/when a food service employee or a member contracts COVID-19?



Now is the time to initiate discussions with your food service provider. Ask them:

- What are their safety and sanitation protocols?
- What changes have they made to the food service program?
- When will they serve or not serve?



Food Service

Verify they're following best practices for safety:

- When food staff interact with members, are they wearing gloves and masks? Social distancing?
- Are all key staff ServSafe (or similar) trained?
- Are they regularly disinfecting the kitchen and dining areas?
- Is staff washing in three bin sinks and using a proper sanitizing rinse?
- Is your dishwasher's sanitizing system working properly – chemicals or heat?



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Food Service

Consider these changes:

- End buffet style meals
- Need to change to plated meals or take out containers.





Food Service

Consider these changes:

- Share meal preparation with another group.
- For budgeting purposes, understand that if the number of meals served goes down, costs may go up.
- Ask members and parents if they desire more meals to be served because your dining program will be a safe environment.
- Communicate the steps that are being taken.



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Interaction at the Chapter House

- Communicate with chapter leaders this summer to determine appropriate policies and procedures for when the chapter house reopens.
- Control access and entry to the facility.
- System for delivery of packages.
- Decisions on social events and meetings.
- Social distancing policies for meals.



Interaction at the Chapter House

- Chapter advisers should work with officers on a changes to virtual meetings, virtual study sessions, etc.
- Start virtual programs for alumni mentoring or developing alumni-member contacts for career advice.
- Keep an optimistic attitude and provide them with perspective.
- Emphasize that this is a time for leadership.
- Communication will keep the chapter intact.





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Outbreak Contingency Plan

- Seek medical assistance immediately.
- Request that sick members return home.
- Relocate to a specific room or hotel.
- Designate a bathroom to be used by members that are ill.
- Sanitize that bathroom and designated room daily.
- Self-isolation.
- Meals delivered to room.



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FINANCE



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Member Payments

- Do you reduce or refund rent?
- Rent reductions, rebates - your choice, our recommendations.
- Try to defer or apply to future fees that come due rather than refund.
- Apply prepaid money to future parlor fees, alumni donations.





Member Payments

- Show empathy. Communicate the need to support the chapter house.
- Work out payment plans.
- Waive late fees and collections actions if they sign a written payment plan.
- Many states have placed a moratorium on evictions.
- No moratorium on collection actions, but be strategic.



Future Leases

- Continue to work toward lease signings.
- Communicate your competitive advantages and changes to make the chapter house safe.
- Lease contingency:
 - “If in-person classes are not offered by the University for the Fall 2020 semester, the starting date of this lease shall be changed to January 4, 2021 and the rent shall be adjusted to be fifty percent of the amount specified. If in-person classes are not offered by the University for the Winter 2021 semester, this lease will be terminated, and any prepaid rent and security deposit will be returned.”



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Financial Planning

Cash flow projections – We recommend looking at revenues at a

- 25% reduction,
- 50% reduction,
- 2020 shut down.
 - If shut down, figure approx. 70% of your annual expense budget for the property costs.





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Financial Planning - **Cash is King!**

Make changes now that will preserve your cash position:

- If you have a line of credit, pull funds now as it may be shut down.
- Cancel or reduce summer projects.
- Determine what expenses can be cut.
- Shut down utilities, internet and cable services.
- Payment plans for insurance premiums.
- Defer paying property taxes.
- Reduce lawn service, extermination, etc. until you know you will reopen.
- Consider discounts for early payment of rent.



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Loans

- Talk with your banker early.
Be transparent.
- Request deferment of payments or payments of interest only.
- Check with national fraternity foundations and national offices to see if they have any lending capacity.
- Check state disaster relief programs.





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Loans

Economic Injury Disaster Loan

- Applies to 501(c)* organizations and rental property owners.
- For damages caused by COVID-19, such as lost of rent, (not for capital improvements.)
- Easy, online application.
- Recent tax returns, year-to-date financial statements.
- The documents submitted should look professionally prepared.
- \$10,000 immediate advance.
- Over \$25,000 requires collateral; over \$200K may require a personal guarantee.
- 2.75% interest rate for non-profits, up to 30-year repayment terms.



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Alumni Relations

- A crisis is a good time for alumni fundraising.
- Communicate your need.
- Ask for funds to keep from losing your beloved chapter house.
- Develop a separate fund to help members with financial issues or delinquent accounts.
- Start an alumni dues program.





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USING THE CRISIS TO YOUR ADVANTAGE



The current fraternity housing model is in a downward trend.

- Not as desirable to current students.
- Often not competitive with other housing options.
- Too much of the housing experience is now left up to be determined and managed by 19-year-old men with no training or experience.
- Has become mainly a place to have parties.
- Less and less about a residential experience.



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If you consider your
house corporation's role is to rent
the chapter house to the members,
this is a flawed outlook.

We need a paradigm shift!



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We need to be looking at how we are going to create a great fraternity experience that takes place within the chapter house.

- Fraternities have competitive advantages that cannot be matched by other housing options
- Brotherhood.
- Leadership opportunities.
- Leadership training.
- Alumni contacts.
- Career help and guidance.



Make Lemonade out of Lemons

The Alumni and Chapter Leaders must work together to address the crisis and make fundamental changes.

- Live-in policies
- Minimum rent guaranteed by chapter.
- Two-year lease signed before initiation.
- Officers required to live in the chapter house.
- Membership agreement with financial penalties if a member does not honor the live-in requirement.





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Make Lemonade out of Lemons

The Alumni and Chapter Leaders must work together to address the crisis and make fundamental changes.



- Special benefits for those that live in the chapter house.
- Alumni connections
- Mentoring and career advice.
- Internship and first job assistance.
- Leadership training.
- Resume reviews and mock interviews.
- Housing scholarships.



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Make Lemonade out of Lemons

The Alumni and Chapter Leaders must work together to address the crisis and make fundamental changes.

- Plan to return to chapter house to provide competitive amenities.
- Greater alumni leadership in the housing program.
- Ensure clean, safe housing.
- Excellent food service program.
- Educational support – fast internet, team study areas.
- Capital improvement program.



Share these amenities, opportunities and experiences to your members and parents.



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**ALPHA FRATERNITY
MANAGEMENT CAN HELP YOU
DELIVER THESE SERVICES AND
PROGRAMS**



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THANK YOU

QUESTIONS?