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### California Competes Tax Credit Program

#### Committee Meeting

**Monday, June 18, 2018**  
**10:30 a.m.**

Department of Food and Agriculture  
Auditorium  
1220 N Street  
Sacramento, CA 95814

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

#### MEMBERS:

**Panorea Avdis**, *Chair  
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*

### AGENDA

#### OPEN SESSION

- A. Call to Order and Roll Call**
- B. Approval of Minutes from April 12, 2018, Committee Meeting**
- C. Deputy Director's Report**
  - **Agenda Overview – Agreements with 29 Businesses, Total Tax Credits \$56,993,536**
- D. Discussion and Approval of California Competes Tax Credit Agreements with Businesses other than Small Businesses**

<b>Total Recommended Tax Credits:</b>	<b>\$49,890,202</b>
<b>Total Recommended Tax Credits after Adjusting for S-Corporation Law<sup>1</sup>:</b>	<b>\$50,206,869</b>

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



1. Dreamworks Animation LLC  
Industry: Motion Picture and Video Production  
Primary Location(s): Glendale  
Employee Net Increase: 306  
Investment: \$60,500,000  
Amount of Tax Credit: \$10,000,000  
Link to Tax Credit Agreement: <http://bit.ly/dreamworksanimationllc>
  
2. Katerra, Inc.  
Industry: Prefabricated Building Manufacturing  
Primary Location(s): Tracy, Stockton, or Manteca  
Employee Net Increase: 648  
Investment: \$55,846,136  
Amount of Tax Credit: \$10,000,000  
Link to Tax Credit Agreement: <http://bit.ly/katerrainc>
  
3. US Foods, Inc.  
Industry: Wholesale Food Manufacturing and Distribution  
Primary Location(s): McClellan Park  
Employee Net Increase: 216  
Investment: \$71,600,000  
Amount of Tax Credit: \$7,000,000  
Link to Tax Credit Agreement: <http://bit.ly/usfoodsinc>
  
4. MightyHive, Inc.  
Industry: Software Development  
Primary Location(s): San Francisco and Los Angeles  
Employee Net Increase: 162  
Investment: \$1,232,250  
Amount of Tax Credit: \$5,700,000  
Link to Tax Credit Agreement: <http://bit.ly/mightyhive>
  
5. Niantic, Inc.  
Industry: Mobile Device Application and Software Development  
Primary Location(s): San Francisco, Los Angeles, and Sunnyvale  
Employee Net Increase: 255  
Investment: \$7,274,500  
Amount of Tax Credit: \$3,000,000  
Link to Tax Credit Agreement: <http://bit.ly/nianticinc>



6. Argo AI LLC  
Industry: Autonomous Vehicle Software Development  
Primary Location(s): Palo Alto and Mountain View  
Employee Net Increase: 158  
Investment: \$15,230,244  
Amount of Tax Credit: \$2,170,202  
Link to Tax Credit Agreement: <http://bit.ly/argoaillc>
  
7. Ontic Engineering and Manufacturing, Inc.  
Industry: Aerospace Component Manufacturing  
Primary Location(s): Los Angeles  
Employee Net Increase: 52  
Investment: \$5,000,000  
Amount of Tax Credit: \$2,000,000  
Link to Tax Credit Agreement: <http://bit.ly/onticengineering>
  
8. California Natural Products  
Industry: Nutrition and Health Food Manufacturing  
Primary Location(s): Lathrop  
Employee Net Increase: 157  
Investment: \$22,027,500  
Amount of Tax Credit: \$1,975,000  
Link to Tax Credit Agreement: <http://bit.ly/californianatural>
  
9. Lance Camper Mfg. Corp.  
Industry: Travel Trailer and Camper Manufacturing  
Primary Location(s): Lancaster  
Employee Net Increase: 104  
Investment: \$9,500,000  
Amount of Tax Credit: \$1,500,000  
Link to Tax Credit Agreement: <http://bit.ly/lancecamper>
  
