

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

**November 3-4, 2006
Virginia Crossings Conference Center
Glen Allen, Virginia**

National Directors in attendance:

Archer L. Yeatts, III, Richmond, 1964	Grand President	2007
Christopher L. Bittman, Colorado, 1985 (November 3 only, via telephone)	Grand Treasurer	2007
Joseph M. Baird, Florida Atlantic, 2007	National Director	2007
Brian J. Barclay, Loyola Marymount, 2006	National Director	2007
Phillip A. Cox, Indiana, 1984	National Director	2007
Christopher S. Purdum, Wichita State, 2007	National Director	2007
Stephen B. Shanklin, Murray State, 1970	National Director	2007
Bert J. Harris, III, Florida, 1974	National Director	2009
Jeffrey D. Prouty, Iowa State, 1978	National Director	2009
Richard W. Bennet, III, Central Missouri, 1974	National Director	2011
Garry C. Kief, Southern California, 1970	National Director	2011

Headquarters staff in attendance:

Jason A. Cherish, St. Louis, 2003	Director of Expansion
David J. Graziano, St. John's, 2003	Director of Leadership Development
Kathryn E. Johnston	Director of Risk Management
Christopher M. McCaw, Appalachian State, 2003	Director of Chapter Services
Christopher T. Minnis, Truman State, 2000	Director of Operations
Matthew B. Ontell, UCLA, 2004	Director of Member Development
Julie W. Ross	Controller
Craig D. Templeton, Kansas, 1981	Executive Director
Brian C. Warren, Virginia, 2003	Director of Learning Communities
John D. Weir, Purdue, 2001	Managing Director, National Housing Corp.

Guests in attendance:

Clark H. Byrum, Sr., Indiana, 1959	Chairman, Audit Committee
Zac Fredrick	Grubb & Ellis
Arthur J. "Jay" Hurt, III, Davidson, 1988	Vice President of Grants, Educational Foundation
Lewis Little	Grubb & Ellis
Kevin A. O'Connor, Loras College, 1988	District Governor, Florida

Call to Order

The meeting was called to order by Grand President Archer L. Yeatts, III, at 1:00 p.m.

The invocation was delivered by Brother Stephen B. Shanklin.

Presentation of the Audit

Audit Committee Chairman Clark H. Byrum, Sr., presented the fiscal year 2006 audit. Brother Byrum had reviewed a draft of the management letter which, he said, indicated that all previous audit items had been resolved, including accounting policies and procedures. The new management letter would identify two items for attention:

1. Dormant Chapter Investment Fund accounts now dormant more than 21 years should be forfeited into the pooled investment fund according to Fraternity policy, and;
2. Limited Liability Corporation operating agreements for the National Housing Corporation were found to contain language indicating conveyance of property in situations where no property had been conveyed.

The staff advised that both items have been resolved. There were 14 CIF accounts identified for forfeiture of \$272,487 into the pooled fund. Attorneys who prepared operating agreements have reviewed all existing agreements to eliminate the conveyance of property language for LLCs that did not receive property when they were formed. (There are eight LLCs wholly owned by the NHC to operate chapter facilities in conjunction with local Alumni and Volunteer Corporations.)

Brother Byrum advised the Board that this would be the audit presented to the 50th Grand Chapter meeting in August, 2007, and that the 2007 audit would not be finalized by that time. The Audit Committee has determined that sufficient time does not exist between the June 30 close of fiscal year to adequately report an audit to the Grand Chapter when it meets in the second week of August.

Motion by Christopher L. Bittman: To accept the FY2006 for report to the 50th Grand Chapter meeting in August, 2007, in Atlanta, Georgia.

Second by Garry C. Kief.

Adopted by unanimous voice vote.

Brother Kief requested that a copy of the Fraternity's accounting policies and procedures be forwarded to the Educational Foundation for the Trustees' consideration. He also asked that Executive Director Craig D. Templeton schedule a conference call with him and Foundation Executive Director Douglas D. Scheibe to consider Fraternity Controller Julie W. Ross for the same oversight role for the Educational Foundation.

