



Gavin Newsom
Governor

Dee Dee Myers
Director

Chris Dombrowski
Chief Deputy Director

Scott Dosick
Deputy Director,
California Competes
Tax Credit Program

Jee Liyanage
Assistant Deputy Director,
California Competes
Tax Credit Program

Governor's Office of Business
and Economic Development
1325 J Street, 18th Floor
Sacramento, CA 95814
CalCompetes@gobiz.ca.gov
(916) 322-4051

California Competes

Committee Meeting

Thursday, November 16, 2023

1:00 p.m.

The California Competes Tax Credit (CTC) Committee Meeting was live streamed and open to the public on [Zoom](#).

Members of the public were encouraged to submit public comments or requests during the meeting through email.

MEMBERS:

Dee Dee Myers, Chair
Director
Governor's Office of Business
and Economic Development

Fiona Ma
State Treasurer

Joe Stephanshaw, Director
Department of Finance

Todd Walters, Appointee of the
Senate Committee on Rules

Madeline Janis, Appointee of
the Speaker of the Assembly

MINUTES

OPEN SESSION

A. Call to Order and Roll Call

Chair Myers called the meeting of the California Competes Tax Credit Committee (Committee) to order at 1:06pm.

Members Present: Chair Dee Dee Myers, Madeline Janis (representing the Speaker of the Assembly), Patrick Henning (representing the State Treasurer), and Todd Walters (representing the Senate Committee on Rules).

Deputy Director Dosick stated that Gayle Miller from the Department of Finance would be joining shortly.

B. Approval of Minutes from June 15, 2023, Committee Meeting

Chair Myers asked if there were any questions from Committee Members or public comments on Item B with regards to the minutes from the June 15, 2023, meeting. Deputy Director Dosick confirmed there were no public comments. Member Janis complimented the California Competes team for excellent minutes.



Action Moved/Seconded: Members Henning/Janis
Yes: Members Janis, Walters, Henning, Myers
No: None

C. Deputy Director's Report

- **Agenda Overview**
 - **Agreements with 4 Businesses, Total Tax Credits \$33,800,000**
 - **Agreements with 8 Businesses, Total Grants \$110,000,000**

Deputy Director Dosick reminded those watching that if they wanted to make a public comment, they could either email CalCompetes@gobiz.ca.gov or use the Q&A tool. He requested that individuals requesting to make a public comment include their full name, organization they are representing (if applicable), and agenda item. He explained that name and organization are optional and for identification purposes only. He instructed individuals with any technical difficulties to call the CalCompetes hotline at 916-322-4051.

Today, GO-Biz is recommending 4 tax credit and 8 grant awards. Each of the businesses recommended for award today has certified in its application that this credit or grant will be a significant factor in their decision or ability to come to or remain and expand in California. He thanked the team for their hard work during this round of overlapping grant and tax credit applications.

Member Janis stated that there are 9 grant awards on the agenda, not 8.

Mr. Dosick replied that one of the recommended applicants withdrew its application from consideration.

Ms. Janis asked which one.

Mr. Dosick stated that it was Item G-8 Lyten, Inc.

Ms. Janis thanked the staff for their hard work. She appreciated that most of the items up for consideration are in strategic industries where our tax dollars can make a difference. She requested that GO-Biz send Committee Members meeting materials 3 weeks in advance of the meeting, as opposed to 10 days, so they can develop partnerships with these businesses on the front end. She indicated that the Speaker's Office feels this is a reasonable request. The 3 weeks will give them time to prepare and give businesses time to make connections with potential allies. She also requested that the names of the Committee Members be listed on the California Competes website.

Member Henning stated that he appreciates Ms. Janis' comments. He has received letters of support and opposition sometimes minutes before the meeting, and given that the members have other jobs, he requested that relevant parties submit these letters as early as possible in the future.



D. Discussion and Approval of California Competes Tax Credit Agreements

Total Recommended Tax Credits: \$33,800,000
Total Recommended Tax Credits after Adjusting for S-Corporation Law¹: \$39,233,333

Chair Myers asked if there were any questions or comments from the Committee or members of the public on any of the items under Agenda Item D. Deputy Director Dosick confirmed that we did not receive any public comments.

Action Moved/Seconded: Members Henning/Janis
Yes: Members Janis, Walters, Henning, Myers
No: None

E. Discussion and Approval of Recommendations for California Competes Tax Credit Recapture

Total Tax Credits Recommended to be Recaptured: \$72,900,069
Total Tax Credits Recommended to be Recaptured after Adjusting for S-Corporation Law²: \$73,845,736

Chair Myers asked if there were any questions or comments from the Committee or members of the public on any of the items under Agenda Item E. Deputy Director Dosick confirmed that we did not receive any public comments.

Member Walters requested to abstain from voting on Item E-5.

Deputy Director Dosick recommended that the Committee vote on a modified motion to approve Agenda Item E with the exception of Agenda Item E-5, to be voted on separately.

Action Moved/Seconded: Members Henning/Walters
Yes: Members Janis, Walters, Henning, Myers
No: None

E-5. The Kroger Co.

Member Miller joined the meeting.

Action Moved/Seconded: Members Henning/Miller

¹ 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)).

² 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)).



Yes: Members Janis, Henning, Miller, Myers

No: None

Abstain: Walters

F. Discussion and Approval of Recommendations for Modified California Competes Tax Credit Recapture

Total Recommended Tax Credits to be Recaptured: \$6,024,000

Total Recommended Tax Credits to be Recaptured after Adjusting for S-Corporation Law³: \$6,215,333

Chair Myers asked if there were any questions or comments from the Committee or members of the public on any of the items under Agenda Item F. Deputy Director Dosick confirmed that we did not receive any public comments.

Member Janis requested to pull Agenda Item F-1 for a separate vote. Chair Myers asked for a motion to approve all Agenda Item F with the exception of Agenda Item F-1.

Action Moved/Seconded: Members Janis/Walters

Yes: Members Janis, Walters, Henning, Miller, Myers

No: None

F-1. Proterra, Inc.

