



ANNUAL REPORT

June 30

2020

This report documents the activities, accomplishments, and financial status of the Delta Delta Property Association of Sigma Nu Fraternity, Inc., for the fiscal year ending this date. This report also documents the activities and accomplishments of the Delta Delta Alumni Chapter.

**2019 – 2020 ANNUAL REPORT
DELTA DELTA PROPERTY ASSOCIATION
DELTA DELTA ALUMNI CHAPTER**

June 30, 2020

I. INTRODUCTION

This joint annual report addresses the activities and financial status of the Delta Delta Property Association of Sigma Nu Fraternity (“the Association”) and the Delta Delta Alumni Chapter of Sigma Nu Fraternity (“the Alumni Chapter”). It was prepared and is submitted by the President of the Delta Delta Property Association of Sigma Nu Fraternity as required by Article VI of the Association’s Bylaws. The Association President concurrently serves as the Commander of the Alumni Chapter. The period of this report is from July 1, 2019, through June 30, 2020, unless otherwise stated. This report is published without some of the financial results in order to make the report available as early as possible. Complete financial results will be added after the end-of-year statements are available.

II. FOREWORD

This report focuses on the activities in which the Association officers and directors and Alumni Chapter officers have been engaged. The Collegiate Chapter was suspended on May 11, 2018, so there are no Collegiate Chapter activities to report.

III. ALUMNI CHAPTER

1.0 ACTIVITIES AND ACTIONS

1.1 ANNUAL MEETING AND ELECTIONS

The annual meeting of the Alumni Chapter was jointly held with that of the Association on September 22, 2019. A report of that meeting was prepared and distributed. Chapter officers elected at that meeting are:

Commander:	Robert Nelson, ΔΔ916
Lt Commander:	James Shincovich, ΔΔ860
Treasurer:	George Bonnewell, ΔΔ1490
Recorder:	Vacant

Complete contact information for these officers (along with Association officers and directors) was distributed following the annual meeting. This information is not repeated here for privacy reasons.

1.2 ACTIVITIES

Working with Affinity Connection, the Alumni Chapter:

- Prepared and distributed one fall and one spring newsletter;

- Prepared and distributed one fall and two spring e-mail letters;
- Received and deposited donations to the Re-Colonization Fund;
- Prepared and send acknowledgement letters to all donors;
- Maintained the alumni database, including an update from the General Fraternity (GF), and informed the GF of address changes;
- Posted updates on Facebook and LinkedIn group pages including obituaries of deceased brothers;
- Sent condolence letters to families of deceased brothers;
- Maintained the web site: www.sigmanu-psu.org; and
- Met with the daughter of Brother Harold R. "Ike" Gilbert, ΔΔ206, to review chapter memorabilia in her possession and make copies. Brother Gilbert was among the first group of brothers to move into the house following its construction in 1925.

Similar activities are planned for the 20 – 21 fiscal year.

The fall newsletter invited alumni to attend Brother Nelson's BYOB Homecoming tailgate on October 5. Attendance was very limited. Spring and summer events were not scheduled because of social restrictions imposed by the CONVID-19 pandemic.

Several alumni held an impromptu "Zoom reunion" in May.

2.0 FINANCES

Expenses for the activities reported above totaled \$4,867.84 and were paid by the Association. Donations this fiscal year totaled \$5,803.00 all of which were retained in the Re-Colonization Fund. This Fund total stands at \$14,445.67.

3.0 RE-COLONIZATION

As reported last year, based upon its agreement with Penn State, the GF had expected the re-colonization process to begin as soon as the 2021-2022 academic year. The GF will be largely responsible for this effort supplying a full-time project manager and a team of recruiters on campus for an extended period. Support of Delta Delta alumni will be needed. Because of the lease extension, re-colonization activities are now expected to begin in 2026. Re-colonization plans will be developed to support that process.

IV. ASSOCIATION

1.0 ACTIVITIES/ACTIONS

1.1 NEW TENANT AND TENANT IMPROVEMENTS

The scholars of the Evans Scholars Foundation (ESF) of the Western Golf Association began occupancy of the house in August 2019.

