

1. Does Cowley College have a plan for funding Phase 2?

Yes. The College uses Master Planning and then applies sound business practices to fund future spaces based on revenue generation and data-driven projected revenue generation. Revenues for the College come in four primary forms: (a) tuition/fees, (b) local funding, (c) state funding, and (d) private donations. The College runs a very tight fiscal budget with small margins in order to keep costs down for students and taxpayers. When additional funding is beyond the needed operational costs, the College seeks to fulfill the Master Plan.

2. Cowley saved money when the land was donated. Where is this savings reflected?

Cowley College is deeply appreciative of the Short Family's donation of the 18 acres, and 10-year option to purchase the additional 10 acres. Since the college did not have to purchase property, such savings *are applied* directly to the construction costs of the buildings and other infrastructures for a comprehensive stand-alone community college.

3. What rental fees can the citizens expect from any potential use of the community building?

Cowley College does not charge local civic organizations for use of its community room. Certain community college spaces can be leased to private citizens and private organizations.

4. It was commented that other towns were lining up to have the college in their town. Were these towns offering to fund the infrastructure as Wellington has been asked too?

This was not a comment made by City staff and staff is not able to offer an answer.

5. Did Cowley College consider using the high school and existing facilities to provide educational services? If so, what was the conclusion?

Yes, but only for a temporary period. The cultural and student expectations as well as learning resources/tools are significantly different. College students expect to attend a college with a collegian environment and collegian learning spaces. In addition, sharing spaces inevitably results and both partners becoming frustrated and disappointed when specialized spaces are unavailable when needed. Lastly and most importantly, Sumner County voters desired a comprehensive and stand-alone community college campus. This message was loud and clear in the many town hall meetings held across Sumner County.

6. If the roads are public, why was the city not involved in naming them?

Typically, the City has allowed the developer to name the streets. If the street lines up with an existing street the City would require it to be so named.

Examples: Walmart/Short development- William Drive and 12th Street

Coyote Ridge development- Myles Drive and N. High Drive

Crestview Heights development- Highland Ave and 18th Street

7. Can the city go ahead and pay a percentage of the infrastructure and then Cowley County make the bond payments from the sales tax?

No. There is an Interlocal Cooperation Agreement between the County and the College that requires all of the sales tax proceeds to be transmitted to the College, and for the College to apply the same to pay the costs of "a College campus in the County, including financing the construction, repair, remodeling, furnishing and equipping of community college buildings, architectural expenses incidental thereto, the acquisition of real property for the use as building sites or for educational programs, and partial expenses related to the operation of said educational facilities."

8. In the present form of the Agreement, how much is the City obligated to finance with a bond issue for the College, Westborough and the airport including bond costs?

Westborough (based on estimates) Project cost \$989,376 w/financing \$1,085,000

Airport project cost City portion \$207,131

College (based on estimated) Total project \$2,004,819

Cowley College = \$1,267,124; City = \$737,694

City amount less Admin costs and Traffic Signal = \$526,822 to finance.

Amounts to finance: Westborough \$989,376

Airport \$207,131

College \$526,822

Total \$1,723,329

John Haas, the City's financial advisor is out of state this week, so unavailable to provide finance cost estimates. Combining into one issue should provide some savings in finance costs overall.

9. Will the city have sufficient bonding capacity to respond to unforeseen needs later?

It is uncertain whether a recent calculation has been done, but, at the end of FY 2016, and assuming an equalized assessed tangible valuation for computation of bonded debt limitations of \$48,987,343 (from 2015): (A) the City's legal/statutory limit of bonded debt was \$14,696,203; (B) the City had \$14,252,498 of outstanding general obligation debt, but only \$5,572,959 counted against the legal/statutory debt limit (primarily because the \$8,000,000+ of bonds issued for utility improvements and payable from

utility revenues were and are exempt from the legal/statutory debt limit); and (C) the City therefore had approximately \$9,123,244 of available legal/statutory debt capacity.

10. What is the increase in mill levy or utilities required to pay the new bond payments?

No increase in utility fees as utility bonds are not being issued. This will be a General Obligation bond issue.

An estimate of the levy for a combined issue is not available from the City's financial advisor this week.

The Westborough project was estimated at a levy of 1.53. (Project cost of \$989,376)  
The Airport and College projects are a combined total of \$733,953.

11. What happens if Cowley closes the campus or it doesn't perform as projected? Will the College reimburse the City for the \$800,000 and guaranty payment of the specials?

No. The College is paying for its share at the outset of construction, so there will be no amount still to be paid from the College. There is no requirement that the College reimburse the City for any of the City's share of costs.

12. What is the reason to have an assignment provision in the Development Agreement? What is the College's plan for this assignment? After the agreement is signed, the only thing assignable will be Cowley's financial obligations. Paid at outset, so there would be no further obligations.

