



GOVERNOR'S OFFICE OF ENERGY

MINUTES
Of the Renewable Energy Tax Abatement Hearing of the
GOVERNOR'S OFFICE OF ENERGY

AFN 14-0104GMH
ORNI 39 LLC

March 31, 2014

The Governor's Office of Energy held a public meeting on March 31, 2014, beginning at 1:30 PM. at the following location:

Governor's Office of Energy, 755 North Roop Street, Suite 202, Carson City, Nevada

Present at the hearing:

Brita Tryggvi, Deputy Director of the Governor's Office of Energy
Suzanne Linfante, Governor's Office of Energy
Cash Minor, Elko County
Pat Waits, citizen
Patsy Waits, Lander County Commissioner
Angie M. Elmquist, Lander County District Attorney
Tim Clausen, Lewis Roca Rothgerber
Bob Sullivan, Ormat Nevada Inc.
Jan Kelley, Nevada Department of Taxation
Harry Ward, Deputy Attorney General

- 1. Call to order:** The meeting was called to order at 1:30 PM by Deputy Director, Brita Tryggvi.
- 2. Director's comment:** Deputy Director Tryggvi stated that this was a hearing on the merits of the application for ORNI 39 LLC. The application for partial abatement of taxes is for the operation of a 43 MW Geothermal facility located on 7,680 acres of BLM land in Lander County, Nevada.
- 3. Public comment and discussion (1st period):** Deputy Director Tryggvi asked if anyone from the public sought to make a comment on the matter. There was no public comment.
- 4. Presentation of Evidence and Testimony:** Deputy Director Tryggvi submitted Exhibit 1, a packet of documents consisting of the Notice of Public Hearing, dated March 10, 2014; ORNI 39

LLC Pre-Application filed with the Director on March 26, 2010; ORNI 39 LLC Application (Redacted) as filed with the Governor's Office of Energy on January 10, 2014; Fiscal Impact Renewable Energy Partial Abatement of Property Tax as required by NRS 701A.375-1(b) by the Nevada Department of Taxation, received on February 12, 2014; Pre Filed Testimony of Mr. Bob Sullivan of Ormat Nevada, Inc.; Order of Recusal by the Director of the Governor's Office of Energy dated January 29, 2014; Lander County notice of intent to consider the Application filed by ORNI 39 LLC; Lander County Board of Commissioners letter dated February 13, 2014; Response letter by Lewis Roca Rothgerber to Elko County dated February 24, 2014; Notice of Intent to Participate As A Party, from Lander County District Attorney Angie M. Elmquist, dated March 21, 2014; Response to Elko County's Notice of Intent to Participate as a Party, by Lewis Roca Rothgerber, dated March 26, 2014 into evidence and asked the representatives of ORNI 39 LLC to introduce themselves. Tim Clausen introduced himself and Bob Sullivan.

Tim Clausen made an opening statement and thanked the Office of Energy for the opportunity and stated that Ormat had made a large investment into the facility and the state.

Deputy Director Tryggvi administered the Oath to Bob Sullivan after they expressed intent to speak.

Deputy Director Tryggvi asked for witnesses to provide testimony in regards to the matter. Tim Clausen asked Bob Sullivan if the written testimony supplied was correct and based on the best of his knowledge in which Bob Sullivan said it was. Bob Sullivan explained that McGinness Hills was a success story in Nevada and that the facility met the initial requirements of the statute. Bob Sullivan explained the history of the project and Ormat's intent with the tax abatement. Deputy Director Tryggvi thanked Bob Sullivan for his comment.

No other party expressed an interest to speak, but Angie Elmquist submitted the original documents described in Exhibit 1.

Deputy Director closed the evidentiary portion of the hearing and requested a recess.

5. The Deputy Director stated her findings and conclusions based upon the substantial, reliable, and credible evidence presented in the exhibits and testimony.

(1) As to NRS 701A.360 (1), I find that the applicant intended and located within this State a facility for the generation of geothermal renewable energy, thus meeting the intent of the statute.