All tenant improvements described in Section 3.2 of last year's annual report were completed. Issues and resulting Association actions during July and early August continued for this period – frequent and close Association oversight was required. The Association paid two fines assessed by the Centre Region Code Administration (CRCA) for false alarms. The fines totaled \$275.00. Although the CRCA reports state "unknown cause", the apparent cause was improper dust protection by ESF's contractor for the common area smoke detectors.

In response to an invitation, Brother Nelson addressed the scholars at one of their weekly meetings early in the fall semester. He discussed house history; house safety; house security; resident responsibilities; operation of house mechanical and fire protection systems and he responded to related questions. He found the scholars to be very polite, respectful and attentive.

The Association approved the design and placement of a sign requested by ESF. The Association sought and received Borough approval via a sign license and informed the University's Office of Physical Plant. The sign will be placed on the left side of the front walk (as one approaches the house) near the shrub bed. The sign will be a rectangular ground-post design. It will measure five feet horizontal and three feet vertical; and the bottom will be two feet off the ground. The sign will be constructed of ½" thick medium density overlay (MDO) board. It will be attached to two (2) pressure treated 4" X 4" posts embedded two (2) feet into the ground. Posts will be black. The face of the sign will be digitally printed vinyl that will be laminated. The sign will have a white background with black letters. The ESF logo/crest will be green (i.e., green circle and green letters on white background).

J. Wood Platt

Evans Scholars

Scholarship House

ES Logo

The sign will be illuminated by one 50 watt LED outdoor floodlight, ground mounted and installed per code. ESF will remove the sign at its expense at the end of the lease.

1.2 CLEANLINESS/CARE OF PROPERTY

The Evans Scholars have proven to be outstanding stewards of our historic property based on routine Association visits and two end-of-semester walk-through inspections. Although minor discrepancies have been noted, these have been routinely corrected in a timely manner. The common areas have been maintained in a high state of cleanliness.

1.3 ISSUES

1.3.1 Grill Fire

In its October 25, 2019 walk-through report, the Nittany Cooperative reported the foyer fire extinguisher "... had been used outside at the grill." In response to that report, I expressed concern about the use of the fire extinguisher. I asked for the following information:

1. When did this occur?
2. Circumstances requiring its use?
3. Why wasn't this reported immediately to ESF & then to the Landlord?
4. What action(s) will be taken to prevent a recurrence?

I opined, "If the extinguisher was used to put out an out of control grill fire, then unsafe conditions likely existed that need to be prevented and resident education on the proper use of a propane grill may be needed."

As of October 28, I hadn't received a response so I repeated my inquiry.

On October 30, I received the following information from one of the residents via ESF:

"I sincerely apologize for not letting you know about this situation sooner. It was my fullest intention to alert you about this the day after it happened but it slipped my mind and I never got around to it. Below you will find my answers to Mr. Nelson's inquiries:

1. The event occurred on Saturday, October 19th around 12:15 PM
2. I was returning from College Gamday (sic) on the HUB Lawn and when I returned to the house a couple of residents were outside grilling for the house tailgate that we were having prior to the Michigan game. Upon walking up the stairs to the front porch I noticed a flame about 5 inches high hovering on top of the propane tank where the connection hose is. I immediately told the resident to shut off the grill and back away. Once the gas was cut off to the grill the flame still continued. I was not sure how long the flame had been going for but I was concerned that propane tank could heat up and explode. Therefore I made the executive decision to extinguish the flame with the fire extinguisher.
3. It was my intent to alert ESF of this incident after it occurred but I ultimately forgot to do so. Therefore, I alerted Nittany Co-Op during our walkthru (sic) on Friday, October 25th.
4. To prevent an occurrence we are disposing of the current grill. This grill was donated by our previous advisor, Clark Brigger, and was 5-6 years old. It also received extended use from the residents and was most likely not maintained as it should be. We will be purchasing a new grill and addressing proper grill use at our next chapter meeting. In addition, I will post laminated rules for grill use next to the grill outside for residents to reference. When the propane tank is empty, I will be the designated resident to switch it out to a new tank to ensure proper connection."

