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STATE OF NEVADA

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GOVERNOR'S OFFICE OF ENERGY

MINUTES
of the workshop of the
GOVERNOR'S OFFICE OF ENERGY

LCB file number R127-13

January 22, 2014

The Governor's Office of Energy held a public meeting on January 22, 2014, beginning at 2PM. 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 workshop relating to proposed regulation R127-13, which related to the green building property tax abatement program. Director Thomsen stated that he would make a slight addendum to the agenda, by allowing a public comment period (which he termed agenda item #1A) after the introduction, after which he would move to item #2, which would consist of a review of the proposed amendments; he would then allow another public comment period at the end of the workshop, after which point the meeting would adjourn.

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 #1A consisted of Director Thomsen requesting public comment on the proposed regulation. No one in Carson City or Las Vegas wished to make a public comment.

5. Director's comment: Agenda item #2 consisted of Director Thomsen discussing Regulation R127-12, in which he stated that it is 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 and lengths of the abatement. Director Thomsen then stated that he would now allow public comment.

6. Public comment and discussion: Ramon Reynoso, Climate Change & Sustainability Services Officer at Ernst & Young, referenced the requirement that a building rating system must be in use for two years in order for it be adopted for use by the Office; he suggested that this time requirement be eliminated to allow the most current version of LEED to be used, which requires more stringent energy efficiency measures to take place than in the previous version.

Paula Eylar-Lauzon, Sustainability Officer of the Boyd Gaming Corporation, asked for clarification on the alternative green building rating system. Director Thomsen mentioned that there had been discussions in the legislature regarding the use of the Green Globes rating system; also, he mentioned that it was the office's intention to revise the regulation to add specificity to that topic. Ms. Eylar-Lauzon then asked if multiple systems would be allowed, or if rating system would be restricted to the LEED system and only the one additional system. Director Thomsen responded those (two systems) would not be exclusive systems; other systems could still be considered as additional options to these two.

Director Thomsen then asked to be apprised of the situation regarding smoking and LEED. He asked the participants if smoking is an immediate disqualification, and whether it was a new requirement. Mr. Reynoso responded that one of LEED's prerequisites was that there should be no smoking on the property per LEED's *Indoor Environmental Quality Prerequisite 2* provision. He mentioned that it used to be the case that smoking could be allowed in a building provided that smoking sessions were separated from non-smoking sections, but that the newest version required that no smoking be allowed even with barriers. Director Thomsen asked when the provision changed, and Mr. Reynoso stated that he believed that in its original version, LEED v2.0 did allow smoking. Eric Dominguez mentioned that businesses can still qualify for an abatement from the Office of Energy for a building with smoking provided it met all the USGBC certification requirements other than the non-smoking requirement. A participant commented that the Orleans hotel/casino in Reno can achieve certification even though the certified portion is connected to a non-certified portion that allows smoking. Mr. Reynoso said that it can be allowed provided that a physical barrier exists between the two sections. The previous commenter mentioned that a significant walkway, for example, would be a sufficient barrier. Rob Morris of Caesar's Entertainment mentioned that there must be a separate air/ventilation system between the LEED certified portion and the non-certified portion. Mr. Reynoso mentioned that the current version of Green Globes allowed smoking, but the new version being introduced does not allow smoking.

Director Thomsen asked if there were any other prerequisites that would immediately disallow a property from being LEED certified. Mr. Reynoso responded that an insufficient energy efficiency level can disqualify a property; a property must have an ENERGY STAR score of 69 to be LEED certified. Director Thomsen asked if there were any other immediate disqualifiers. Mr. Dominguez

mentioned that there are other prerequisites such as minimum water efficiency standards which must be met. Director Thomsen stated that it was his understanding that there was not another "binary" issue (as opposed to issues involving a minimum score threshold) besides smoking, in which a property either can, or cannot, be LEED certified. This statement was confirmed by individuals in the group. Mr. Reynoso clarified the smoking issue further by stating that smoking was allowed in hotels provided that the smoking rooms were segregated from the non-smoking rooms. He stated that (in regard to all buildings) that smoking could not be allowed within 25 feet of the entrance of a LEED-certified building. He also stated that there were specific structural separation rules regarding LEED-certification of a building, a portion of which allowed smoking (and could not be certified) and another portion of which did not (which could be certified). A participant mentioned that there had to be air system separation. Henry Shields from MGM Resorts wanted to clarify that gaming casino properties could still avail themselves of a tax abatement provided they met the point thresholds needed, regardless of the smoking issue. It was pointed out that NAC 701A.250 allows an abatement to be issued if a property meets the "equivalent" of the silver level or higher; Director Thomsen said that it was his belief that a property meeting the various point thresholds expressed in state regulations could still receive an abatement, even if the property allowed smoking (and did not receive actual LEED-certification). He mentioned that his predecessor had allowed such a property to receive an abatement.