(2) As to NRS 701A.360(2), I find that the facility is not owned, operated, leased, or controlled by a government agency, thus meeting the requirement of the statute.

(3) I find that NRS 701A.365(1)(a)(1) has been met by this renewable energy project, as the facility is expected to continue in operation in this State for a period of at least 10 years and is expected to continue to meet the eligibility requirements for the abatement.

(4) As to NRS 701A.365(1)(b), the applicant has provided information supporting testimony that all the necessary state and local permits and licenses to construct and operate will be received, thus meeting the requirement of the statute.

(5) As to NRS 701A.365(1)(c), the applicant has provided testimony that no funding for the facility is or will be provided by any governmental entity in this State for the acquisition, design or construction of the facility or for the acquisition of any land therefore, thus meeting the requirement of the statute.

(6) As to NRS 701A.365(1)(e)(1), the application states that the construction of the facility employed or will employ 138 **full-time employees** during the second quarter of construction of which at least 50% will be Nevada residents. This meets the requirement of this statute.

(7) As to NRS 701A.365(1)(e)(2), I find that the total capital investment in the facility to be approximately \$164,000,000 thus exceeding the \$3,000,000 capital investment required by the statute.

(8) As to NRS 701A.365(1)(e)(3), I find that this statute is met as the application states that the average hourly wage that will be paid by the facility to its employees in this State, excluding management and administrative employees, is approximately \$23.55, which is at least 110% of the average statewide hourly wage set by DETR.

(9) As to NRS 701A.365 (1)(e)(4), I find that this statute is met as the application states that the average hourly wage paid by the facility to all of its construction employees working on the facility, excluding management and administrative employees, will be approximately \$41.05 which is at least 175% of the average statewide hourly wage set by DETR.

(10) As to NRS 701A.365(1)(e)(4)(I) and (II), the application states that the health insurance provided to the construction employees on the facility allows for the coverage of the dependents of the employees and will meet or exceed the standards established by the Director, thus meeting the requirement of the statute.

(11) As to NRS 701A.365(1)(f), I find that the benefits that will result to this State from the employment by the facility of the residents of this State and from capital investment by the facility in this State exceeds the loss of tax revenue that will result from the abatement, thus meeting the requirement of the statute. In particular, I find the evidence presented in this matter shows that the financial benefits to the state of Nevada include the following amounts:

The Capital Investment is approximately \$164,000,000. Operational Payroll 12 employees at \$23.55/hr x 2080 hours x 20 years = \$11,756,160. Total benefits to Nevada over the abatement period \$175,756,160. Total Property Taxes Abated (20 Years) \$18,663,305.

(12) As to NRS 701A.370(1)(a)(3), I find that the abatement granted by this Order will not apply during any period in which the facility is receiving another abatement or exemption from property taxes imposed pursuant to chapter 361 of NRS, other than any partial abatement provided pursuant to NRS 361.4722.

6. Approval of Application.

7. Explanation of Process: Deputy Director Tryggvi explained that after today's hearing, she will produce a written Findings of Fact, Conclusions of Law, and Order. Once the Order is issued, the Director or his representative, representatives from the Nevada Department of Taxation, and appropriate representatives of your company will meet face-to-face to go over the terms and conditions of the Abatement Agreement and after that meeting, will execute the Abatement Agreement.

As a reminder, pursuant to NRS 701A.380, a partial abatement approved by the Director will terminate upon any determination by the Director that the facility has ceased to meet any eligibility requirements for the abatement.

8. Public comment and discussion (2nd period): Deputy Director Tryggvi asked if anyone had any public comment to which Patsy Waits asked to speak. Pasty explained that the County of Lander opposition to the application was not due to the eligibility of the application, but due to the fact that the facility had already been built.

Deputy Director Tryggvi thanked Patsy for her comments and acknowledged receipt of the letters from Lander County.

7. Adjournment: 2:00PM.