Member Janis stated that Proterra was an electric bus and battery manufacturer with union involvement. Proterra abruptly announced that it was closing the factory earlier this year and moving to a non-union plant in South Carolina. Proterra then filed for Chapter 11 bankruptcy protection. She stated that Proterra is now in the later stages of bankruptcy and has now been sold, essentially, in pieces to multiple companies. Last year, the Committee voted to recapture part of the credit and now that it is near the final sale of all assets, this may be a learning opportunity for how we do recaptures and is of particular concern for the grant program. She postulated that this is a company that took the credit, likely spent the money, and then reneged on its commitments and will no longer exist. She asked how we would recapture the \$3 million, and if we were able to recapture the previous partial recapture. She also asked if we should have known about this issue sooner so the recapture could have occurred sooner.

Deputy Director Dosick stated that this is a question for the Franchise Tax Board (FTB). He encouraged Committee Members to reach out if they would like him to facilitate a substantive discussion for

³ 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)).



Committee Members and the FTB between today and the next Committee Meeting about what other tools GO-Biz and the Franchise Tax Board (FTB) might need to ensure the ability to recapture. He clarified that recapturing is what we do whenever a company doesn't achieve or maintain some or all of its milestones. He stated that in some cases companies don't achieve some or all of their milestones. The act of recapturing is simply terminating that portion of their agreement to make those credits available back to GO-Biz to reallocate into future tax credit agreements.

He stated that once the Committee authorizes a recapture, if the company did previously earn the credit by achieving the corresponding milestones, and if they claim the credits on a tax return, then the FTB will issue a tax bill. The FTB does have a lot of tools in its arsenal up to and including the ability to apply liens on bank accounts and property.

Member Henning stated that he believed state debt obligations are prioritized only behind employee wages and possibly one or two other things during an ownership transfer.

Chair Myers asked if we have ever failed to recapture a credit to our knowledge.

Mr. Dosick stated that this is a question that can be asked of the FTB, as they would have that information. He noted that the utilization of CalCompetes tax credits is lower than what is approved because even though a company may have claimed the credit on a tax return, the company may not have had tax liability. He encouraged the Committee to approve this Item to authorize the FTB to begin the debt collection process, if necessary. He confirmed that the grant program was written in the same fashion as the credit program to give FTB the ability to retrieve grant funds in the same manner.

Ms. Janis stated that the State of California is not listed as a creditor in this case.

Member Miller stated that in a bankruptcy proceeding, the State of California does not need to be listed for there to be a tax obligation due. The IRS and FTB work together to recapture the obligations, which is a superior debt. CalCompetes is built on top of tax law.

Ms. Janis stated that Proterra is no longer going to exist as of the end of November. We have to get involved earlier. We are going to lose this \$3 million because it is being sold off. She suggested that, to the extent to which we can, we monitor these companies and assert ourselves in a timely manner.

- Action Moved/Seconded:** Members Miller/Henning
- Yes:** Members Janis, Walters, Henning, Miller, Myers
- No:** None

G. Discussion and Approval of California Competes Grant Agreements
Total Recommended Grant Allocation: \$110,000,000



Chair Myers noted that Item G-8 has been removed from the Agenda at the company's request. She proposed removing Agenda Items G-1, G-2, G-4, G-5, G-7, and G-9 from consent for further discussion. She asked if there were any other questions or comments from the Committee or members of the public on any of the items not pulled at this time. Deputy Director Dosick confirmed that there were no public comments received for these items. Chair Myers called for a motion to approve Agenda Items G-3 and G-6.

Member Janis noted that Agenda Item G-6. Sparkz, Inc. has been making a lot of high road commitments to California and thanked the company.

Action Moved/Seconded: Members Miller/Henning
Yes: Members Janis, Walters, Henning, Miller, Myers
No: None

G-1. Snapchat, Inc.

At the request of Chair Myers, Deputy Director Dosick elaborated on Agenda Item G-1. He described the company and the proposed grant Agreement to the Committee. Snapchat, Inc. (Snap) is a mobile application software and augmented reality platform developer. In exchange for a \$20 million California Competes Grant, Snap is proposing to create 508 new, full-time jobs and make \$152.4 million in investments in Palo Alto, San Francisco, and Santa Monica, California. Snap has certified in its application that absent award of the California Competes Grant, its project may occur in another state. Snap was previously awarded a \$5 million California Competes Tax Credit on April 14, 2016, in exchange for its commitment to create 1,194 new full-time jobs. The net increase of 508 jobs proposed in this project is above and beyond the proposed growth from its first agreement. Snap's previous agreement expired at the end of its 2020 tax year. Snap met or exceeded all its previous employment and investment milestones. The jobs Snap is committing to create are in classifications such as engineer, data scientist, finance, legal, human resources, and trust and safety.

Snap indicated in its application it has been developing its augmented reality (AR) Spectacles hardware product, and it will need to hire new employees to further develop this program. Snap indicated it could place the growth at its three California locations or it is alternatively considering the expansion across existing facilities in Arizona, Texas, or Utah. The grant amount requested represents the difference in increased operational costs and expected incentives between the proposed California locations and the alternative out-of-state locations. Snap stated award of the grant will be sufficient for it to commit to this expansion in California.

Mr. Dosick introduced Oona King, VP of Diversity & Inclusion; Mark Wadzyk, VP and Deputy General Counsel; Russ Caditz-Peck, Director of Communications; Jon Locascio, VP of Tax; Nick Shreeve, Senior



Manager of Tax; Jasson Crockett, Manager of Public Policy, who were available to answer the Committee's questions.

Member Janis stated that Snap's responses regarding hiring and training and diversity were impressive. She stated that the company has been having financial problems. She referenced a CNN report indicating that Snap's sales have declined by 5% and it recently posted an operating loss of \$769 million. She expressed her concern in awarding a grant to a company with these kinds of financial problems and asked the company to reflect on this topic. She also asked if Snap would be laying off other California employees.

