

**Sigma Phi Epsilon Fraternity
Meeting of the National Board of Directors**

**June 26, 2019
Conference Call**

National Directors in attendance:

Christopher L. Bittman, Colorado '85	Grand President
Billy D. Maddalon, North Carolina State '90	Grand Secretary
Daniel W. McVeigh, Texas Wesleyan '90	Grand Treasurer
Charles E. Amato, Sam Houston State '70	National Director
Bruce W. Anderson, Texas-Austin '71	National Director
Dr. Amy Hecht	National Director
Thomas B. Jelke, Ph.D., Florida International '90	National Director
Garry C. Kief, Southern California '70	National Director
Bradley C. Nahrstadt, Monmouth '89	National Director
Victor K. Wilson, Georgia Renaissance	National Director
Benjamin J. Pavich, Christopher Newport '18	Student Director
Jacob H. West, Missouri State '20	Student Director

Headquarters staff in attendance:

Brian C. Warren Jr., Virginia '04	Chief Executive Officer
Paul K. Andersen, Northern Iowa '16	Senior Chapter Services Director
Zac A. Gillman, Austin Peay State '15	Fraternity Managing Director
Dylan C. Hanson, Washington '17	Performance Management Director
Heather M. Kirk	Chief Communication Officer
Jennifer P. Meals	Finance Director

Guests in attendance:

None

Call to Order

Grand President Bittman called the meeting to order at 4:03 p.m. local time on Wednesday, June 26, 2019.

Motion to Approve Minutes

National Director Jelke moved to approve the minutes of the April 26 and 27, 2019, meeting in Houston, Texas.

Seconded by National Director Garry Kief.

The motion passed by unanimous vote

Priorities for FY '20

CEO Warren provided an overview of priorities to advance the Fraternity's strategic plan in fiscal year 2020. Warren emphasized the importance of growth through a healthy combination of year-round recruitment and retention of members through effective implementation of the Balanced Man Program. He underscored the difference in the size of chapters today relative to earlier in the decade, noting the significant opportunity for growth just by recruiting a different student and retaining that student through a quality experience.

Warren also highlighted the work being done to implement the substance-free facilities policy adopted by the Grand Chapter in 2017. The services staff and communication team will continue articulating the benefits of these initiatives to increase buy-in at the campus level, which should have an impact on recruitment and BMP implementation. Warren noted the importance of quality officer selection, leadership transitions, and continuous volunteer mentorship to the execution of the aforementioned priorities.

The implementation of these strategies guided the fiscal year staffing plan and budget.

Staff Trends and Fiscal Year 2020 Org Chart

CEO Warren presented the fiscal year 2020 organizational chart and reviewed recent employment trends, addressing tenure and experience/expertise, as well as future staffing needs.

National Director Anderson and Student Director Pavich asked about the intended education position focused on the SigEp Learning Community and the Balanced Man Program. CEO Warren clarified that the budget intends to optimize and automate back-office processes in order to free up resources in future fiscal years. In the meantime, education responsibilities have been assigned to various Richmond-based fraternity services staff.

Fiscal Year 2020 Insurance & Budget

CEO Warren and Grand Treasurer McVeigh proposed a fiscal year 2020 budget that advances the aforementioned organizational priorities and yields a surplus at year-end.

CEO Warren presented SigEp's insurance renewal options and provided an update on insurance trends in the industry, which were shared by SigEp's broker, Holmes Murphy, in a previous call. Warren disclosed that SigEp has operated at a 0% loss ratio the past three fiscal

years while many fraternities are experiencing significant losses due to claims and anticipating premium increases between 15% and 40%.

Warren recommended the general liability option with a \$500,000 self-insurance retention. Further, he shared that SigEp's favorable renewal relative to its peers provides an opportunity to challenge others to follow SigEp's lead in creating a safer, more relevant fraternity experience.

National Director Nahrstadt moved the staff to execute the insurance renewal option of a \$5 million overall policy aggregate with a \$500,000 per occurrence self-insured retention and to renew the excess policy with \$1 million per occurrence and \$3 million aggregate.

National Director Amato seconded the motion.

