



755 North Roop Street, Suite 202
Carson City, NV 89701
Office: (775) 687-1850
Fax: (775) 687-1869

NEVADA GOVERNOR'S OFFICE OF ENERGY

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

AFN 15-0831SPV
Nevada Valley Solar Solutions II, LLC
Solar Project
November 9, 2015

The Governor's Office of Energy held a public meeting on November 9, 2015, beginning at 3:01 PM. at the following location:

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

Present at the hearing:

Angela Dykema, Director of the Governor's Office of Energy

Suzanne Linfante, Governor's Office of Energy

Harry Ward, Deputy Attorney General for the Governor's Office of Energy

Bo Balzar, Operations Manager - Bombard Renewable Energy, representing Nevada Valley Solar Solutions II

Chris Brooks – Valley Electric Association

1. Call to order: The meeting was called to order at 3:01 PM by Director Angela Dykema.

2. Director's comment: Director Dykema stated that this was a hearing on the merits of the application for partial abatement of property taxes and sales and use taxes originally filed by Nevada Valley Solar Solutions II, LLC on August 31, 2015. The Application Filing Number 15-0831SPV. This application is for a 15 MW solar facility located in Pahrump, Nye County, Nevada. The director stated she will be the presiding officer for the hearing this afternoon. With her is the Program Coordinator, Suzanne Linfante.

3. Public comment and discussion (1st period): Director Dykema 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 Director submitted Exhibit 1, a packet of documents consisting of: Exhibit A is a Notice of Public Hearing, dated October 15, 2015; Exhibit B is a redacted Application as filed with the Governor's Office of Energy on August 31, 2015; Exhibit C is the Fiscal Impact of the partial abatement of Property Tax as required by NRS 701A.375-1 received on October 6, 2015; Exhibit D is the Fiscal Impact of the partial abatement of

Sales and Use Tax as required by NRS 701A.375-1 received on September 2, 2015; Exhibit E is the Fiscal Impact of the partial abatement as provided by the Department of Administration, required by NRS 701A.375-1, received on September 3, 2015. Exhibit F is the State of Nevada Business License for Nevada Valley Solar Solutions II; Exhibit G is a Letter of approval of the partial abatement of property tax, filed by the Clerk of the Board of Nye County Commissioners, dated October 8, 2015; Exhibit H is a Letter regarding lease between Nevada Valley Solar Solutions II and land owner regarding payment of property taxes. The Director admitted Exhibit 1 into evidence in this matter.

The parties present introduced themselves and Bo Balzar chose not to make an opening statement.

The Director stated she had some additional questions and asked to swear in the witness/es for Nevada Solar Solutions II. The Director swore in Bo Balzar. The Director asked Balzar if he could explain the relationship of Nevada Valley Solar Solutions I to Nevada Valley Solar Solutions II. Balzar replied that originally they intended to use an inverted lease tax equity structure where Nevada Valley Solar Solutions I would have been the master tenant and VEA power purchase agreement counterpart. Nevada Valley Solar Solutions II would have been the project owner. Both entities are wholly owned subsidiaries of my parent company, MDU Construction Services Group and the tax equity structure has recently changed. Nevada Valley Solar Solutions I is going to assign the agreement to Nevada Valley Solar Solutions II and Nevada Valley Solar Solutions II is assuming all rights and obligations under the power purchase agreement. Nevada Valley Solar Solutions I will no longer be involved with the project. All project owner activities will be handled by Nevada Valley Solar Solutions II. The Director thanked Balzar for his answer.

The Director asked for clarification on the hourly construction wage stated in the application stating that it seemed a little high compared to what the Office is normally used to seeing at \$58.31/hour. Balzar answers that when Nevada Valley Solar Solutions II put that wage estimate together they included the entire base wage package plus all the fringe benefits. The fringe benefits run approx. 40% of the total package. They did not include payroll taxes in the calculation.