Presentation of the Educational Foundation

Educational Foundation Executive Director Scheibe and Vice President of Grants Arthur J. "Jay" Hurt, III, a volunteer member of the Board of Trustees, provided an update on the Foundation's fund-raising activity and staffing. Brother Scheibe reported that fund raising for the Annual Fund was behind the pace of 2005. He projected that returns from the major direct mail piece just distributed would push year-end numbers for the Annual Fund to within 15% of last year and ahead of previous years. Total fund raising was projected to be behind 2005 due to two major gifts in 2005.

Brother Scheibe advised the Board on staff additions to date and plans under consideration for future staffing. To date, the Foundation has hired an additional administrator (Laurie Ursiny) to support endowments and special campaigns, as well as Brother E. Scott Thompson, II, as Chapter Campaign Director (replacing Ryan Jacobsen) and a supporting administrator (Mindi Seidel-Adler) for the Alumni Communications Program. Under consideration are positions to support the annual campaign and the cultivation of major gifts, which are expected to be addressed in 2007.

Patrick J. Alderdice, President of Pennington & Associates, joined the discussion and consideration of the Fraternity's "Case for Support" document, as it had been revised to incorporate issues raised by Board members prior to the meeting. In the course of discussion, the Board requested the reference to "one undergraduate per district" be stricken from the proposal for the Tragos Quest to Greece, the "Research and Development" section be deleted, and the one million dollars from R&D moved to the "Core Curriculum Modules" development for the Balanced Man Program, increasing that funding to two million dollars. Brother Bennet suggested strengthening the statement with evaluation of what universities need that SigEp can add to the college experience of its members.

Motion by Richard W. Bennet, II: To recommend the "Case for Support," with changes noted in discussion, for feasibility study by the Educational Foundation.

Second by Phillip A. Cox.

Passed on unanimous voice vote.

Grand President's Report

Risk Management—Grand President Yeatts introduced Director of Risk Management Kathryn E. Johnston to provide a briefing and answer questions regarding current claims against the Fraternity. The Board moved into "closed session" for the purpose of discussing litigation.

After the "closed session," Brother Yeatts directed the staff to review current policy restrictions on chapter co-sponsorship of events and recommend any changes appropriate in light of potential outcomes of Bohn vs. New Mexico Alpha Sigma Phi Epsilon, et al. That suit alleges liability for an incident following a Kappa Sigma Fraternity social event that the SigEp chapter had initially intended to co-sponsor but withdrew prior to the event. The suit alleges that SigEp still bears liability.

FIPG—In the interest of Kathy Johnston's presence at the meeting, the Grand President moved an item of the Executive Director's report to the table for discussion and questions for Kathy. Executive Director Templeton and Director of Risk Management Johnston provided historical background and updated information on the Fraternal Insurance Purchasing Group (FIPG), an organization of fraternities and sororities maintaining risk management policy and oversight. It is no longer involved in the purchase of insurance policy coverage, but has grown into a respected and vital policy guidance resource for universities and its member organizations. SigEp has declined to join the group since it was formed in the late 1980s. The Fraternity has its own insurance coverage, which historically proved beneficial, because we maintain a better risk and loss history than the group, thus receiving favorable consideration and rates. Joining the FIPG now may be in order, as it meets our standards for risk management, does not pose a negative consideration on our insurance coverage, and, in fact, now could positively influence consideration by carriers.

The Grand President tabled the FIPG proposal until Saturday, November 4, 2006, during its regular course on the agenda.

Robeson Award—The Grand President introduced a proposal brought by Brother Shanklin to rename the Gold Buchanan Cup the James F. Robeson Outstanding Chapter Award. Chapters receiving their fifth consecutive Buchanan Cup receive a golden cup mounted on a black base, signifying a decade of

excellence in overall chapter operation. The late Past Grand President Robeson had focused on moving from being a “good fraternity” to becoming a “great fraternity” that he defined as continued excellence over time.

Motion by Shanklin: To rename the Buchanan Outstanding Chapter Award on its fifth consecutive presentation to a chapter the James F. Robeson Outstanding Chapter Award, in the form of the golden cup mounted on a black wooden base.

Second by Bert J. Harris, III.

Motion by Kief: To table until Saturday, November 4, 2006.

Second by Shanklin.

Motion to table passed on voice vote.

