3.1 Capital Needs (Condition) Assessment

Proposed Cost Split: 25/25/50

FSILG/DSL/IRDF

Two Pilots: Chi Phi & No.6

Remaining buildings thereafter

RFP on AILG website

Building Structure

Building Envelope

Plumbing

Fire Protection, Sprinklers

Fire Alarm Systems

Heating, Ventilating, and Air Conditioning

Electrical

(Tele/Data not in scope)

Conveying Equipment (Elevators,

Dumbwaiters, and Chutes)

Interior Finishes

Food Service Equipment

Site Improvements and Site Utilities

Waste Handling

Accessibility concerns

CNA Report

Urgent/Critical repairs
High priority repairs within 5 years
Low priority 6-10 years
Discretionary beyond 10 years

3.2 Sandboxes

- Already provided
- No further effort

3.3 Property Management

- Matrix defines full scope
- DIY: many fraternities and ILGs
- Professional PM: by MIT Housing at sororities
- May solicit other PM cost estimates
- Matrix on AILG website for your use

MIT FSILG PROPERTY MANAGEMENT SCOPE MATRIX

			req	uenc	су		Who Performs (or is Responsible for) this Task at Your FSILG?				
PROPERY MANAGEMENT ACTIVITY		(See key below) D W M Q A ?			Students	Alumni Corp.	Another Entity	Not Performed	Not Req'd (NA)		
FINANCIAL MANAGEMENT								(1117)			
Student Housing Contract Administration											
Rent Collection			Г								
Annual Budgeting											
Bill Paying											
Capital Planning	Г										
Insurance Policy Administration											
HOUSEKEEPING											
Common Room / Lounge / TV Room / Chapter Room	匚										
i) Trash/recycling removal											
ii) Dishes & food to kitchen											
iii) Furniture wipe down/clean											
iv) Furniture arrangement to standard											
v) Shut off / secure TV and other equipment											
vi) Piano humidifier refill											
vii) Billiard table/cues brush/organize											
viii) Secure consumable supplies		$oxed{oxed}$									
ix) Glassware wash											
x) Surfaces wipe down		$oldsymbol{ol}}}}}}}}}}}}}}}}}}$									
xi) Vacuum/sweep/mop		$oldsymbol{ol}}}}}}}}}}}}}}}}}$	L								
xii) Maintain regalia and equipment	$oxed{oxed}$	L	L								
Dining Room	上	ᆫ	ᆫ	ᆫ		Щ					
i) Turn off warmers	\perp	乚	乚								
ii) Clear dishes	\vdash	╙	╙	╙		Щ					
iii) Run dishwasher			L	$oxed{oxed}$							
iv) Food and trash removal		L	L	oxdot							
v) Tables wipe down		L	L								
vi) Chair wipe down and arrange											
vii) Floor mop											

^{*}Frequency: D - Daily or every other Day; W - Twice Weekly to every other Week; M - Semi-Monthly to Every Other Month; Q - Every other Month to Semi-Annually; A - Semi-Annually or less often; ? - Don't Know / Not sure

Theme#3

Revitalize our facilities

Initiative #3.4: Develop tools to educate our member groups about capital planning

Annual Operation
Taxes, Audi
Utilities, Maetc.

Capital Con
Roof, Walls,
Plumbing, Fetc.
Replacement

Annual Operating Expenses: Taxes, Audit, Insurance, Fees, Utilities, Maintenance, Repair, etc.

Capital Component Expenses: Roof, Walls, Floors, Electrical, Plumbing, Heating, Windows, etc.

Replacement/Improvement

- •Incurred during the operating year
- Usually covered by house bill
- Captured by AILG Annual House Bill Survey
- •Incurred at end of capital component's lifetime (may be many years hence)
- One-time snapshot captured by Vanderweil Survey
- Managed by
 - 1. Planned component renewal
 - 2. Periodic major renovation
 - 3. Combination of 1. and 2.

Capital Planning Questions:

- When will a capital component need to be replaced?
- What will be the (future) replacement cost of the component?
- How much reserve should be set aside annually to meet capital expenses?

Initiative #3.4: Develop tools to educate our member groups about capital planning

AILG Capital Planning Tool INPUT

OR
Your own capital
component assessment



Component	Year When Next Replaced	100 % Component Replacement Cost in Current \$	Percent Replaced Each Time	Useful Lifetime (years)
a. CapComponent	b. YrRepl	c. CompCost	d. PctRepl	e. LifeTime
Flooring	2018	\$78,421	20%	9
Wall Surfaces	2020	\$68,075	30%	10
Telecommunications	2020	\$57,123	15%	20
Ventilation Systems	2025	\$91,728	50%	20
Roofing	2020	\$200,666	100%	20

- •Excel spreadsheet format
- Captures input for
 - Up to 25 Capital Components
 - Up to 20 Capital Equipment Items

Initiative #3.4: Develop tools to educate our member groups about capital planning

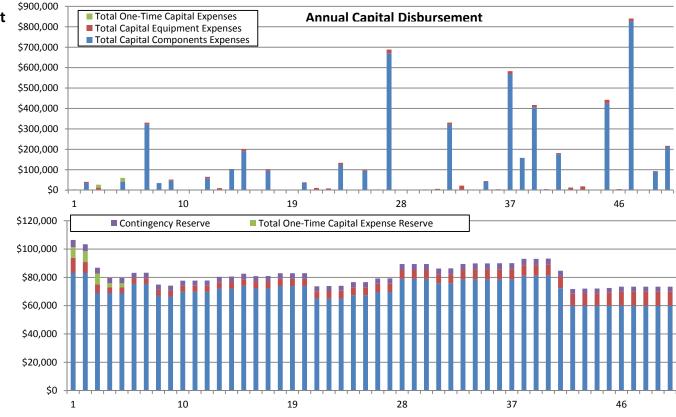
AILG Capital Planning Tool OUTPUT

50 Year Capital Component Expense Schedule

- Adjusted for inflation
- Graph and Table

50 Year Capital Reserve Schedule

- Adjusted for inflation
- Graph and Table



Initiative #3.4: Develop tools to educate our member groups about capital planning

