



House Company of Alpha Theta Chapter, Inc.

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March 8, 2010
[Via Electronic Mail](#)

This letter comes from the House Company of Alpha Theta Chapter (aka ATHCO) and updates the January 20th letter on status of the renovation project. We are using email because the current rate of progress would make postal mail obsolete by the time it would be received.

Al Dering has continued to lead this project. The rate of progress continues to accelerate. Al Dering and Doug Ladish traveled to Morgantown the week of February 15th for face-to-face meetings with contractors, architect, bank, Chapter leadership and WVU. (See the attached pages for an overview of 2009 – 2010 milestones.)

Progress and status as of today...

Contractors

- Value engineering cost reductions were received from the three contractors.
- Meetings were held with two contractors, with the architect participating.
- Further negotiations were held with Commercial Builders. (Previously completed two projects for Phi Kappa Psi, interior and exterior renovations) These negotiations with yielded a revised scope that maintains the important substance of the original design, while lowering cost to within our target range.
- Using previous asbestos abatement reports from White Horse, Commercial Builders filed the application to begin removal of asbestos. This application was filed on March 4th, and after the mandatory 14 day waiting period, asbestos removal and related demolition can begin on March 19th.

Architect

- Revision of construction documentation is underway. Since changes are minor, previously approved building permits can be used for initial stages of the project.

Bank

- Centra Bank, has provided a written proposal for construction and permanent financing.

Chapter Leadership

- Lou Casale, SMC participated in the meeting with WVU Office of Student Organization Services.

WVU

- Lease / management agreement is being prepared.
- WVU housing and dining contract procedures were explained during a Chapter meeting. The Chapter is committed to filling the renovated house in August.
- We have been told that our renovated property would qualify for purchase by WVU under the criteria established for the Greek Village project.

Financial Analysis

- Pro forma income statement models for the construction period and for continued operation have been prepared. Sensitivity of various input assumptions is being tested.

White Horse

- We have notified White Horse of our intention to exercise our purchase option.
- Participation in the construction financing is essential, but yet to be received.
- We are still gathering data requested by White Horse.

We are within sight of achieving our goal. We owe special thanks to a loyal group of Alumni and friends who have contributed (and continue to contribute) to our ongoing capital campaign. Without their support, our project would have not have started, much less achieved the current status.

If you have made a pledge to the Capital Campaign, please keep your payments current. If you have not yet made a pledge to the Capital Campaign, please consider a pledge and donation.

Visit www.wvupikes.com to make an online payment to your pledge, or to make new a pledge or donation. See the secure links on the lower right of the home page.

Next steps and target date

- Begin asbestos removal. *March 19*
- Complete purchase option process with White Horse.
- Close on bank loan.
- Sign construction contract.
- Construction starts. *April 1*
- Occupancy permits received. *Early August 2010*

Please direct questions or comments to:

Doug Ladish, Secretary,
House Company of Alpha Theta Chapter, Inc.
ladish@mindspring.com

Excerpts on renovation project status from previous communications.

January 20, 2010 Letter from House Company of Alpha Theta Chapter, sent by email

This letter comes from the House Company of Alpha Theta Chapter (aka ATHCO) and updates the January 20th letter on status of the renovation project. We are using email because the current rate of progress would make postal mail obsolete by the time it would be received.

Al Dering has continued to lead this project and the rate of continues to accelerate has accelerated since November 2009. (See the attached pages for an overview of 2009-2010 milestones.)

As of today...

Contractors

- Competitive bids were received from four contractors familiar with the WVU Greek Village project and qualified by our architect.
- Cost break down was requested. Three of the four contractors responded.
- Telephone interviews were held with the three contractors providing cost breakdowns. All three were optimistic that cost reductions could be achieved without substantial compromise of the original design intent.

Architect

- Renovation plans were submitted to the City of Morgantown.
- Building permits are ready to be picked up by the chosen contractor, based on original drawings.
- Contractors were contacted and encouraged to work with ATHCO on “value engineering” of the original plans.

