

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

Wednesday, May 30, 2007 – 7:30 A.M.

Boardroom, B106

**MINUTES**

**Present:**

Mr. Terry Burrows  
Mr. Daniel Delaney  
Dr. William Murray  
Mr. Donald Schell  
Mr. Jeffrey Shaffer  
Ms. Toni Sharp  
Senator Patricia Vance  
Mr. Mark Whitmoyer

Dr. Edna Baehre  
Dr. Winnie Black  
Ms. Eleanor Bosserman  
Mr. Patrick Early  
Mr. Thomas Fogarty  
Mr. George Franklin  
Ms. Barbara Hutchinson  
Mr. David Morrison  
Ms. Nancy Rockey  
Mr. Stuart Savin  
Ms. Meredith Tulli  
Mr. Joseph Wojtysiak  
Mr. Ronald Young

**Guests:**

Ms. Jamie Doyle, Public Financial  
Management  
Ms. Kathleen Gray, Esq., Barley, Snyder,  
Senft & Cohen  
Mr. David Keller, Esq., Barley, Snyder,  
Senft & Cohen  
Mr. Bill Morgan, Eastern PCM  
Mr. Robert Anspach, Lebanon City  
Mayor  
Mr. Randy Moyer, Esq., Barley, Snyder,  
Senft & Cohen  
Mr. Tom Powers, Powers & Associates  
Mr. George Werner, Esq., Barley, Snyder,  
Senft & Cohen

**Minutes**

The minutes of the April 23, 2007 Board of Trustees Buildings and Grounds Committee and the April 25, 2007 Board of Trustees Finance Committee meetings were reviewed and approved.

**Update on Lebanon Technology Center**

Mr. Ronald Young reviewed various assumptions for the proposed Lebanon Dixon Center. The assumptions were based on very conservative projections; however, it still leads to a deficit for Lebanon Technology Center. The marketing for this project is going to be very different than Midtown, since we will need to attract students outside of the Lebanon area, Mr. Young explained. There is \$1.5MM of marketing costs built in to the assumptions for the three phases of this project. If the program takes off, then we may not need this level of money for marketing, he explained. The summary of operating expenses for all phases of the project was reviewed by the committee. Enrollment projections used are low, and only state economic development funds are included in the projections. Also, there is growth potential on the noncredit side that needs to be reviewed and added to these phases, if appropriate.

The building lease rate is no where near what we have budgeted for, Mr. Powers explained. With the donation of the building from Dixon and other funds that we hope to receive, we hope to lower the lease rate, he explained further.

Mayor Anspach has been quietly talking with business owners in the Lebanon community, and he believes that there is community support for this project. Lebanon Campus has a history of supporting projects in the community, and Mayor Anspach believed this project would be very similar. Recognizing that the College does not own housing, Mayor Anspach has spoken to contacts in Lebanon about creating housing, but it's very preliminary. Once the facility is up and running, the whole corridor would open up development and create a huge economic impact downtown.

### **Lancaster Arbitration**

The Lancaster legal issues with Pitney Road are impacting the bond financing for the Gettysburg Campus. Mr. George Werner discussed the details of the arbitration with Pitney Road. The motion to disqualify Barley Snyder is still being discussed in court. There is a tentative settlement between Warfel and Pitney. Pitney was to pay Warfel \$5MM in installment payments, Mr. Werner explained. HACC is no longer a party in the Pitney v. Murray lawsuit. Bank of America sent a demand letter to Pitney and HACC. The bank will be looking to recover the amounts that they had to pay. Bank of America has two options. They can pursue reimbursement aggressively from Pitney or pursue reimbursement from HACC. We have to be prepared for the aggressive approach, Mr. Werner explained.

The College's options are 1) do nothing and wait to see what happens; 2) begin dialogue with Pitney Road and try to resolve issues—we've tried that before and have not been successful; or 3) pursue resolution with the bank—if the bank purchases the property through a sheriff's sale, then we wait and talk with the bank about a purchase. We could then go to the bank and begin to discuss purchasing the building. In the bank's eyes, they are hoping that Pitney and HACC will come up with a resolution, since they don't want a sheriff's sale, Mr. Werner explained. The more direct route for the bank to get their money back is to get the property back.

Mr. Delaney didn't see a plus with settling with Pitney too early. There is not much to be gained by the College to negotiate with Redcay, Mr. Delaney explained, and he suggested waiting it out. Pitney has much more to lose and the bank needs us to buy this building, Mr. Franklin explained. Mr. Schell agreed with Mr. Delaney. We should wait and see what happens.

