



# ALPHA GAMMA SIGMA

## 407 BURNAM AVE INVESTMENT OPPORTUNITY



Invest in the future of  
**ΑΓΣ**

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## YOUR FRATERNITY NEEDS YOU!

### INVEST IN THE FUTURE OF ALPHA GAMMA SIGMA

The University of Missouri is driving campus-wide improvements in upgrading residence halls and Greek houses. And to extend the legacy of Alpha Gamma Sigma, to which our distinguished alumni owe so much to, we must not only comply with current requirements, we must position the fraternity for another 40 years of prosperity! Our fraternity is calling on YOU to participate in a sound investment that will serve the needs of generations to come.

Sigma Development Corporation, LLC completed redevelopment of the new annex, senior apartments and parking garage complex in 2012 and 2013. And now, beginning the final and most important part of the Capitalization/Investment effort, the main house at 407 Burnam.

This approach mitigates the need for the redevelopment to rely on charitable donations alone, although tax deductible gifts to the Alpha Gamma Sigma Scholarship Foundation continue to be sought and are important way many may prefer to support the mission of the fraternity.

The goal is to make the capital improvements necessary to provide present and future men of Alpha Gamma Sigma an excellent residential environment and quality housing as part of their educational and social experience at the University of Missouri.

## BENEFITS OF THIS FUNDING PLAN INCLUDE:

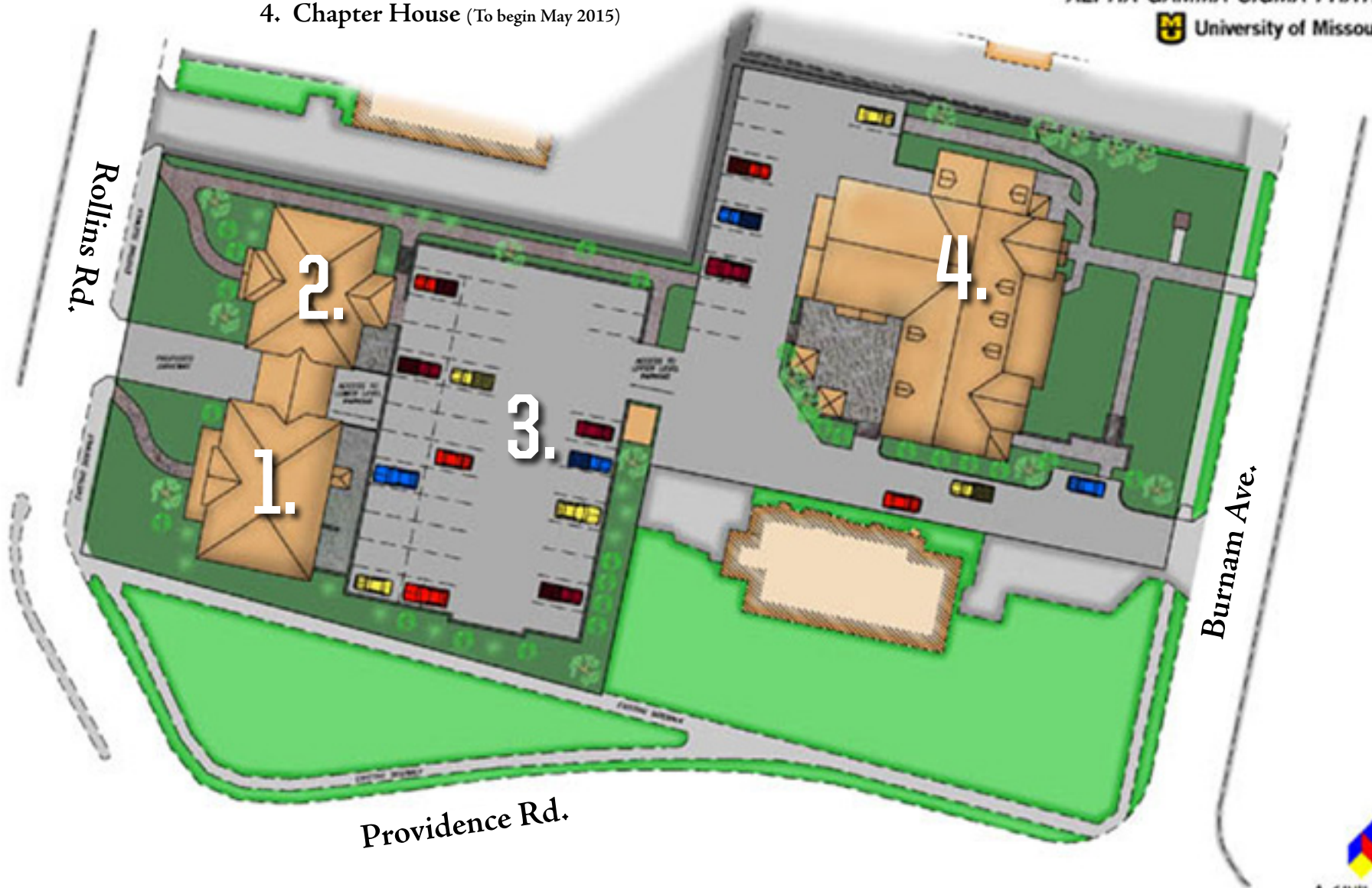
- A projected annualized investment return of 5% to 8% on a cash basis annually and 6.7% to 10% of annual total returns.
- Diversification into a prime real asset that historically appreciates over time and provides a good inflation hedge
- Virtually guaranteed occupancy with low vacancy
- A great way to invest profitably with partners who share a common bond and interest in being part of the future success of Alpha Gamma Sigma.