Mr. Crockett thanked the Committee for the opportunity. He stated that Snap is taking a balanced approach to investing in the growth of the business while working toward profitability. This past quarter, Snap grew revenue by 5% year over year. It was free cash flow positive in 2021 and 2022 and has a goal of doing so again in 2024 and ensuing years. Snap also has sufficient cash and marketable securities to repay any potential grant that may get clawed back. That said, Snap has a history of meeting or exceeding all milestones per the previous California Competes Agreement, and it does not expect to be in a position where this grant will need to be recaptured.

Mr. Locascio stated that the net income that was referenced includes non-cash, stock-based compensation charges. Snap compensates its employees partly in cash and partly in stock. The post immaterial loss reflected in our 10-K filing with the SEC is the equity that is given to employees, the majority of whom reside in California, and is fully taxable to those employees.

Ms. Janis thanked them for the clarity. She asked if they are planning any layoffs in other parts of the business.

Mr. Crockett stated Snap did have layoffs in August 2022, at which point they were still larger than pre-pandemic. Those layoffs allowed it to refocus its business toward key growth opportunities such as building out its monetization on its flagship app and building out its hardware-based augmented reality business. He stated that they do not anticipate further layoffs.

Ms. Janis asked if the 2,549 employees base year employees were just California employees.

Mr. Crockett replied that yes, that is just in California. Snap has about 5,500 employees across 20 countries.

Ms. Janis stated that with this grant they will grow to a total of 3,557 California employees. She asked if that was what they were committing to.



Mr. Locascio replied yes. He added that the total California headcount today is less than 2,549 due to the August 2022 layoffs, and the Agreement does not reflect any growth for the first two years because they will be hiring to get back to that level during those years.

Ms. Janis asked if it is not accurate to state that it had 2,549 employees in the base year.

Mr. Locascio replied that number represents the annual full-time equivalent employment for that year, which is what CalCompetes uses.

Chair Myers asked if there were any more questions or comments from the Committee or the public. Mr. Dosick stated that there were none.

Action Moved/Seconded: Members Janis/Henning

Yes: Members Janis, Walters, Henning, Miller, Myers

No: None

G-2. AIBOT US, Inc.

At the request of Chair Myers, Deputy Director Dosick elaborated on Agenda Item G-2. He described the company and the proposed grant Agreement to the Committee. AIBOT US, Inc. (AIBOT) is an autonomous electric aircraft manufacturer. Its fully autonomous vertical take-off and landing aircraft range from an industrial drone expected to launch in 2024, to a 5-passenger aircraft expected to launch in 2028. Its smaller craft will have commercial applications including agriculture, and forest preservation, among others. The larger craft will serve as air taxis, medical and emergency transport, and private aircraft. In exchange for a \$15 million California Competes Grant, AIBOT is proposing to create 697 new, full-time jobs and make \$494 million in investments. AIBOT has certified in its application that absent award of the California Competes Grant, its project may occur in another state; and it may terminate all or a portion of its employees in California or relocate all or a portion of its employees in California to another state. The jobs AIBOT is committing to create are in classifications such as product design, engineer, manufacturing technician, marketing, sales, finance, human resources, legal, information technology, compliance, flight tester, supply chain, and advanced manufacturing engineer.

AIBOT stated in its application that while it is headquartered in Long Beach, California, where it also performs its engineering and prototype manufacturing, it currently performs its flight testing in Pendleton, Oregon. AIBOT stated that it is strategically important for its flight-testing location to be near its prototyping and manufacturing facility. It believes that the grant award would be sufficient to centralize all operations in California and align its flight testing with its other operations.



Mr. Dosick introduced Max Ma, President; John Clarkson, Chief Engineer; Nurudeen Adeyemi, Head of Engineering FP&A; Tommy Xie, Assistant Treasurer; and Michael Wu, Head of HR, who were available to answer the Committee's questions.

Member Janis stated that she wanted to better understand the technology and the extent to which humans are involved. There are a lot of people concerned about automating so much machinery and the possibility of eliminating jobs. She asked if AIBOT has a small, pilotless drone technology and a larger helicopter for medical and agricultural use.

Mr. Ma stated that this industry is very strategic for continued innovation in California. AIBOT aims to contribute to the next generation of urban air mobility and to bring the notion of flying safely into everyone's daily life. He stated that AIBOT will contribute to the efficiency of transportation while reducing carbon emissions from both aviation and automotive industries. The products will serve humans so they are user-centered, and they believe that AI should empower people. He noted that the FAA certification requirements are very clear, and they are focused on safety with respect to the AI. This includes working with industry suppliers to guarantee that the AI will be safe for use. The FAA requires a pilot to be in place, so there will be a pilot. For the unmanned drone, there will be an operator on the ground. He stated that both the manufacturing jobs and the jobs created by this new industry, would not be replacing jobs elsewhere as it would be an entirely new industry.

Ms. Janis stated that she loves the idea of electric flight. California Competes is meant to create good jobs. She asked if AIBOT will be manufacturing in California and how much robotics will be used in the manufacturing versus people.

Mr. Ma stated that they are willing to have the manufacturing in California. Based on the nature of the manufacturing process of its aircraft, there will not be a high number of robots used unlike the automotive industry.

Ms. Janis asked if manufacturing would take place at this facility in Long Beach or Mojave.

Mr. Ma replied that yes, that is the goal. He stated that they are exploring manufacturing sites, and the goal is to have something closer to the headquarters.

Mr. Walters asked what the vehicles will primarily be used for.

Mr. Ma stated that there are two major uses. Unmanned, crewless vehicles will be used for cargo delivery, firefighting, agriculture, and maybe medical service. While the manned vehicles will serve as air taxis.

Chair Myers asked if there were any more questions or comments from the Committee or the public. Mr. Dosick stated that there were none.



