

**HARRISBURG AREA COMMUNITY COLLEGE
BOARD OF TRUSTEES FINANCE COMMITTEE**

Wednesday, April 30, 2008, 7:30 A.M.
Boardroom, B106

MINUTES

Present:

Mr. Terry Burrows
Mr. Daniel Delaney
Senator Patricia Vance
Mr. Mark Whitmoyer

Dr. Larry Adams
Dr. Edna Baehre
Dr. Winnie Black
Ms. Eleanor Bosserman
Mr. Patrick Early
Mr. George Franklin, Jr.
Ms. Kathy Green
Ms. Barbara Hutchinson
Ms. Brenda Krebs
Ms. Nancy Rockey
Ms. Meredith Tulli
Ms. Patricia Verdon
Mr. Ronald Young

Guests: Mr. Randy Moyer, Esq., Barley, Snyder,
Senft & Cohen
Mr. George Werner, Esq., Barley, Snyder,
Senft & Cohen

Minutes

The minutes of the March 26, 2008 Board of Trustees Finance Committee meeting were reviewed and approved.

Lancaster Campus Refinancing Update

Mr. Moyer gave an update on the issues with the Lancaster Campus. The first issue relates to lots 5 and 6. The financing is set to expire, and Mr. Redcay wants to extend it. He had an informal conversation with the bank's president, and they agreed to the extension, Mr. Moyer explained. The financing terms will remain the same. Mr. Moyer asked for this in writing, but since it is at the informal stage, there is nothing available. This was discussed at the Board Buildings and Grounds Committee, and they were acceptable to this extension, but would like to see this in writing first. Mr. Moyer is following up. The committee approved moving forward with this extension.

The second issue is the status of the current refinancing of lots 3 and 4. If financing is approved, GE Capital will replace Bank of America as the lender. We were very close to GE Capital agreeing to the terms, but now Mr. Redcay has hired a new attorney and has said that in order to move forward with the refinancing, he wants the College to give up its option to purchase if he wins at arbitration, Mr. Moyer explained. The College's benefit to the refinancing is that the lease addendum would be eliminated. Mr. Redcay wants the lease addendum to remain. If the refinancing does not move forward, Bank of America will draw on the letter of credit, and they will come after Redcay and the College for the money, Mr. Moyer explained further. The committee was not acceptable to Mr. Redcay's demands and agreed that this is the end of the refinancing.

As far as arbitration, a hearing date has not been scheduled by the court. We are doing everything we can to move this forward, Mr. Werner explained. It is hopeful that arbitration will start in August. It's possible that the arbitration panel will hold the College responsible for some costs, but I don't see any scenario where the panel would remove the College's option to purchase from the lease, Mr. Werner explained further.

A question was raised as to which trustees were present at the meetings where Mr. Redcay informed the College that the GMP was under budget. Mr. Werner reminded the committee that the only reason changes were made to the GMP was due to Mr. Redcay's comments that the project was under budget. Mr. Franklin will provide a list to the committee of the trustees who were present when these comments were made as well as a copy of the minutes.

Resolutions

There were four resolutions that were walked in that dealt with the salary increase recommendation. The committee members agreed that these resolutions need to be reworded so that it is clear that a 4% salary increase is what is being recommended. A separate resolution will be done to include an additional 1% of aggregate salaries for faculty and administrative and classified staff. We had to set aside dollars for adjustments and compression issues, Mr. Franklin explained. Not all employees will get part of this additional 1%. Ms. Tulli explained that with the compression issue for administrators and classified staff, no positions were reclassified when the classification project was done, so many of the employees who will be getting compression are those whose positions were classified higher and did not get an increase. Our policy states that if there is a promotion, then there should be additional monies for it, she explained further.

The resolution regarding the approval of FY 2008-09 PDE capital projects' applications was reviewed. PDE has added to the capital guidelines that the Board must approve applications that are submitted by the College. Even though the Commonwealth has not provided any money for capital, the 14 community colleges are still submitting projects to PDE for review, Mr. Franklin explained. Applications were sent by the College for four projects:

1) Deferred maintenance projects for Harrisburg Campus; 2) Interior mass notification system; 3) Harrisburg Campus CCTA building phase 2 renovations; and 4) Luminis platform. This resolution was approved.

The resolutions for the approval of 2008-09 Harrisburg Campus credit budget and budgets for regional campuses, noncredit, and auxiliary operations were reviewed and approved. Dr. Baehre informed the committee that the College received 13 yes votes and 2 no votes from the school districts, so it's enough to pass the budget. A delegate meeting is being held this evening, and we hope to have more votes, she explained further.

The resolution regarding the purchase and installation of a dust collection system at Midtown II was reviewed and approved. The resolution regarding the purchase of computer network equipment for the CNT labs at Midtown II was reviewed and approved. The resolution regarding the Industrial Road shoulder improvements at the Harrisburg Campus was reviewed. This was also presented to the Board Buildings and Grounds Committee. The city of Harrisburg solicited bids for a paving project that involves Industrial Road, and part of that bid involved shoulder improvements to Gates 2-5. We will have one of our staff members keep an eye on the project, even though the city is responsible for it, Mr. Franklin noted. A concern was raised whether or not the College could have saved money by bidding this. The city paid for all of the architectural and engineering costs as well as the costs associated with solicited bids, so the College would have paid more if it was bid separately, Mr. Franklin explained. We would lose the economy of scales as well, Mr. Whitmoyer explained. This was approved.

The gifts and scholarships were approved, as well as the report of revenues and expenditures for March 31, 2008.

Discussion Items

College Policy 894 was distributed for informational purposes. This is still being revised and will be presented at the next Board Finance Committee meeting. The College's solicitor is also reviewing this.

The committee discussed the proposal for business risk assessment/internal audit services. As a result of several accounting statements that came out of Sarbanes Oxley, Mr. Franklin thought it would be a good idea to look at internal audit services. We are getting to the point where our size dictates that we need to consider some sort of internal auditing service, Mr. Burrows noted. It may be costly, but Mr. Burrows felt that the College should consider this. The committee agreed.

The committee reviewed the summary of investments for the quarter ending March 31, 2008. This represents all of the College's investments, excluding the Foundation.