AILG Capital Planning Tool ANALYSIS

- The tool includes "knobs" to examine impact of varying assumptions on expense disbursement schedule and reserve requirements
- The tool has been provided to every FSILG
 - Includes Vanderweil survey input data for that group
 - Stored in group's FCI locker

Based upon Vanderweil survey data for all FSILGs, excluding a major fund-raising effort, the tool indicates an FSILG should budget an average \$80,000 to \$100,000 every year to meet future capital component replacement expenses.

AVG INFLATION RATE 2.00%

AVG
INVESTMENT
RETURN ABOVE
INFLATION RATE
2.00%

CONTINGENCY BURDEN 5.00% CAPITAL
COMPONENT
NEXT YEAR
REPLACED BY

O
YEAR(S)

INCREASING
CAPITAL
COMPONENT
USEFUL LIFETIME
BY
0
YEAR(S)

INCREASING
CAPITAL
EQUIPMENT
USEFUL LIFETIME
BY
0
YEAR(S)

Initiative #3.5: Address lease challenges in MITIMCo-owned leased housing

Purpose

To ensure that all FSILG property leases owned or managed by the MIT Investment Management Co. (MITIMCo) are financially sustainable and appropriate for student housing, so that FSILG corporations have incentives to make future improvements and build capital reserves.

Scope

Scope - 5 Properties (2 in Cambridge, 3 in Boston) that are owned or partially owned by MIT and leased to MIT FSILGs, where the lessees have responsibility for some or all of the maintenance of the properties*

^{*}Note 2 additional properties also meet this criteria, but are not included in this analysis since they will become the owners of their respective properties at the end of the current lease term in 2020

Initiative #3.5: Address lease challenges in MITIMCo-owned leased housing

Key Issues/Challenges for FSILGs in Commercial leases

- Cambridge FSILGs are rapidly approaching the end of their lease terms and need assurances if/when their leases will be renewed.
- The current lease arrangements with the Boston properties, where the lessees are responsible for some or all of the maintenance of the properties with no possibility of equity, are not believed to be sustainable.
- It is extremely difficult for House Corporations to utilize alumni fundraising to supplement building maintenance and improvements without equity in the property or long term guarantees of inhabiting the property.
- HCBs are perpetually in the difficult position of balancing the long term capital needs of the property with their fiduciary duties to the organization should HCBs be spending money collected from members to improve a building that they don't own and could be forced to vacate at the end of the lease term (or earlier).
- Above factors lead to the non-optimal long term management of the property, especially when the expected useful life of improvements is less than the remaining lease term.
- Significant volunteer alumni support is still required to maintain and improve a property that is not owned by the House Corporation.

Initiative #3.5: Address lease challenges in MITIMCo-owned leased housing

Progress to Date

- A committee consisting of AILG Board members and alumni of affected house corporations was formed
- Challenges to current lease agreements articulated to key Institute leadership including DSL, MIT President, EVP & Treasurer and a key member of the Corporation (through the DSL Visiting Committee)
- Deputy EVP is now responsible for bringing MITIMCo, DSL staff and the FSILGs together to work towards a resolution for each group

Next Step

Facilitate conversations with Institute leadership and each impacted FSILG to explore alternate lease and/or equity arrangements including but not limited to: property purchase, Green Hall/KAT/PBP model, extending the lease term, modifying lease terms

NOTE: The committee acknowledges that the optimal solution will likely be different for each specific organization

Theme#4 Enhance the reputation of our community

- Focus on two initiatives:
 - ➤ Make the recruitment program more effective and efficient [...]
 - Engage with MIT on ways to better integrate the recruitment program and FSILG membership with MIT's First-Year Experience

MIT Recruitment History

- ??? 2001: Fraternity Rush and Sorority Recruitment take place at the same time as Orientation; freshmen move into their chapter houses right away
- **2002:** "Freshmen on Campus" policy; Rush moved to Sept 20; pledging numbers drop ~20% from previous year; no fall Sorority Recruitment
- 2003: Sorority Recruitment now during IAP; Rush moved to early September, after Orientation and classes; IFC rush rules
- 2004: Rush starts before classes; stronger rush rules

MIT Recruitment History

- 2005: Greek Griller restored to post-freshman picture; FSILG Midway during Orientation; rules relaxed; Clearinghouse revived
- 2006: Length of Rush fixed; male pledging numbers cross 300
- 2007: Sorority Recruitment returns to the fall
- 2008-2010: IFC rules continue to get scaled back

MIT Recruitment History

- 2011: Greek Griller loses the Griller
- 2012: Greek Griller becomes Kresge Kickoff

→ So what's next for all of us?

Recruitment SWOT

- 1. Brainstorm! (10 mins)
- 2. Sort your ideas (5 mins)
- 3. Group the ideas (10 mins)
- 4. Open discussion (10-15 mins)

Theme#4 Enhance the reputation of our community

- Next steps on Recruitment:
 - Compile SWOT results
 - Review results of IFC and Panhel surveys
 - Update white paper on recruitment
 - Deliver to DSL and start extended study



Review and Discussion of FSILG Strategic Plan

January 27, 2014