



GOVERNOR'S OFFICE OF BUSINESS AND ECONOMIC DEVELOPMENT



California Competes Tax Credit Program

Edmund G. Brown, Jr  
Governor

Kish Rajan  
Director

Panorea Avdis  
Chief Deputy Director

Grace Arupo-Rodriguez  
Deputy Director of Legal Affairs

Will Koch  
Deputy Director of California  
Competes Tax Credit Program

Governor's Office of Business  
and Economic Development  
1325 J Street, 18<sup>th</sup> Floor  
Sacramento, CA 95814  
[CalCompetes@gov.ca.gov](mailto:CalCompetes@gov.ca.gov)  
(916) 322-0694

Committee Meeting

Thursday, June 19, 2014  
10:00 a.m.

707 Third Street, 1<sup>st</sup> Floor Auditorium  
West Sacramento, CA, 95605-2811  
(Department of General Services)

AGENDA

MEMBERS:

Michael E. Rossi, Chair  
Senior Advisor to the Governor  
of California,  
Delegate to the Director,  
Governor's Office of Business  
and Economic Development

Bill Lockyer  
State Treasurer

Michael Cohen, Director  
Department of Finance

Denise Zapata, Appointee of  
the Senate Committee on Rules

Greg Conger, Appointee of the  
Speaker of the Assembly

OPEN SESSION

A. Call to Order and Roll Call

B. Deputy Director's Report

- Governor's Economic Development Initiative
- California Competes Tax Credit Application Process and Summary
- Bagley-Keene/Conflict of Interest

C. Discussion and Approval of Applications for the California Competes Tax Credit from Businesses other than Small Businesses

<b>Total Recommended Tax Credits:</b>	<b>\$22,093,000</b>
<b>Total Recommended Tax Credits after Adjusting for S-Corporation Law<sup>1</sup>:</b>	<b>\$22,497,996</b>

1. Samsung Semiconductor, Inc.  
Industry: Semiconductor Research & Development  
Primary Location: San Jose  
Net Increase of Full-Time Employees: 400  
Investments: \$357,764,000  
Amount of Tax Credit: \$6,000,000  
Link to Tax Credit Agreement: <http://bit.ly/1hKoEkp>

<sup>1</sup> One-third of the California Competes Tax Credit may be utilized by an S-Corporation to offset the tax on net income at the S-Corporation level (R&TC §23803(a)(1)). The remaining two-thirds is disregarded and may not be used as a carryover for the S-Corporation (R&TC §23803(a)(2)(A)). However, the full amount of the California Competes Tax Credit is also passed through to the S-Corporation's shareholders (R&TC §23803(a)(2)(F)).



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2. Petco Animal Supplies, Inc.  
Industry: Retail and Corporate Management  
Primary Location: San Diego  
Net Increase of Full-Time Employees: 263  
Investments: \$84,000,000  
Amount of Tax Credit: \$2,600,000  
Link to Tax Credit Agreement: <http://bit.ly/1ih4rxa>
  
3. Samsung Information Systems America, Inc.  
Industry: Electronic Device Research & Development  
Primary Location: Mountain View  
Net Increase of Full-Time Employees: 210  
Investments: \$128,333,935  
Amount of Tax Credit: \$2,000,000  
Link to Tax Credit Agreement: <http://bit.ly/1o6pfQ2>
  
4. Amazon Fulfillment Services, Inc.  
Industry: Online Retail Warehouse & Distribution  
Primary Locations: Moreno Valley, Tracy, Newark & San Bernardino  
Net Increase of Full-Time Employees: 1,550  
Investments: \$225,000,000  
Amount of Tax Credit: \$1,575,000  
Link to Tax Credit Agreement: <http://bit.ly/1pdnksy>
  
5. A2Z Development Center, Inc.  
Industry: Electronic Device Research & Development  
Primary Locations: Sunnyvale, Cupertino  
Net Increase of Full-Time Employees: 798  
Investments: \$55,000,000  
Amount of Tax Credit: \$1,200,000  
Link to Tax Credit Agreement: <http://bit.ly/1uMJ9zc>
  
6. Graphic Packaging International, Inc.  
Industry: Food and Beverage Packaging Design & Manufacturing  
Primary Locations: Oroville, Irvine, Santa Clara  
Net Increase of Full-Time Employees: 138  
Investments: \$54,228,200  
Amount of Tax Credit: \$1,150,000  
Link to Tax Credit Agreement: <http://bit.ly/1l1rYSK>



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7. Macy's.com, Inc.  
Industry: E-Commerce Technology  
Primary Location: San Francisco  
Net Increase of Full-Time Employees: 193  
Investments: \$206,307,830  
Amount of Tax Credit: \$1,000,000  
Link to Tax Credit Agreement: <http://bit.ly/SsQbKY>
  