10. Our Babylon LLC  
Industry: Cosmetics Manufacturing  
Primary Location(s): Patterson  
Employee Net Increase: 40  
Investment: \$8,400,000  
Amount of Tax Credit: \$1,500,000  
Link to Tax Credit Agreement: <http://bit.ly/ourbabylon>



11. Chawk Technology Intl., Inc.

Industry: Plastic Component Manufacturing

Primary Location(s): Hayward

Employee Net Increase: 154

Investment: \$10,000,000

Amount of Tax Credit: \$1,200,000

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

12. Conduent Commercial Solutions LLC

Industry: Call Center

Primary Location(s): Bakersfield

Employee Net Increase: 400

Investment: \$2,100,000

Amount of Tax Credit: \$1,000,000

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

13. S&E Gourmet Cuts, Inc.

Industry: Food Manufacturing

Primary Location(s): San Bernardino

Employee Net Increase: 50

Investment: \$15,325,000

Amount of Tax Credit: \$950,000

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

14. EMD Millipore Corporation

Industry: Biopharmaceutical Research and Development and Manufacturing

Primary Location(s): Visalia

Employee Net Increase: 26

Investment: \$6,040,000

Amount of Tax Credit: \$945,000

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

15. Integrity Bio, Inc.

Industry: Biopharmaceutical Research and Development and Manufacturing

Primary Location(s): Camarillo

Employee Net Increase: 45

Investment: \$4,200,000

Amount of Tax Credit: \$500,000

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



16. Taurus Fabrication, Inc.

Industry: Fabricated Metal Product Manufacturing

Primary Location(s): Grass Valley

Employee Net Increase: 16

Investment: \$3,102,390

Amount of Tax Credit: \$300,000

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

17. P&Y T-Shirts and Silk Screening Co., Inc.

Industry: Apparel Design and Manufacturing

Primary Location(s): Vernon

Employee Net Increase: 33

Investment: \$1,100,000

Amount of Tax Credit: \$150,000

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

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

<b>Total Recommended Tax Credits:</b>	<b>\$6,655,000</b>
<b>Total Recommended Tax Credits after Adjusting for S-Corporation Law<sup>2</sup>:</b>	<b>\$6,786,667</b>

1. Information Governance Solutions LLC
  - Industry: Software Development
  - Primary Location(s): Irvine
  - Employee Net Increase: 44
  - Investment: \$791,800
  - Amount of Tax Credit: \$1,540,000
  - Link to Tax Credit Agreement: <http://bit.ly/informationgovernancesolutions>
  
2. AirMap, Inc.
  - Industry: Unmanned Flightplan Software Development
  - Primary Location(s): Santa Monica
  - Employee Net Increase: 60
  - Investment: \$245,000
  - Amount of Tax Credit: \$1,000,000
  - Link to Tax Credit Agreement: <http://bit.ly/airmapinc>
  
3. Cairn Biosciences, Inc.
  - Industry: Biopharmaceutical Research and Development
  - Primary Location(s): San Francisco
  - Employee Net Increase: 26
  - Investment: \$2,138,400
  - Amount of Tax Credit: \$900,000
  - Link to Tax Credit Agreement: <http://bit.ly/cairnbiosciences>
  
4. Urban Translations, Inc.
  - Industry: Software Development
  - Primary Location(s): San Diego
  - Employee Net Increase: 61
  - Investment: \$144,000
  - Amount of Tax Credit: \$750,000
  - Link to Tax Credit Agreement: <http://bit.ly/urbantranslations>

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



5. Drink, Inc.  
Industry: Beverage Distribution  
Primary Location(s): Richmond  
Employee Net Increase: 20  
Investment: \$20,000,000  
Amount of Tax Credit: \$700,000  
Link to Tax Credit Agreement: <http://bit.ly/drinkinc>
  
6. Ergostech Renewable Energy Solution LLC  
Industry: Hydrogen Fuel Manufacturing  
Primary Location(s): Fresno  
Employee Net Increase: 15  
Investment: \$12,000,000  
Amount of Tax Credit: \$525,000  
Link to Tax Credit Agreement: <http://bit.ly/ergostech>
  
