



GOVERNOR'S OFFICE OF ENERGY

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

AFN 14-0312G
ORNI 39 LLC (McGinness Hills Ph II)

June 2, 2014

The Governor's Office of Energy held a public meeting on June 2, 2014, beginning at 10:02AM 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
Tim Clausen, Lewis Roca Rothgerber
Sarah Anderson, Ormat Nevada Inc.
Jan Kelley, state Department of Taxation
Luke Welmerink, Ormat Nevada Inc.

- 1. Call to order:** The meeting was called to order at 10:02AM by Deputy Director Brita Tryggvi.
- 2. Director's comment:** Deputy Director Tryggvi stated that this was a hearing on the merits of ORNI 39 LLC. The application for partial abatement of taxes is for the operation of a 36 MW geothermal facility located on 7680 acres of land in Lander County.
- 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:** The Deputy Director submitted Exhibit 1, a packet of documents consisting of the application of ORNI 39 LLC, the sales and use tax Fiscal Note from the Nevada State Department of Taxation, the property tax Fiscal Note from the Nevada Department of Taxation, the Fiscal Note from the Budget Division, the denial letter from Lander County Board of Commissioners, the rescission letter from the Lander County Board of

Commissioners, the Order of Recusal by Director Thomsen, and the pre-filed testimony of Luke Welmerink, into evidence and asked if ORNI 39 LLC intended to call a witness to testify. ORNI 39 LLC called Luke Welmerink to testify in regards to the application.

The Deputy Director asked for witnesses to provide testimony in regards to the matter. Tim Clausen asked Luke Welmerink if the written testimony supplied was correct and based on the best of his knowledge in which Luke Welmerink said it was.

The Deputy Director asked if any other person wanted to be heard in regards to the matter to which she received no response. The Deputy Director asked if any person wished to add any closing remarks to which he received no response.

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

As to NRS 701A.360 (1), the Deputy Director found that the applicant intends to locate within this State a facility for the generation of renewable energy, thus meeting the intent of the statute. As to NRS 701A.360(2), the Deputy Director found that the facility is not owned, operated, leased, or controlled by a government agency, thus meeting the requirement of the statute. The Deputy Director found 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. 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. As to NRS 701A.365(1)(c), the applicant has provided testimony that no funding for 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. As to NRS 701A.365(1)(d)(1), the application states that the construction of the facility will employ 138 full-time employees during the second quarter of construction of which at least 50% will be Nevada residents. As to NRS 701A.365(1)(d)(2), the Deputy Director found that the total capital investment in the facility is estimated to be \$ 103,000,000, thus exceeding the \$3,000,000 capital investment required by the statute. As to NRS 701A.365(1)(d)(3), the Deputy Director found 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 \$24.45, which is at least 110% of the average statewide hourly wage set by DETR. As to NRS 701A.365 (1)(d)(4), the Deputy Director found that this statute is met as the application states that the average hourly wage that will be 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. As to NRS 701A.365(1)(d)(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 Deputy Director, thus meeting the requirement of the statute. As to NRS 701A.365(1)(f), the Deputy Director found that the benefits that will result to this State from the employment by the facility of the residents of this State and from capital investments 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.

The Deputy Director found that the financial benefits to the state exceeded the abated amounts and provided each figure. The total benefits to the state of Nevada are \$121,626,106 and the total abatement is \$14,692,456.

The Deputy Director found that the partial abatement of sales and use tax and property tax did not apply during a time in which the facility was receiving an abatement for the same.

6. Approval of Application.

7. Explanation of Process: The Deputy Director 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 Deputy Director or her representative, representatives from the Nevada Department of Taxation, and appropriate representatives of ORNI 39 LLC will meet face-to-face to go over the terms and conditions of the Abatement Agreement and after that meeting, we 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): The Deputy Director asked if anyone had any public comment to which there was no response.

7. Adjournment: 10:19AM.