8. Novartis Pharmaceuticals Corp.  
Industry: Pharmaceutical Manufacturing  
Primary Location: San Carlos  
Net Increase of Full-Time Employees: 28  
Investments: \$104,800,000  
Amount of Tax Credit: \$1,000,000  
Link to Tax Credit Agreement: <http://bit.ly/1tZgRPN>
  
9. Weber Metals, Inc.  
Industry: Aerospace Metal Forging  
Primary Location: Long Beach  
Net Increase of Full-Time Employees: 60  
Investments: \$170,703,000  
Amount of Tax Credit: \$1,000,000  
Link to Tax Credit Agreement: <http://bit.ly/1nuCF4X>
  
10. Hyundai Capital America  
Industry: Automobile Consumer Financial Services  
Primary Location: Irvine  
Net Increase of Full-Time Employees: 120  
Investments: \$0.00  
Amount of Tax Credit: \$885,000  
Link to Tax Credit Agreement: <http://bit.ly/1kLaoY2>
  
11. iHerb, Inc.  
Industry: Online Retail Warehouse & Distribution  
Primary Location: Riverside County  
Net Increase of Full-Time Employees: 150  
Investments: \$15,000,000  
Amount of Tax Credit: \$815,000  
Link to Tax Credit Agreement: <http://bit.ly/SsXFh7>



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12. Deckers Outdoor Corporation  
Industry: Footwear Design, Marketing & Distribution  
Primary Locations: Moreno Valley, Goleta  
Net Increase of Full-Time Employees: 125  
Investments: \$149,475,624  
Amount of Tax Credit: \$800,000  
Link to Tax Credit Agreement: <http://bit.ly/1kLaSNO>
  
13. AI California, LLC  
Industry: Grocery Regional Headquarters, Distribution & Retail Stores  
Primary Locations: Moreno Valley & Counties of Orange, San Diego, Los Angeles, Riverside, San Bernardino, Ventura  
Net Increase of Full-Time Employees: 182  
Investments: \$150,000,000  
Amount of Tax Credit: \$700,000  
Link to Tax Credit Agreement: <http://bit.ly/1hKtk9V>
  
14. Fresh Select, LLC  
Industry: Large Scale Produce Refrigeration & Distribution  
Primary Location: Dinuba  
Net Increase of Full-Time Employees: 341  
Investments: \$5,923,906  
Amount of Tax Credit: \$500,000  
Link to Tax Credit Agreement: <http://bit.ly/St0i2m>
  
15. Flowers Baking Co. of Modesto, LLC  
Industry: Production of Packaged Bakery Goods  
Primary Location: Modesto  
Net Increase of Full-Time Employees: 121  
Investments: \$25,000,000  
Amount of Tax Credit: \$300,000  
Link to Tax Credit Agreement: <http://bit.ly/1ihplfk>
  
16. Duarte Nursery, Inc.  
Industry: Nursery  
Primary Location: Hughson  
Net Increase of Full-Time Employees: 33  
Investments: \$33,082,533  
Amount of Tax Credit: \$250,000  
Link to Tax Credit Agreement: <http://bit.ly/1uNcoBZ>



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- 17. Professional Asbestos and Lead Services, Inc.  
 Industry: Hazardous Materials Remediation & Removal  
 Primary Location: Stockton  
 Net Increase of Full-Time Employees: 71  
 Investments: \$650,000  
 Amount of Tax Credit: \$100,000  
 Link to Tax Credit Agreement: <http://bit.ly/1pxdQ9l>
  
- 18. Matheson Tri-Gas, Inc.  
 Industry: Industrial Gas Supplier  
 Primary Locations: Rancho Cucamonga, Santa Rosa, Newark, Los Nietos  
 Net Increase of Full-Time Employees: 53  
 Investments: \$5,923,906  
 Amount of Tax Credit: \$100,000  
 Link to Tax Credit Agreement: <http://bit.ly/1hBHpGp>
  
- 19. Lynam Industries, Inc.  
 Industry: Sheet Metal Manufacturing  
 Primary Location: Fontana  
 Net Increase of Full-Time Employees: 69  
 Investments: \$6,512,552  
 Amount of Tax Credit: \$68,000  
 Link to Tax Credit Agreement: <http://bit.ly/1l1y1a3>
  
- 20. Health One Pharmaceutical Inc.  
 Industry: Health Supplement Manufacturing  
 Primary Location: City of Industry  
 Net Increase of Full-Time Employees: 10  
 Investments: \$5,643,008  
 Amount of Tax Credit: \$50,000  
 Link to Tax Credit Agreement: <http://bit.ly/1uN1hch>

**D. Discussion and Approval of Applications for the California Competes Tax Credit from Small Businesses**

<b>Total Recommended Tax Credits:</b>	<b>\$7,372,500</b>
<b>Total Recommended Tax Credits after Adjusting for S-Corporation Law<sup>2</sup>:</b>	<b>\$7,440,000</b>

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<sup>2</sup> One-third of the California Competes Tax Credit may be utilized by an S-Corporation to offset the tax on net income at the S-Corporation level (R&TC §23803(a)(1)). The remaining two-thirds is disregarded and may not be used as a carryover for the S-Corporation (R&TC §23803(a)(2)(A)). However, the full amount of the California Competes Tax Credit is also passed through to the S-Corporation's shareholders (R&TC §23803(a)(2)(F)).