As a result of this incident and responses thereto, the Rules and Regulations portion of the lease was revised to include reporting requirements under various scenarios (e.g., activation or use of fire protection equipment or system; medical emergency; injuries requiring treatment by trained personnel; unplanned or uncontained fire; visits by first responders; actual or apparent vandalism, theft or unauthorized entry; and water damage) as part of the lease extension amendment.

The damaged grill was removed from the property on June 25 immediately after its presence was noted as a discrepancy on the end-of-semester whole-house walk-through report.

1.3.2 Use of Portable Cooking Equipment

Use of all the kitchen facilities is included in the lease, however ESF has chosen not to allow use of the stove/oven. A microwave unit is provided for resident use. On several occasions, portable/table top grills and hot plates were found in the common areas. Use of these devices raised both personal and fire safety concerns. After several requests by the Association and confiscation of one unit, such use was discontinued. To avoid a future misunderstanding, the Rules and Regulations portion of the lease was similarly revised to prohibit such use.

In mid-June, a toaster oven was found in the kitchen. It was promptly removed when requested.

1.3.3 Misuse of Tape and Hangers

On several occasions, the Association found laundry hanging from the sprinkler system piping and decorations hanging from cabling/wiring, both code violations. During the fall end-of-semester walk-through, use of clear plastic and duct tape was found on the walls and carpet in several bedrooms. Such use is prohibited in the lease. The Rules and Regulations have been clarified as a result.

1.3.4 Storage of Bicycles

Storage of bicycles within the house is prohibited by the lease under the included Rules and Regulations (R&R). As a result of a house meeting in the fall semester, the residents inquired about relaxing this prohibition. On January 20, 2020, Brother Nelson sent the following proposal to ESF.

“Because of the exceptional care taken the residents in cleaning and avoiding damage to our property, I'm willing to relax this restriction with the following understandings:

1. This relaxation applies only to bicycles.
2. Bicycles may be stored only in the north basement and only during the months of November through March.
3. Great care will be taken to prevent damage during movement.
4. The Association reserves the right to fully enforce this R&R if damage occurs. I'll provide advance notification of any rescission.

Please inform me if this communication is sufficient or if formal notification is desired pursuant to paragraph (xxii) of Article XXVI, General Provisions, of the lease.”

ESF responded the same day, “We will review and get back to you soon.” To date, no further communication has been received on this topic. Hopefully, this matter will be resolved before fall 2020 move-in.

1.4 LEASE EXTENSION AND CONSIDERATIONS

1.4.1 University's Interest in the Property

On January 13, the Association sent a draft of lease amendment to ESF for review by its attorney. The terms of the amendment are summarized in the next section of this report. A response, to include comments and recommendations from its attorney, was requested by February 28.

The Association received an unsolicited letter (i.e., the letter was not in response to a communication from the Association), dated February 13, 2020, from David J. Gray, Penn State's Senior Vice President for Finance and Business/Treasurer. The stated purpose of this letter was to, “... to remind the Property Association that Penn State possesses certain rights with respect to the property...” After discussing its rights as documented in our deed and its support of “the establishment of the Evans Scholars' program at Penn State,” the letter states, in part, “...Penn State has decided not to exercise its right to purchase the property...The University reserves the right to do so any time in the future.” The letter is included as Enclosure 1. The Association did not respond to this letter.

Coincidentally, on February 18, the Association received an e-mail from ESF stating, “We, along with our legal counsel, have reviewed the attached lease amendment and agree to the terms. Please prepare the documents for signature.”

1.4.2 Lease Extension Terms and Considerations

After extensive discussions, consultation with the GF and legal reviews, some of which were significantly delayed by the availability of our attorney (due to health issues) and business restrictions imposed by the Commonwealth in response to the COVID-19 pandemic, the Association and ESF executed an amendment to the lease with ESF extending the term to May 31, 2028. Key provisions of the lease amendment follow.

