

BOARD OF SUPERVISORS MINUTES GILA COUNTY, ARIZONA

Date: June 20, 2011

TOMMIE C. MARTIN
Chairman

JOHN F. NELSON
Clerk of the Board

SHIRLEY L. DAWSON
Vice-Chairman

MICHAEL A. PASTOR
Member

PRESENT: Tommie C. Martin, Chairman (via ITV conferencing); Shirley L. Dawson, Vice-Chairman; Michael A. Pastor, Supervisor; Don McDaniel, Jr., County Manager; John Nelson, Deputy County Manager/Clerk (via ITV conferencing); Marian Sheppard, Chief Deputy Clerk; and Bryan Chambers, Chief Deputy County Attorney.

4B. Information/Discussion/Action to direct the staff to enter into negotiations with the Towns of Payson and Star Valley to draft an Intergovernmental Agreement (IGA) to form a Separate Legal Entity (SLE) and return for Board consideration at a future date.

Kenny Evans, Town of Payson Mayor, advised that he and the Board of Supervisors discussed this item extensively during the Board's May 31st work session, and the purpose of today's agenda item is for the Board to decide to proceed by directing staff to work with the Towns of Payson and Star Valley on drafting an Intergovernmental Agreement (IGA) to form a Separate Legal Entity (SLE). Chairman Pastor commented that he has some questions that have yet to be answered. He asked to read a copy of the feasibility study or business plan conducted by Arizona State University (ASU); he asked for a meeting with ASU; and he asked to see a letter of commitment on establishing a branch of the university in Payson. Chairman Pastor is hesitant to commit the County to this endeavor until his questions are answered and he commented that some people are already interpreting that questioning to be perceived as his being opposed to establishing a 4-year university in Payson. Chairman Pastor stated that he thinks it is a good project, although he is not ready to commit the County until such time he has the requested information and meetings. Supervisor Dawson also expressed a concern that the Board has not been provided all of the information it needs in order to make a decision whether to involve the County in any aspect of this endeavor. She commented, "I hate the attitude that this is a "north-south" thing. It's a Gila County program."

Town of Star Valley Mayor Bill Rappaport referred to the last time he addressed the Board of Supervisors for the incorporation of the Town of Star Valley and how, at that time, he had total support of the Board and since that time there has been no response from the Board. He stated, "Maybe if you'd take a little more time to come up here. My impression is you've already made up your mind to not support this project...I would recommend you take a very hard look at what you will consider here and take a look at the people you represent." Vivian Burdette, a council member of the Tonto Apache Tribe, expressed her and the Tribe's support for this endeavor. Her concern is that children going to college out of town face the situation of paying tuition. She referred to the community college in Payson; however, she said there are limited resources in that college. She also could not recall the Board of Supervisors previously visiting the Tonto Apache Reservation. She stated, "I am in support of Payson and Star Valley, and we are not separate from Payson. Having this college here and having higher education

would benefit the surrounding communities, not just Payson and Star Valley. I do hope you would reconsider it and see how we feel, and the communities of Star Valley and Payson feel.”

Dan Adams, a resident of Payson, believes that it would be beneficial for Gila County to join with the Towns of Star Valley and Payson in forming an SLE. He stated, “This town is made for a college town and Mayor Evans will make sure it happens one way or the other.”

Patti Henderson, a council member of the Town of Star Valley, stated, “I’ve worked for public schools in Payson for approximately 20 years and I’ve watched the exodus of our children because they have to go somewhere else. Payson is a good place to raise kids, but we don’t have the resources for education that we need. I would ask you to reconsider.”