7. XRSciences LLC  
Industry: Cement Analysis Equipment Manufacturing  
Primary Location(s): Carlsbad  
Employee Net Increase: 11  
Investment: \$247,000  
Amount of Tax Credit: \$385,000  
Link to Tax Credit Agreement: <http://bit.ly/xrsciences>
  
8. LoungeBuddy, Inc.  
Industry: Mobile Device Application and Software Development  
Primary Location(s): San Francisco  
Employee Net Increase: 10  
Investment: \$1,339,000  
Amount of Tax Credit: \$350,000  
Link to Tax Credit Agreement: <http://bit.ly/loungebuddyinc>
  
9. Syte Logix, Inc.  
Industry: Human Resources Software Development  
Primary Location(s): San Jose  
Employee Net Increase: 20  
Investment: \$500,000  
Amount of Tax Credit: \$250,000  
Link to Tax Credit Agreement: <http://bit.ly/sytelogix>



10. Userwise, Inc.

Industry: Medical Device Design and Testing Services

Primary Location(s): San Jose

Employee Net Increase: 5

Investment: \$125,000

Amount of Tax Credit: \$125,000

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

11. Golden Eye Media USA, Inc.

Industry: Reusable Grocery Bag Manufacturing

Primary Location(s): Carlsbad

Employee Net Increase: 6

Investment: \$135,000

Amount of Tax Credit: \$110,000

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

12. Frontier Aerospace Corporation

Industry: Aerospace Research and Design Services

Primary Location(s): Simi Valley

Employee Net Increase: 5

Investment: \$185,570

Amount of Tax Credit: \$20,000

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

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**F. Discussion and Approval of Recommendations for California Competes Tax Credit Agreement Termination and Credit Recapture**

<b>Total Tax Credits Recommended to be Recaptured:</b>	<b>\$2,465,000</b>
<b>Total Tax Credits Recommended to be Recaptured after Adjusting for S-Corporation Law<sup>3</sup>:</b>	<b>\$2,565,000</b>

1. Interra Energy, Inc.  
Industry: Biofuel and Fertilizer Manufacturing  
Primary Location(s): National City  
Amount of Tax Credit Awarded: \$2,000,000  
Amount of Tax Credit to be Recaptured: \$2,000,000  
Link to Tax Credit Agreement to be Terminated: <http://bit.ly/InterraEnergy>  
Reason for Agreement Termination and Credit Recapture:

Interra Energy, Inc. has indicated that it will not be carrying out its business as contemplated in its approved California Competes Tax Credit agreement and has requested the termination of its agreement to allow the credit to be made available to other California businesses.

2. El Centro Lanes, Inc.  
Industry: Bowling Alley  
Primary Location(s): El Centro  
Amount of Tax Credit Awarded: \$100,000  
Amount of Tax Credit to be Recaptured: \$100,000  
Link to Tax Credit Agreement to be Terminated: <http://bit.ly/elcentrolanes>  
Reason for Agreement Termination and Credit Recapture:

El Centro Lanes has indicated that it will not be carrying out its business as contemplated in its approved California Competes Tax Credit agreement and has requested the termination of its agreement to allow the credit to be made available to other California businesses.

<sup>3</sup> One-third of the California Competes Tax Credit may be utilized by an S-Corporation to offset the tax on net income at the S-Corporation level (RandTC §23803(a)(1)). The remaining two-thirds is disregarded and may not be used as a carryover for the S-Corporation (RandTC §23803(a)(2)(A)). However, the full amount of the California Competes Tax Credit is also passed through to the S-Corporation's shareholders (RandTC §23803(a)(2)(F)).



3. 3 Heads, Inc.

Industry: Web Design and Marketing

Primary Location(s): El Dorado Hills

Amount of Tax Credit Awarded: \$90,000

Amount of Tax Credit to be Recaptured: \$90,000

Link to Tax Credit Agreement to be Terminated: <http://bit.ly/3HeadsInc>

Reason for Agreement Termination and Credit Recapture:

3 Heads, Inc. has indicated that it will not be carrying out its business as contemplated in its approved California Competes Tax Credit agreement and has requested the termination of its agreement to allow the credit to be made available to other California businesses.