Action Moved/Seconded: Members Janis/Miller

Yes: Members Janis, Walters, Henning, Miller, Myers

No: None

G-4. Tynergy LLC

At the request of Chair Myers, Deputy Director Dosick elaborated on Agenda Item G-4. He described the company and the proposed grant Agreement to the Committee. Tynergy LLC (Tynergy) is a semiconductor, green energy generation equipment, and energy storage system manufacturer. In exchange for a \$15 million California Competes Grant, Tynergy is proposing to create 512 new, full-time jobs and make \$20,864,200 in investments. Tynergy has certified in its application that absent award of the California Competes Grant, its project will occur in another state. Further, Tynergy has certified that at least 75% of its net increase of full-time employees will work at least 75% of the time in Fresno, California. Fresno, California was an Area of High Unemployment and/or an Area of Poverty at the time Tynergy submitted its application. The jobs Tynergy is committing to create are in classifications such as administrator, assembler, supervisor, chemist, engineer, executive, sales representative, and researcher.

Tynergy indicated in its application that it is conducting site selection for two facilities - one for semiconductor manufacturing, and the other for flywheel electricity generation and battery energy storage system manufacturing. It stated that flywheel technology utilizes electromagnets which will rotate a flywheel to generate more energy than was initially used to power the magnets. Tynergy indicated that this process generates clean green energy without harmful environmental byproducts and can be used to amplify other green energy generation technology such as wind, solar, and hydroelectric power. Tynergy stated that it is imperative that the two facilities are in close proximity to one another as many of the materials produced in the semiconductor facility will be utilized in the flywheel energy generation and storage equipment manufacturing process. Tynergy stated it is in negotiations for various incentives from lower cost states including Arizona, Utah, and Nevada. Furthermore, Tynergy intends to use the California Competes Grant Program to qualify for federal CHIPS Act funding. The CHIPS Act requires that the project is offered incentives from the state where the project is located. Tynergy indicated that if it does not receive the required state incentives needed for its CHIPS application, it will have no choice but to consider locations that would provide incentives as they are integral to the financial viability of the project. Tynergy also stated its desire to leave Wyoming due to its institution of laws that severely limit women's reproductive rights and disenfranchise transgender individuals. Tynergy stated that it would prefer to be in a state that is in alignment with its inclusive direction and culture. Tynergy indicated it plans to use labor from a local union for the construction of the facilities. Tynergy stated that it is dependent upon grant funding to begin and, if awarded, would cease its operations in Wyoming, relocate its employees, and deploy its project in California.



Mr. Dosick introduced Yan Purba, Chief Executive Officer, who was available to answer the Committee's questions.

Chair Myers asked if there were any public comments on Agenda Item G-4. Mr. Dosick stated that there were three public comments for this Item. He introduced Etana Jacobi, Will Oliver, and Julian Ramos.

Etana Jacobi, speaking on behalf of the Industrial Division of the Communications Workers of America (IUE-CWA), expressed her enthusiastic support of Tynergy's application. Both CWA and IUE-CWA are invested in ensuring that the state and federal investment being made in the semiconductor industry through the historic CHIPS Act and along with state funds like the California Competes Tax Credit go to high road actors committed to being good community partners and creating good, family and community sustaining jobs.

The semiconductor industry has a long and fraught history of environmental and safety hazards, a lack of diversity in its workforce, and poor job quality for manufacturing workers. It is critical as we begin to reshore this work that we ensure state and federal investment is supporting safe and equitable development in our communities.

IUE-CWA and Tynergy have signed a letter of agreement committing to negotiate a community benefits agreement that will cover workforce development and labor neutrality for Tynergy's production workforce. The agreement, once it's negotiated, will ensure that the manufacturing workers have a path to good jobs on the proposed project. It will also put in place a robust labor-management collaboration on training a pipeline of workers from our communities for these new production jobs. We are excited to partner with Tynergy in this process and enthusiastically support the project. She stated that they look forward to updating the California Competes Board on the status of negotiations as they proceed.

Chair Myers welcomed Will Oliver to comment.

Will Oliver, President and CEO of the Fresno County Economic Development Corporation, stated that they are proud to support Tynergy's California Competes Grant application which will mark a significant investment in Fresno, an area that has struggled with poverty, unemployment, and persistent poor air quality. They appreciate this consideration which will mark the first California Competes Grant award for the county.

Tynergy's proposed investments in their manufacturing facilities will help advance new energy generation, microchip production, and help not only secure California's position in the semiconductor industry nationally, but will also position Fresno to take part in that growth. This is a very exciting project that we are heavily in favor of. Tynergy's commitment to quality job opportunities cannot be overstated with over 500 residents that would stand to benefit from these facilities. He stated that last



year, they were awarded a \$23 million Good Jobs Challenge Grant from the Biden Administration with GO-Biz's support. They are endeavoring to place 2,500 people into quality jobs, in-demand sectors, 70% of which to be from underrepresented and underserved communities. Companies like Tynergy have committed to hiring from these training pathways that include partners such as our local building trades council, that is helping prepare pre-apprentices to take part in the construction labor in these in-demand sectors and forthcoming jobs.

He stated that they strongly believe that Tynergy's project aligns with California's clean energy goals, provides sustainable energy solutions, especially to underrepresented communities. This is an example of where we can be aspirational and operational, and we highly encourage your support.

Mr. Dosick stated that while there was another public comment, they ceded their time to Mr. Oliver. There were no further public comments on this Item.

Ms. Janis stated that she was pleased to read why Tynergy was leaving Wyoming and coming to California. Our Governor has led the fight for women's reproductive rights and trans' rights. She asked if Tynergy's chips will be used in electric vehicles (EV's) and what role they play.

Mr. Purba thanked Ms. Jacobi, Mr. Oliver, and the Committee. He stated that Tynergy will use silica from Indonesia to become silicate ingots, which will become wafers, and then semiconductors for use in anything electronic that needs semiconductors.

Ms. Janis asked that given Tynergy was working with IUE-CWA that it would be open to working with a union apprenticeship and getting it registered in the state.

