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*Governor*

**Dee Dee Myers**  
*Director*

**Chris Dombrowski**  
*Chief Deputy Director*

**Scott Dosick**  
*Deputy Director,  
California Competes  
Tax Credit Program*

**Jee Liyanage**  
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## California Competes

### Committee Meeting

**Thursday, April 27, 2023**

**1:00 p.m.**

Department of Food and Agriculture  
1220 N St  
Sacramento, CA 95814

And via live stream via Zoom

#### 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 1:03pm. Chair Myers acknowledged Tim Schaefer, who previously represented the State Treasurer and passed away late last year.

**Members Present:** Chair Dee Dee Myers, Madeline Janis (representing the Speaker of the Assembly), Patrick Henning (representing the State Treasurer), and Gayle Miller (representing the Director of the Department of Finance).

Deputy Director Dosick stated that Todd Walters was absent, but the committee had a quorum.

#### B. Approval of Minutes from November 17, 2022, 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 November 17, 2022 meeting. Member Janis stated that she has rarely come across minutes that are as detailed as the California Competes minutes. Ms. Janis acknowledged the California Competes minutes takers, including the most recent minute taker, Dan



Krebs. Deputy Director Dosick confirmed there were no public comments. Chair Myers requested a motion for approval of Agenda Item B.

**Action Moved/Seconded:** Members Janis/Miller

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

**No:** None

### C. Deputy Director's Report

#### - Agenda Overview – Agreements with 8 Businesses, Total Tax Credits \$34,273,333

Deputy Director Dosick reminded members of the public that if they want to make a public comment to please fill out one of the public comment cards located at the entrance of the room. All members of the public making comments were asked to provide their full name, and organization (if applicable), and agenda item for which they have comments. Names and organizations are optional and for identification purposes only so that the Committee may introduce them when the Chair asks if there are any public comments for the current agenda item. Public commenters were requested to limit their comments to no more than 3 minutes.

Today, GO-Biz is recommending 8 tax credit awards totaling \$34.2 million. Mr. Dosick stated that he is happy to report that we continue to see a rise in applications from the green and high-tech sectors, including battery energy storage systems, electric aircraft, and semiconductor equipment manufacturing. More than half of today's recommended awards are for projects in parts of the state with high poverty and unemployment rates. The 8 agreements for the Committee's consideration today represent commitments for a net increase of over 1,500 full-time jobs and almost \$2 billion of capital investments in California over the next 5 years. Each of the businesses recommended for an award today certified in its application that this credit will be a significant factor in their decision or ability to come to or remain and expand in California.

Mr. Dosick stated that GO-Biz has just over \$34 million in recommended credit awards. While the CalCompetes program is regularly oversubscribed, GO-Biz continues to take its responsibility seriously as good stewards of the taxpayers' dollars to ensure that its recommendations are for businesses that clearly demonstrate that the credit will be a material factor in their decision to come to or stay in grow in California and create quality, full-time jobs.

Mr. Dosick commended the CalCompetes staff for their efforts over the last few months while reviewing hundreds of tax credit applications. He expressed his gratitude to all staff members for their dedication and professionalism. Mr. Dosick expressed his appreciation for the Assistant Deputy Director, Jee Liyanage, for her unparalleled commitment to accuracy and excellence.



**D. Discussion and Approval of California Competes Tax Credit Agreements**

<b>Total Recommended Tax Credits:</b>	<b>\$32,340,000</b>
<b>Total Recommended Tax Credits after Adjusting for S-Corporation Law<sup>1</sup>:</b>	<b>\$34,273,333</b>

Chair Myers proposed removing Agenda Items D-2 and D-5 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 under Agenda Item D. Deputy Director Dosick confirmed that we did not receive any public comments. Chair Myers called for a motion to approve all items under Agenda Item D except for items D-2 and D-5.

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

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

<b>Total Tax Credits Recommended to be Recaptured:</b>	<b>\$19,426,000</b>
<b>Total Tax Credits Recommended to be Recaptured after Adjusting for S-Corporation Law<sup>2</sup>:</b>	<b>\$20,925,000</b>

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. Chair Myers called for a motion to approve all items under Agenda Item E.

