

TONOPAH TOWN BOARD  
SPECIAL MEETING MINUTES

NOVEMBER 15, 2011

Tonopah Town Board Vice-Chairman, Horace Carlyle called the meeting to order at 9:05 am. Also present were Javier Gonzales and Glenn Hatch. Jon Zane and Duane Downing were absent. There were three other people in attendance.

1. Discussions regarding Memorandum of Understanding with Solar Reserve.

James Eason explained that there are two options before the Board. The Town has been discussing the MOU with Solar Reserve for the past two weeks. Horace Carlyle explained that the Board has the MOU with comments from the auditor. He wanted to know how those comments will be incorporated. James Eason explained that if the Board decides to go with the Solar Reserve MOU Community Foundation of Western Nevada, the Town will address those concerns when it sets up the funding source and parameters. He explained that he would like to go through both options to discuss the pros and cons and the intent of what the Board would like to do with the funding from Solar Reserve.

Horace Carlyle feels there are two issues: the Memorandum of Understanding and how that will be structured to satisfy Solar Reserve. He feels it should be pretty straightforward once the Board decides whether it is going to go with the County or the Community Foundation of Western Nevada. He noted that some of the auditor's comments are applicable while others are not. He feels that the original Memorandum of Understanding with Solar Reserve accepts the Community Foundation of Western Nevada as the third party administrator. He feels the primary thing would be the original Memorandum of Understanding as presented by Solar Reserve with a few adjustments. James Eason explained that the Board would need to accept the MOU upon the condition that the DA reviews the document and puts in any comments he may have. The next step would be to either deposit the money with the Nye County Treasurer or send it to Western Nevada Community Foundation. Horace Carlyle feels the MOU is pretty complete aside from and adjustments made by the DA or the Town. He questioned how the funds would be secured to reach the objective of Solar Reserve to keep the balance of \$300,000.00. James Eason explained that the intent of the agreement is to keep the \$300,000.00 always whole or to keep it tied up in some form of project

James Eason explained some of the different options discussed. One is a 66-33% split. That would be \$200,000.00 for infrastructure projects and \$100,000.00 for scholarships as stated in the MOU. He explained that the money would be structured in a short-term as outlined in the Western Nevada Community Foundation endowment. Depending on how long the Town wanted to hold the money and what its use was would determine how to structure the investments. He explained that 1.5% of the interest goes to Western Nevada Community Foundation for fees. He noted that the guidelines for the Foundation established that "Payment to individuals must be through a scholarship fund through a competitive application process and awarded by an

approved selection committee.” Either the Town Board would be the selection committee or a separate selection committee could be set up to review the applications and submit the scholarship. Once the scholarships have been submitted, the Town will inform Western Nevada Community Foundation and they will award the money to the institution. Javier Gonzalez noted that once the Board decided what it wanted to do with the money, it could set up its own guidelines for the scholarship. James Eason explained that he feels the money should be going to an accredited institution. He noted that the Board should decide if technical schools qualify and if the money should be restricted to instate. Glenn Hatch explained that the Board will use the interest from the seed money for the scholarships. James Eason explained that there are two ways to use the money. Horace Carlyle explained that once the Board has the MOU, it can allocate interest to scholarships. He explained that with controlling the fund, there is a difference between going with a simple custodial relationship with the County or going with the Western Nevada Community Foundation. He feels that the Foundation gives the Town benefits in the long run. He noted that the money from Solar Reserve can never be comingled. But if the Town has the trust, other corporations or entities can contribute to the Town fund but the funds would not be comingled.

James Eason explained that once the MOU is completed, the next step is to choose the third party. There are two options: Nye County or Western Nevada Community Foundation. The next step is to determine how to partition the money: infrastructure related projects, including O & M costs, help with project funding, and a payback of 5% not to exceed 10 years. Horace Carlyle explained that it would be secured by a resolution as secure income for repayment. He explained that the issue is how to incorporate the objectives. James Eason explained that if the Board chooses Nye County as the third party, the Town will have to outline all of the objectives in a separate resolution and the Town will develop the guidelines. Using the Foundation, the guidelines are already developed. He explained that he would like to have one of the Board members work with staff help outline the guidelines in greater detail.