The motion passed unanimously.

CEO Warren proposed a budget for fiscal year 2020 reflecting the insurance premium adopted by the board and yielding a surplus of \$104,000. The budget projects roughly \$8.3 million in revenue and \$8.2 million in expense.

On the revenue side, the budget projects 5,280 new members recruited and 13,000 brothers recognized in the fall and spring bills. After several years of declining membership, the budget illustrates that membership and related membership revenue will stabilize this year. Growth should be anticipated in fiscal year 2021, while chapter count remains steady at 210. This trend reversal will allow SigEp to invest more in chapter support and the experience.

The Educational Foundation grant is budgeted for \$1.1 million, and the Journal grant is budgeted at \$850,000. The proposed draw this year is larger than prior years to finance streamlining of communication processes and increase transparency. This work includes the implementation of new financial, volunteer and chapter management software, the integration of that software with Salesforce, and development labor to launch the new system. The staff is requesting that the \$230,000 increase over prior year be recognized as a loan from the fund and paid back over a three-year period at 0% interest.

Warren also noted that more alumni and volunteer corporations are requesting regional director and volunteer specialists, hence the increase in the revenue line. Lastly, Warren disclosed that the \$75,000 contribution to chapter services remains in the SENH shared service fee.

On the expense side, Warren underscored the drop in two large line items — salaries and insurance.

Warren explained that the salary decrease is due to a reduction in headcount and that additional staff reductions are likely in fiscal year 2021 after the launch of new back-office processes. The increase in contract labor for the 2020 fiscal year is isolated to the single fiscal year and related to the communication enhancements. SigEp should see a dramatic decrease in contract labor in

fiscal year 2021, with only auditor fees and basic Salesforce maintenance recognized in the line.

As a result of our recent work with chapters to navigate through BMP and substance-free implementation, the budget calls for significantly less staff and volunteer travel related to chapter incidents and crisis response.

Warren expressed his belief that past investments in risk mitigation and the proposed investment in processes will free up resources in future years for programs and services. He underscored the importance of this fiscal year and emphasized the staff's preparedness to excel on all fronts.

National Director Hecht moved the board adopt the proposed budget for fiscal year 2020.

National Director Wilson seconded the motion.

The motion passed unanimously.

Grand President Bittman, CEO Warren and the staff thanked National Director Amato, Gary Dudley, Sam Houston State '69, and the SWBC Foundation for their generous contribution to fund SigEp's Life After College program.

The board and staff also expressed their appreciation for Grand Treasurer McVeigh's diligent work on the budget, insurance renewal and investment committee efforts.

Conclave

Senior Chapter Services Director Paul Andersen and CEO Warren revisited Conclave-related items.

Andersen reviewed several pieces of legislation submitted and disclosed legislative proposals he anticipates will be submitted prior to or at Conclave. He committed to providing the directors a report of all legislation submitted prior to their arrival in Houston.

Warren revisited the alumni nominating process defined by the directors at their spring meeting. Warren noted the tracking document created to manage the election process prior to and at Conclave. He reminded the directors that they have access to this document and that the staff will provide regular updates to the board and the alumni nominating committee as they work through the process in July.

Andersen provided an update on SigEp Learning Communities, noting that a beta test of a new application and guide was completed with four chapters and that feedback has been provided to the staff and task force for their review. Andersen also noted that the action items from the board's spring meeting have been executed.

SigEp's 125th Anniversary

Director Jelke provided an update on the strategic planning effort. He shared that a core group of seven volunteers agreed to guide the process and that Richard Spoon, Texas State '86, has agreed to chair the task force.

The task force and the staff will work to organize focus groups at Conclave to gather data. The core group intends to meet in Chicago shortly after Conclave to hold its in-person meeting. The task force intends to have a set of recommendations to the board for its fall meeting.

The Celebration Task Force, chaired by Joe Langella, Connecticut '83, has convened its first call and intends to meet in-person at Conclave. CEO Warren committed to send a list of task force members to the board in a follow-up.

Adjournment

Grand President Bittman adjourned the meeting at 5:10 p.m. local time.