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

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

<b>Total Recommended Tax Credits to be Recaptured:</b>	<b>\$222,000</b>
<b>Total Recommended Tax Credits to be Recaptured after Adjusting for S-Corporation Law<sup>3</sup>:</b>	<b>\$259,333</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)).

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

<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 (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)).



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. Chair Myers called for a motion to approve all items under Agenda Item F.

**Action Moved/Seconded:** Members Miller/Janis

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

**No:** None

## **D-2. Pyka, Inc.**

At the request of Chair Myers, Deputy Director Dosick elaborated on Agenda Item D-2. He described the company and the proposed tax credit Agreement to the Committee. Pyka, Inc. (Pyka) develops and manufactures zero-emission, autonomous aircraft. Pyka's current aircraft lineup includes the Pelican Spray, a small aircraft for agricultural crop spraying, and the Pelican Cargo for cargo transport. Pyka has certified in its application that absent award of the California Competes Tax Credit, 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. Pyka indicated in its application that demand for its products has grown significantly and it is looking to grow its manufacturing, research and development, and operations teams. Pyka indicated a strong preference to grow in California, but it has identified alternative, lower cost locations for its expansion. Pyka also indicated that it has competitors in Texas and China that have lower operational costs. Pyka stated that it would like to remain in California due to a strong engineering and R&D talent pool, manufacturing partners, and large agriculture sector. However, without award of the credit, it may consider moving all manufacturing out of California.

Mr. Dosick introduced Chuma Ogunwole, Pyka's Chief Operating Officer, who was available to answer the Committee's questions.

Member Janis stated she was excited about the electric, zero-emission technology, but is wary of the autonomous technology. She asked if Mr. Ogunwole could elaborate on the training opportunities and diversity at Pyka. She also asked if Pyka plans to manufacture in California. Mr. Ogunwole stated that Pyka does both research and development and manufacturing, and it plans to manufacture in California. Ms. Janis indicated that the employee increase is relatively small and asked how much manufacturing Pyka plans on doing in California. Mr. Ogunwole stated that it predicted 140 new employees over the five-year period.

Ms. Janis asked how 140 employees will be enough to manufacture aircraft. Mr. Ogunwole stated that Pyka manufactures small electric aircraft and predicts that it can manufacture 200 to 300 planes per



year with this workforce. Member Henning asked for clarification on the size of the aircraft. Mr. Ogunwole clarified that the aircraft are about the size of a single-seat aircraft, weighing about 1,300 pounds with a 24-foot wingspan. Mr. Henning asked about the payload capacity of the plane. Mr. Ogunwole stated there was a 600-pound capacity. Chair Myers asked if its market is California, nationwide, or global. Mr. Ogunwole stated that its market is global and there is a large demand for its agricultural product wherever crop protection is needed. California is a large market, as well as other states in the US and throughout central and southern America. Chair Myers asked if it would consider expanding its California manufacturing down the road if its business is successful. Mr. Ogunwole stated that is absolutely Pyka's goal.

Mr. Henning expressed his excitement about manufacturing this technology in California but expressed his concern about the pesticide spraying. Mr. Henning asked if there are mechanisms in place for the autonomous flight to adjust if animals or humans are present. Mr. Ogunwole clarified that the vehicle is highly automated but is still operated by a person on the ground. The operators are responsible for ensuring no one is in the field at the time of application. The technology also allows for the planes to be flown at night, minimizing the risk to workers in the field.

Ms. Janis asked for a summary of Pyka's commitments to hiring and training. Mr. Ogunwole stated that Pyka is absolutely committed to hiring and training a diverse workforce. He stated that as a person of color himself, he understands how important it is to be represented at the company, including leadership positions. He stated that the company has worked with organizations such as Daughters of Rosie to hire women into manufacturing positions; Gaingels, which focuses on hiring LGBTQIA+ members into tech positions; and various National Societies, including Women Engineers, Black Engineers, and Hispanic Engineers. He indicated it is also looking forward to working more with organizations such as Women Who Code and local colleges, such as College of Alameda and Laney College. Mr. Ogunwole indicated that Pyka has given its electrical engineering and technician staff coding training, certification training in soldering for the manufacturing team, and subsidized pilot training for its operators, including both drone and plane flight courses. Mr. Ogunwole stated that this training has resulted in operators promoting to flight testing roles.