# Site Plan

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1. Upper Classmen Apartments
2. New Annex
3. Parking Garage
4. Chapter House (To begin May 2015)



ALPHA GAMMA SIGMA FRATERNITY  
 University of Missouri



# History

THE PROFESSIONAL AGRICULTURE FRATERNITY, ALPHA GAMMA SIGMA, was first organized as a local Fraternity at Columbia, Missouri, on January 28, 1923. It was the outgrowth of a feeling among certain men that the other agricultural fraternities were disregarding the type of men essential to the proper forwarding of agriculture.

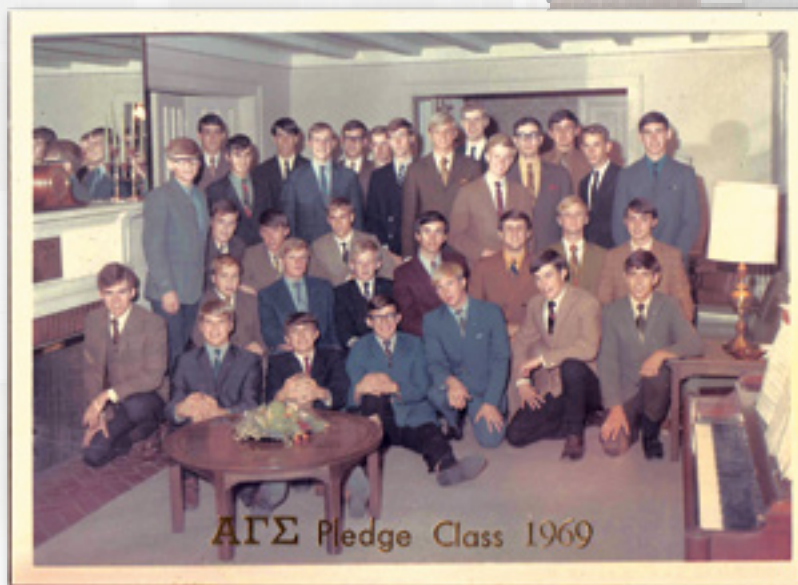
During the organization and growing period of Alpha Gamma Sigma, a similar organization was going through a period of development at Ohio State University. This organization was known as the National Agriculture Club. It was established on October 23, 1922. During its first year, the name was changed to the Tau Gamma Phi Fraternity.

Tau Gamma Phi rapidly grew into prominence on the Ohio State campus and ranked consistently high in scholarship. It maintained as it's ideals that advancement of agriculture, scholarship, athletics and the social development of it's members.