Mr. Purba stated that they are open to working with all parties that can help them accelerate the talent needed to manufacture, assemble, and process ingots and wafers. They have partnered with Fresno County, Visalia Adult Education, and Sequoias Adult Education Consortium to help with training, and they plan to create apprenticeships to give employees skills and hands-on training. Sequoias will help with training as well as remedial learning and skill building to aid employees that would not otherwise be qualified. This is important in the Central Valley, and they would be open to anyone that can help accelerate the workforce creation.

Ms. Janis stated that the difference between a union and a nonunion apprenticeship in the permanent jobs is significant. She expressed her excitement to hear that Tynergy was open to working with CWA on developing a union apprenticeship program. She asked if Mr. Purba had heard of the High Road Training Partnerships Fund in California.

Mr. Purba stated that he had not and would love to learn more about it.



Ms. Janis stated that it could give additional funding, especially for a union apprenticeship program.

Mr. Walters thanked everyone involved in this project. He stated that we learned through COVID how sensitive our supply chains are. Apprenticeships can spare young people from damaging student loans and give them a trade that they can take with them for the rest of their life. He strongly encouraged Tynergy to work with CWA on its apprenticeship program.

Chair Myers asked if there were any more questions or comments from the Committee or the public. Mr. Dosick stated that there were none.

Action Moved/Seconded: Members Janis/Miller

Yes: Members Janis, Walters, Henning, Miller, Myers

No: None

G-5. Infinera Corporation

At the request of Chair Myers, Deputy Director Dosick elaborated on Agenda Item G-5. He described the company and the proposed grant Agreement to the Committee. Infinera Corporation (Infinera) is a semiconductor chip developer and manufacturer. In exchange for a \$14 million California Competes Grant, Infinera is proposing to create 235 new, full-time jobs and make \$180,550,000 in investments in San Jose and Sunnyvale, California. Infinera has certified in its application that absent award of the California Competes Grant, its project may occur in another state; and, it may relocate a portion of its employees in California to another state. Infinera will hire full-time employees in the following classifications: manufacturing line worker, manufacturing manager, administrator, executive manager, and research and development engineer.

Infinera currently has facilities in Sunnyvale, San Jose, Allentown, Pennsylvania, and Dallas, Texas. Infinera is evaluating sites for a new semiconductor fabrication facility. To maximize operational efficiency, Infinera is considering expanding near either its California or Texas manufacturing locations.

Infinera stated that it would either retain 206 fabrication operation jobs currently working in Sunnyvale or relocate the jobs to Texas dependent upon the site chosen for expansion. Infinera indicated if Texas is chosen as the site for expansion, the Sunnyvale fabrication facility would continue to operate, although at a reduced capacity. Infinera stated in its application that when the cumulative costs and incentives between Texas and California are compared there is a cost difference of \$14 million in favor of Texas and the disparity in incentives and savings forms the basis of Infinera's grant request. Infinera stated that it needs the combined support of the California Competes Grant Program, and the federal CHIPS Act funding to locate this project in California. The CHIPS Act requires that the project is offered incentives from the state where the project is located. Infinera stated that without the California



Competes Grant, it will not be eligible for CHIPS Act funding, resulting in the project not being fully funded, and forcing it to secure those funds from Texas instead.

Mr. Dosick introduced Nancy Erba, Chief Financial Officer and Co-Chair of Global DE&I Committee; Kelly Johnson, Vice President, Global Head of HR Business Partners; Kim Chrissan, Vice President of Government Affairs; and Alex Tran, Managing Partner for California Incentives Group, who were available to answer the Committee's questions.

Ms. Janis asked about the materials used in the manufacturing process and noted that the industry has been known to be environmentally unfriendly. Specifically, she asked if they use indium phosphide based photonic integrated circuits.

Ms. Erba stated thanked the Committee for the opportunity. She replied that, yes, its core platform is indium phosphide. Infinera is not reshoring. It has been located in California since its founding in 2000 and has kept its manufacturing in California despite cost pressures. As a native Californian herself, she feels very strongly, that they want to stay.

The development and manufacturing that goes into its optical semiconductors is one of the greenest processes in manufacturing. It is not silicon-based. Many of the non-environmentally manufacturing processes in this sector are tied to silicon-based manufacturing. Infinera uses indium phosphide.

Ms. Janis asked where Infinera gets its minerals.

Ms. Erba stated that the substrates primarily come from Japan. Infinera is evaluating, as others, how to continue doing so. Historically, others source from China. She stated that the company believes that it is important to source from countries friendly to the U.S. even though it may be more expensive to do so.

Ms. Janis asked if there is a possibility of sourcing from the U.S.

Ms. Erba replied that there is that possibility, with investment. It is a chemical that could be grown in the U.S. with a high level of investment. Indium phosphide is different from silicon, in that it transmits light. She stated that its telecommunications chips sit at either end of a fiber-optic cable to transmit light, which is data. The ability to transmit light comes from indium and phosphide.

Ms. Janis asked about the types of jobs associated with Infinera's manufacturing buildout.

Ms. Erba stated that they have jobs for people with high school diplomas all the way up to PhDs. Infinera is excited to build a second semiconductor fabrication plant (fab) to expand its capacity and continue to grow. She stated that they want to keep this technology in the U.S., and explicitly in California. They are looking at locations where they can expand and grow the fab and continue to develop its employees.



Ms. Janis noted that the application materials talk about an apprenticeship program. She asked if that was a union apprenticeship program or nonunion.

Ms. Erba stated that it is nonunion. In addition to offering competitive salaries and benefits, the employees at Infinera all have access to the same benefits. She stated that they offer training and development to enable employees to expand and promote within their roles. They have many examples of employees who started with a high school diploma who went on to get an engineering degree and have gone from roles such as an operator up to a manager or line manager.

Ms. Janis asked if they would be open to the kind of community benefits agreement that Tynergy has with CWA.

Ms. Erba stated that she is excited to hear that another company is coming to expand the industry in California. They are always open to conversations, and she noted that they have used union labor in the past.

Chair Myers stated that there was one public comment from Etana Jacobi on this Item.