Ms. Janis asked if it has considered consulting with the United Farm Workers union for tips on best practices for crop spraying and using agricultural pesticides, especially for countries that are not as well-regulated. Mr. Ogunwole indicated that Pyka is open to the idea. Its focus has been on complying with federal and state regulations. He stated that it cannot do any spraying until it has complied with all regulations and has the correct procedures in place, for both the US and abroad. Ms. Janis strongly recommended that Pyka consult with the union to understand the failsafes to mitigate harm. Mr. Ogunwole indicated that he would be happy to talk with them.

Chair Myers asked if there were any public comments. Mr. Dosick replied that Tom Hintze, representing the United Auto Workers (UAW), had a public comment.



Tom Hintze stated that UAW is committed to building high quality jobs in the aerospace manufacturing industry and it appreciates California's investment in aerospace and EV manufacturing. Mr. Hintze stated that it has represented aerospace workers in California since 1938. However, decades of outsourcing has degraded job quality in California's aerospace manufacturing industry. Aerospace can be a driver of good jobs in low-income communities if they are union jobs. UAW also represents the majority of researchers at University of California (UC), many of whom finish their careers at UC and go on to research and development jobs in California. Mr. Hintze looks forward to starting a conversation with Pyka about how to create high quality jobs in aerospace manufacturing and research and development in California. Ms. Janis asked if UAW is interested in working on apprenticeship and training programs with companies. Mr. Hintze replied that it is absolutely interested and has a lot of experience doing research training and apprenticeships with its Local 887 in California. Member Miller asked if it is coordinating with community colleges to do some of the training and apprenticeship work. Mr. Hintze replied that it does not currently have a program in Northern California but has developed programs in the past and would be happy to do so. Ms. Janis asked if Pyka would be willing to engage in a conversation with UAW. Mr. Ogunwole stated that it would be very interested.

Chair Myers asked if there were any more questions or comments from the Committee or the public. Hearing none, she requested a motion for approval of Agenda Item D-2.

**Action Moved/Seconded:** Members Miller/Janis

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

**No:** None

#### **D-5. BESS Manufacturing, Inc.**

At the request of Chair Myers, Deputy Director Dosick elaborated on Agenda Item D-5. He described the company and the proposed tax credit Agreement to the Committee. BESS Manufacturing, Inc. (BESS Manufacturing) manufactures battery energy storage systems. In exchange for a \$5,040,000 tax credit, BESS Manufacturing has committed to a net increase of 855 full-time jobs and an investment of \$255,000,000. BESS Manufacturing has certified in its application that absent award of the California Competes Tax Credit, its project may occur in another state. Further, BESS Manufacturing certified that at least 75% of its net increase of full-time employees will work at least 75% of the time in Merced. Merced was an Area of High Unemployment and/or an Area of High Poverty at the time BESS Manufacturing submitted its application. The jobs BESS Manufacturing is committing to create are in classifications such as production, logistics, administration, reception, accounting, engineering, executive, and legal.



BESS Manufacturing stated in its application that it first needs to build a facility in the United States to house its assembly and fulfillment orders followed by a manufacturing facility for its battery pack and cell production.

Mr. Dosick introduced Philip Levers, BESS's CEO and co-founder, who was available to answer the Committee's questions. Mr. Levers thanked the Committee for its consideration and welcomed questions.

Member Janis stated that manufacturing battery storage systems, especially in an area like Merced, is a wonderful thing. Ms. Janis stated that the application said BESS considered locating in another state and asked if there was a specific state under consideration. Mr. Levers stated that it has an investor and customer in Texas. He stated that California is where it wants to be, but Texas is the alternative location.