Unknown to each other, Alpha Gamma Sigma at Columbia, Missouri and Tau Gamma Phi at Columbus, Ohio, grew to be among the strongest fraternities on their respective campuses. Each had the opportunities to affiliate with national fraternities but the members of these two chapters believed their ideals were high enough to form the foundation of a new and unique organization. In March, 1931, members and alumni of Tau Gamma Phi met with members of Alpha Gamma Sigma at Columbia and worked out a plan for joining the two groups in what now constitutes the National Chapter. A constitution was drawn up and officers were chosen. The Ohio chapter was designated as the Alpha Chapter and the Missouri chapter as the Beta Chapter.

## THE MU CAMPUS

Alpha Gamma Sigma at the University of Missouri continued to grow and diversify. AGS is still a strong fraternity on the MU campus. We have diversified by expanding our horizons beyond agriculture, and many of our members are preparing for futures in Agriculture, Business, and Engineering.



# ΑΓΣ Today

THE BETA CHAPTER OF ALPHA GAMMA SIGMA at the University of Missouri has 84 members who continue its proud traditions. The fraternity is still strongly rooted in agriculture and related industries and the majority of its membership grew up in rural Missouri.

The goal of Alpha Gamma Sigma is to turn young men into professional leaders. The fraternity makes academics a primary focus for all members and that is reflected in its aggregate grade point average (GPA). The men of Alpha Gamma Sigma recorded the second highest grades among fraternities last semester, with a 3.168 GPA.

To improve professional development, the fraternity is hosting resume review sessions for the freshman class and is encouraging all members to pursue summer internships. Alpha Gamma Sigma has also been recognized by the business community for its ability to cultivate strong leaders. Monsanto and Farmland representatives are visiting the chapter house to recruit Alpha Gamma Sigma members.

Recognizing the importance of well-rounded men, the Beta Chapter encourages its members to participate in a number of campus activities including Mizzou Homecoming. Alpha Gamma Sigma has won two of the previous three homecoming competitions.

The fraternity's members are active in the following campus organizations: Accounting Students Association, Ag Econ Club, Ag Systems Management Club, Agronomy Club, Alpha Zeta Honorary Agricultural Fraternity, Ag Week Steering Committee, Block and Bridle, College of Agriculture, Food and Natural Resources (CAFNR) Student Council, CAFNR Student Development Board, Delta Sigma Pi Business Fraternity, Engineering Club, Engineering Student Council, FFA Alumni, Four-H, Homecoming Steering Committee, Horticulture Club, Omicron Delta Kappa, Pi Tau Sigma Honorary Mechanical Engineering Fraternity, Rocking Against Multiple Sclerosis Steering Committee and Student Athletic Board.

In addition to campus activities, the men of Alpha Gamma Sigma have made philanthropic contributions in the Columbia community. The fraternity has hosted an annual BBQ for Mid-Missouri Honor Flight that has raised more than \$10,000 to send World War II veterans to Washington D.C. to see the memorials dedicated in their honor. Alpha Gamma Sigma is Honor Flight's largest single donor.





# Investment Summary

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THIS SUMMARY IS QUALIFIED in its entirety by reference to the more detailed information appearing in the Private Placement Memorandum. See 'Additional Information' section for instructions on how to obtain the Private Placement Memorandum.

## OFFEROR:

Sigma Development Company, LLC, a Missouri limited liability company (the company). Sigma Development Company (SDC) was chartered by Ted Abele in October 2011 for the sole purpose of capitalizing, planning, developing and managing real assets on land owned by the AGS building association at 500 and 502 Rollins in Columbia for the benefit of SDC's investment partners and in the service of the men of Alpha Gamma Sigma who were in serious need of updated and improved residential living quarters and parking.

## TYPE OF SECURITY:

Limited liability company units in the Company

## USE OF PROCEEDS:

The Company completed redevelopment of the new annex, senior apartments and parking garage complex in 2012 and 2013 using proceeds from the first equity raised and bank financing put in place by management. The company expects to use the proceeds of this new offering to pay expenses related to the design, development and construction of a new fraternity main house after demolishing the existing AGS house at 407 Burnam Ave.

