

**HARRISBURG AREA COMMUNITY COLLEGE
BOARD OF TRUSTEES
JOINT BUILDINGS & GROUNDS AND FINANCE COMMITTEE**

Thursday, April 27, 2006 - 7:30 A.M.

Boardroom, B106

MINUTES

Present:

Mr. Ronald Brown	Dr. Edna V. Baehre
Mr. Terry Burrows	Ms. Pat Conklin
Mr. Daniel Delaney	Ms. Lynette DiBrito
Mr. Charles Graves	Mr. Patrick Early
Mr. John Jordan	Mr. George Franklin
Mr. Jeffrey Shaffer	Mr. Stephen Hietsch
Senator Patricia Vance	Ms. Barbara Hutchinson
Mr. Mark Whitmoyer	Dr. Michael Klunk
	Mr. David Morrison
	Mr. Glenn Rinehart
Guests:	Ms. Meredith Tulli
Mr. Bill Morgan, Eastern PCM	Ms. Jennifer Weaver
Ms. Maria Elliott, Esq., Barley, Snyder, Senft & Cohen	Mr. Joseph Wojtysiak
	Mr. Ronald Young

Minutes

The minutes of the March 27, 2006 Joint Board of Trustees Buildings & Grounds and Finance Committee meeting were reviewed and approved with one change. The meeting was held on Monday, not Wednesday, March 27, 2006.

Resolutions

The following resolutions were reviewed and approved: 1) Purchase of CISCO Equipment for the York Center; 2) Printing of Fall 2006 Credit Tabloids for the Harrisburg, Lancaster, Lebanon, and Gettysburg Campuses; 3) Purchase of a Chiller for Whitaker Hall; and 4) Purchase of a Cooling Tower for Mumma Hall. There was an additional resolution which was walked in regarding the Contract for Alterations to the Chemistry and Physical Science Labs in Blocker Hall. Although there was only one bidder, East Coast Contracting, the bid came in under budget. East Coast is typically the lowest bidder and has been the winning bidder on many projects at the College in the past. This resolution was approved.

The resolution regarding the Contract for Installation of a Chiller at the Lebanon Campus was not presented. Mr. Morgan informed the committee that although this was supposed to be presented today, unfortunately, there were no bids received at the bid opening. We heard that there were going to be one or two bidders the day before, but no one showed up due to busy schedules, Mr. Morgan explained. This will be re-bid and hopefully presented next month.

Gettysburg Campus

Ms. Weaver discussed the possibility of leasing additional space at the Gettysburg Campus or purchasing the entire strip mall for \$11MM. Currently, there are several vacancies adjacent to the campus in the strip mall, and the landlord is willing to give the College that space. This is a good area, and there has been significant growth in the community, Ms. Weaver explained. We have a presence now and want to provide services for that growth, but we need to have the space and the look to be appealing. Although the master plan projected student growth of 4,400-5,500 by 2009, we thought that was too ambitious so we projected 1,800/2,000, Ms. Weaver noted.

The Gettysburg Campus has shifted from being a college that caters to part-time evening students to a college that caters to full-time students. We are not the College choice right now, and I think it's because we don't have that college image on the exterior, Ms. Weaver stated. Ms. Weaver is concerned that a new player will come into the area and take the students unless something is done. Shippensburg University has partnered with the Gettysburg Campus which allows students to complete their entire degree at the Gettysburg Campus.

Mr. Burrows questioned why Gettysburg was at a breakeven for the current year, since it has been a positive revenue stream in the past. The distribution from the Virtual Campus and ACA hasn't helped, Mr. Franklin explained. Money was transferred out to the regional campuses. It is based on where the student's home campus is located. Also, the new funding formula has changed. Revenue increases are much less than the past because the growth pool is very small.

If we were to find land and build a new campus, it would probably cost about \$40MM, Mr. Shaffer explained. An acre of land is going anywhere from \$100,000 to \$200,000; however, Mr. Shaffer felt that \$11MM for the purchase of the current strip mall seemed high.

