GOVERNOR’S OFFICE OF BUSINESS AND ECONOMIC DEVELOPMENT

California Competes Tax Credit Program

Committee Meeting

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

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

AGENDA

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

Total Recommended Tax Credits: $22,093,000
Total Recommended Tax Credits after Adjusting for S-Corporation Law\(^1\): $22,497,996

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

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\(^1\) 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. 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

   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

   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/1J1rYSK
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

   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
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
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/1pxdQ9I

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/11y1a3

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

Total Recommended Tax Credits: $7,372,500
Total Recommended Tax Credits after Adjusting for S-Corporation Law2: $7,440,000

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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)).
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  

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](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](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](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](http://bit.ly/1xzIRxP)
6. Systena 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

   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
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. 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.