## MANAGER:

The Company is managed by a 5 member board of managers elected by the LLC member investors. Those members serve three year terms. Current members are: Ted Abele '70 President, David Coffelt '71 Secretary, Don Nikodim '71, Larry Schuster '76 and Steve Cronin '66. These members of the management board serve without compensation. The managers have the right to manage, hypothecate, lease or otherwise operate the property without the consent of the members.

## NUMBER OF UNITS OFFERED:

A minimum of \$1,500,000 will be sold. If a minimum of 60 units are not sold, the development may not be initiated. With the minimum number sold, bank financing will be required to complete the development. It is anticipated that up to \$1,500,000 (50%) leverage may be used if the minimum number of units are sold. Management believes it has the ability to place the debt under the conditions outlined herein but cannot be guaranteed. A maximum of 120 units will be sold. If all 120 units are sold, it is anticipated that there will be no bank debt or borrowed capital needed to develop and operate the property.

## PRICE:

\$25,000 per Unit

## PROCEEDS FROM DEBT:

A Maximum of \$1,500,000

## GROSS PROCEEDS FROM OFFERING:

A maximum of \$3,000,000.00

## RETURN:

Available cash will be distributed as follows: 100% to the holders of Units (after meeting requirements for operating reserves, capital reserves, and any agreed liquidity contingency funds.

## DILUTION:

An earlier round of equity capital was placed in 2011-2012 in the total of \$1,762,000 on the same terms as exist for this current proposed round. If additional capital is raised, current share holders are diluted (in share terms only) as they will, post funding, each own a smaller percentage of the total assets of SDC. However, as the total assets will grow by \$25,000 per unit issued, there is no economic dilution of current equity holder interests (as all investors will own a smaller share of a larger economic asset).



## INVESTOR SUITABILITY:

The investment is suitable only for persons who can withstand a potential loss of some or all of the funds being invested. There is no anticipated secondary market established for the securities being made available through the Private Placement Offering Memorandum and as such the investment is not suitable for those who may require near term liquidity and investors must anticipate holding such investment for an indefinite period of time.

## TO SUBSCRIBE:

Each Investor must complete a Subscription Agreement and Investor Suitability Questionnaire.

## CLOSING:

All subscription payments received will be deposited in a segregated escrow account until the Company receives subscriptions for the minimum number of Units offered hereby. The Company reserves the right to accept or reject any subscription for any reason in its sole discretion.

## RESTRICTIONS ON TRANSFER:

The Operating Agreement restricts the transfer of the Units. See "Summary of the Operating Agreement."

This information does not constitute an offer to sell any security nor is it a solicitation of an offer to buy any security. Offers and Sales will only be made pursuant to a private placement memorandum and only to qualified investors. The information in this investors guide is purely for informational purposes only and is not complete and may be changed at any time without notice. Neither Sigma Development Company, LLC nor any of its organizers will pay any costs or expenses of any person including attorneys' and accountants' fees and expenses incurred in connection with such person's investigation of Sigma Development Company LLC or any investment herein.

# Project Details

## TIMING

- Planning and design & capitalization are to be completed by February 2015.
- Target demo and beginning of new construction by May 2015.
- Construction is expected to require 12 months
- Fall 2016 is projected to be first occupancy for AGS
- During the rebuilding of the Sigma's new home, the newly developed Rollins complex can accommodate up to 60 men. Any overflow will be housed in apartments off site.

## ASSUMPTIONS

- Rental rates would be competitive with the newer dorms on campus (currently \$2,950-\$3,500 per semester for double rooms) Collected at the beginning of every semester.
- No occupancy during the summer months
- Budgeted vacancy is at 5%
- Both rental rates and expenses increased at 3% per year
- Maintenance is estimated at 3% of gross revenues per year
- Capital Reserves are set at \$250/bed per year
- Property manager is paid a management fee and students pay a security deposit and full semester leases are paid prior to move in.
- Parking fees are in addition to housing costs (as with University housing).