Etana Jacobi, speaking on behalf of the IUE-CWA. She stated that, as mentioned previously, they are deeply invested in having these dollars go to high road actors. While they were just now heartened to hear that Infinera is interested in having a conversation, they had not previously heard back from Infinera on their request to partner to ensure that these are good jobs. Without a commitment to negotiate a community benefits agreement that includes union neutrality and high road labor management pre-hire training programs, they are deeply concerned that these jobs will not be the good, family sustaining jobs our communities deserve.

As mentioned previously, the semiconductor industry has a long, fraught history of poor job quality, low wages for production workers, and union busting. She stated that they want to ensure that these jobs are good jobs. It is critical that state and federal investment go to companies that have made those commitments. Given the company's lack of a negotiated agreement right now, they cannot support this application but would look forward to conversations with them.

Chair Myers stated there were no more comments from the Committee or the public.

Action Moved/Seconded: Members Miller/Myers

Yes: Members Walters, Henning, Miller, Myers

No: None

Abstain: Janis

G-7. Helm.ai, Inc.



Chair Myers asked if there were any questions or comments from the Committee or the public. Ms. Janis stated that she no longer had questions on this Item. Mr. Dosick also stated that there were no public comments.

Action Moved/Seconded: Members Henning/Miller

Yes: Members Jannis, Walters, Henning, Miller, Myers

No: None

G-9. Joby Aero, Inc.

At the request of Chair Myers, Deputy Director Dosick elaborated on Agenda Item G-9. He described the company and the proposed grant Agreement to the Committee. Joby Aero, Inc. (Joby) is an electric aircraft manufacturer. Its vertical take-off and landing, four-person aircraft is designed to be an air taxi. In exchange for a \$9.8 million California Competes Grant, Joby is proposing to create 690 new, full-time jobs and make \$41.2 million in investments. Joby has certified in its application that absent award of the California Competes Grant, its project will occur in another state. The jobs Joby is committing to create are in classifications such as machinist, additive manufacturing technician, composite manufacturing technician, shipping & receiving, facilities, painting, equipment operator, quality assurance, battery manufacturing technician, avionics technician, equipment manager, production controller, tooling designer, IT manager, safety manager, compliance manager, quality assurance manager, flight test manager, simulator manager, aerodynamics, engineer, and senior manager.

Joby stated in its application that it needs to expand its low-rate manufacturing line in Marina with the intention of streamlining its broader manufacturing processes. Joby is headquartered in Santa Cruz and currently employs approximately 700 workers at its San Carlos facility, where it manufactures and assembles its motors and batteries. It employs approximately 300 workers at its facility at the Marina Municipal Airport, where it manufactures its carbon composite frames, and assembles and flight tests its aircraft. The proposed project consists of establishing a new facility adjacent to its existing space in Marina. Joby is evaluating if this expansion could be housed at the future site of its large-scale manufacturing facility in Dayton, Ohio instead of California. It stated that shifting this proposed expansion to this future facility would accelerate incentives already offered by Ohio and would yield lower operational costs than California. Joby stated that while its existing California operations are not at risk, it would shift this project to Ohio without the award. It stated that the grant award would be sufficient to commit to this expansion in California.

Mr. Dosick introduced Matt Field, Chief Financial Officer; Cody Cleverly, Workforce Development Lead; and Maria Elena Manzo, Program Director of Mujeres en Acción, who were available to answer the Committee's questions.



Chair Myers suggested that public comment on this Item be taken. Mr. Dosick welcomed Thomas Hintze.

Mr. Hintze, speaking on behalf of the United Auto Workers (UAW). UAW is committed to creating high quality jobs in the aerospace industry in California. It has 80 years of experience working with aerospace companies and recruiting and training workers in aerospace jobs. He stated that UAW has been in discussions with Joby prior to this hearing about a community benefits agreement to ensure that they are creating high quality jobs. Given the ongoing nature of the conversations, UAW is supporting the application today. UAW appreciates Joby's willingness to negotiate a community benefits agreement and looks forward to continuing to work together in good faith to reach an agreement that covers neutrality and workforce development. He stated that they will update the Committee about the status of its negotiations at the April meeting.

Mr. Dosick introduced Bruce Delgado, Mayor of the City of Marina.

Mr. Delgado thanked the Committee and introduced himself. He stated that he has served as mayor of the town of 22,000 people since 2008. The town is quite diverse with about 64% people of color. Since the closure of former Fort Ord, it has had huge struggles recovering economically as it was the largest military base closure ever in the nation. He stated that they still have over 225 abandoned barracks and large, blighted buildings which are full of asbestos and lead.

Joby has come through recently bringing a lot of good jobs and technological improvements for the entire region, not just the City of Marina. The whole Tri-County area stands to benefit. Already, there are 300 jobs from Joby, and they are already leasing 3 hangars at Marina Municipal Airport for research and development. However, these facilities only have the capacity for Joby to build approximately 2 aircraft per year. The \$9.8 million grant under consideration today is to provide a financial incentive and mitigate some of the hurdles needed to build here in Marina. This will lay the groundwork so the 220,000 square foot facility can start construction next year and support the production of 25 aircraft per year.

It would include 300 new jobs in the City of Marina and up to 690 new jobs for the larger region. The FAA approval has already been received for the construction and all entitlements have been completed, so this is a shovel ready job. He thanked the Committee for its support.

Mr. Dosick introduced the those with public comments: Brad Barbeau, Lawrence Samuels, Josh Metz, Wendy Root Askew, Chris Bley.

Brad Barbeau, Professor of Entrepreneurship at CSU Monterey Bay (CSUMB), and Executive Director of the CSUMB Institute for Innovation and Economic Development introduced himself to the Committee. Our student body consists heavily of Latinx students and students who are first in their family to attend college. The opportunity to those communities that is representative of Joby's production plant cannot be understated. Joby has implemented an incredibly progressive apprenticeship program to enable



underrepresented communities in our region to access well-paying jobs in Joby's manufacturing. He stated that this is critical for economic progress in our region, providing a strong job base outside of the agricultural and hospitality industries which dominate our regional employment.