Next steps and target date

- Follow up telephone interviews with the three contractors to get proposed revisions. *1/22*
- In person meeting with chosen contractor, architect and relevant subcontractors to finalize project scope and schedule. *Week of 2/1*
- Meet with WVU to start the process of property lease/purchase agreement. *Week of 2/1*
- Meet with Centra Bank to start the process of obtaining construction loan. *Week of 2/1*
- Start process to exercise option to buy house from White Horse. *Week of 2/1*
- Construction starts. *To be determined.*
- Occupancy permits received. *Early August 2010*

We are within sight of achieving our goal. We owe special thanks to a loyal group of Alumni and friends who have contributed (and continue to contribute) to our ongoing capital campaign. Without their support, our project would have not have started, much less achieved the current status.

If you have made a pledge to the Capital Campaign, please keep your payments current. Your financial support is still needed and will make a big difference in the amenities that we can afford in the renovated house.

If you have not yet made a pledge to the Capital Campaign, please consider a pledge and donation.

Visit www.wvupikes.com to make an online pledge or donation. See the secure links on the lower right of the home page.

Please direct questions or comments to Doug Ladish, Secretary, ladish@mindspring.com

December 1, 2009 (December edition Mountaineer Pike, email)

Architect

Construction drawings are 100% complete.

Construction drawings have been submitted to the City of Morgantown to start the building permit approval process.

Contractors

Three contractors familiar with the WVU Greek Village project have reviewed the completed construction drawings and inspected the building and property. Competitive bids from all three contractors are due on December 11, 2009

Appraisal

A new appraisal of the property as is and per the completed construction drawings has been completed.

WVU

Management and lease/purchase dialog between ATHCO and WVU is ongoing.

Emperor Group

Review of the Emperor Group letter of intent by ATHCO and White Horse was completed. The decision was to discontinue dialog with Emperor Group and focus on the WVU approach.

October 1, 2009 (October edition Mountaineer Pike, email)

ATHCO is working on two approaches for renovating and managing the house: Emperor Group (a nation-wide real estate development firm specializing in Greek housing) and the WVU Greek Village project. Emperor Group has provided a letter of intent for the project and it is under review by the ATHCO Executive Council.

WVU and ATHCO dialog is ongoing.

During the annual pre-school year inspection of the Pike House by the Morgantown Fire Marshal, several code violations were observed and the occupancy permit was revoked and the house condemned. Needless to say, this elevated the urgency of our current work. Our goal is to have the house renovated and re-opened for the fall 2010 semester.

Architectural drawings for the construction phase are 90% complete. Re-appraisal of the property based on these drawings is underway from two perspectives: As is, condemned; and as renovated based on the latest plans.

June 2009 (Mountaineer Pike Summer edition, mailed to all street addresses on file.)

Alpha Theta Meets Interim Housing Benchmarks, Moving Forward

Thanks to a small group of dedicated Alpha Theta alumni who personally guaranteed a \$120,000 credit line and a larger group of alumni who have and continue to financially support the fraternity's capital campaign, the House Company of Alpha Theta Chapter, Inc. (the alumni house corporation) has met all required benchmarks to date and is on track to assume full home ownership of the Pike House located at 117 Belmar Avenue assuming the final benchmarks are met over the next two years.

"Many people still don't realize," explained House Company President **Joe Feola '79**, "that the Real Estate Commission of Pi Kappa Alpha Fraternity built the house for us in 1967." "Over the last 42 years," he continued, "the Pike National Headquarters has owned and managed the house for us through various departments and entities of the national fraternity." White Horse Holding Corporation (WHHC) is the current Pike organization that owns and manages the house.

In January 2006, the House Company negotiated a deal with WHHC to purchase the property at an attractive price. However, the deal is contingent on the House Company meeting certain benchmarks over a period of 5½ years.