## DEAL SUMMARY

- 56 beds with probably 2 beds per room
- Model assumes the minimum of \$1.5 million is raised or 60 units at \$25,000 each.
- Maximum raise is \$3 million or 120 units at \$25,000 each
- Financing rate on any debt if needed is 5% with a 20 year amortization
- Amortization period is 20 years
- Land is leased from Alpha Gamma Sigma Building Association for 50 years with four 10 year options.
- Distributions are paid annually to investors





# Progress to Date

After two years of extensive fundraising work to secure funds for a new chapter house with negligible results, members of the AGS Alumni Association decided to develop a new plan. A business and market analysis for a for-profit model that allowed alumni to invest with fellow Sigmas using both qualified money and non-qualified investment funds while creating real ownership and a profit on their investment was developed. The timeline below details how Sigma Development Company was chartered thanks to 70 alumni who stepped up to invest.

## TIMELINE

- May 2011** - AGS alumni meetings to discuss challenges in raising charitable contributions and refocus efforts
- June 2011** - Structured initial counter proposal for for-profit company 506D private placement
- July 2011** - Completed market analysis, rent surveys, etc.
- Aug. 2011** - Preliminary costs analysis completed
- Sept. 2011** - Surveyed 30 AGS leaders to assess the receptivity of investors
- Oct. 2011** - Officially chartered Sigma Development Company LLC in state of Missouri
- Oct. 2011** - Completed and mailed completed confidential private placement memorandum
- Feb. 2012** - Passed \$1.5M mark required to achieve leverage funding and proceed to construction.
- Aug. 2012** - Executed GC contract with Coil Construction to begin Sr. housing
- Nov. 2013** - Finished Phase 3 of development and occupied final phase (Annex).
- May 2014** - Rolled over final construction loan into Term Financing.



	Proforma Projections	Actual	Ratio: Actual vs. Proforma
Total Cost	\$2,750,000	\$2,478,322	90.1%
Equity Raised	\$375,000	\$1,685,000	122.5%
Borrowed Capital	\$1,375,000	\$926,388	67.4%
Interest Rate	5.50%	4.00%	72.7%
Debt Service/ MO	\$9,458	\$5,640	59.6%
1st Year Cash Flow	\$49,703	\$94,950	191%
Expense Ratio	49.31%	56.7%	estimated
1st Year Payout	4%	4%	

While it took about two and a half years from conception to completion for the Rollins complex, we expect to have the new development at 407 Burnam done within two years of the date of capitalization begins. Although management has met or exceeded nearly every metric established under the prospectus for the initial development, there can be no guarantee that the next phase metrics will be exceeded by comparable amounts or that performance can be guaranteed by management.





# Financial Proforma

Summary of Returns	Cash on Cash Return	NOI		Capitalization Rate
YEAR 1	5.0%	\$327,718		6.3%
YEAR 2	5.3%	\$337,549		6.4%
YEAR 3	5.6%	\$347,675		6.6%
YEAR 4	5.9%	\$358,106		6.8%
YEAR 5	6.2%	\$368,849		7.0%
YEAR 6	6.5%	\$379,914		7.3%
YEAR 7	6.8%	\$391,312		7.5%
YEAR 8	7.2%	\$403,051		7.7%
YEAR 9	7.5%	\$415,143		7.9%
YEAR 10	7.9%	\$427,597		8.2%

Although the Company believes that the expectations reflected in the forward looking statements are reasonable, the Company cannot guarantee future results or performance. Moreover, neither the Company nor any other person assumes responsibility for the accuracy and completeness of forward looking statements. The Company is under no duty to update any of the forward looking statements after the date of the Offering Memorandum to conform them to actual results.

FINANCING ASSUMPTIONS	
Acquisition Price	\$5,238,735
Down Payment	\$3,262,000
Loan Amount	\$1,976,735
Interest Rate	5.00%
Amortization Period YRS	20
Closing Costs	\$0
NPV Hurde Rate	7.00%
Selling Cap Rate	7.00%
FINANCIAL INDICATORS	
DSCR	2.09
Expense Ratio	53.36%
ANNUAL GRM	7.46%
* ** Totals include Rollins properties & new Burnam construction	

SIGMA DEVELOPMENT COMPANY, LLC was chartered for the specific purpose addressed herein by Ted Abele.