- Rent will continue to increase at a rate of 2.0% per annum.
- ESF will reimburse the Association for the construction costs of converting the House Mother’s Suite (HMS) to an uncovered patio up to \$150,000. Should construction costs exceed this amount, ESF will reimburse the Association at 50% of the amount above \$150K. The Association has received a detailed but non-binding construction cost estimate of \$134K.
- ESF will reimburse the Association all administrative costs associated with this project. Administrative costs are defined to be costs for revising the design, rebidding, responding to bidders questions, meeting(s) with bidders and the selected contractor, if needed, design modifications and clarifications, if needed, and bid review and selection; additional approvals that may be required by the Centre Region Code Administration and/or the Borough of State College, including the costs for plan review and approvals, inspection fees and permits; architect oversight of the Project; and property surveys, if needed.
- The Association and ESF shall jointly agree to: (1) the final design and specifications of the project; (2) contractor selection and final bid cost; and (3) any design modifications thereto and costs thereof unless said modifications are required by the Centre Region Code Administration or the Borough of State College.
- The Association will sign and be solely responsible for monitoring the performance of the project’s construction contract and any modifications thereto through its separate contractor or project architect.
- The Association or its agent shall be solely responsible for oversight of the project.
- ESF will have no equitable ownership interest in the project and no right to recapture its investment in improvements at the end of the lease term and any extension(s) thereto.
- ESF agrees to return the premises to the Association completely furnished with bedroom and common space furnishings, which were purchased new in 2019, as well as any additional or replacement furnishings purchased thereafter, at no cost to the Association. ESF agrees to remove at its expense any furnishings not desired by the Association at the end of the lease term.

In addition to what it views as very advantageous financial terms in the amended lease, the Association’s Board of Directors (“the Board”) remains concerned about the Greek climate at Penn State. The current status of the 36 fraternities in the Penn State Interfraternity Council (IFC) can be found at <https://studentaffairs.psu.edu/involvement-student-life/greek-life-penn-state/about-community/chapters-councils>. Note that 18 of these are currently under some form of probation. Recent suspensions by PSU and/or national organizations include Delta Kappa Epsilon, Lambda Phi Epsilon, and Zeta Psi. These join Beta Theta Pi which has been

permanently suspended by PSU. In addition, recent university policy prohibiting first semester freshmen recruitment (i.e., rush) accompanied by the popularity of new luxury-style apartment complexes have made it very difficult to fill fraternity houses and thereby meet the significant financial obligations associated with these properties. Attempts by our local Lion Fraternity Alumni Association (LFAA) to work with the university to mitigate these impacts have been largely unsuccessful, although these attempts continue.

The Board believes that attempting to re-colonize to support returning the chapter to the property in the fall of 2023 (after the initial five-year lease term) would have been very challenging in this uncertain climate.

[Post-Period Note: In mid-July, the Association learned the Sigma Chi house corporation decided to close its house for the fall semester because of concerns associated COVID-19. Brothers are seeking alternate housing arrangements.]

Finally, the Board believes that we are very fortunate to have ESF as a tenant especially with the current financial uncertainties and complications resulting from actions taken by the Commonwealth to curb the COVID-19 pandemic.

Our organization remains associated with Sigma Nu Fraternity, Inc. (“the General Fraternity” (GF)) and will coordinate closely with the GF throughout the lease term to prepare for re-colonization, a process which could begin in 2026.

1.5 MAINTENANCE, REPAIRS, AND IMPROVEMENTS

1.5.1 Capital Improvements

The following capital improvements were completed this fiscal year at a total cost of \$23,647.

- Emergent:
 - Replaced the roof ridge vent (due to leakage);
 - Installed a foundation waterproofing system in the north basement (need discovered during tenant-funded improvements); and
 - Repaired damaged studs, sill, insulation, and paneling caused by foundation leakage in the north basement

- Planned/Anticipated:
 - Replaced nine windows and exterior trim in the kitchen and commissary.
 - The redesign of the metal fire escape (part of the HMS conversion project to be reimbursed by ESF) was paid in advance but was not completed by the end date of this report.