Horace Carlyle explained that the key is in the guidelines. Part Three would give the Town Board the authority to structure the guidelines. He noted that there are three options: long-term, short-term, and intermediate. He feels the Town should go for the short-term. There would be a fluctuating rate. The short-term would be structured primarily with income. He explained that the Board can structure it so 75% goes into investment grade bonds with an average duration of 1-3 years. He feels this gives the Town the best chance of capital gain and interest.

James Eason explained that the objective of the MOU is to benefit the community into perpetuity. The Town needs to always maintain the \$300,000.00, but it can use the money to invest in the community and to better the community. There are two ways to do this: regular infrastructure or education.

Horace Carlyle feels that once this is set up, the Town should leave it until it meets the conditions of the MOU, which is three years. He feels that if the Town goes with the Foundation, a sub account should be set up for education where a certain percentage of the interest earned over the three years goes into that account. James Eason explained that this is not a rainy day fund. It will be a fund that would allow the Town to supplement projects. He feels that there

should be stipulations regarding which projects can be funded or the priorities, such as energy related projects. He explained that Solar Reserve has tried to give the Town the money sooner rather than later but he has been pushing it back so the Town is 100% comfortable on the structure. He wants it to go into one dedicated spot from the start. He explained that the first year interest is 0% because the Town is getting the money so late. The second year the interest will start growing. The third payment of \$100,000.00 will be received in September 2013. He recommended only taking a percentage of the gain for scholarships rather than all of it so it continues to reinvest. Horace Carlyle suggested never talking more than 40% for the scholarships. James Eason explained that once the parameters are set up with the committee, the Town will not exceed that amount.

James Eason explained that through the Foundation the Town only has to worry about the initial set up. It comes down to a question of who the Board feels is a better financial manager. He explained that the current investment pool for Nye County is Bank of Mellin. However, this is subject to change. He explained that if the Town decided to take out a loan of \$100,000.00, the principal would decrease but there would be a payment track at 5% over ten years that will repay the fund. The loan has to be secured. He noted that the Board needs to outline how much money the Town can borrow from the account. Currently, out of the interest generated, no more than 40% can go to scholarships and no more than 50% of the remaining balance can be used as a loan. He explained that if there are other benefactors to the Town, they may follow the same guidelines or they may contribute to one department. He reiterated that this fund is not to be used as a rainy day fund, to offset any general obligations, or offset budget shortfalls.

Javier Gonzalez explained that when the Town has its scholarship application, it has to have the right guidelines. The Board needs to decide if the scholarships will be just for students who decide to stay in state or open to all. The Board needs to decide if there is a GPA or community service requirement. He noted that the applications need to be evaluated on a point system. This will take a while to figure out. He feels it should be for Tonopah graduates. James Eason explained that the goal of the scholarship is to enhance the winner's education, either through college or vocational training. Javier Gonzalez noted that it is difficult to keep vocational students in state. James Eason explained that the Board needs to determine how to divide the money among the applicants, i.e., giving the full amount to one individual or distributing it across several applicants. He noted that the Board needs to determine if the scholarship will be all inclusive or will it only apply to tuition. Horace Carlyle explained that the Board needs to determine if the scholarship will be just for one year or longer. Javier Gonzalez felt the scholarship should be one time with the option of allowing the recipient to reapply in successive years. Horace Carlyle feels continual applications should be based on achievement. Javier Gonzalez suggested capping the dollar amount of the scholarship at a certain amount, \$2,000 for college and vocational applicants. James Eason suggested structuring the amount for scholarships as 40% for vocational and college and 20% for post graduates.

Javier Gonzalez suggested not using SAT or GPA requirements. He suggests using a point structure to qualify the applicants. He suggested using extracurricular activities, including community service. James Eason explained that extracurricular activities include sports, academics, and school clubs. Also included would be which types of college prep classes or

vocational prep courses were taken. Horace Carlyle explained that the Board needs to look at letters of recommendation. Javier Gonzalez explained that the letters would be in the application process. The applicant needs a qualifying GPA and two letters of recommendation. James Eason recommended using employment history as well. Javier Gonzalez recommended requiring an essay. He suggested that there should be points for signing the application. Horace Carlyle requested that the applications be typewritten. Javier Gonzalez suggested giving honors classes and college prep classes points. James Eason suggested asking which type of institution the applicant is expecting to attend and assigning points based on the grade in honors/college prep classes. James Eason suggested defining honors classes as advanced classes.