Board Membership Discussion—Grand President Yeatts introduced discussion of proposing a change in the makeup of the National Board of Directors to provide that the Presidents of the National Housing Corporation of Sigma Phi Epsilon and the Sigma Phi Epsilon Educational Foundation serve automatically as ex officio members of the National Board of Directors. Such a change would require changes to the Grand Chapter Bylaws.

Currently, Foundation President Garry Kief and NHC President Bert Harris are both serving duly elected terms as full members of the National Board of Directors. The NHC is a wholly-owned subsidiary of the Fraternity, and the Educational Foundation is a separate corporation formed to receive charitable donations for the express purpose of supporting the educational functions of the Fraternity and its members. Brother Yeatts asked consideration of the idea as a way to always assure both Boards are represented by volunteers at the National Board of Directors’ meetings, as well as avoiding any potential for conflicts of interest. After short discussion, the Board requested the issue be placed on the agenda for further study and consideration at the spring meeting of the National Board of Directors.

Alumni Membership Trials—The Grand President, in consultation with the staff and General Counsel, proposed guidelines for alumni membership trials. Administrative Policies and Procedures, Section B, Paragraph 7, provides that membership trials should be conducted according to form and manner prescribed by the National Board of Directors, and the form and manner provided by the National Board applies only to the conduct of undergraduate membership trials with no suggested procedures for the instance of alumni membership trials.

Motion by Shanklin: That the National Board of Directors prescribe the form and manner for the conduct of membership trials for alumni members of Sigma Phi Epsilon (Appendix A), including the power of the Grand President to appoint trial commissions in Paragraphs 2 and 4.

Second by Jeffrey D. Prouty.

Passed on unanimous voice vote.

Bylaws Amendment: Trial Appeals—The Grand President recommended the National Board of Directors propose amending Section B of the Administrative Policies and Procedures to the 50th session of the Grand Chapter meeting in Atlanta, Georgia, August 9-12, 2007, to:

1. Include honorary brothers in the provision for membership trials.
2. Provide an appeal process as referenced in Paragraph 10.
3. Extend authority to prescribe penalties for violations of membership obligations to local chapter tribunals, as Paragraph 12 implies that only the National Board of Directors has such authority.

The proposed text (Appendix B) was discussed with action deferred for further consideration and recommendation until the spring meeting of the National Board of Directors.

Bylaws Amendment: Chapter Counselor Appointments—The Grand President, in consultation with the staff and General Counsel, proposed the National Board of Directors recommend the following amendment (in italics) of Article III, Section 49, of the Bylaws and Administrative Policies and Procedures of Sigma Phi Epsilon Fraternity:

Section 49. District governors appointed by the National Board of Directors shall have such powers and responsibilities as prescribed by the National Board of Directors, *including but not limited to the appointment and removal of chapter counselors.* District governors shall be representatives of the Fraternity. *In the event of a district governor vacancy, the Executive Director of the Fraternity shall have the power to appoint and remove chapter counselors in that district.*

Motion by Cox: For the National Board of Directors to propose the amendment of Article III, Section 49, as written in italics above to the 50th Grand Chapter.

Second by Kief.

Passed on voice vote.

Grand Treasurer's Report

Financial Statements—Grand Treasurer Bittman, speaking to the Board via speaker telephone throughout the meeting, presented year-end financial statements for the year ended June 30, 2006, indicating a year-end actual operating result of \$73,895.

Spending Authority—Brother Bittman told the Board of the Audit Committee's review of the Fraternity's accounting policies and procedures and the Committee's suggestion to increase the Executive Director's spending authority from \$5,000 to \$20,000. The spending limit policy does not apply to:

- Utilities;
- Taxes, personnel insurance and benefits payments;
- Scheduled contract payments on authorized contracts;
- Budgeted Journal production costs;
- Individual Foundation grant-funded leadership program facility costs (EDGE, Carlson Leadership Academy or Ruck Leadership Institute venues); or
- Court-ordered legal settlements and related legal fees (the entire Board is advised of all lawsuits and settlements).

Motion by Bittman: To increase the spending limit authority to \$20,000 for the Executive Director of the Fraternity.

Second by Harris.