Ms. Janis asked for clarity on what exactly BESS would be manufacturing. Mr. Levers stated that manufacturing would begin with the assembly of battery modules and importing the battery cells. As the factory expands and employees are trained, BESS plans to manufacture all parts, including the battery cells. It will manufacture both commercial and home systems. Ms. Janis asked where the battery cells are imported from. Mr. Levers stated that the cells are imported from China. Ms. Janis asked if the batteries are for electric vehicles. Mr. Levers stated that the batteries are designed for energy storage and are LFP (lithium ion phosphate) batteries. He indicated that the batteries are very safe and standard with some of BESS's technology added. The modules are combined to the appropriate size and include other parts such as inverters and controllers.

Ms. Janis asked if BESS is committed to sourcing its lithium from the US. Mr. Levers stated that by 2027, it will have 100% US sourced lithium, hopefully from California due to the clean lithium mining. Ms. Janis asked if this is how it would get to the 800 employees. Mr. Levers clarified that all employees would be for the factory. He stated that this was a pilot factory, and plans to end up with five 1-gigawatt factories, 5-gigawatts of solar panel module production, EV charging stations, and manufacture its own proprietary semiconductors for the batteries. He stated that it may even launch the solar panel factory before the battery factory is finished and will take two years to become operational at full capacity. Chair Myers asked if these factories would be in California as well. Mr. Levers confirmed that all of the factories would be in California. Chair Myers stated that she would love to introduce them to clean lithium manufacturers in California. Mr. Levers indicated that he would enjoy that and BESS may consider doing some lithium extraction itself. Chair Myers stated that she would be delighted to discuss that as well.

Chair Myers asked if there are domestic sources of iron and phosphate and where it currently sources these materials. Mr. Levers stated that it sources these materials from China and it tracks the supply



chain to make sure it is cleanly sourced. He stated that it currently has to source the materials abroad, but it is transitional and will source from the US in the future.

Ms. Janis asked how many employees it has currently. Mr. Levers stated that it has two employees. He stated it is a startup but it has everything planned out. He indicated that once the factory is up and running, all employees will be hired locally and the factory will be run by local employees. Ms. Janis asked if he lives in Merced. Mr. Levers stated that he does not but will need to find a home there. Ms. Janis asked about the company's future health plans, since the company didn't have a plan for the two employees. Mr. Levers stated that he plans on offering full coverage, but if that is not possible, it will offer at least \$2,000 per month per employee for health benefits. Ms. Janis asked him to clarify if employees and their families will have full coverage at no cost to them. Mr. Levers stated that he would love to do that if it works out financially for the company.

Ms. Janis asked for further information on the company's hiring practices and asked if he was aware of the low representation of women and people of color in the tech industry. Mr. Levers stated that he is aware and that the first employee to be hired will be the head of human resources. He said he was fortunate enough to recruit a human resources executive from Sysco. Mr. Levers stated that she created many hiring and recruiting programs for Sysco and flew around the world debuting these programs. Mr. Levers said that she would have the ability to implement any program at BESS and would have the full backing of the co-founders. Mr. Levers also stated that the CEO and founder of BESS's public relations firm was in the first female class of Santa Clara University and founded her company in Silicon Valley in 1975. Mr. Levers stated that these two women are very interested in helping BESS create new hiring programs, and work with the counties and organizations to achieve that goal.

Ms. Janis asked for clarification about the targeted hiring efforts of the company. Mr. Levers stated that it does not target any specific group because, if done properly, diversity happens organically. Ms. Janis clarified that targeted hiring is different than quotas and explained that targeted hiring identifies the challenges present in a given industry and how to overcome those challenges. She stated that she often sees companies with mostly white men and low percentages of women or people of color, and this is something that people should notice. Mr. Levers stated that he understands the importance of a representative company.

Ms. Janis asked if the company is considering apprenticeships. Mr. Levers stated that the company will offer apprenticeships. Mr. Levers said that he is creating a new company called Deep Blue Energy Engineering Institute that will conduct all of the employee training. He indicated that the company may also train other companies' employees in the future. Ms. Janis asked if he had any experience working with union apprenticeships. Mr. Levers indicated that BESS has an exclusive agreement with a battery installation company that uses union labor. Mr. Levers said he is proud that all of BESS's products will be installed by union labor. Ms. Janis asked if Mr. Levers was opposed to working with the union to set up its own apprenticeship programs. Mr. Levers replied that he was not opposed.