Javier Gonzalez noted that a lot of kids are going to be doing a four year stint in the military to help fund college. James Eason explained that they would fall under the post-graduate applicants. He noted that you could use the same criteria for the post-graduates that is used for the high school students. Chris Mulkerns noted that military service can be listed under employment history. Javier Gonzalez explained that extracurricular activities covered what is done in an applicant's spare time. Horace Carlyle suggested count athletic participation per year rather than per sport per year. James Eason suggested using the same system for other extracurricular activities and community service.

Javier Gonzalez suggested having each Board member read the essay and score it from one to five. Those scores will then be averaged. James Eason suggested having a presentation before the Board if there is a tie. Horace Carlyle suggested splitting the funding if there is a tie. James Eason noted that a typed application is worth one point and a signed application is worth one point. Horace Carlyle suggesting disqualifying the application if it is not typed or signed. James Eason explained that the website for the Foundation lists all of the scholarships and who can apply.

James Eason explained that most of the requirements are applicable to both current and post THS students. Javier Gonzalez suggested breaking the post-graduates into two groups: continuing and new. GPA is still required for continuing students, in this case college or vocational. He suggested not using employment history on this section. James Eason suggested keeping work history. Sports, clubs or organizations, community service, two letters of recommendation, and the essay are still required and still scored the same as the current high school application. For new students, the most recent GPA is required. Military service will be a separate category worth one point for each with a maximum of four points. Community service or organizations is worth one point each for a maximum of two points each. Chris Mulkerns suggested using the same topic for the high school scholarship education.

James Eason suggested opening the post-graduate scholarship to graduates of Tonopah High School but also a Tonopah resident for at least five years. James Eason suggested leaving the Town Board as the scholarship committee. Horace Carlyle noted that the Board could designate a subcommittee for evaluating the applications. The Town Board will still evaluate and grade the essays. James Eason suggested setting the notice for availability of applications as the first Board meeting in March. Applications will be due by the first meeting in April. Successful applicants will be reviewed and announced at the first meeting in May. Applications will be for fall

enrollment of the granting year. Horace Carlyle suggested designating Tonopah Town Staff as the subcommittee. James Eason suggested assigning a number to the application and essay to conduct a blind review. Awards will be granted based on score, highest to lowest, based on funds available for that year.

2. Discussion and Decision regarding Memorandum of Understanding with Solar Reserve.

a) Javier Gonzalez made a motion to accept the Memorandum of Understanding with Solar Reserve with the changes that Daniel McArthur has made and to also include changes that our DA will make after review. Glenn Hatch seconded. Motion passed 3-0-2 (Jon Zane and Duane Downing were absent). James Eason recommended that the motion be amended to be designated as Part A. Javier Gonzalez amended the motion to have a part A and a part B.

b) Javier Gonzalez made a motion to create a Tonopah Community Fund and have it administered by the Community Foundation of Western Nevada and that we grant the Town Manager the authority to establish guidelines and sign and appoint a Town Board member, the suggestion being Horace Carlyle, to participate in setting up the guidelines with the allocation of funds to be on a short-term portfolio with 25% investing in global equities and 75% to be invested in investment grade domestic bonds with a 1-3 year average duration. Glenn Hatch seconded. James Eason explained that if there are any changes that are outside of the discussions at this meeting, the Town will notify the Board. Motion passed 3-0-2 (Jon Zane and Duane Downing were absent).

3. Public Comment

No action taken by the Board.

4. Adjourn

Meeting was adjourned at 11:48 am.

Tonopah Town Board Special Meeting

November 15, 2011

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Minutes transcribed by:

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Mariah Rivero

Approved:

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Jon Zane, Chairman

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Horace Carlyle, Vice Chairman

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Javier Gonzalez, Clerk

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Glenn Hatch, Member

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Duane Downing, Member