GOVERNOR’S OFFICE OF BUSINESS AND ECONOMIC DEVELOPMENT

California Competes Tax Credit Program

Committee Meeting

Thursday, June 18, 2015
1:30 p.m.

Sacramento City Hall
Council Chambers
915 I Street
Sacramento, CA 95814

And (via teleconference)
Fontana City Hall
Executive Conference Room
8353 Sierra Avenue
Fontana, CA 92335

AGENDA

OPEN SESSION

A. Call to Order and Roll Call

B. Approval of Minutes from April 16, 2015, Committee Meeting

C. Deputy Director’s Report

D. Discussion and Approval of California Competes Tax Credit Agreements with Businesses other than Small Businesses

Total Recommended Tax Credits: $35,875,532
Total Recommended Tax Credits after Adjusting for S-Corporation Law¹: $37,595,199

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)).

MEMBERS:

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

John Chiang
State Treasurer

Michael Cohen, Director
Department of Finance

Denise Zapata, Appointee of the Senate Committee on Rules

Madeline Janis, Appointee of the Speaker of the Assembly

Edmund G. Brown, Jr
Governor

Panorea Avdis
Chief Deputy Director

Will Koch
Deputy Director, California Competes Tax Credit Program

Governor’s Office of Business and Economic Development
1325 J Street, 18th Floor
Sacramento, CA 95814
CalCompetes@gov.ca.gov
(916) 322-4051
1. Tesla Motors, Inc.
   Industry: Automobile Manufacturing
   Primary Location(s): Fremont, Palo Alto, Lathrop, and Hawthorne
   Net Increase of Full-time Employees: 4,426
   Investment: $2,389,480,000
   Amount of Tax Credit: $15,000,000
   Link to Tax Credit Agreement: http://bit.ly/TeslaMotorsInc

2. Riot Games, Inc.
   Industry: Online Video Game Developer
   Primary Location(s): Los Angeles
   Net Increase of Full-time Employees: 813
   Investment: $17,000,000
   Amount of Tax Credit: $3,000,000
   Link to Tax Credit Agreement: http://bit.ly/RiotGamesInc

3. Beachbody, LLC
   Industry: Health Product and Video Producer
   Primary Location(s): Santa Monica
   Net Increase of Full-time Employees: 327
   Investment: $196,306,631
   Amount of Tax Credit: $2,350,000
   Link to Tax Credit Agreement: http://bit.ly/BeachbodyLLC

4. Ajinomoto Althea, Inc.
   Industry: Pharmaceutical Product Development and Manufacturing
   Primary Location(s): San Diego
   Net Increase of Full-time Employees: 243
   Investment: $46,820,751
   Amount of Tax Credit: $2,000,000
   Link to Tax Credit Agreement: http://bit.ly/AjinomotoAlthea

5. Environmental Systems Research Institute, Inc.
   Industry: Geographic Information Systems Software Publishers
   Primary Location(s): Redlands
   Net Increase of Full-time Employees: 370
   Investment: $102,460,000
   Amount of Tax Credit: $2,000,000
   Link to Tax Credit Agreement: http://bit.ly/EnvironmentalSystemsResearchInstitute
   Industry: Footwear and Apparel Design (HQ Expansion)
   Primary Location(s): Manhattan Beach
   Net Increase of Full-time Employees: 200
   Investment: $110,145,000
   Amount of Tax Credit: $1,125,000
   Link to Tax Credit Agreement: http://bit.ly/SkechersUSA

7. Avasant, LLC
   Industry: Administrative and Business Management Consulting Services
   Primary Location(s): El Segundo
   Net Increase of Full-time Employees: 55
   Investment: $750,000
   Amount of Tax Credit: $1,000,000
   Link to Tax Credit Agreement: http://bit.ly/Avasant

8. Edmunds.com, Inc.
   Industry: Automotive Reviews and Pricing
   Primary Location(s): Santa Monica
   Net Increase of Full-time Employees: 124
   Investment: $103,718,439
   Amount of Tax Credit: $1,000,000
   Link to Tax Credit Agreement: http://bit.ly/EdmundsDotCom