Vice-Chairman Martin expressed her desire for the Board to take action today to direct staff to enter into negotiations with the Town of Payson and Town of Star Valley representatives to draft an IGA to form an SLE. She stated, “They haven’t asked us for any money; the only resources we are tying up would maybe be attorney time. They are not asking us to broaden our liability. When we finish discussing, I’d like to make a motion to go forward with this.” Chairman Pastor advised that there is an existing misconception that the Board of Supervisors is not in support of building a college campus in Payson. Chairman Pastor advised that he has followed this issue for the past two and one-half years, mostly by having 2-3 minute conversations on the issue. Chairman Pastor reiterated that he still has not seen any solid evidence of ASU’s support, such as a letter of commitment. He stated, “I’m a little hesitant, but believe me, I’m not against the project. I still have a lot of concerns and would hope you don’t interpret that as being against the project.” Supervisor Dawson also stated that she, too, is not against the project. She also stated that Mayor Rappaport is well aware of every contact and response she has made with regard to involving the Towns, Tonto Apache Reservation and other areas of northern Gila County, as well as making visits to those areas. She stated, “We need to make certain that as this moves forward, we keep the community college firm for those that can’t afford a 4-year college.” She addressed Mayor Evans by stating that it is her understanding a study has been conducted; however, no one has seen the results of the study.

Mayor Evans empathized with Board members regarding their frustration in trying to obtain additional information. He stated that approximately 450 community volunteers have been working on this effort over the past 2 and one-half years. He briefly reviewed the purpose of forming an SLE and he stated that the biggest issue at hand is that the County’s timelines are not the same as his timelines. He stated, “We will go forward and overcome whatever obstacles...we would love to have the County be part of it...My timeline is now and I’m here on whatever decision you make is fine with me, but I will continue to work with the County. We need additional facilities and this offers the best hope and a revenue stream to this end and that end to keep tuition low.”

There was some further discussion between Mayor Evans and Supervisor Dawson and Chairman Pastor regarding their concerns. Chairman Pastor then asked County Manager Don McDaniel for his comments. Mr. McDaniel stated to Chairman Pastor, “I think that the questions you included, Mr. Chairman, in your email to Mayor Evans were, in fact, very specific. You asked for a business plan; you asked for research that has been done by the university and that it would show they have an interest; and you asked for a meeting with the university. I don’t think there’s any oratory nature in that kind of comment; it is very straight forward. I think it’s extremely common for any entity, such as this, that is held to standards by your voting public to get the data you’ve requested before you proceed to any kind of agreement. Can that be part of a negotiation that I would begin as County Manager with people appointed by the Mayor? Absolutely. We could start that. Whether that would lead to an IGA, I think still would be up for grabs. I just that think that the record ought to be clear that the questions were specific and they have not been responded to.” Mayor Evans stated, “I don’t want to allow

anyone to perceive this as a Town of Payson and Gila County project...it's an independent committee that has been pursuing this for quite some time. If you don't want to be a party, I am not offended at all." Vice-Chairman Martin then made a motion to direct the staff to enter into negotiations with the Towns of Payson and Star Valley to draft an Intergovernmental Agreement (IGA) to form a Separate Legal Entity (SLE) and return for Board consideration at a future date. Supervisor Dawson seconded the motion. Chairman Pastor voted against the motion, which passed by a 2 to 1 vote of the Board.

Item 3 – Information/Discussion regarding the future use of Gila Community College property and a potential four-year college in Payson. The Gila Community College Board of Directors will also participate in this discussion.

Chairman Martin stated that Kenny Evans, Mayor of the Town of Payson, would be making a PowerPoint presentation. Mr. Evans addressed the Board and he advised that several Rim Country Educational Alliance SLE (Separate Legal Entity) Board members were present at today's work session to include Judge Ronnie McDaniel.