There would be some capital campaign associated with this as well. If we buy and then decide in ten years that it's not the right location, at least we will have something that we can sell, Ms. Weaver noted.

Mr. Boltansky has said that he does not want to be a landlord, Mr. Wojtysiak explained. If he would sell to someone else, we won't know who we would get as a landlord, he noted.

Senator Vance questioned what this would do to the College's overall debt. Currently, we are completing a debt analysis, Ms. Hutchinson explained. We should be able to handle this additional debt. We may be able to bring covenants to you next month for review to see where we stand with debt to liquidity ratio, she explained further. Mr. Burrows indicated that he had some industry standards and would provide to Mr. Franklin.

The committee decided to pursue options 2A and 4, which were distributed to the committee. They would also like to see a business plan and an appraisal completed for the strip mall, since an \$11MM purchase price seems high.

Noncredit Analysis

Mr. Franklin spoke about the Noncredit analysis. The analysis shows by unit how areas are doing. The fund balance is still decreasing, but some units are doing well, such as the Public Safety Center.

Mr. Jim Fox is working with the budget office to decrease costs. WED has made several changes in personnel. Additionally, they are not filling positions at several of the regional campuses, including Harrisburg. Staff will keep a close eye on this and monitor the financial operation.

Construction Project Reports

Mr. Morgan briefly reviewed the construction project reports. Everything is moving along with Phase 3 of the York Center, he explained. Currently, the project is under budget. At Harrisburg, we are getting closer to an agreement with Kimball's lawyers with respect to the SMHEP and Pollock buildings. The ADA upgrades to the Rose Lehrman Arts Center and Bookstore are ongoing and should be complete in a few weeks.

PSECU

At the last meeting, Mr. Schell recommended that the committee discuss the PSECU building purchase at the May meeting; however, Ms. Elliott discussed a few of the issues that are ongoing. PSECU still wants a broker indemnification signed. Mr. Franklin noted that Dr. Baehre met with the president of Crossgates, who said that they would not go after the College or PSECU for the sales commission. Dr. Baehre recommended that we prolong signing the sales agreement with PSECU until August, Mr. Franklin explained. Powers & Associates will work on securing grants relating to the PSECU purchase. They have a non-compete clause with Crossgates which ends in August, so they will have to wait until their agreement ends before they can pursue any grants on behalf of the College.

Ms. Elliott has had several conversations with PSECU's attorney. They are not rushing this purchase, so she felt it would be acceptable to wait until August to complete the sales agreement. Also, PSECU will not be transferring any personal property in the transaction.

Ms. Elliott suggested that the College secure a release in writing from Crossgates stating that they are not going to pursue a commission from HACC.

PSECU wants authorization to complete work up to \$50,000 in the building without the College's consent. Also, in the event there is a risk of loss, damages need to be in excess of \$1MM before we can terminate the deal, Ms. Elliott explained. However, there is a clause in the agreement that states the College can terminate at any time. Ms. Elliott will clarify this stipulation and report back. There will be a deposit of \$200,000 upon execution of the agreement and will be held by PSECU's attorney in escrow for mutual release.

They also want the lease agreement with the rent and terms of lease attached to the agreement of sale so that in the event their new site is not available, they will rent the building from the College; however, they would need to provide the College with 30 days notice prior to settlement.

PSECU has title insurance on their property and are requiring us to get the same title insurance. If we want a quiet title, we need to do it after the sale, not while they are in due diligence. They also would like the College to indemnify them against any damage that is done by a HACC employee or contractor during due diligence.

Mr. Franklin will talk with Mr. Scott Rhoades, Vice President at PSECU, to see if the sale can wait until August.

Changing the Start Time of the Finance and Buildings & Grounds Meetings

The committee discussed changing the start time of the Board of Trustees Building and Grounds and Finance Committee meetings. Mr. Burrows asked the committee to consider other times, such as 9am or noon, so that members traveling from far distances wouldn't run into as much traffic. Both committees will be emailed and asked which time(s) they prefer. The results of the polls will then be shared with the co-chairs of the committee. Once a decision is made, both committees will be notified.