The only capital improvement planned for 20 – 21 is the conversion of the HMS to an uncovered patio to be funded by ESF. Architect specifications and drawings were prepared for this project in 2016 and approved by CRCA. A new contract with this architect to revise/update these plans and specifications and provide architect oversight of the project was executed on June 18, 2020. A purchase order was executed on May 29, 2020 with Cisney & O’Donnell (C&O) to redesign the fire escape from the second and third floors. Some asbestos removal was required before other work could begin. This work was completed by ESF’s contractor on June 26. C&O

has been selected as the general contractor and has submitted a preliminary cost estimate (\$134K). A formal contract will be placed with C&O as soon as CRCA approves the revised plans.

1.5.2 Maintenance and Repairs

Routine maintenance and repairs consisted of:

- Door repairs and adjustments;
- Lighting repairs;
- Electrical repairs;
- Exterior door lock repairs and combination changes; and
- Gutter cleaning.

Planned maintenance and repairs included:

- Painted the roof trim above the HMS;
- Capped the three unused gutter drain pipes along the front of the house;
- Repaired/painted wood around the three basement windows;
- Installed vigilante bars on the two second floor windows overlooking the HMS (rooms 202 & 203), and the two basement openings on the south side;
- Removed the window AC unit from the kitchen window, closed & locked the window, and moved AC unit to the rear basement storage room;
- Repaired and painted wood around the basement exhaust opening and installed siding;
- Repaired the broken gutter drain pipe outside of the living room;
- Emptied the HMS. Moved usable tools to the rear basement storage room. Disposed of the remainder;
- Replaced the hand rail outside the kitchen door; and
- Repaired the mortar on the kitchen steps and the southeast corner of the house.

Emergent/unplanned repairs included:

- Troubleshoot main roof leaks, including sealed seams and small holes;
- Installed baseboard heaters in the third floor hallway because of unrepairable ceiling heat failures¹;
- Replaced a leaking water heating system condensate pump;
- Replaced selected roof shingle;
- Repaired dishwasher plumbing;
- Repaired/replaced several toilets; and
- Repaired emergency lighting.

Ongoing maintenance and repairs included:

- Property services provided by Nittany Cooperative including weekly and end-of-semester walk-through inspections;

¹ It is possible that the affected portions of ceiling heat were damaged during the tenant's replacement of hallway ceiling light fixtures. However, the integrity of ceiling heat was not confirmed after installation. Our contractor could not determine the cause of the failure.

- Lawn and shrub care;
- Pest control;
- Maintenance of security system;
- Inspection (and maintenance/repair as needed) of the sprinkler system, fire extinguishers, hot water system boiler, fire alarm system, backflow, and kitchen hood exhaust;
- Weekly walk-through accompaniments;
- Rental of floor mats for the first floor foyer and pool room; and
- Summer security checks.

The new tenant is responsible for the maintenance, replacement and repair of any doors, window casements, glazing, water softener and salt bin (including salt replenishment), plumbing fixtures and pipes, electrical fixtures, wiring and conduits, and heating systems when such replacements or repairs are necessitated in part or in whole by the act, neglect, fault or omission of any duty by Tenant, its agents, servants, employees, invitees. The tenant is also responsible for maintaining the CO and smoke detectors and snow removal.

In addition to the routine on-going maintenance listed above, the following repairs are planned for the 19 – 20 fiscal year:

- Paint the roof trim above the west-facing extension;
- Mortar repair of patio steps;
- Repair/replace one damaged sash in the dining room (this may be covered by warranty); and

[Post-Period Note: Close inspection showed the sash to be undamaged. It had been used improperly by a resident.]

- Repair/replacement of exterior flood lights (if budget permits).

1.6 INTERACTIONS WITH THE UNIVERSITY, BOROUGH AND OTHER FRATERNITIES

For the 24th year (I'm losing count), Brother Sidwell served on the Board of Directors of the Nittany Cooperative.

Brother Sidwell continues to serve as secretary of the LFAA.

Brother Shincovich continued to serve as a member of the LFAA Board of Directors and continued to attend meetings and monitor actions of the Borough Council as well as attending LFAA meetings.

Brother Sidwell will continue to serve as our interface with the Centre Region Code Administration and serve on the LFAA and Brother Shincovich will continue his support of the LFAA and volunteer work with the Borough and the Highlands Neighborhood.

