

Managing a Chapter Facility
Prepared for Tau Kappa Epsilon

Willis HRH

Background of Willis HRH

- 100% dedicated to serving college student and alumni organizations
- Founded in 1991 as Kirklin & Company, became a wholly owned subsidiary of Hilb Rogal & Hobbs (HRH) in 2002
- Merged with Willis Group Holdings in 2008 to become Willis HRH
- Insurance and Risk Management programs provided to numerous college student and alumni organizations
 - 56 North-American Interfraternity Conference (NIC) fraternities
 - 2 National Panhellenic Conference (NPC) sororities
 - 5 National Pan-Hellenic Council (NPHC) fraternities & sororities
 - 12 National Association of Lation Fraternal Organizations (NALFO) fraternities & sororities
 - Professional and co-educational fraternities
 - Campus based programs and numerous local and smaller fraternal organizations
- Over 1,500 fraternity properties insured through the Fraternal Property Management Association (FPMA)
- Insurance Brokerage Agency
- We work for you, not the insurance company

Your Legal Structure as a House Corporation?

Advantages of Incorporation

- Provides a legal organization structure
- Provides established methods of governing the organization to include the election of the board of directors, membership and voting rights, and provides the establishment of duties and obligations of officers, directors and members
- Provides a stable structure, being usually perpetual duration
- Limits legal liability of officers, directors and members arising out of contract or out of tort liability
- Provides a more readily recognizable entity to the business community and state/federal authorities to include qualification as a not for profit entity at the state and federal level. This would include greater acceptability upon application as a 501 (c) 7 organization.

Fiduciary Responsibilities

House Corporation Directors

Each house corporation board member has a duty of...

- Diligence
- Loyalty
- Obedience



Fiduciary Responsibilities

House Corporation Directors (continued)

- Articles of Incorporation
- Annual Return Filing with State/Federal
- Contracts and Lease Agreements
- Physical Plant Upkeep
- Proper Insurance
 - Workers compensation
 - General liability
 - Property Coverage
- Financial records maintained



Responsibilities

House Corporation Directors

- Provide general advice and guidance to undergraduate officers in managing the facility and property
- Supervising of long-term housing, authority for financial details related to housing, and direction of planning for future housing needs, including management of the chapter's reserve fund
- Coordination of general alumni activities, communications and reunions to encourage the alumni to continue their interest and support of the chapter and the Fraternity, especially if there is no alumni chapter
- Meet regularly to review the rent, finances, upkeep on the physical plant, insurance coverage, and to provide input to the bylaws of the chapter that relate to the house corporation

Additional Responsibilities

House Corporation Directors

- Develop individual lease agreements for members and general tenant lease agreement for chapter
- Develop standard facility rules and policies (ex. no smoking, candles, space heaters, extension cords, etc.)
- Employ a professional property management company to perform regular maintenance and repairs for the facility
- Assure the facility is properly prepared for seasonal and school breaks, regardless if members are in the facility
- Operate the facility and corporation in line with all applicable laws and regulations (federal, state, local)

Additional Responsibilities

House Corporation Directors

- Develop clearly defined roles and responsibilities for all chapter employees (cook, house director, resident advisor) with due diligence in selection/screening process
- Maintain financial accounts with audit and review performed by CPA, co-signature on all checks, and reconciliation of accounts performed by a third party without access to accounts



Facility Maintenance

- Mechanical items and systems professionally inspected and serviced on an annually or more frequent basis
- Plumbing system professionally inspected and serviced on an annually or more frequent basis
- Electrical and emergency systems professional inspected and serviced on an annually or more frequent basis
- Roof professionally inspected and serviced on a biennial basis
- Foundation and overall structure professionally inspected and serviced on a biennial basis
- Self inspection process in place and conducted on an annual or more frequent basis

Fire & Health Safety

- No smoking policy, smoking only allowed outside of facility on level surface with appropriate disposal receptacle
- Fire sprinkler system installed throughout the facility, including member suites and common areas
- All appropriate fire safety regulations are met and/or exceeded, including kitchen areas, member suites and common areas
- Proper posting of evacuation plans in member suites and throughout facility, especially common areas
- Participation in regular fire drills with results reviewed by corporation board and property manager
- Fire extinguishers and “hard wired” detectors are properly and adequately located throughout the facility
- Installation of “ABC” rated extinguishers throughout the facility, allowing the ability to extinguish small wood, electrical or grease fires
- Fire lanes adjacent to property properly marked and clear