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1. CE&P Imperial Valley 1, LLC  
Industry: Ethanol / Biofuel Manufacturing  
Primary Location: Brawley  
Net Increase of Full-Time Employees: 222  
Investments: \$526,700,398  
Amount of Tax Credit: \$3,100,000  
Link to Tax Credit Agreement: <http://bit.ly/TBxupB>
  
2. Ultragenyx Pharmaceutical Inc.  
Industry: Pharmaceutical Research & Development  
Primary Location: Novato  
Net Increase of Full-Time Employees: 180  
Investments: \$16,331,892  
Amount of Tax Credit: \$2,100,000  
Link to Tax Credit Agreement: <http://bit.ly/1hKwQkO>
  
3. Iso Nano International LLC dba BST NanoCarbon LLC  
Industry: High-Tech Commercial Fiber Design & Manufacturing  
Primary Location: San Diego, Temecula  
Net Increase of Full-Time Employees: 632  
Investments: \$22,825,000  
Amount of Tax Credit: \$1,450,000  
Link to Tax Credit Agreement: <http://bit.ly/1n2CSuu>
  
4. Sparsha USA, Inc.  
Industry: Transdermal Patch Development & Manufacturing  
Primary Location: Oceanside  
Net Increase of Full-Time Employees: 21  
Investments: \$4,400,000  
Amount of Tax Credit: \$250,000  
Link to Tax Credit Agreement: <http://bit.ly/1keZULw>
  
5. CTP Transportation Products, LLC  
Industry: Commercial Vehicle Wheel & Component Manufacturing  
Primary Location: Ontario  
Net Increase of Full-Time Employees: 33  
Investments: \$1,000,000  
Amount of Tax Credit: \$150,000  
Link to Tax Credit Agreement: <http://bit.ly/1xzIRxP>



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6. Systema America, Inc.  
Industry: Information Technology & Communication Device Software Engineering & Testing  
Primary Location: San Carlos  
Net Increase of Full-Time Employees: 42  
Investments: \$789,600  
Amount of Tax Credit: \$100,000  
Link to Tax Credit Agreement: <http://bit.ly/1nuJIA7>
  
7. Salient IT, Inc.  
Industry: Information Technology Consulting & Data Center Management  
Primary Locations: Sacramento, Oakland  
Net Increase of Full-Time Employees: 21  
Investments: \$460,000  
Amount of Tax Credit: \$77,500  
Link to Tax Credit Agreement: <http://bit.ly/1lj7bi4>
  
8. Technical Engineered Coatings, Inc.  
Industry: Commercial Concrete Treatment  
Primary Location: Folsom  
Net Increase of Full-Time Employees: 13  
Investments: \$239,000  
Amount of Tax Credit: \$55,000  
Link to Tax Credit Agreement: <http://bit.ly/St4vmw>
  
9. Animal Memorial Service, Inc.  
Industry: Pet Cremation Services  
Primary Location: Gilroy  
Net Increase of Full-Time Employees: 5  
Investments: \$370,000  
Amount of Tax Credit: \$40,000  
Link to Tax Credit Agreement: <http://bit.ly/1pxmdBI>
  
10. American Marine Abatement Services, LLC  
Industry: US Navy Ship Maintenance & Repair Services  
Primary Location: National City  
Net Increase of Full-Time Employees: 6  
Investments: \$110,000  
Amount of Tax Credit: \$30,000  
Link to Tax Credit Agreement: <http://bit.ly/1hKytid>



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11. XCell Science, Inc.

Industry: Stem Cell Biotechnology Research & Development

Primary Location: Novato

Net Increase of Full-Time Employees:

8

Investments:

\$213,103

Amount of Tax Credit:

\$20,000

Link to Tax Credit Agreement: <http://bit.ly/1jgC9TW>

**E. Public Comment**

**F. Adjournment**

The numerical order of items on this agenda is for convenience of reference. Items may be taken out of order upon the request of the California Competes Tax Credit Committee Chair or Committee Members. This notice and agenda can be obtained at: <http://www.business.ca.gov/Programs/CaliforniaCompetesTaxCredit.aspx>. For additional information regarding this notice and agenda, please contact Scott Dosick, Research Program Specialist, at 916-324-9750 or [scott.dosick@gov.ca.gov](mailto:scott.dosick@gov.ca.gov). The Governor's Office of Business and Economic Development complies with the Americans with Disabilities Act by ensuring that the facilities are accessible to persons with disabilities, and by providing this notice and agenda and related information in alternative formats when requested. If you need further assistance, including disability-related modifications or accommodations, you may contact Scott Dosick no later than five calendar days before the meeting.