Mr. Morris referenced the five points now needed to qualify for a tax abatement, and asked if that was unnecessary, since the regulation already mentioned the need for silver-level equivalency. Mr. Johnson mentioned that to achieve a tax abatement, a property needed not only the LEED rating of silver, but also needed a minimum number of points in the EAc1 credit, which would allow it to meet the office's definition of silver equivalency. Mr. Reynoso mentioned that a LEED rating of silver can be met by an ENERGY STAR score of 69; the previous requirement by the office to achieve a minimum of 3 points in the EAc1 credit meant that a property had to achieve an ENERGY STAR score of 74, and the new 5-point requirement means that a score of 76 now needs to be achieved.

Mr. Shields requested that the sections which were stricken regarding pre-2007 applicants be retained, at least until the abatements which the pre-2007 abatements received had concluded. Mr. Johnson mentioned that since there still existed some pre-2007 properties which had received registration status, the office was considering re-instating that stricken language.

Mr. Reynoso asked which standard (re: the table in NAC 701A.280) would be applied for projects that were registered a few years ago but only now apply for the actual abatement. Mr. Johnson responded that the project would be held to the standard in effect at the time the property was registered. Mr. Hill asked if an application was submitted with the proper documentation, and we deem it complete, whether the property would, at that point, be considered registered. Mr. Johnson responded in the affirmative. He clarified that the four-year time limit on completion of the project begins on the day that the letter acknowledging the registration is issued.

Mr. Reynoso mentioned that a portion of the application form requests the applicant to provide the current cost of construction. He suggested that this question be expanded, to acknowledge the fact that some applicants would be pursuing an abatement for an existing building, rather than new construction; in his view, the question would be better phrased if it requested that either the cost of

construction, or the cost of the improvements (on an existing building), whichever is applicable, be provided.

Jennifer Turchin from Sellen Sustainability asked for clarification on the table in NAC 701A.280 in regard to existing buildings, and mentioned that the language in that section seemed to suggest that existing buildings were only eligible for a maximum five-year abatement. Mr. Johnson confirmed that that was the case. Mr. Reynoso asked if the $100,000 per year cap on abatements for existing buildings was still in place; Mr. Johnson responded in the affirmative.

Mr. Reynoso suggested the legislation restricting the tax abatements to five years be revisited in the next session, because of the inhibitive effect that the law has on those pursuing tax abatements for existing buildings. Immediately prior to this comment, some of the participants had mentioned that the five –year restriction for existing buildings provides no incentive for such applicants to pursue energy efficiency measures other than the minimum needed to qualify, with regard to EAc1 points. However, it was pointed out that there still exists an incentive for existing building applicants to attain a higher level ranking, e.g., a gold-rating rather than a silver-rating, since that influences the percentage of the abatement rather than the length of the abatement. Director Thomsen mentioned that he would consider Mr. Reynoso's suggestion.

7. Director's closing comment: Director Thomsen stated that he would consider all public comment today. He mentioned that we would incorporate language providing more specificity to the Green Globes alternative rating system. He asked if there were any additional public comment; there was none. He said that a regulation hearing would be held regarding the final version of the regulation before its submittal to LCB.

Director Thomsen stated that there were no more discussion items under Agenda Item #2. He then moved to Agenda Item #3 allowing additional public comment and discussion on any item on the agenda. There were no additional public comments.

8. Adjournment: 2:59 P.M.

Notice of Workshop and Agenda - R127-13 • Tuesday, January 22, 2013 at 2:00pm • Carson City, NV

NAME	ORGANIZATION	TELEPHONE	EMAIL ADDRESS	Speaking Y/N
Shannan Hogan	Holland & Hart	327-3076	sbhogan@hollandhart.com	N
Cathy Erskine	Lewis Roca Rothgerber	321-3437	cerskine@lrrlaw.com	N
Paula Eybar-Lauzon	Boyd Gaming Corp	702/616-1108	paulaeybar@boydgaming.com	
Ramon Reynoso	Ernst & Young	2139773088	ramon.reynoso@ey.com	N
Edward Koijane	ERNST & YOUNG	7022679001	edward.koijane.com	N
ROB MORRIS	CAESARS ENT.	702-3004304	RMORRIS@CAESARS.COM	N
Eric Dominguez	"	702-880-6876	edominguez@caesars.com	N
Kevin Johnson	GOE	775-687-1850	johnsonk2@energy.nv.gov	
Kevin Hill	GOE	775-687-1850	KJhill@energy.nv.gov	
PAUL THOMSEN	GOE	775-687-1850	pthomsen@energy.nv.gov	

EXHIBIT A

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NAME	ORGANIZATION	TELEPHONE	EMAIL ADDRESS	Speaking Y/N
Henry Shields	MGM Resorts	702-692-2105	#Shieldsr@MGMResorts.com	N
Jenny Yu	Las Vegas Sands	702-607-4502	jenny.yu@sands.com	N
Jennifer Tuchin	Selkin Sustainability	702 795 2285	jennifer.tuchin@selkin.com	N