He began his presentation entitled "A Campus Community in Payson." A summary of his presentation is as follows. One of the greatest challenges of the SLE has been dealing with the USDA, Forest Service to obtain title to some of the Forest Service land for the college campus. One of the core purposes of the 4-year university in Payson will be to support and enhance Gila Community College (GCC). In January 2012, in-service training will be provided to teachers within the Payson Unified School District to demonstrate how a teacher will be able to download an application on their computer or smart phone that will allow them to map a program of education for a student, beginning when the student is a sophomore, that is articulated between the dual core credits in high school, GCC post high school and ASU post together and result in a Bachelor of Science degree within 3 years of graduation from high school. The curriculum will be integrated sustainability, rural health care, liberal arts, biological sciences and business management. The campus will start with 500-600 students, but will be capable of handling up to 1,000 students initially per ASU's requirements with a capacity of 6,000 students maximum. There will be 60,000 online students. The core component of students will come from community college transfers and freshman who want to attend a rural campus. It is envisioned that the campus will house teaching facilities, student dormitories, student center, advanced parking structure, research park, conference center and hotel, performing arts center, and restaurants and retail. Real estate title issues are forcing concurrent designs to fit multiple potential sites. The campus will be designed and built in multiple phases over the next decade. Phase I, the north campus, will be built on the lands that are east of GCC.

Phase II, the south campus, is planned to extend to the 300-acre Forest Service property on the south side of Highway 260. The Rim Country Educational Alliance SLE Board will be contracting with special purpose entities (SPEs) to essentially build the college campus. The infrastructure and land, the educational facilities – each one of these will have an SPE under federal guidelines that will allow those entities to work. The primary reason for creating the SLE and SPEs is for: preferential tax treatment, and to shield municipalities from liability. Phase I was scheduled to commence August 2011 and be complete by August 2014. Phase II is scheduled to commence February 2012 and be complete by August 2016. The longer it takes to acquire the land for the campus, the schedule for Phase I and II falls further behind. There will be concurrent construction for Phase I and II. This sequence must occur for both Phases in order to meet ASU's requirements regarding the number of students anticipated from the initial year and subsequent years. The SLE and SPEs are needed to have special power for property acquisition, authority to generate and transmit power, and authority to contract with local, state and federal governmental entities.

At the conclusion of the presentation, Mayor Evans entertained questions or concerns of the Board. Addressing the cost to students for a college education, Supervisor Martin suggested forming a close partnership between the university and the community college so that basic classes could be obtained at one price. She asked if there was a discussion taking place to allow students living in dormitories to work both campuses. Mayor Evans affirmed that students would be taking classes at both the community college and university campuses as that is part of the mapping program being developed that begins in high school with dual track classes and mandatory required high school classes. It would be a fomenting process, not a sequential process.

Supervisor Dawson asked Mayor Evans to explain Ward Nichols' role with regard to the high school mapping program, which Mayor Evans replied that Mr. Nichols is a full-time ASU employee who is dedicated to rolling out the mapping program. Supervisor Pastor commented that the Board previously had been provided information on the articulation in the ASU program and that information is provided on Gila County's website. Jacque Griffin, Assistant County Manager/Librarian, affirmed that a presentation was given from ASU on helping parents and students in career guide location on the ASU website, and currently that information is provided on the County's Intranet for employees; however, it has not yet been posted for the public's use. Supervisor Pastor then questioned Mr. Nichols' relationship with Rich Stanley, and also with the Board of Regents as he believes it is the Board of Regents which will make the final decision for ASU with regard to a 4-year university being built in Payson. Mayor Evans responded that Mr. Nichols is only working on the articulation program. He stated, "Rich Stanley was a presenter over at North and Pioneer. I don't know if he is at all of those sessions, so my presumption is he must work under Rich somehow as the vice-president, but we are working our negotiations on the campuses with Rich and the Board of Regents." Supervisor Pastor questioned whether a Memorandum of Understanding (MOU) or an Intergovernmental Agreement (IGA) has been entered into with ASU, or whether a letter of commitment has been issued by ASU for a 4-year university to be built in Payson. Mayor Evans responded that the MOU has been signed and the IGA has been drafted; however, he clarified that the IGA is almost "superfluous at this time because it spells out what we've already agreed to and spending money on. Basically the IGA was deemed the document that institutionalized the MOU." All of the documents are due to the Board of Regents by November 8th and they will be heard at the Board of Regents' December 3rd meeting as an action item. Mayor Evans stated, "The step that we are in now is really about like a homeowner who is trying to buy a home. We've got all the details there but we've got to put a number down as to how much they agree and it's that map equation of the lease that they are working on and we are working on and negotiating back and forth as we speak. As I said, we would love to have ASU. They are our premier choice, but they are not the only choice for us." Supervisor Pastor requested that a copy of the MOU be provided to the Board of Supervisors of which Mayor Evans replied that he will provide the copy once he receives clearance to release it. Mayor Evans provided additional information on the status of contracting with SPEs and the overall purpose of the SLE. Supervisor Dawson asked Mayor Evans to provide additional information on online classes and the TAG program. She acknowledged the opportunities for a university, but she expressed a concern in maintaining and strengthening the community college.