For CSUMB, Joby offers a pathway for students in the community in which they grew up while starting careers that can support them and their families. Too many of our graduates have had to leave the area to find good employment. Supporting this expansion supports the mission of the CSU system, the mission and vision of CSUMB, and the hopes of economic advancement in our community. We fully support these grants to Joby Aero and pledge to work with the other organizations joining in this effort.

Larry Samuels, Senior Advisor to the Chancellor, UC Santa Cruz, attending on behalf of the Greater Salinas Advanced Air Mobility Consortium, introduced himself to the Committee. He stated that they are a Tri-County coalition that came together seeking designation as a tech hub given that the leading U.S. advanced air mobility manufacturers are all centered in the region. The coalition includes K-12 public education systems, public and private higher education institutions, community-based organizations, organized labor, indigenous communities, and many others, all working together to support the creation of a large-scale workforce training facility for advanced air mobility at the AMVETS facility in Marina. He stated that they are very supportive of a California Competes Grant for Joby and hopes that it is the first step toward building a coalition of advanced air mobility within the region.

Josh Metz, Executive Director of the Monterey Bay Drone Automation and Robotics Technology initiative (DART) introduced himself to the Committee. DART is a public benefit corporation committed to creating high road career pathways that leverage emerging aviation automation and robotics technologies. He stated that they began working with Joby Aviation in 2018, supporting their early interest to locate at the Marina Airport. Joby represents an anchor tenant for a long dreamed of technology hub that would help replace the jobs lost due to the Fort Ord closure. They were fortunate to secure the support of the James Irvine Foundation, and with Joby, to establish a pilot apprenticeship program which was launched in the Fall of 2022. The program has an 80% completion rate with 100% of those completing gaining full-time jobs at Joby.

The award under consideration today will be transformative to the Salinas and Pajaro Valleys as well as to the broader state economy. With an abundance of R&D phase advanced air mobility companies headquartered in the Bay Area and Southern California, the state has a unique opportunity to secure many of these climate neutral emerging technology companies here as they move to production. This is where the job gains really are. By supporting Joby, it will demonstrate to the other companies that California can be a place where innovation happens first, and manufacturing can grow as well. It will also demonstrate the potential of community engaged economic development that yields more inclusive outcomes. He strongly encouraged the Committee to approve the award.

Wendy Root Askew, speaking as a resident of the City of Marina and an elected County Supervisor, stated that Joby has been an active and engaged community partner. Joby has built relationships with educational institutions, workforce institutions, and local community jurisdictions. She noted that Joby



has been a proven partner for local emergency response during the pandemic and recent flooding incidents. Joby offers a unique opportunity for economic development that is not water dependent. She was thankful for Joby's continued partnership and hoped that they could count on the Committee's support today.

Barbara Meister, of the Salinas Inclusive Economic Development Initiative (SIEDI), stated that its mission as a cohort of nonprofit leaders, is to sit at the same table with business and government when economic decisions are being made, including the issues of housing, childcare, education, and digital access. SIEDI endorses the CalCompetes Grant for Joby Aviation. This will achieve Governor Newsom's vision of building an inclusive economy that lifts up communities while we make the transition to carbon neutral technologies.

Today marks a historic point in our community. Three years ago, COVID-19 was raging through our county because of systemic inequities. We have the highest percentage of undocumented farmworkers who continued to harvest crops who went home to crowded housing without access to healthcare. The governor's blueprint forced us to look inward and we realized that inequality for one part of our community means that we all suffer. She stated that these structural inequities must be addressed to create an economy that serves everyone and not just those with a college degree. This coalition here today achieves the governor's vision for sustainable, equitable recovery from COVID. The CalCompetes Grant will leverage the social capital of this coalition and the philanthropic investments made to date. The Salinas Valley has motivated workers ready to contribute to Joby and share in the economic benefits of its success.

Looking ahead, SIEDI organizations have already engaged hundreds of workers. We are busy making plans with the community to leverage the Community Economic Resiliency Fund and stand ready to do our part by setting up a robust workforce development strategy and by persevering on the issues of housing, childcare, education, and digital access.

Sonia De La Rosa, County Administrative Officer for Monterey County, introduced herself to the Committee. She stated that it has been a privilege working with Joby and partners to put together the application and also to support the community and its residents. The opportunity to impact bringing a different level of technology into the area, which also matches our sustainability goals, would be extraordinary. She stated that having jobs that reduce carbon emissions, traffic congestion, and benefit the environment are all important to the County of Monterey. She noted her support for the application.

Chair Myers opened the floor for comments and questions from the Committee.

Ms. Janis stated that she did not believe she had ever seen so much support for an application in her time on this Committee. She asked the members of Joby if they were standing in their factory.

Mr. Field replied that yes, they were, and introduced Mr. Cleverly and Ms. Elena Manzo.



Ms. Janis asked the members of Joby to explain about the product and whether it has pilots.

Mr. Field stated that they have spent over a decade developing their all-electric aircraft that takes off and lands vertically. It does have a pilot and four passengers. Joby has flown thousands of miles in test flights, and it is progressing through certification with the FAA. He stated that Joby is in the early phase of production as well.

Joby recently hosted Governor Newsom in June of this year for the roll out of its first production aircraft which has been shipped to Edwards Air Force Base in California for initial operations as part of its contract with the Department of Defense. Their site is located at the old Fort Ord Army Air Base where they have refurbished facilities that languished since the base's decommissioning in the 1990's to provide opportunities for the next generation of aviation engineering, flight operations, and maintenance careers. He added that the aircraft will have a range of up to 100 miles and a speed of 200 miles per hour.

Ms. Janis asked them to describe the manufacturing in Ohio versus California.

Mr. Field stated that they started here in California, both in Marina but also at its powertrain and electronics facility in San Carlos. The headquarters and testing facility is in the Santa Cruz area and also employs a number of people. He stated that they have grown their pilot manufacturing facility here, which Joby is looking to scale to 25. Over the long-term, they have to look to where they will build many more aircraft, as the technology it is putting in place will scale to hundreds of aircraft. Earlier this year, Joby began looking to where it will locate its long-term scaled manufacturing facility, which will augment the production here in California. He stated that they selected Dayton, Ohio, based on a multitude of factors.

