

June 21, 2012

1. **We thought the campus wasn't going to cost the town or the residents of Payson any money. Why is a fundraising campaign necessary?**

Supportive and committed residents of Payson were the first to contribute to the campus initiative. They donated seed money to launch the campus project from the beginning. When the Governor vetoed SB 1497 last spring, the financial and legal structures of the campus were dealt a setback. SB 1497, approved by the Arizona State Legislature, codified the ability of a town to create a Separate Legal Entity with an organization other than another municipal government.... in our case, specifically, with a state university. As a result, the legal structure became more costly to establish. Additionally, due to the delay created by the veto, interest rates that we had locked in with the investment organization, more than a year prior, doubled from the historically low rates that we had agreed upon, adding significantly to the interest costs for the project.

2. **Why is a non-profit organization raising money for a for-profit venture?**

In addition to ultimately benefitting the youth of Payson, donations to Rim Country Educational Foundation (RCEF) assist the Rim Country Educational Alliance (the Separate Legal Entity, or SLE) in specific steps that are needed to drive the campus development process forward. Rim Country Educational Alliance is a non-profit, political subdivision that negotiates agreements and enters into contracts with the various entities that will design, build, and ultimately deliver the educational experience on the campus. Funding is needed to continue pre-development costs for the Forest Service land, and to obtain a required environmental assessment. In addition to ultimately enhancing the educational opportunities for the young people of Payson, donations to RCEF assist the Rim Country Educational Alliance in specific steps that are needed to drive the campus development process forward.

3. **If we give money to the Foundation and the campus doesn't happen, what happens to our money?**

The Foundation may use funds for only a very narrow range of purposes. These are spelled out in the Foundation's charter, and they are focused on improving educational opportunities for Payson area youth. The Board of Trustees is in place to insure those beneficial purposes are carried out appropriately.

4. **If we give money to the Foundation, how do we know it doesn't go to the developer, or turn into a slush fund for miscellaneous expenses?**

The Foundation was set up as a separate organization to ensure that donations are used exclusively to improve educational opportunities for Payson area youth. This charter is very narrow, and very specific by design; we want to ensure that funds donated by Payson residents and Payson businesses remain in Payson and benefit the youth of our community.

5. **Why should we give money to the Foundation, if there is over \$2M available for a development study?**

Contrary to what may have been implied in news reports, a bridge loan to cover some of the pre-development costs has not been secured or approved. Discussions remain ongoing. However, it is difficult to secure a loan of any type without collateral; at present, Rim Country Education Alliance has no collateral to put up.

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6. **How do we know this won't just turn into a land grab, without having a university lined up?**

The sale of the Forest Service Administrative site is conditioned upon its use as a university campus. All ancillary uses must be tied to the campus. These restrictions—the tie exclusively to a university campus and the restriction requiring public use of the land—are why the developer cannot/will not pay the ongoing pre-development costs and environmental assessment costs. If there is no university, the land cannot be put to another use; therefore the developer would have no reason to pursue the project.

7. **Why should property within the Town of Payson not pay property taxes to the Town of Payson, once it's developed?**

None of the proposed campus property currently pays property taxes to the Town of Payson. Property taxes are all paid to Gila County. Payson receives less than 2 % of the property taxes paid by its residents! So there is no current or potential loss of property tax revenue that would negatively impact the Town or its budget related to the main campus site. Services needed by the campus, such as police, sewer, and fire, are paid through special use fees and/or impact fees that are part of the financial and contracting model Rim Country Educational Alliance will implement with the university partner. A small portion of the property on the north side of Highway 260 would be removed from the tax rolls, but the impact is negligible. The ongoing revenue generated as people come to the town and spend money here will more than offset that minor loss.

8. **Why do we keep talking to ASU? They have dragged their feet for over two years. What's taking so long. Doesn't ASU understand that we need jobs and other economic activity right now?**

ASU has experienced their own set of serious financial setbacks during the current economic downturn, most notably a reduction of \$500 million in funding from the state legislature. These financial challenges have led them to increase their tuition for both in-state and out of state students. Even more devastating cuts might have taken place, had they not focused their efforts on forestalling additional legislative efforts to further reduce their funding and the tuition subsidization it provides. ASU is not in the economic development business. They are regarded as a very progressive higher education institution. A beneficial by-product of a partnership with ASU, or any other educational institution that decides to locate a campus here, is the economic development, job growth and community enhancement that we know is so vital to Payson and the Rim Country.

9. **What is the status of the sports academy that was discussed earlier this spring?**

Unfortunately, discussion of a sports academy here in Payson occurred in violation of a nondisclosure agreement. Local leaders were duped into public discussions of the academy, which led to a setback. Discussions with the sports academy continue with other community leaders, paving the way to mitigate the prior problem and hopefully move this component of the campus project forward.

10. **When do you expect to finalize the campus plans and the education partner?**

The campus plans and the education partner are expected to be finalized within the next few months.

11. **What happened to the hotel and conference center that were part of the plans?**

The hotel and conference center remain part of the vision for the campus setting.

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12. **Why can't information about other colleges are interested in coming to Payson be shared?**

By keeping the information about the interested colleges confidential, we retain better leverage and negotiating power with the various educational institutions. The City of Mesa took a similar approach, with good results; they now have two colleges committed to coming there, with several others interested and engaged in discussion.

13. **It doesn't seem like the Foundation and the Alliance know what each other are doing. Who coordinates everything?**

The Foundation and the Alliance (respectively, the nonprofit fundraising organization and the nonprofit Separate Legal Entity authorized to negotiate and enter into contracts for the campus) are completely separate entities. Though they share a common goal—bringing a university campus to Payson—they accomplish the goal through different means. As a political sub-division, the SLE is subject to a very strict set of governance laws regarding their meetings. The Foundation's charter as a 501c(3) organization is more flexible regarding public meetings and discussion. While it would be beneficial from the standpoint of public perception to link the two more closely, legal limitations and the benefit of independent governance render that approach impractical.