2.0 CAPITAL NEEDS FOR RE-COLONIZATION

Re-colonization will not come without a price tag.

In addition to funding re-colonization activities, significant property expenses are anticipated during the leasing period. These include:

- Roof replacement
- Kitchen chimney removal
- South chimney repair
- Mortar repairs (patio & various locations on exterior walls)
- Parking lot pavement patching
- First floor furnishings (replace worn out ESF furnishings)
- Sound equipment for party room
- Bar and DJ stand for party room
- Upright freezer (for cook)
- Brother's refrigerator
- Double door refrigerator (replacement due to age)
- Exterior trim painting (every 5 – 7 years)
- New commissary flooring (current flooring contains asbestos)
- Patch and paint commissary walls
- Return memorabilia from storage and install

The most expensive action on this list is the roof replacement, estimated in 2018 dollars, as \$70,000. The total cost of these improvements & repairs, not including the HMS, is roughly estimated to be at least \$150,000.

We urge you to consider donating to this cause. By contributing to Delta Delta, you're investing in a new future, a future where Brothers of the highest caliber will be able to enjoy and benefit from the same Sigma Nu experience you once enjoyed. Think about the lifelong lessons, friends, and skills you obtained at Sigma Nu, the ones that made you who you are today. It's a future worth investing in, and we appreciate your consideration as we move forward. It only takes a moment to make a gift and, large or small, its impact will be felt immediately as we continue to work toward a new and bright future for our beloved Sigma Nu.

Please send your donations to:

Delta Delta Property Association
 19 Colonnade Way, Suite 117, #239
 State College, PA 16803

Unless the donors directs otherwise, all donations will be set aside to support the successful re-colonization of Delta Delta Chapter of Sigma Nu at Penn State.

3.0 FINANCIAL STATUS

A full financial report will be included in an Addendum to this Annual Report after year-end financial statements are prepared by our accountant.

I estimate that the Association will report a negative cash flow of approximately \$18,444 for the fiscal year ending June 30. This result was driven by the significant emergent capital and repair expenses discussed above.

IV. REPORT AVAILABILITY

The text of this report will be posted on our web site, www.sigmanu-psu.org. However, because this web site is publicly accessible, the enclosure and the Addendum, when available, will not be posted. Interested alumni can obtain these portions by sending a request to Brother Nelson at nelsonnittany@aol.com. Officers, directors, advisors and the General Fraternity will receive all portions of this report by e-mail.

V. ACKNOWLEDGEMENTS

I extend my deep appreciation to the following alumni for their advice and support to the Association and the Alumni Chapter this year:

George Bonnewell, ΔΔ1490, Alumni Chapter Treasurer
Nick Bucci, ΔΔ1510, Association Director
Darren Crisman, ΔΔ1475, Association Director
Chris Dorian, ΔΔ1484, Association Treasurer
Lane Kintigh, ΔΔ1156, Association Director
Doug Kosydar, ΔΔ1249, Association Director
Pat Thompson, ΔΔ1400, Association Director
Steven Rodrigo, ΔΔ1160, Association Director
Ernest Russom, ΔΔ1104, Association Director;
James Shincovich, ΔΔ860, Association Director and LFAA Director;
Edwin Sidwell, ΔΔ879, Association Vice President and LFAA Secretary,
Jon Vinas, ΔΔ1473, Association Director; and
James Wyland, ΔΔ1273, Chapter Advisor, University Advisor, and Alumni Advisory Board Chair,

I thank all the officers, directors, and advisors for their support throughout the year.

As always, I would appreciate any feedback on how we can improve the Association's or Chapter's operations.

Respectfully Submitted,

Robert A. Nelson

Robert A. (Nellie) Nelson, '72, ΔΔ916
Captain, US Navy (Retired)
President and Recorder
Delta Delta Property Association
of Sigma Nu Fraternity
Commander, Delta Delta Alumni Chapter
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Enclosure:

1. Letter from David J. Gray dated February 13, 2020 (Not included in web posting)