The Director stated that the Office received the letter regarding the lease for Valley Electric Association and thanked Balzar.

The Director asked Balzar to state for the record when they intend to file and have the lease recorded with Nye County. Balzar states that he intends to that this month, November 2015.

The Director asked that Balzar confirm if any funding will be provided by the governmental entity and the state for the acquisition design or construction of the facility or for the acquisition of any land. Balzar stated that they do not anticipate any funding from the state.

The Director asked if, beside the applicant, if anyone else would like to speak. No one else volunteered to speak. The Director asked if there is any additional information that the applicant would like to admit as evidence in this matter. The applicant does not have any extra information. The Director asks if there is anyone else who would like to be heard in this matter. Let the record reflect that no one else asked to be heard outside of the applicant. The Director asked if the applicant or anyone else would like to make a closing statement. No closing statements were made.

The Director stated that the evidentiary portion of this hearing will be considered closed. A break was taken to consider the testimony and evidence.

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

As to NRS 701A.360 (1), the Director finds that the applicant intends to locate within this State a facility for the generation of solar renewable energy, thus meeting the intent of the statute. As to NRS 701A.360(2), the Director finds that the facility is not owned, operated, leased, or controlled by a government agency, thus meeting the requirement of the statute. As to NRS 701A.365(1)(a)(1), the Director finds that this statute 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 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 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. As to NRS 701A.365(1)(e)(1), the application states that the construction of the facility will employ 103 **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. As to NRS 701A.365(1)(e)(2), the Director finds that the total capital investment in the facility to be approximately \$32,180,665 thus exceeding the \$3,000,000 capital investment required by the statute. As to NRS 701A.365(1)(e)(3), the Director finds 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 \$50 an hour, which is at least 110% of the fiscal year average statewide hourly currently posted by the Department of Employment Training and Rehabilitation. As to NRS 701A.365 (1)(d)(4), the Director finds 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 \$58.31 which is at least 175% of the fiscal year average statewide hourly wage currently posted by the Department of Employment Training and Rehabilitation. 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 Director, thus meeting the requirement of the statute. As to NRS 701A.365(1)(f), the Director finds 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:

Financial Benefits

The Director states that Capital Investment approximately \$32,180,665

The Director states that Construction Payroll employees at 139 employees...interrupted by Program Manager to correct that statement to Construction Payroll 103 employees at \$58.31/hr x 1,200 hours, which is approximately 7 months is around \$7.2 million in benefits.

The Director states that Operational Payroll will not be calculated because .5 of an employee as stated in the application cannot be properly quantified.

The Director states that they will do a recalculation with the financial benefits to define the total benefits to NV over abatement periods, stating it will be more around \$38 or 39 million instead of \$41.2 million.

Amounts Abated

20 year Property Taxes Abatement \$3,878,596

Three year Sales and Use Tax Abatement \$971,778.10

TOTAL AMOUNT ABATED OVER ABATEMENT PERIODS \$4,850,374.10

As to NRS 701A.370(1)(a)(3), the Director finds that the abatement 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. As to NRS 701A.370(1)(b)(1)(III), the Director finds that the abatement will not apply during any period in which the facility is receiving another abatement or exemption from local sales and use taxes, thus meeting the requirement of the statute.

6. Approval of Application. Director Dykema approved the application for the partial abatement of property taxes and sales and use taxes to Nevada Valley Solar Solutions II, LLC.

7. Explanation of Process: Director Dykema explained that after today's hearing, this office will produce a written Findings of Fact, Conclusions of Law, and Order. Once the Order is issued, I or my representative, representatives from the Nevada Department of Taxation, and appropriate representatives of your company may meet to go over the terms and conditions of the Abatement Agreement prior to executing Abatement Agreement.

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

The Director provided time for any questions. No questions were asked.

8. Public comment and discussion (2nd period): Director Dykema asked if anyone had any public comment to which there was no response.

7. Adjournment: 3:20 PM.