9. LendingClub Corporation
   Industry: Consumer Lending
   Primary Location(s): San Francisco
   Net Increase of Full-time Employees: 1,644
   Investment: $14,000,000
   Amount of Tax Credit: $1,000,000
   Link to Tax Credit Agreement: http://bit.ly/LendingClubCorporation

    Industry: Aerospace Component Metal Forging
    Primary Location(s): Long Beach
    Net Increase of Full-time Employees: 26
    Investment: $18,178,000
    Amount of Tax Credit: $1,000,000
11. Fabrinet West, Inc.
   Industry: Printed Circuit Assembly Manufacturing
   Primary Location(s): Santa Clara
   Net Increase of Full-time Employees: 268
   Investment: $41,969,459
   Amount of Tax Credit: $950,000
   Link to Tax Credit Agreement: http://bit.ly/FabrinetWest

   Industry: Commercial Solar Structure Construction
   Primary Location(s): Visalia
   Net Increase of Full-time Employees: 43
   Investment: $480,000
   Amount of Tax Credit: $750,000

13. Hub International Insurance Services, Inc.
   Industry: Global Insurance Brokerage
   Primary Location(s): Riverside
   Net Increase of Full-time Employees: 203
   Investment: $7,621,425
   Amount of Tax Credit: $738,732
   Link to Tax Credit Agreement: http://bit.ly/HubInternational

14. FuseFX, Inc.
   Industry: Visual Effects Services Provider
   Primary Location(s): Burbank
   Net Increase of Full-time Employees: 142
   Investment: $4,500,000
   Amount of Tax Credit: $675,000
   Link to Tax Credit Agreement: http://bit.ly/FuseFX

15. Hi-Shear Corporation
   Industry: Aerospace Component Manufacturing
   Primary Location(s): Torrance
   Net Increase of Full-time Employees: 168
   Investment: $33,100,000
   Amount of Tax Credit: $500,000
   Link to Tax Credit Agreement: http://bit.ly/HiShear
16. Kemeera Incorporated
   Industry: Manufacturing Processes Developer
   Primary Location(s): Oakland
   Net Increase of Full-time Employees: 72
   Investment: $13,522,115
   Amount of Tax Credit: $375,000

17. Excelitas Technology Corporation
   Industry: Optical Instrument and Lens Manufacturing
   Primary Location(s): Fremont
   Net Increase of Full-time Employees: 163
   Investment: $8,288,457
   Amount of Tax Credit: $300,000

18. QSC Holdings, Inc.
   Industry: Audio and Video Equipment Manufacturing
   Primary Location(s): Costa Mesa
   Net Increase of Full-time Employees: 27
   Investment: $15,200,000
   Amount of Tax Credit: $300,000

19. United States Cold Storage, Inc.
   Industry: Refrigerated Warehousing and Storage
   Primary Location(s): Sacramento (McClellan Park)
   Net Increase of Full-time Employees: 18
   Investment: $32,000,000
   Amount of Tax Credit: $300,000

20. Cal Premium Treats, Inc.
   Industry: Animal Food Manufacturing
   Primary Location(s): Perris
   Net Increase of Full-time Employees: 99
   Investment: $4,425,000
   Amount of Tax Credit: $175,000
   Industry: Food Processing and Supply Distribution
   Primary Location(s): Fresno
   Net Increase of Full-time Employees: 52
   Investment: $9,900,000
   Amount of Tax Credit: $150,000
   Link to Tax Credit Agreement: http://bit.ly/JDMeatCo

   Industry: Diagnostic Imaging Centers
   Primary Location(s): Bakersfield
   Net Increase of Full-time Employees: 32
   Investment: $10,000,000
   Amount of Tax Credit: $150,000

23. MedVenture Technology Corporation
   Industry: Medical Device Contract Manufacturing
   Primary Location(s): Baldwin Park
   Net Increase of Full-time Employees: 14
   Investment: $1,317,500
   Amount of Tax Credit: $120,000
   Link to Tax Credit Agreement: http://bit.ly/freudenbergmedicalamended