Chairman Martin then asked Robert Ashford, GCC Board President, if he wanted to make any comments; however, he declined because Supervisor Pastor had covered all of his concerns. Armida Bittner, GCC Board member, was appreciative of all the work that has been done on this endeavor thus far but she also remembers the issues Gila County faced when the County hospital was sold, so she emphasized the importance of exploring all options. Burnadette Kniffen, GCC Board member, expressed the same concern as Supervisor Pastor at not yet being presented with a signed MOU or IGA and that until today's presentation, she had not

heard much about this endeavor. Stephen Cullen, GCC Senior Dean, is hopeful that the ASU campus in Payson will supplement what GCC does rather than supplanting, and that some of the critical degrees currently in place at GCC, such as the registered nursing degree program, will be maintained. He is interested in GCC being allowed to occupy some of the university buildings for instructional purposes. He also cited a similar situation between the public unified school district in Lake Havasu and ASU, which has cost the school district a substantially larger amount of money than forecasted. Tom Loeffler, GCC Board member, expressed a concern that ASU's requirement of accommodating 1,000 students initially could be met, which Mayor Evans replied that he could accommodate about 50% more than required at the outset. Mr. Loeffler questioned the 3-year accelerated degree program. Mr. Loeffler referred to the 2 + 1 program whereby the community college would have to teach some 300 level courses and whether that would require the Board of Regents' approval. At this time Tom Loeffler asked to review a couple of concerns, so he provided a handout entitled "Transfer of GCC Campus Lands." Chairman Martin then called on Larry Stephenson, GCC Board member, to speak until Mr. Loeffler's handout could be distributed to the Board and staff. Mr. Stephenson was pleased that ASU, his alma mater, is looking at this type of innovation; however, he was disappointed that this was the first time that Mayor Evans, SLE Board members, Board of Supervisors and the GCC Board have come together to address the need for land as he felt that need was known for quite some time. He believes that the proposed 4-year university will benefit GCC. He is pleased there is only a need for 9 acres of land, but he pointed out that the GCC governing board has a fiduciary responsibility to the Gila County Community College District and the property taxpayers of Gila County, and he stated, "...so we have to look out for this. This land was hard fought from what I understand of the history of the community; the land here in Payson for a community college branch campus of some sort...I would like to see how GCC could accommodate a Payson campus next door, but not a separate campus, but 2 adjacent campuses that are interconnected." Mr. Loeffler then addressed the Board of Supervisors and referred to his handout. He first expressed his support of a proposal for a 4-year university in Payson and then reviewed his concerns. He is concerned for some changes that have been made in the last couple of years with regard to the County's Master Plan and legislation that was enacted which permits GCC to become a fully organized college district. With the plan that Mayor Evans has discussed today and if in the future the Gila County Provisional Community College District becomes a Community College District, Mr. Loeffler feels a new Facilities Master Plan needs to be created to reflect the new proposal as far as future growth of the college. Mr. Loeffler stated that he and Mr. Stephenson walked the land to note the possibilities of which areas are buildable and how to accommodate the expansion, which resulted in Mr. Loeffler developing a site plan resulting in the need of 25-30 acres. He also stated that there are environmental concerns. He proposed that the BOS sell the land to the SLE instead of leasing it, if that is even being considered. Lastly, if there is continued interest in developing a solar-geothermal site on the transferred land, Mr. Loeffler believes that a preliminary survey and site plans should be done before any sale/lease is finalized. Mayor Evans then provided more information on the possibility of developing a geothermal field on the campus.