## **TED M. ABELE**

Ted M. Abele is Chairman and CEO of Continental Capital Corporation, (CCC) a Kansas City-based private holding company, and Genesis Investment Company, a Missouri based real estate investment LLC. Prior to its merger in 1996 he also served as President of American Agrinomics Management Company, Inc. AAMC was a wholly owned subsidiary of the holding company which provided financial, management and marketing services to top agricultural producers, government agencies, and companies through out the United States. Prior to founding American Agrinomics (AAMC) in 1979, Mr. Abele served in both lending operations and management positions with the Federal Intermediate Credit Bank of St. Louis and the Farm Credit Administration in St Paul Minnesota and Washington DC.

Mr. Abele is an avid investor and has made early stage pre-public investments in more than ten companies both personally and through his related entities. Since 2001 a majority of the investment focus has been in Midwestern residential and commercial real estate. With the acquisition of more than 700 individual assets though Continental and other controlled investment companies he continues to invest for his own accounts. With experience in investing, portfolio management, finance, real estate, and business management, he also serves as a capitalization, management, investment or acquisition principal, consultant or advisor to a number of investment funds, foundations and companies, both public and private.

Mr. Abele graduated with honors from both University of Missouri (1973) and Texas A&M University (1976) and holds degrees in agricultural economics and agricultural finance. Listed in numerous "who's who" publications, he has also served as an officer and director of several professional organizations including the American Society of Agricultural Consultants, National Futures Association, National Association of Independent Brokers, Agricultural Leaders of

Tomorrow (ALOT), and on various boards and civic committees.

In addition to actively managing Continental's investment and real estate portfolio, Mr. Abele has also maintained an active speaking schedule, throughout the United States. He has lectured at a number of universities and conferences and conducted management seminars and addressed numerous agricultural, business, finance and management organizations nationwide.

Married to Dr. Miriam Anderson, the couple has three children and resides in the Kansas City, Missouri metro area.

## **DAVID COFFELT**

Born in Nodaway County, Missouri, David Coffelt is the oldest of nine children. He attended and graduated from Maryville R-II Schools. He received a degree from the University of Missouri in Agricultural Economics in 1974 He is was an Alpha Gamma Sigma class initiate of 1971.

David worked for the Federal Land Bank of St. Louis, with the Federal Land Bank Association of Lee's Summit before accepting a position with Hight & Associates Land Titles, Inc. in Harrisonville.

From there, David began to see the many possibilities in the title industry, and he initiated a program of acquisitions that constitute the foundation for a company that continues to grow nearly two decades later.

In 1984 David Coffelt and his wife, Linda Coffelt, purchased Cass County Land Title, Inc., in Harrisonville, with two full time employees. In 1988, they purchased a one-half interest in Metropolitan Title Company in Independence and Lee's Summit. In 1994, David and Linda bought the remaining one-half interest in Metropolitan Title, and the companies were combined. The company was renamed Coffelt Land Title, Inc. in 1995. Today, Coffelt Land Title, Inc. has 5 offices and 30 employees serving

the greater Kansas City Metropolitan communities.

David is a long time member of the American Land Title Association and has served the Missouri Land Title Association as its Past President, Past Board of Directors member, and chair of various committees. David continues to serve each year as a Missouri Land Title Institute Instructor.

He is a Distinguished Past President of the Harrisonville Kiwanis Club, Past President of the Harrisonville Area Chamber of Commerce and currently an Ambassador for the Chamber, Past Chairman and Treasurer of the Salvation Army Service unit, a past member of the Board of Directors for the Harrisonville Christian School, and a co-host of KMOS TV-6 PBS fund drives.

In 2005, David Coffelt was recognized with the Civic Leadership Award, presented at the Missouri Municipal League meeting in Blue Springs, Missouri. The award was given in conjunction with David's selection as Citizen of the Year for Harrisonville. In 2006, David was recognized by the Harrisonville Chamber of Commerce as it's "Individual of the Year" adding to his long list of awards for his leadership and community service. David teaches Vacation Bible School at his home church, First Baptist Church of Creighton. In addition, he serves his church as Deacon, Treasurer, Sunday School Director, and the teacher of an Adult School Class.