Ms. Janis remarked that the company's minimum wages are low at \$36,000. Mr. Levers stated that the minimum wage was the absolute minimum at the company. Mr. Levers stated that people with a high school diploma can come work for BESS, easily afford rent for the area, and move up in the company. Mr. Levers also said that profit sharing will be a part of employee's compensation. Ms. Janis stated that BESS is only committed to \$36,000 for the agreement. Mr. Levers stated that is just the starting amount and employees will receive a cost of living adjustment and inflation increase. Ms. Janis stated that BESS is only committed to \$36,000 for the whole agreement. Mr. Levers stated that he will commit to more than that. Deputy Director Dosick clarified that BESS is committed to a minimum of \$36,000 and an average of \$46,500 for all new full-time employees. In order to achieve an average of \$46,500, there will be many employees making more than the average wage as a starting wage and can increase over time. Ms. Janis stated that the increases aren't included in the agreement and Mr. Levers is willing to commit to more. Mr. Dosick stated that the contract is based on the starting wage for employees and the Franchise Tax Board (FTB) verifies the initial starting wage. Chair Myers clarified that the average starting wage has to be \$46,500, so he is already committing to much more than the minimum of \$36,000. Ms. Janis stated that if 10% of employees make over \$100,000 and 90% of employees make \$36,000, the average wage will come to over \$46,000.

Member Miller stated that the need for solutions to the energy problem are huge. She stated that the long term commitment to the Central Valley will make a big difference and she appreciates BESS's commitment to help solving the energy crisis in California, especially since batteries like these helped people keeps the lights on last summer. Chair Myers stated that she appreciated the company's commitment to a 100% domestic supply chain with an emphasis on California suppliers.

Tom Hintze, representing the United Auto Workers (UAW), stated that UAW is committed to building high quality jobs in the battery manufacturing industry and recently reached an agreement with a battery manufacturer in California. Ms. Janis commented that the agreement was with one of the California Competes grant recipients, Sparkz, Inc. Mr. Hintze stated that Sparkz produces batteries that are used in a variety of vehicles, but the process is similar to utility batteries. He said that UAW is eager to work together to develop a high-quality battery manufacturing industry in California to create better jobs and improve communities like the Central Valley. Ms. Janis asked if Mr. Levers would be interested in talking with UAW. Mr. Levers replied that he is absolutely interested.

Chair Myers asked if there were any more questions or comments from the Committee or the public. Hearing none, she requested a motion for approval of Agenda Item D-5.

**Action Moved/Seconded:** Members Miller/Henning

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

**No:** None



Member Janis requested legal advice from the California Competes counsel. Ms. Janis asked about the new legislative language that went into effect this year. Ms. Janis stated that she understands that this item is not agendized and would like to discuss the matter during the June meeting if appropriate. Chair Myers stated that the Committee cannot have a discussion about non-agendized items but Ms. Janis may present her questions and work with staff to agendize the topic for the upcoming meeting. Ms. Janis referenced California Revenue and Taxation Code 23689 (e), (f), and (g), stating that the legislative language references a series of new questions in the California Competes application that will ask companies if they are willing to relocate from a state that has enacted discriminatory practices or laws against same sex couples, women's right to choose to bear a child, etc. She asked how the program will handle this new legislative language versus existing evaluation criteria of applicants indicating alternative locations outside of California absent award of the credit. She said as an example, how will the program rate a company that is willing to relocate from Texas to California versus a California company that indicated Texas as an alternative option. Ms. Janis stated she would like to discuss items (f) and (g) and asked how the program will take these items into consideration.

Ms. Janis also asked about item (k) from the legislation, which states that all information that GO-Biz receives as part of the California Competes program is confidential and protected under California Revenue and Taxation Code 19542 except for the information GO-Biz is statutorily required to disclose. Ms. Janis stated that individuals that violate the statute are subject to misdemeanor prosecution. Ms. Janis asked who would prosecute her if she shared something like a staff report. She stated that in the past, she considered staff reports to be public information and considers this a big change. She stated that she would like to discuss this in the next meeting. Chair Myers stated that she is happy to work with Ms. Janis over the coming weeks leading up to the next meeting to agendize the item.

