BRIAN SANDOVAL
Governor

STATE OF NEVADA

PAUL THOMSEN
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GOVERNOR'S OFFICE OF ENERGY

MINUTES
of the adoption heating of the GOVERNOR'S OFFICE OF ENERGY

LCB file number R127-13

March 19, 2014

The Governor's Office of Energy held a public meeting on March 19, 2014, beginning at 2 p.m., at the following locations:

The Governor's Office of Energy, 755 N. Roop Street, Carson City, Nevada
and video cast to
The Grant Sawyer Building, 555 E. Washington Street, Suite 5400, Las Vegas, Nevada.

1. Call to order: The meeting was called to order at 2:05 PM by Director Paul Thomsen.

2. Director's comment: Director Thomsen explained that the meeting was a hearing pertaining to proposed regulation R127-13, which related to the green building property tax abatement program. Director Thomsen stated that he would make a change to the agenda, by moving item #6 so that it would occur immediately after item #4, so that the decision regarding the proposed regulation would be made prior to the final public comment.

Members of the public were asked to sign in, and the sign-in sheet is attached to the original minutes as *Exhibit A*.

3. Roll call: Present were Harry Ward, Deputy Attorney General; and Kevin Hill and Kevin Johnson of the Nevada Governor's Office of Energy.

4. Public comment and discussion; Agenda item #1 consisted of Director Thomsen explaining the purpose of the meeting, which was to seek public comment on the proposed regulation. Agenda item #2 consisted of Director Thomsen requesting public comments on the proposed regulation. No one in Carson City or Las Vegas wished to make a public comment.

5. Director's comment: Agenda item #3 related to a discussion of Regulation R127-12, which Director Thomsen stated was intended to implement the provisions of AB 33 and AB239, which

authorize the Director to a) charge an application fee of $1,750 for tax abatements under the green buildings tax abatement program; b) establish a second ratings system, the Green Globes rating system, which applicants could use to qualify for a tax abatement; and c) adjust the point thresholds required to qualify for a tax abatement and to determine the terms of the abatement. He stated that the review is being held to propose the adoption, amendment, or repeal of regulations pertaining to NAC 701A and relating to the adoption and modification of regulations relating to the LEED Green Building Tax Abatement.

Director Thomsen then stated that he would now allow testimony from any interested parties. He mentioned that three letters of support have been received - which were submitted to the office's website and filed as testimony - from 1) the American Wood Council; 2) the American Chemistry Council, and 3) the Nevada chapter of the U.S. Green Buildings Council.

6. Public comment and discussion: In Las Vegas, Katarina Tesarova, on behalf of the Las Vegas Sands Corporation, wished to make a proposal to add additional language to the regulation, to be placed under section 15 and subsection 5, regarding the portion which states that the Director will not accept an application which, on the date of application, is registered and has been issued a certificate of occupancy and has been certified by the U.S. Green Buildings Council ["USGBC"] or the Green Building Initiative; she wished to add language that states "except if it is a recertification under both rating standards". Director Thomsen asked her to explain the reasoning behind that additional language. She stated that the way the language reads now implies that no recertification projects can apply for additional benefits or be considered under these regulations because it states that a building that has been certified can no longer have its application be accepted. Kevin Johnson then asked if her question was in regards to a building that has already been certified under LEED, and which has already obtained an abatement, whose owner then wishes to reapply for a second certification. She replied that the certification issued by the U.S. Green Building Council for existing buildings expires after five years. The owner of the building can then request recertification to continue the certification status of the project. She stated that she would like this recertification to be included within the language of the regulation. Kevin Johnson then stated that the LEED recertification is not relevant to the office's process of granting abatements and it does not enter into the office's abatement decisions. Director Thomsen then stated that the intent of the provision in section 15, subsection 5, was to prevent a project that has already received U.S. Green Building Council certification from applying, since the idea of the incentive is to induce new projects to apply and not to provide a potential windfall [to projects which had already obtained LEED certification]. He stated that if one receives a LEED certification, additional recertifications [which are different from LEED/USGBC certifications] need to be submitted [to the energy office] as time goes forward, but they are not viewed by the office as new application(s). He mentioned that if a project received a ten-year abatement from the office, and the certification granted by USGBC expired after five years, and the project was then recertified by USGBC at that five-year point, the USGBC recertification would not be relevant to the office since the owner had already met the initial criteria to receive an abatement. Ms. Tesarova then stated that the USGBC recertification is such that it almost consists of a completely new certification, because the rating systems change over the course of the five years, and become more stringent and more difficult to achieve. She then said that she believed it was a reasonable request to allow projects that go through the entire certification process again to reapply with the office as if they were new projects. Director Thomsen stated that certification from LEED is not necessary, in that an owner could meet