Passed on unanimous voice vote.

Insurance Renewal—In review of potential options and/or changes in the Fraternity's general liability insurance coverage due for renewal on December 31, 2006, Brother Bittman proposed, with general consensus of the Board, that the Fraternity negotiate to maintain its present relationship. Proposals will be received December 8, 2006, and acted upon by the Board's Executive Committee prior to the renewal date.

The Grand President declared the Board in recess at 5:55 p.m. until 8:00 a.m., Saturday, November 4, 2006, at which time the Board reconvened.

8:00 a.m., Saturday, November 4, 2006

Headquarters Building Committee—Brother Bennet, Chairman of the Board’s Special Headquarters Building Committee, along with architect and NHC Trustee Jonathan J. Kucera, provided a report on the Committee’s work since the May, 2006, Board meeting at which the Board directed the Committee to seek options for Headquarters facilities in the Richmond metropolitan area. Committee members Jeff Prouty, Joseph M. Baird and Chairman Bennet have worked with Executive Director Templeton, Director of Real Estate John D. Weir and NHC Trustee Jon Kucera since the May meeting via seven conference calls to select a local commercial real estate broker and review 28 proposed sites. Eight qualified sites were toured and the viability and feasibility of adapting the current Zollinger House facility were evaluated for report to the Board.

As directed by the Board, the Committee gave priority to:

1. Office efficiency
2. Monumental/prestige values
3. Retreat/conference center capacity
4. Proximity to University of Richmond

The relocation sites were divided into:

- Urban historic adaptive reuse
- Suburban estate adaptive reuse
- Greenfield land to build

The Committee and its realtors, Lewis Little and Zac Fredrick, provided a report on the eight alternative sites (Appendix C), and the Board boarded a bus to tour four selected sites:

1. Bryan Mansion (urban adaptive reuse)
2. West Creek Corporate Office Development (greenfield land to build)
3. Malvern Farm (suburban estate/greenfield land to build)
4. Robins Retreat (suburban estate adaptive reuse)

Following the tours, the Board reached general consensus to:

1. Put forth a firmer financial plan for acquisition and adaptation of the Robins Retreat site.
2. Provide further study of options to continue at the current Zollinger House site by acquiring adjacent or nearby properties for out-placing some operations.
3. Discontinue any further consideration of acquiring an urban historic property for renovation and adaptation for reuse.
4. Add the question of raising up to five million dollars to the Educational Foundation’s current feasibility study to determine the feasibility of raising funds for a Headquarters facility.

Grand President Yeatts thanked the Committee for all the hard work it has done.

Executive Director’s Report

Foundation Grant Request—Executive Director Templeton provided a review of the proposed grant request being prepared for the Educational Foundation, outlining an initial budget request of \$852,720 for the 2007 calendar year. That initial number compares to \$670,000 granted for the current calendar year.

From this point, the Fraternity's staff will negotiate on the basis of the amount that the Foundation's endowments are expected to produce for the coming year and adjust the budgets accordingly.

FIPG—In light of discussion in the prior day's Board session, Executive Director Templeton proposed that Sigma Phi Epsilon join FIPG, formerly known as the Fraternal Insurance Purchasing Group.

Motion by Harris: To authorize Sigma Phi Epsilon joining FIPG.

Second by Prouty.

Passed on voice vote.

Motion by Shanklin: To remove from the table the proposal to rename the fifth consecutive golden Buchanan Outstanding Chapter Award the Robeson Outstanding Chapter Award.

Passed on voice vote.

Motion by Bennet after brief discussion: To table the Robeson Outstanding Chapter Award proposal until the Spring, 2007, meeting of the National Board of Directors, to be considered with an overall policy on naming awards, programs, buildings and events for Fraternity benefactors, prominent alumni or notable volunteers or staff.

Second by Prouty.

Passed on unanimous voice vote.

Strategic Plan: Growth—The Headquarters staff provided a presentation on expansion plans and efforts to meet the growth objectives of the Fraternity's strategic plan with calls for 285 chapters, with 50 chapters of 90 or more members by 2011. The staff recommended that the strongest measures of success should be average chapter size (currently 55) and the total number of undergraduate members on campus (14,423 on June 30, 2006). Achieving the 285 chapter mark would likely result in sacrificing average chapter size in favor of keeping non-performing chapters open and moving swiftly to open more chapters.