Mr. Henning stated that Treasurer Ma was proud that Joby came in front of the CAEATFA (California Alternative Energy and Advanced Transportation Financing Authority) Board Meeting for tax credits around their manufacturing facility that uses zero to near zero energy from oil. He stated that he was excited that Joby was using the old Ft. Ord Base. It is a terrific remembrance of how we transition some of these facilities that we were once so proud of in protecting our state and country to make them something that is great for our state and country moving forward.

Ms. Janis stated that in terms of the manufacturing facility in Ohio, it seems that Joby has been very collaborative with community organizations, and it appears that you will work with the United Auto Workers. She asked if they were looking at that same kind of approach here.

Mr. Field stated that their approach is to engage in the community. They look forward to continued dialogues with the UAW and other entities. He stated that they believe being part of the community is core to their mission. Joby has established many programs with collaborative partners and development programs including the apprenticeship program. He invited Ms. Elena Manzo to comment further.



Ms. Elena Manzo introduced herself. She stated that the mission of Mujeres en Acción is to promote economic self-sufficiency and leadership development of women in Monterey County. Mujeres en Acción hired 30 community health workers to stop the spread of COVID. They learned that the “earn while learning” model works because women were hired for their local knowledge and could train on the job with a living wage. She stated that they view Joby’s apprenticeship program as another “earn while learning” model opportunity for women and their families. Mujeres en Acción have referred hundreds of candidates to Joby’s apprenticeship program. She noted that the nephew of one of Mujeres en Acción’s healthcare workers was selected by Joby’s program. It has been inspiring to see his life transform and earn higher pay. He was previously working in agriculture but now he has been hired by Joby with a good salary and he is thinking of going back to school.

She stated that Mujeres en Acción is a member of COPA, or Communities Organized for Relational Power in Action. Due to COPA’s long term relationship with Senator Anna Caballero, and her commitment to create more pathways to economic opportunities, she agreed to work with them to support Joby’s expansion in Marina. Working closely with Joby has advanced Mujeres en Acción’s mission, and together they can improve diversity and gender equality in the workplace. Joby has high road jobs, and we have an eager, able, and hard-working workforce ready to fill these jobs. She stated that everyone agrees that inclusive economic development is good, but it is also hard to do. It requires everyone to build new relationships. Mujeres en Acción is learning how to do that, and we want to do more.

Ms. Janis stated that one of the benefits of union apprenticeship programs is that they try to set industry standards that can be replicated. She asked Mr. Metz about the Advanced Manufacturing Apprenticeship Program and if that was connected to the Industrial Manufacturing Technician Apprenticeship Program that many manufacturers use.

Mr. Metz stated that their role was to have the relationship with Joby and the funders of Irvine and bring together the idea that an “earn and learn” program could be put into place in a short time. This would demonstrate to the company that there is a skilled and able workforce and would show the community that there are real possibilities here. He stated that the apprenticeship program was put together in about one year. They have just received another round of funding to support its continuation, and they plan to move toward a registered apprenticeship.

Mr. Cleverly stated that Joby is transitioning from R&D and prototyping into scaled production. It had to be proven that this is a viable place to build a manufacturing workforce. The apprenticeship program and partnership with DART and many other organizations served as a proof of concept over the last 12 months. The next phase is to register multiple apprenticeship tracks. He stated that they are working with the South Bay Workforce Investment Board, among other entities, to evaluate the manufacturing apprenticeships that Ms. Janis mentioned, among others, for alignment with Joby’s internal training needs. The intent is to ensure that for entry level new hires, as well as for incumbent workers, these will be portable credentials that are industry standard.



Ms. Janis asked Mr. Hintze to talk more about his nonprofit and the buildout of his registered apprenticeship program.

Mr. Hintze stated that he appreciates the beginning conversations currently being held with Joby. The UAW has a 501(c)(3) nonprofit organization called the UAW Center for Manufacturing a Green Economy. It is being used to help facilitate apprenticeship programs throughout legacy industries such as auto manufacturing, aerospace manufacturing, and agricultural implement manufacturing. He stated that it has an exciting partnership with another grantee from today's meeting, Sparkz. UAW is helping Sparkz train and recruit work force in battery manufacturing. They see an opportunity to partner with Joby and are excited to continue conversations regarding a community benefits agreement.

Mr. Walters stated that he is impressed with the letters of support and how the community is standing with Joby. He wants to ensure that Joby follows through with its commitment. He encouraged Joby to work with the union regarding the apprenticeship program.

Chair Myers asked if there were no further questions or comments from the Committee or the public.

Action Moved/Seconded: Members Janis/Walters

Yes: Members Janis, Walters, Henning, Miller, Myers

No: None

H. Public Comment

Deputy Director Dosick stated that Patrick Dexter, of the UAW, wished to make a comment.

Mr. Dexter, International Representative for the UAW, introduced himself to the Committee. He thanked the Committee for removing the application submitted for Lyten. The UAW is committed to creating good manufacturing jobs on the West Coast and it has serious concerns that Lyten's proposal would create low road jobs. He stated that Lyten was proposing to pay a minimum salary of \$54,000 per year in the expensive communities of San Jose and Fremont, which would be less than half of the current average household income. In addition, they are heavily invested in automation. It is the UAW's position that California Competes Tax Credits should be reserved for companies that are investing in workers as opposed to those that are replacing workers through automation. He stated that UAW met with Lyten yesterday, and while they had a productive conversation, they were not able to reach a community benefits agreement that would address these concerns.

Chair Myers pointed out the company made the decision to withdraw its application. It was not removed from consideration by the Committee. She also stated that companies must commit to creating new jobs and if they don't meet their commitments then they don't receive the credits or the grants.

Chair Myers stated that there were no further public comments.



I. Adjournment

Chair Myers adjourned the meeting at 3:27pm.