Since January 2006, the House Company has met all of the required benchmarks, and work continues on the remaining tasks. A summary of benchmark achievement over the past three years include:

- Borrowed money to conduct a capital campaign and conducted the campaign. A total of 87 pledges were received (6.6% of living Alumni), payable over a 5 ½ year period.
- As of June 2009, the pledge total was \$284,380, and \$158,785 has been collected.
- All outstanding debt has been retired.
- The “House Company of Alpha Theta Chapter, Inc.” has been incorporated as a non-profit corporation in the State of West Virginia.
- All corporate filings with the State of West Virginia and the Internal Revenue Service are up to date. The IRS has recognized the House Company’s non-profit status.
- Financing has been arranged through a local Morgantown bank (and is still available).
- An architect has been engaged. Conceptual and detailed drawings of an “apartment hybrid” floor plan have been developed.
- Preliminary contractor estimates have been received and reviewed.

Near term activities underway include:

- Continuing to refine the two options for renovating and managing the house by engaging the WVU Greek Village (WVU guarantee of mortgage payment and rental management) or the Emperor Group (a real-estate development and management group specializing in Greek housing) to provide management responsibilities.
- Meeting with a broader group of contractors to refine material specifications and cost estimates.
- Developing a financial pro forma to help us determine whether the House Company should try to raise more money, borrow more money, scale back the scope of the project or implement a hybrid of one or more of these options.

For a detailed report and to follow the ongoing progress, alumni should visit the Alpha Theta Alumni website at www.wvupikes.com.

January 2009 (from the ATHCO 2008 Year in Review, email)

Renovation Plans

Substantial progress was made during 2008.

Under the leadership of Al Dering,

- WVU - A draft lease and operating agreement was developed.
- Architect – Floor plan alternatives and elevations were prepared. A 42 bed house in the “hybrid-apartment” style (as suggested by White Horse) was the final choice.
- Contractor – Quotations were prepared for the alternative floor plans.
- Bank – A financing commitment was obtained from a local bank and re-confirmed in December.
- White Horse – The plan below was presented to Clint Bartman (Senior Real Estate Manager, Pi Kappa Alpha) who discussed it with Dan Corah (Senior Real Estate Executive, Pi Kappa Alpha) in December. Clint and Dan will include this on the White Horse board agenda for their semi-annual meeting on January 9, 2009. Initial feed back on our plan was positive. Clint expects a positive reaction from the White Horse board and that they will begin working with us in January 2009 to implement this plan with a target completion of August 2009.

Our Plan Going Forward (December 2008)

1. ATHCO buys the house from White Horse for a nominal amount.
2. White Horse agrees to lease the ground to ATHCO for a nominal amount, with the understanding that if (at a future date) the house is sold to WVU or any other entity, that White Horse will receive at least \$550,000 (current option price) or the current market value of the ground, which ever is higher.

3. ATHCO engages Paradigm Architects to complete plans and specifications and hires a local attorney to finalize contracts with the bank, contractors and WVU.
4. ATHCO enters into a mortgage agreement with Centra Bank with WVU's support and backing.
5. ATHCO signs contracts with contractors and re-building starts in March 2009 with a scheduled completion prior to the beginning of the 2009-2010 school year. The current chapter members now living in the house would stay during construction, because there is a favorable impact on applicable building codes with the house continually occupied.
6. ATHCO enters into a lease with WVU, enabling WVU to sublease the house to chapter members, operate the house and be responsible for the house under the lease terms.
7. ATHCO will continue our current Capital Campaign as much as humanly possible. However, we have tried repeatedly to obtain more significant donations over the past year and we have met with very little success. The current global financial meltdown will certainly exacerbate this situation. Currently we have about \$40,000 in the bank which will be consumed by architect's fees, legal fees, basic furnishings and landscaping which are not included in the contractor's quote.
8. We don't have and can't count on getting any more significant money in the future.
9. Centra Bank, as a condition of their loan, has stated the validity of the project must not depend on future donations. They want us to have a positive cash flow worked out before starting.
10. Alpha Theta alumni are committed to new energy in guiding the chapter members through a newly established Alumni Advisory Board and House Company management. We offer as proof the progress made through our 10-year commitment to this project.