# SDC Board of Managers

## DON NIKODIM

Don Nikodim - Originally from El Dorado Springs, MO. AGS Pledge class initiated Spring 1971. Received BS and MS degrees from MU in 1974 and 1977 respectively. VO-AG/FFA Instructor at Odessa, MO and Liberty, MO 1974-1978. Served as Executive Director of the Poland China Swine Association in Galesburg, Illinois 1978-1981. University of Mo Extension Farm Management Specialist from 1981-1983. Executive Director of the Missouri Pork Association 1983 - present. Currently resides in Columbia, MO with wife Betty.

## STEVE CRONIN

Steve Cronin - Originally from Archie, MO. AGS pledge class of 66. Graduated from MU with a degree in Agronomy in 1969. Spent the majority of my working career in the fertilizer industry. Held various positions, including sales rep, distribution manager, VP of sales, and Potash Product Manager responsible for pricing and coordinating company strategy with production and sales. Served as President and Vice President of the MN Plant Food and Chemical Industry, and on the board of the National Fertilizer and Solutions Association,

## LARRY SCHUSTER

Larry holds a Bachelors Degree in Home Economics with a focus on architectural studies from UMC. Following his experience as a facilities manager for a storage facility in college, as well as a farm manager of a 600+ acre farm he was a self employed owner of Pioneer Window Works for twenty-five (25 years) prior to merging with Marathon Building Environments in 2009. Today he continues to manage Pioneer Window Works for the parent company by serving as the department manager, project manager and sales manager.

Larry has served as a Planning and Zoning Commissioner for the City of Columbia, MO, former City Councilman for the City of Columbia, MO, former Columbia Chamber of Commerce Board Member and a current board member for the MO Club for Growth. He is also a board member of Breakwater Bay Club Condominiums at The Lake of the Ozarks. Mr. Larry Schuster is an AGS class of 1975 initiate. He and his wife Betty, who is a certified financial planner, live in Columbia.



SOUTH ELEVATION

# Next Steps

## WHY?

Our time is short, before us lies an uncommon opportunity to influence the future of Alpha Gamma Sigma and the young men who follow in our footsteps.

Perhaps never in our history have we had a more rewarding vehicle to invest the legacy that will extend for generations into the future.

## WHAT?

An investment in a real income producing asset in a prime location at the edge of a major Midwestern university.

An excellent inflation hedge in an environment where the dollar is fast becoming devalued.

Virtually guaranteed 100% occupancy upon completion with 84 young men waiting to move in.

Returns on capital projected at 2 to 4 times current 10 years treasury bill rates.

Returns projected at 2 to 3 times the last 10 years S&P stock market index returns.

An opportunity to invest with people I know and value and to benefit of the fraternity that has helped shape my youth, encourage my development, and chart my life's course.

Ability to invest qualified money from an IRA or other tax deferred funds.

AND an opportunity to write off all my trips to Columbia since I have investment real estate there!!!

## SO HOW CAN I LEARN MORE?

Investment can be made by subscription only and after review of the Private Placement Offering Memorandum.

Contact one of the following people immediately for more information or to receive a copy of the PPM:

Ted Abele  
tedabele@aol.com  
816-210-0028

Don Nikodim  
Don@mopork.com  
573-289-0088

Larry Schuster  
Larryschuster57@hotmail.com  
573-219-1376

David Coffelt  
dcoffelt@coffeltlandtitle.com  
(816) 830-3808

Cheston Easter  
chestoneaster@hotmail.com  
660-9530822

Steve Cronin  
scronin744@aol.com  
708-705-0623

Because such investment carries a high level of risk and are not registered under the Securities Act of 1933, as amended, or any other State Securities Laws each prospective investor should read carefully the investment memorandum and all the exhibits thereto before deciding to make this investment. No person is authorized by the company to give information or make representations other than that contained in the offering memorandum, and if given or made, such information or representation should not be relied upon.