Fire & Health Safety (continued)

- Central alarm system updated with proper monitoring devices such as “hard wired” detectors, audible (bell) and visual (strobe) alarms
- Electromagnetic self-closing doors for hallways and stairwells as well as proper fire rated doors on external exits and throughout the facility
- Doors and windows properly close and latch, meeting all necessary building and fire requirements
- The interior and exterior of the facility is clear of extraneous debris, reducing possibilities for arson and/or vandalism
- Supply of paint and other combustible materials is store in a dry and secure area



Property Inspections for facilities participating in FPMA

Willis HRH contact: Kathy Payne, Inspection Coordinator
kpayne@willis.com or 1-800-736-4327, extension 201

- Inspections performed on at least a biennial basis for all properties
- Recommendations and requirements for improvement and necessary updates provided, regarding fire, building and safety regulations
- Facilities failing to meet requirements inspected on an annual basis until recommendation are met at a satisfactory level or subject to possible cancellation of policy
- Inspections performed in addition to that of health and fire safety of local governing authorities
- Updated valuation of estimated reconstruction cost

Facility Renovations

- Electrical systems updated to meet current building standards as well as accommodate for modern amenities such as computers, televisions and other small electronics
- Plumbing systems updated for modern facilities, including proper waste disposal and venting of facility
- ADA updates for facility including walkways, door handles, bathroom fixtures and other common areas and/or specific living areas



Evaluating your Rent

**House Corporation Rent =
{Market Value x 1% per month for 12 months} +
operating expenses**

*Rule of thumb often used in connection with apartment and rooming houses

**House Corporation Rent =
Market Value ÷ 5.25**

*This formula is another rule of thumb used in connection with rooming houses. The divisor is dependent upon local market conditions and may be determined by dividing the selling prices of rooming house properties that have been sold by their gross incomes.

**House Corporation Rent =
Gross Income of Chapter ÷ 3**

*Rule of thumb developed by the University of Minnesota



Your contacts at Willis HRH

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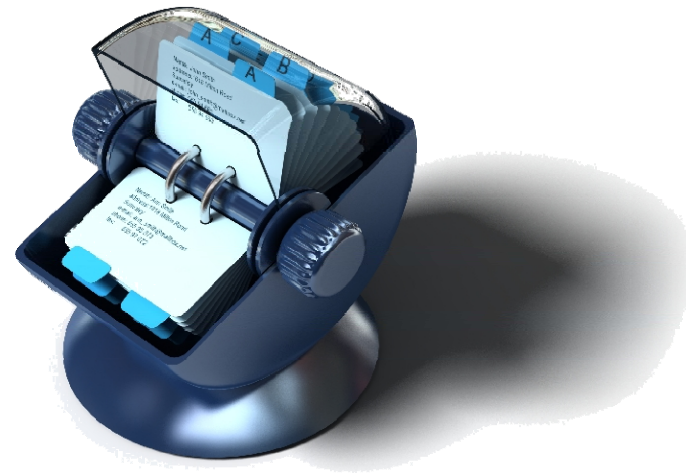
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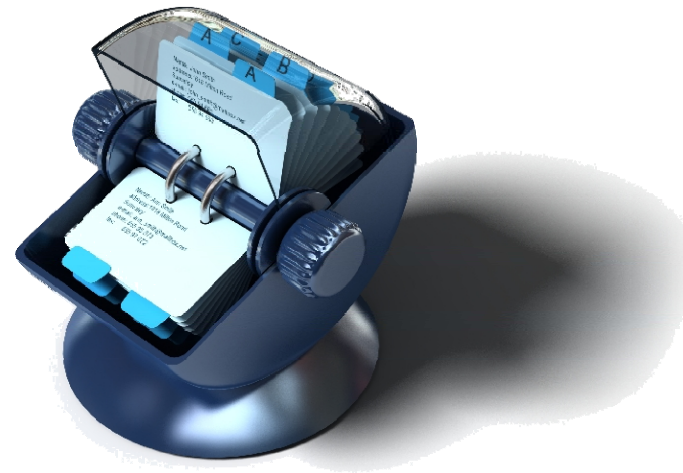
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Thank You!

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