Why would we agree to let them off the hook? Who knows what the future holds, and what may or may not make sense then. But, if assignment is not to another governmental entity (i.e., school district or college, perhaps), then financial security must be supplied.

13. Is the city, as a "partner", entitled to a detailed breakdown of the financial part of this project including budgets for construction, infrastructure, promotion expenses, operating expenses and all revenues including sales tax, donations, federal tuition grants, tuition and fees, any private monies?

Cowley College is a public entity and such information is subject to the Open Record Act. On a monthly basis, Cowley College presents financial reports to the Cowley College Board of Trustees on which Sumner County will have a Trustee appointed to the Board in January of 2018. This same principle applies to Cowley County residents who financially support the College.

14. There are names on the streets on the plat and site plan. How much was received by the College as part of naming the streets? Nothing was received.

15. Who paid for the construction and maintenance of the interior roads, parking lots, sidewalks, drainage improvements and the like on the Ark City campus? How about at WSU, KU, KSU and Emporia State?

The City of Arkansas City constructed and maintains the roads/guttering on the main campus and on a number of its parking lots. We cannot speak for WSU, KU, KSU and Emporia State. However, these institutions of higher education are not community colleges and are funded/supported differently both in funding streams and in volumes of dollars.

16. What will be in the Short building and how much could be saved by downsizing or eliminating it? It is not part of the educational delivery. Do we really need another public meeting space at this cost?

The Short Center is an indispensable component of the stand-alone comprehensive college, which voters sought. This facility will house food services, a bookstore, faculty offices, admissions, student affairs, administrative offices, conference room, computer labs, testing lab, tutoring lab, hardened structure area for inclement weather, lecture hall, classrooms for teacher training and general education coursework, and a learning/community space. This facility is a crucial component of delivering quality higher education and of student life. The space for learning, group interactions, and gatherings was one of the #1 priorities of the cross-sectional Sumner County groups during the designing of this facility.

17. Who is actually in charge of disbursement of the tax money collected? Is it the college alone, or is there an oversight from the county since this is a county tax?

Under Interlocal Cooperation Agreement between the County and the College, the County is responsible for imposing the tax and receiving collections from the Dept of Revenue, and then must pay such amounts to the College within 10 days of receipt by the County. College must then deposit the same into a "College Sales Tax Fund," to be applied as set forth in the response to Question 7 above. Both the College and the County are public entities, who must have audited financial statements that become public documents. So, on an annual basis, what is described above can be tested by examination of the audited financial statements.

18. Since the Short family donated land to the college, couldn't the money that was budgeted for acquisition of land purchase be used by the college to pay for the developer's portion of utilities, streets and curbing, etc?

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buildings and other infrastructures of a stand-alone comprehensive community college campus.

19. Why deviate from standard, or past development practices of providing utilities up to the developers / owners property line?

There is no standard. The City has a policy for the Financing of Public Improvements for Housing Development adopted in 2005. The most recent commercial Developer's Agreement is from 2012 for the motel site. That agreement contained the following:  
Streets- Boundary Road to north property line – developer pays up to \$100,000  
Water- 8" water line around the bldg. – City 100% design and construction  
Sewer- City already extended 8" main to site, 100% design & construction by City  
Electric- City to property line 100%  
Drainage- Developer 100% design & construction  
Other- IRB with full 10-yr tax abatement, 8 yr term of 100% tourism tax return

20. Sumner Cowley Electric serves power to the KOA Campground and has the ability to serve the college already in place. Has this been looked at as a viable way to provide power without a cost to the city?

No. Electric is already to the site. The cost involved is for street lighting service and the pad-mount transformers for the buildings, which is provided to any business with the return being electric usage fees. The long-term revenue from a college facility, that would potentially expand in the future, would be prudent for the City to retain. The long-term benefits far outweigh the upfront expense.

21. If roads were paid 100% by Cowley College, what would the college have to 'cut' to stay on budget? If city pays 50%, but Cowley maintains, what would be cut?

When the City Council guided the City Officers and the College to develop a shared approach to the developer's agreement for campus development, the College absorbed costs abnormal for its business model (i.e. sharing costs for roads, guttering, etc.). These unanticipated costs resulted in the cutting of the fire science lab, scientific classroom space, and storage areas for learning resources. If the College should be charged to absorb additional costs beyond the presented developer's agreement, the College will need to meet with architects and engineers to discuss additional cuts to the proposed facility design. The College will consult the responses from the Sumner County cross-sectional committee to direct the prioritization of these cuts.

22. The city limit ends at the end of the 18 acres on east side, so how will these streets be used by people other than Cowley students?

The expectation is that the City will expand to the east. Once the streets on the College property and Meridian Road are constructed, the streets on the College property may be used as roads across the property without getting onto HWY 160. Also, the College campus will be host many public functions that will serve the entire community and draw people from surrounding areas.