24. ClickTime.com, Inc.
   Industry: Software Developer
   Primary Location(s): San Francisco
   Net Increase of Full-time Employees: 44
   Investment: $750,000
   Amount of Tax Credit: $115,000
   Link to Tax Credit Agreement: http://bit.ly/ClickTimeDotCom

25. IriSys LLC
   Industry: Pharmaceutical Product Development and Manufacturing
   Primary Location(s): San Diego
   Net Increase of Full-time Employees: 36
   Investment: $3,100,000
   Amount of Tax Credit: $100,000
   Link to Tax Credit Agreement: http://bit.ly/IriSysLLC
26. QCM, Inc.
   Industry: Printed Circuit Board Manufacturing
   Primary Location(s): Brea and Anaheim
   Net Increase of Full-time Employees: 55
   Investment: $6,100,000
   Amount of Tax Credit: $100,000
   Link to Tax Credit Agreement: http://bit.ly/QCMIncorporated

27. Snak-King Corp.
   Industry: Snack Food Manufacturing and Distribution
   Primary Location(s): City of Industry
   Net Increase of Full-time Employees: 25
   Investment: $16,750,000
   Amount of Tax Credit: $100,000
   Link to Tax Credit Agreement: http://bit.ly/Snak-King

28. Control Air North, Inc.
   Industry: HVAC Manufacturing and Installation
   Primary Location(s): Hayward
   Net Increase of Full-time Employees: 48
   Investment: $225,000
   Amount of Tax Credit: $90,000
   Link to Tax Credit Agreement: http://bit.ly/ControlAirNorth

29. Integral Consulting, Inc.
   Industry: Environmental Consulting Services
   Primary Location(s): Larkspur, Petaluma, San Francisco, and Santa Cruz
   Net Increase of Full-time Employees: 18
   Investment: $430,000
   Amount of Tax Credit: $74,000
   Link to Tax Credit Agreement: http://bit.ly/IntegralConsulting

30. Blue Iron, Inc.
   Industry: General Engineering Contractor
   Primary Location(s): West Sacramento
   Net Increase of Full-time Employees: 7
   Investment: $6,250,000
   Amount of Tax Credit: $70,000
31. VSolvit LLC
   Industry: Custom Computer Programming Services
   Primary Location(s): Ventura
   Net Increase of Full-time Employees: 183
   Investment: $4,000,000
   Amount of Tax Credit: $57,000
   Link to Tax Credit Agreement: http://bit.ly/VSolvit

32. Pacific Biomedical Distribution Services, Inc.
   Industry: Medical Device and Equipment Supplier
   Primary Location(s): Rancho Cordova
   Net Increase of Full-time Employees: 15
   Investment: $216,695
   Amount of Tax Credit: $50,000
   Link to Tax Credit Agreement: http://bit.ly/PacificBiomedical

33. H.B. Fuller Construction Products Inc.
   Industry: Chemical and Adhesive Manufacturing
   Primary Location(s): La Mirada
   Net Increase of Full-time Employees: 12
   Investment: $2,900,000
   Amount of Tax Credit: $40,000
   Link to Tax Credit Agreement: http://bit.ly/HBFuller

34. Monoprice, Inc.
   Industry: Online Commerce
   Primary Location(s): Rancho Cucamonga
   Net Increase of Full-time Employees: 22
   Investment: $600,000
   Amount of Tax Credit: $38,000
   Link to Tax Credit Agreement: http://bit.ly/Monoprice

35. Melcon, Inc.
   Industry: Site Preparation Contractors
   Primary Location(s): West Sacramento
   Net Increase of Full-time Employees: 8
   Investment: $1,100,000
   Amount of Tax Credit: $35,000
   Link to Tax Credit Agreement: http://bit.ly/Melcon
36. Temblor Brewing, LLC  
   Industry: Craft Brewery  
   Primary Location(s): Bakersfield  
   Net Increase of Full-time Employees: 4  
   Investment: $2,000,000  
   Amount of Tax Credit: $27,800  