Member Henning stated that he wanted to discuss a letter that he received regarding Kingspan and troubling CalOSHA violations. He requested that the Committee look at the violations and have suggestions at the next committee meeting for how to proceed with situations like this. Chair Myers stated that she would be happy to discuss this at the next meeting. Ms. Janis and Ms. Miller both stated their agreement that Kingspan should be agendized for the next meeting.

#### **G. Public Comment**

Chair Myers asked if there were any more questions or comments from the Committee or the public.

Deputy Director Dosick introduced Gretchen Newsom with IBEW Local 569. Ms. Newsom stated that she represents 3,600 union electricians and power professionals in San Diego and Imperial Counties, including the Lithium Valley. She stated that IBEW is one of the most progressive unions, battling climate change with good green union jobs and careers. She stated she also serves on the Employment Training Panel and is here today to encourage the use of public dollars on socially and environmentally equitable manner to build a vibrant and inclusive economy that delivers environmental and economic



justice, lifts up communities, creates healthier communities, addresses climate change, and creates quality jobs in construction careers. She stated that IBEW is hopeful that the Committee will place a greater emphasis on the quality of jobs created or retained. She advocated for high road jobs with family-supporting or prevailing wages, full family medical benefits, and retirement contributions. She stated that IBEW journeyman electricians earn \$51.20 per hour plus full family health care with low deductibles and pension contributions. A \$2.20 per hour raise is being negotiated for June, resulting in a six-figure salary. She stated that IBEW is hopeful that they can continue to create family supporting jobs through its apprenticeship program and hopes the Committee shares the commitment to high road jobs.

Deputy Director Dosick introduced John Murphy with SMART. Mr. Murphy stated that he is with SMART, the international association of Sheet Metal, Air, Rail, and Transportation workers. He stated that he has concerns with Kingspan, a company in Modesto that the California Competes program awarded in April 2019. He stated that Kingspan agreed to increase its employment from 81 to 116 as part of its agreement and to continue to employ these employees for three additional tax years. Kingspan agreed to a minimum of \$40,000 per year, a cumulative average of \$48,625 per year, and investments of \$17.1 million. In return for reaching those milestones, Kingspan would receive \$725,000 in tax credits. He stated that information about Kingspan's Modesto operations have been made public due to a wage class action lawsuit brought by a former employee. The information raises substantial questions about whether Kingspan has met its hiring milestones and paid its employees a minimum of \$40,000 per year. He stated that in October 2021, Kingspan Light and Air, a subsidiary of Kingspan Group filed a CalOSHA complaint about a variety of code violations. CalOSHA found 22 violations, including 5 serious violations, which could have resulted in death or serious physical harm if there were an accident. Kingspan Light and Air factory operates under an industrial stormwater permit issued by the federal government. In January 2022, Kingspan was cited with 3 violations by the CalEPA, including measurements showing zinc discharges ten times the allowable limit. Mr. Murphy stated that SMART believes the information gathered in its letter merits an investigation and requests that Kingspan's compliance with its California Competes agreement be agendized at the next Committee meeting. Ms. Janis commented that she believes it is important to agendize the item to give the company an opportunity to respond.

Deputy Director Dosick introduced Mitch Steiger with the California Labor Federation (CLF). Mr. Steiger stated he wanted to echo the sentiments of SMART's letter regarding Kingspan. He stated that the letter, and the California Labor Federation will submit a letter as well, raises serious concerns about the compliance of Kingspan with its tax credit agreement, including wages, hours, and worker safety and health. Mr. Steiger stated that tomorrow is Worker's Memorial Day and is a high priority for CLF. He stated that the CLF agrees with the notion to have a discussion regarding Kingspan at the next Committee meeting.

#### **H. Adjournment**

Chair Myers adjourned the meeting at 2:56pm.