4. KOAZ, Inc.

Industry: Commercial Printing and Mailing Center

Primary Location(s): National City

Amount of Tax Credit Awarded: \$70,000

Amount of Tax Credit to be Recaptured: \$70,000

Link to Tax Credit Agreement to be Terminated: <http://bit.ly/KOAZInc>

Reason for Agreement Termination and Credit Recapture:

GO-Biz has determined that KOAZ, Inc. is in material breach of the Agreement. Accordingly, GO-Biz recommends that the CCTC Committee terminate the Agreement between GO-Biz and KOAZ, Inc. and recapture its CCTC.

5. Todd Sloat Biological Consulting, Inc.

Industry: Environmental Consulting Services

Primary Location(s): McArthur

Amount of Tax Credit Awarded: \$50,000

Amount of Tax Credit to be Recaptured: \$50,000

Link to Tax Credit Agreement to be Terminated: <http://bit.ly/toddsloatbiologicalconsulting>

Reason for Agreement Termination and Credit Recapture:

Todd Sloat Biological Consulting, Inc. has indicated that it will not be carrying out its business as contemplated in its approved California Competes Tax Credit agreement and has requested the termination of its agreement to allow the credit to be made available to other California businesses.



- 6. TRobertson Consulting LLC  
Industry: Information Technology Consulting Services  
Primary Location(s): Rancho Cordova and Cameron Park  
Amount of Tax Credit Awarded: \$50,000  
Amount of Tax Credit to be Recaptured: \$50,000  
Link to Tax Credit Agreement to be Terminated: <http://bit.ly/trobertsonconsulting>  
Reason for Agreement Termination and Credit Recapture:

TRobertson Consulting has indicated that it will not be carrying out its business as contemplated in its approved California Competes Tax Credit agreement and has requested the termination of its agreement to allow the credit to be made available to other California businesses.

- 7. Technicon Design Corporation  
Industry: Vehicle Interior/Exterior Design Services  
Primary Location(s): San Juan Capistrano  
Amount of Tax Credit Awarded: \$45,000  
Amount of Tax Credit to be Recaptured: \$45,000  
Link to Tax Credit Agreement to be Terminated: <http://bit.ly/Technicon>  
Reason for Agreement Termination and Credit Recapture:

Technicon Design Corporation has indicated that it will not be carrying out its business as contemplated in its approved California Competes Tax Credit agreement and has requested the termination of its agreement to allow the credit to be made available to other California businesses.

- 8. Peterberg Construction, Inc.  
Industry: Construction Services  
Primary Location(s): Los Angeles  
Amount of Tax Credit Awarded: \$40,000  
Amount of Tax Credit to be Recaptured: \$40,000  
Link to Tax Credit Agreement to be Terminated: <http://bit.ly/PeterbergConstruction>  
Reason for Agreement Termination and Credit Recapture:

Peterberg Construction, Inc. has indicated that it will not be carrying out its business as contemplated in its approved California Competes Tax Credit agreement and has requested the termination of its agreement to allow the credit to be made available to other California businesses.



9. SMT, Inc.

Industry: Translation and Interpretation Services

Primary Location(s): Sacramento

Amount of Tax Credit Awarded: \$20,000

Amount of Tax Credit to be Recaptured: \$20,000

Link to Tax Credit Agreement to be Terminated: <http://bit.ly/SMTIncorporated>

Reason for Agreement Termination and Credit Recapture:

SMT, Inc. has indicated that it will not be carrying out its business as contemplated in its approved California Competes Tax Credit agreement and has requested the termination of its agreement to allow the credit to be made available to other California businesses.

**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](http://www.business.ca.gov/CalCompetes.aspx). For additional information regarding this notice and agenda, please contact Scott Dosick, Assistant Deputy Director, at 916-322-0676 or [scott.dosick@gobiz.ca.gov](mailto:scott.dosick@gobiz.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.