37. Vertical Earthworks, Inc.  
   Industry: Site Preparation Contractors  
   Primary Location(s): Newport Beach  
   Net Increase of Full-time Employees: 8  
   Investment: $235,000  
   Amount of Tax Credit: $20,000  

E. Discussion and Approval of California Competes Tax Credit Agreements with Small Businesses

<table>
<thead>
<tr>
<th>Total Recommended Tax Credits:</th>
<th>$9,798,000</th>
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<tbody>
<tr>
<td>Total Recommended Tax Credits after Adjusting for S-Corporation Law(^2):</td>
<td>$10,264,000</td>
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1. Rockbot, Inc.  
   Industry: Online Music Services  
   Primary Location(s): Oakland  
   Net Increase of Full-time Employees: 206  
   Investment: $1,534,000  
   Amount of Tax Credit: $3,500,000  

2. Bar Bakers, LLC  
   Industry: Baked Goods Manufacturing  
   Primary Location(s): Los Alamitos  
   Net Increase of Full-time Employees: 425  
   Investment: $30,000,000  
   Amount of Tax Credit: $2,550,000  

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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)).
3. **California Safe Soil, LLC**  
   Industry: Compost and Fertilizer Manufacturing  
   Primary Location(s): West Sacramento and Sacramento (McClellan Park)  
   Net Increase of Full-time Employees: 71  
   Investment: $39,139,000  
   Amount of Tax Credit: $1,250,000  

4. **Anvaya Solutions, Inc.**  
   Industry: Cybersecurity Software Developer  
   Primary Location(s): Folsom  
   Net Increase of Full-time Employees: 13  
   Investment: $560,000  
   Amount of Tax Credit: $250,000  

5. **CyberBasket, Inc.**  
   Industry: Custom Gift Producer  
   Primary Location(s): San Diego  
   Net Increase of Full-time Employees: 15  
   Investment: $2,510,000  
   Amount of Tax Credit: $250,000  

6. **STWT&M, Inc.**  
   Industry: Industrial Machinery Manufacturing  
   Primary Location(s): Oxnard  
   Net Increase of Full-time Employees: 20  
   Investment: $321,000  
   Amount of Tax Credit: $250,000  

7. **Zero Link Markets, Inc.**  
   Industry: Software Developer  
   Primary Location(s): Windsor  
   Net Increase of Full-time Employees: 22  
   Investment: $90,000  
   Amount of Tax Credit: $250,000  
8. NorCal Respiratory, Inc.
   Industry: Medical Equipment and Supplies Provider
   Primary Location(s): Redding
   Net Increase of Full-time Employees: 15
   Investment: $1,159,400
   Amount of Tax Credit: $225,000
   Link to Tax Credit Agreement: http://bit.ly/NorCalRespiratory

9. Hastest Solutions, Inc.
   Industry: Environmental Test Equipment Manufacturing
   Primary Location(s): San Jose
   Net Increase of Full-time Employees: 32
   Investment: $175,080
   Amount of Tax Credit: $200,000
   Link to Tax Credit Agreement: http://bit.ly/HastestSolutions

    Industry: Physical Therapy and Personal Fitness
    Primary Location(s): Irvine
    Net Increase of Full-time Employees: 9
    Investment: $190,500
    Amount of Tax Credit: $160,000
    Link to Tax Credit Agreement: http://bit.ly/PremierPhysicalTherapy

11. WFW Industries, LLC
    Industry: Machining and Welding/Fabrication Services
    Primary Location(s): San Diego
    Net Increase of Full-time Employees: 13
    Investment: $2,000,000
    Amount of Tax Credit: $130,000
    Link to Tax Credit Agreement: http://bit.ly/WFWIndustries

12. Auriga Corporation
    Industry: Engineering Consulting Services
    Primary Location(s): San Diego
    Net Increase of Full-time Employees: 17
    Investment: $416,500
    Amount of Tax Credit: $125,000
    Link to Tax Credit Agreement: http://bit.ly/AurigaCorporation
13. Fan Interactive Marketing, LLC
   Industry: Online Marketing Consulting Services
   Primary Location(s): Rolling Hills Estates
   Net Increase of Full-time Employees: 8
   Investment: $168,000
   Amount of Tax Credit: $125,000
   Link to Tax Credit Agreement: http://bit.ly/FanInteractive