Motion by Shanklin: Change the Strategic Plan targets to 265 chapters by 2011 with average chapter size of 60 men, removing the 50 chapters of 90 or more men from the plan.

Second by Christopher S. Purdum.

Passed on voice vote.

The staff reviewed a list of 35 campuses presently being targeted for expansion with new SigEp chapters. The Grand President directed Board members to review the list, discuss any concerns or ideas for additions or changes with the staff for endorsement by the Board at its next regularly scheduled meeting.

Charter Actions—Director of Chapter Services Christopher M. McCaw reviewed staff reports and recommendations for the following charter actions:

Continue Alumni Advisory Council jurisdiction:

Indiana Alpha (Purdue University)

Ohio Zeta (Baldwin-Wallace College)

Pennsylvania Eta (Pennsylvania State University)

Remove from charter suspension:

California Sigma (California State University-Northridge)

Remain on charter suspension:

Alabama Beta (University of Alabama)
 Florida Theta (Jacksonville University)
 Texas Omicron (Angelo State University)

Charter withdrawal:

Maryland Delta (McDaniel College)

(The Board voted at its May, 2006, meeting to withdraw the charter at Florida Theta, Jacksonville University. With the strong recommendation of the university administration, including the president, and the university's commitment to become actively involved in improving its Greek community, the Board voted by mail ballot to restore the charter of the chapter, but suspend it until performance standards are met.)

*Motion by Bennet: For adoption of the above recommendations by unanimous consent.
 Second by Shanklin.
 Passed with no objection.*

Committee on Volunteers

Brother Cox reported the Committee on Volunteers met with incoming Director of Volunteers Gary L. Huff at its October 21, 2006, meeting in Chicago, Illinois, to lay plans for his transition and upcoming volunteer programs. Those programs will include volunteer receptions in conjunction with the Educational Foundation at Carlson Leadership Academies this coming February in Woodland Hills, California, and Herndon, Virginia.

National Leadership Committee

Director of Leadership Programs David J. Graziano presented overview discussions of the upcoming Carlson Leadership Academies and the 2007 50th Grand Chapter Conclave in Atlanta, Georgia, August 9-12, 2007.

The staff and NLC, with the assistance of National Leadership Committee member Michael J. Taylor, Truman State, 1985, an executive with Benchmark Hospitality, and Florida District Governor Kevin A. O'Connor, Loras College, 1988, President of Saddlebrook Resort, reviewed recommendations and proposals from eight hotels in three cities for the 2009 Conclave site selection—Denver, Colorado, Phoenix, Arizona and Orlando, Florida. Brother O'Connor presented the Committee's findings and report recommending the Rosen Shingle Creek Resort in Orlando, Florida.

*Motion by Bennet: To authorize the staff to enter into negotiating an agreement for the 2009 51st Grand Chapter Conclave to be held at the Rosen Shingle Creek Resort as recommended by the NLC.
 Second by Kief.
 Passed on voice vote.*

National Housing Corporation Report

Brother Harris reported a continued operating loss as previously anticipated at Michigan Beta (Western Michigan University). The NHC has taken over ownership and management of the chapter house facility while the chapter has been experiencing re-organization under the direction of an Alumni Advisory Council. The NHC had recommended paying off the LLC's current loan of \$650,000 in the BB&T

lending program to stop incurring interest losses by splitting the burden with \$325,000 from the NHC's lending portfolio and \$325,000 from the Fraternity's self-insurance reserves to carry the property for up to three years while the chapter restores its financial solvency.

Motion by Bennet: To decline the NHC's proposal for the Fraternity to dedicate \$325,000 to pay off the BB&T loan and direct the NHC to divest itself of the Michigan Beta property in the most economically feasible fashion at its discretion.

Second by Kief.

Passed on a nine-to-one vote (Bittman not present, not voting).

Next Meeting

May 19-20, 2007, Rosen Shingle Creek Resort, Orlando, Florida

The Board continued in Executive Session to discuss personnel and legal matters.

The Grand President adjourned the meeting at 6:00 p.m.