Leon Kennington, a Payson resident, advised that he has met with several geothermal companies as well as solar companies on the proposed campus. The discussion then continued regarding all of the possibilities for the uses of the geothermal or solar energy in and around the proposed campus.

Mayor Evans acknowledged that there have been several people who have been critical of the manner in which this project has moved forward and he proceeded to explain the justification for the process that was taken. He noted that the design of the proposed campus project was completed with private money, not public money. Mayor Evans stated, "Thirteen months puts us beyond the window when this campus needs to be open to meet the criteria that ASU established, so that's why we are looking toward either the private site or for all of the reasons

that most everyone around the table is potentially partnering with the community college; one – to be able to get in there and start on Phase I because Phase II has to overlap it; and two – so that we can create a revenue stream back to GCC that can be used both at the Gila Pueblo campus and at the Payson campus to help offset the costs that are associated with moving forward.”

There was continued discussion on the amount of power needed for the proposed campus, possible suppliers, estimated capital cost for building the campus, etc. When the discussion concluded, Chairman Martin asked Don McDaniel, County Manager, or Bryan Chambers, Chief Deputy County Attorney, if they wished to make any comments.

Mr. McDaniel advised that a position paper was drafted with the purpose in mind of setting the stage for today’s work session. He stated, “As somebody said earlier, there are many moving parts on this thing and I wanted to personally nail them down in my own mind in terms of what was myth and what is real. I think we’ve been able to do that in the paper.” He provided some history on the Gila County Provisional Community College District and the ownership of the college property.

At present Gila County owns the college property by quit claim deed from the state of Arizona; however, due to some legislation passed in recent years, which is specific to Gila County’s situation, Mr. McDaniel advised that quick action needs to be taken to transfer the property to the College District. He stated that today he has seen the discussion change from a lease to a sale and the other change is in the size of the property needed. Initially it was estimated that approximately 20 acres would be needed for the future growth of the Community College and now the SLE is proposing that the Community College will only be needing 9 acres, which in Mr. McDaniel’s opinion also changes the context of lease versus purchase. He reiterated that the purpose for writing the position paper was to “imagine” the results of today’s work session to be ready to move in whatever direction the combined boards (GCC Board and the Board of Supervisors) needed to take at the Board of Supervisors’ October 3rd meeting when a Board action would be taken to quit claim one college campus and maybe a portion of the other. He advised that if the direction is taken for a purchase rather than a lease, additional time would be required to conduct an appraisal. Whatever direction is taken, he reiterated that it would take an official action from both the GCC Board and Board of Supervisors

Mr. Loeffler questioned Mr. Chambers if there was any precedent or language which would indicate what would happen to the money either through a lease or purchase. He also questioned whether that money would be made available to GCC or to Gila County. Mr. Chambers replied that the direction taken would be the precedent as he was unaware of any other precedent for this type of situation.

He also referred to the comment that the Board of Supervisors may be taking some sort of official action in the coming week or so and he cautioned that time frame would be a challenge as there are many details to work out. Mr. Stephenson suggested that a positive direction that could be taken by the SLE, GCC Board and Board of Supervisors would be to develop an option to either lease or sell the property and to indicate the intended actions which could be outlined in a simple MOU.

Chairman Martin stated that Mr. Stephenson’s recommendation appears to be good and she emphasized that there is definitely a sense of urgency with regard to the property. She suggested that Mr. McDaniel look at a calendar to establish some timelines as she believes it is important that ASU be informed of the final decision as soon as possible. She then requested that Mr. McDaniel present additional information and options to the Board of Supervisors at its October 18th meeting that will later be handed to the GCC Board for review and action, to which Mr. McDaniel agreed. No action was taken by the Board.