   Industry: Metal Casting
   Primary Location(s): Burbank
   Net Increase of Full-time Employees: 6
   Investment: $130,000
   Amount of Tax Credit: $115,000

15. Amsert Group LLC
   Industry: Baking Supplies Manufacturing and Distribution
   Primary Location(s): Fullerton
   Net Increase of Full-time Employees: 6
   Investment: $165,000
   Amount of Tax Credit: $100,000
   Link to Tax Credit Agreement: http://bit.ly/AmsertGroup

16. Lokes, Inc.
   Industry: Construction and Equipment Rental
   Primary Location(s): Clovis
   Net Increase of Full-time Employees: 4
   Investment: $1,350,000
   Amount of Tax Credit: $75,000
   Link to Tax Credit Agreement: http://bit.ly/LokesInc

17. Learning Evolution LLC
   Industry: Software Developer
   Primary Location(s): San Diego
   Net Increase of Full-time Employees: 9
   Investment: $142,700
   Amount of Tax Credit: $50,000
   Link to Tax Credit Agreement: http://bit.ly/LearningEvolution
18. Angela Green dba Green Accounting Team
   Industry: Accounting Services
   Primary Location(s): Yucaipa
   Net Increase of Full-time Employees: 4
   Investment: $0
   Amount of Tax Credit: $40,000
   Link to Tax Credit Agreement: http://bit.ly/AngelaGreen

19. Toople, Inc.
   Industry: Mobile Device Application and Software Developer
   Primary Location(s): American Canyon
   Net Increase of Full-time Employees: 21
   Investment: $143,000
   Amount of Tax Credit: $28,000
   Link to Tax Credit Agreement: http://bit.ly/Toople

20. Thumbprint Wine Group, Inc.
    Industry: Winery
    Primary Location(s): Geyserville and Healdsburg
    Net Increase of Full-time Employees: 3
    Investment: $610,000
    Amount of Tax Credit: $25,000
    Link to Tax Credit Agreement: http://bit.ly/ThumbprintWine

    Industry: Commercial Printing
    Primary Location(s): Santa Rosa
    Net Increase of Full-time Employees: 2
    Investment: $44,535
    Amount of Tax Credit: $20,000
    Link to Tax Credit Agreement: http://bit.ly/AjalonPrinting

22. Balanced Books, LLP
    Industry: Accounting Services
    Primary Location(s): Turlock
    Net Increase of Full-time Employees: 10
    Investment: $504,000
    Amount of Tax Credit: $20,000
23. Community Development Partners, Inc.
   Industry: Low Income Housing Developer
   Primary Location(s): Newport Beach
   Net Increase of Full-time Employees: 6
   Investment: $90,000
   Amount of Tax Credit: $20,000
   Link to Tax Credit Agreement: http://bit.ly/CommunityDevelopmentPartners

   Industry: Food and Beverage Industry Consulting Services
   Primary Location(s): Stockton
   Net Increase of Full-time Employees: 3
   Investment: $0
   Amount of Tax Credit: $20,000
   Link to Tax Credit Agreement: http://bit.ly/FoodProInternational

25. Invictus Marketing LLC
   Industry: Web Development Services
   Primary Location(s): Napa
   Net Increase of Full-time Employees: 5
   Investment: $22,500
   Amount of Tax Credit: $20,000

F. Discussion and Approval of California Competes Tax Credit Agreement Deferred from the April 16, 2015, Committee Meeting

1. National Steel and Shipbuilding Company
   Industry: Ship Building and Repairing
   Primary Location(s): San Diego
   Net Increase of Full-time Employees: 384
   Investment: $100,300,000
   Amount of Tax Credit: $2,000,000
   Link to Tax Credit Agreement: http://bit.ly/NationalSteel

G. Public Comment
H. 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: www.business.ca.gov/CalCompetes.aspx. For additional information regarding this notice and agenda, please contact Scott Dosick, Research Program Specialist, at 916-322-0676 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.