Redcay thinks the purchase price for the building is worth much more than the agreed upon purchase price—that's why he isn't cooperating, Mr. Moyer added.

### **Gettysburg Campus**

We are trying to secure bonds to fund the purchase of the Gettysburg Campus, Ms. Gray explained. In order to do that, the College needs to include a public disclosure to inform of any issues that would impact revenue stream. This must be disclosed in the marketing document that is used to sell bonds to the public. The bank has a legal right to draw down all of these bonds if they choose to. Unfortunately, there is no way to dress this disclosure up to sell bonds in the public. We will have to go through a bank for bridge loan financing. Bankers will understand, Ms. Gray explained. This would also allow the College to refinance at any time.

Mr. Franklin had a conversation with Mr. Larry Boltansky, the landlord of the Gettysburg Campus building, and asked for a 60-day extension, and he accepted it. Ms. Gray didn't think they would be ready to go out to market in 60 days, but it would allow Public Financial Management to get the best deal for the College. Mr. Boltansky would like Radio Shack to stay in their location until February, but that would impact the renovations, so it is still being discussed, Mr. Franklin explained.

## **Resolutions**

The resolution regarding the contract for health insurance consulting services and health benefits administrative services for all campuses was reviewed and approved. In the past, the College dealt with brokers on a commission basis. It was decided that a consultant would be less costly. This year we will need more services and additional setup costs, so the costs will be higher; however, next year there will be minimum costs since everything will be setup. The following resolutions were all reviewed and approved: 1) Purchase of FY 2007-2008 Mailers for the Lancaster Campus; 2) Purchase of FY 2007-2008 Credit and Noncredit Tabloids for All Campuses; 3) Gifts-In-Kind; and 4) Gifts and Scholarships. The report of revenues and expenditures for April 30, 2007 was reviewed and approved. We are still doing very well, Mr. Franklin added. Lebanon is still not breaking even, Mr. Burrows noted. We need to keep that in mind as we consider new ventures at Lebanon, he explained further.

## **Sponsorship Scenario Update**

Dr. Baehre updated the committee on her discussions with the sponsorship taskforce. Dr. Patricia Sanker from South Middleton School District has been talking with other school districts about the various tuition scenarios that were proposed. Once a scenario is agreed upon, it will require a vote from school districts, and if passed will remain in force for five years. We would like to roll it out in September to the school districts and vote on it in October. If it doesn't pass, we'll need to start discussions for the 2008-09 budget approval. The school districts are very interested in coming up with an agreement. In year four we will open up the negotiations and keep the pilot program in place until we revamp or continue the agreement, Dr. Baehre explained. We still need to meet with PDE to find out if we need to have all 22 school districts vote.

Mr. Schell and Mr. Whitmoyer suggested additional language in the new agreement that would encourage the school districts to negotiate. Otherwise, there is nothing in writing that says they have to come back to the table to negotiate. Dr. Sanker needs to know this is a stumbling block. Dr. Baehre will discuss this with Dr. Sanker.

## **Construction Project Reports**

Mr. Morgan reported on the construction project reports. The York Center is on schedule. The landlord continues to discuss lease options with CSC, and by September the landlord should have everything resolved. We are waiting for this resolution before we start on the basement, Mr. Morgan explained. In the meantime, we are continuing preparation of the bid packages.

Mr. Morgan reviewed other on-going projects with the committee, including the architectural and engineering bid for the Gettysburg Campus. We are currently reviewing architectural and engineering proposals for the Gettysburg Campus renovations. In order to maintain the construction schedule, we need to receive authorization from the Board of Trustees (BOT) for the committee to select an architect, since the BOT meeting is late next month. In order for this to happen, there will need to be a special vote. Mr. Franklin noted that we won't know how much the architects will charge. They will only give a range of their fees. Once an architect is selected, they will work out a price. Mr. Schell would prefer that the vendors include what their costs will be for the project prior to the BOT vote. Mr. Morgan will ask the vendors to come prepared to discuss fees at the interview. They are coming in at 6-7% of the total project, so that would be approximately \$300,000.

## **Other Information**

Mr. Wojtysiak was commended for receiving the APPA award for excellence in facilities management. It will be presented to the College on July 16<sup>th</sup> at APPA's annual convention. HACC is the first community college to receive the award, and the first college in Pennsylvania to receive it, Mr. Wojtysiak explained.