an equivalency to LEED and still be able to qualify for a tax abatement. After five years, a property receiving an existing-building LEED certification (which expires in five years), along with the five–year tax abatement from the office, would, at the end of the five years, be ineligible to apply for another tax abatement from the office. Ms. Tesarova asked if this is the case even though the recertification process for LEED would involve standards that are much more stringent than the original certification. Director Thomsen responded that that was true, but that the reasoning behind the reworking of the statute was to recognize the increasingly stringent rating standards, as well as to reduce the incentive amount. She asked whether this regulation would therefore remove any further incentive for projects to continue improving in efficiency. Director Thomsen responded that the legislative intent was to not allow building owners to apply for tax abatements multiple times, and that it was intended to be a one-time incentive for both new buildings and existing buildings. Ms. Tesarova asked whether a building that was no longer certified by the USGBC could then reapply if it went through certification as part of a new process. Director Thomsen responded that that was not the case, and referred to existing language in the NAC which states that an owner has 120 days after registration with USGBC for an existing building; after that time, an owner can longer apply for a new registration. She mentioned that it was the intent of the USGBC to have property owners reapply every five years, to maintain their certification status, because the rating standards change dramatically over time. Director Thomsen responded that an owner can reapply for the LEED recertification multiple times, but that does not change the fact that an owner is only eligible for the tax abatement after the first application with the energy office; he stated that the legislation is clear that owners are not to receive tax abatements indefinitely. She said that when an abatement expires, that it was her understanding that the property owner could no longer apply for another abatement. Director Thomsen responded that her understanding was correct.

Director Thomsen stated that the office would not add the language proposed by Ms. Tesarova. He then asked if anyone had additional questions or comments. There were none. Director Thomsen then concluded agenda item #3.

Director Thomsen then moved to agenda item #4, in which discussion or acceptance of any changes to the document would take place. He reiterated that the office would not accept the proposed language that had been put forth by the Las Vegas Sands, but he would accept the changes that are noted in the existing draft of the regulation.

Director Thomsen stated that the proposed regulation was thereby adopted, as is, on March 19, 2014, at 2:35 p.m. Item #4 was then concluded.

Moving to agenda item #5, Director Thomsen opened up the meeting once again for public comment and discussion. Recognizing that there was no further public comment, he then moved to agenda item #7, which consisted of the adjournment of the meeting.

7. Adjournment: 2:36 P.M.

Notice of Hearing and Agenda - R127-13 • Wednesday, March 19, 2014 at 2:00pm • Carson City, NV

NAME	ORGANIZATION	TELEPHONE	EMAIL ADDRESS	Speaking Y/N
CAROL GADDA	USGBC	775 544 0990	cgadda08@gmail.com	N
Lee Harris	USGBC Nevada	775-560-8115	lee@lightanaspace.com	N
Kevin Hill	NGOE	687-1850	kjhill@energy.nv.gov	N
Kevin Johnson	"	"	johnsonka@energy.nv.gov	N
Lindsay Stovall	tcc	916-448-2581	lindsay_stovall@americanchemistry.com	N

EXHIBIT "A"

Notice of Hearing and Agenda - R127-13 • Wednesday, March 19, 2014 at 2:00pm • Las Vegas, NV

NAME	ORGANIZATION	TELEPHONE	EMAIL ADDRESS	Speaking Y/N
Matt Weinman	USGBC-NV	562 221 7009	mweinman6@gmail.com	No
Michael Crowe	USGBC-NV	702-249-0706	MBCROWE@COX.NET	No
Katarina Tesarova	Las Vegas Sands Corp	702-285-0253	katarina.tesarova@sands.com	Yes
Kelly Thomas	USGBC-NV.	702-860-3967	KELLY@USGBCNV.ORG	?