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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 25, 2024**

**1:00 p.m.**

*The California Competes Tax Credit (CCTC) Committee Meeting was  
live streamed for public viewing on [Zoom](#).*

#### MEMBERS:

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

**Fiona Ma**  
*State Treasurer*

**Joe Stephenshaw**, *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 1:04pm. Chair Myers welcomed Member Perrault to her first Committee meeting.

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

#### B. Approval of Minutes from November 16, 2023, Committee Meeting

Chair Myers asked if there were any questions from Committee Members or public comment on Item B with regards to the minutes from the November 16, 2023, meeting. Deputy Director Dosick confirmed there were no public comments. Member Janis complimented the California Competes team on the minutes. Chair Myers requested a motion for approval of Agenda Item B.

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

**Yes:** Member Walters, Perrault, Henning, Janis, Myers

**No:** None



**C. Deputy Director's Report**

**Agenda Overview - Agreements with 8 Businesses, Total Tax Credits \$120,000,000**

Deputy Director Dosick reminded members of the public that if they wanted to make a public comment, then they may 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 an 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 commentators were requested to limit their comments to no more than 3 minutes. Mr. Dosick stated that if the public comments are identical to the previous commenter that they are welcome to express agreement with the prior comment.

Today, the Governor's Office of Business and Economic Development (GO-Biz) is recommending 8 tax credit awards. Mr. Dosick stated that he is happy to report that we continue to see a rise in applications from the manufacturing, green, and high-tech sectors. More than half of today's recommended awards are for applicants proposing to create jobs throughout inland parts of the state. The 8 agreements for the Committee's consideration today represent commitments for a net increase of 2,100 new full-time jobs and almost over \$15.5 billion of capital investments in California over the next five years. Each of the businesses recommended for an award today has certified in its application that this credit will be a significant factor in their decision or ability to commit to these expansions in California.

Mr. Dosick expressed his appreciation for the Assistant Deputy Director, Jee Liyanage, and the entire CalCompetes staff for their efforts over the last few months reviewing hundreds of tax credit applications and annual milestone compliance reports.

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

<b>Total Recommended Tax Credits:</b>	<b>\$120,000,000</b>
<b>Total Recommended Tax Credits after Adjusting for S-Corporation Law<sup>1</sup>:</b>	<b>\$130,666,667</b>

Chair Myers proposed removing Agenda Items D-1, D-2, and D-3 from consent for additional discussion. She asked if there were any other questions or comments from the Committee or members of the public on the non-pulled items. 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-1, D-2, and D-3.

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

**Yes:** Members Walters, Perrault, Henning, Janis, Myers

**No:** None

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<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)).



<b>E. Discussion and Approval of Recommendations for California Competes Tax Credit Recapture</b>	
<b>Total Tax Credits Recommended to be Recaptured:</b>	<b>\$30,505,325</b>
<b>Total Tax Credits Recommended to be Recaptured after Adjusting for S-Corporation Law<sup>2</sup>:</b>	<b>\$31,957,706</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 there were no public comments. Chair Myers called for a motion to approve all items under Agenda Item E.

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

<b>F. Discussion and Approval of Recommendations for Modified California Competes Tax Credit Recapture</b>	
<b>Total Recommended Tax Credits to be Recaptured:</b>	<b>\$910,000</b>
<b>Total Recommended Tax Credits to be Recaptured after Adjusting for S-Corporation Law<sup>3</sup>:</b>	<b>\$910,000</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 F. Deputy Director Dosick confirmed that there were no public comments. Chair Myers called for a motion to approve all items under Agenda Item F.

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

#### **D-1. Pacific Steel Group LLC.**

At the request of Chair Myers, Deputy Director Dosick elaborated on Agenda Item D-1. He described the company and the proposed tax credit Agreement to the Committee. Pacific Steel Group LLC (PSG) is a steel reinforcing bar (rebar) manufacturer. In exchange for a \$30 million tax credit, PSG is proposing to create 447 new full-time jobs and make \$542 million in investments. The jobs PSG is committing to create are in classifications such as driver, fabricator, iron worker, quality assurance, human resources,

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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 (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)).



accountant, environmental compliance, steel mill worker, planner, fabrication manager, operations manager, safety coordinator, engineer, automation, maintenance, processing engineer, and purchaser.

PSG indicated in its application that California is currently reliant upon out-of-state suppliers for rebar and noted the inefficiency and environmental impact of exporting scrap metal out of state and then back into California as rebar. PSG plans to construct a low carbon steel mill in Mojave that will utilize recycled scrap metal to manufacture rebar. It stated that the mill will use renewable energy sources including a massive solar field, battery energy storage, and the most efficient steel manufacturing processes with the fewest emissions of any steel plant on the continent. To determine the most cost-effective location for this expansion, PSG has considered Nevada for the site of the mill project where it would receive sales tax and property tax abatements could save 45% on utility costs, which would total \$45 million over the first 5 years alone.

Mr. Dosick introduced Eric Benson, Chief Executive Officer; David Perkins, Executive Vice President; Mark Olson, Vice President of Mill Operations; and Michelle D'Alonzo, Environmental Social Governance & Marketing Director, who were available to answer the Committee's questions.

Mr. Benson thanked the Committee for its consideration and apologized for not being able to attend in-person.

Chair Myers asked how many rebar manufacturers are in California at the moment. Mr. Olson stated that at the moment there are zero rebar manufacturers. Chair Myers asked if all reinforced bar steel and every building constructed in the state come from out-of-state at the moment. Mr. Olson stated that is correct. Chair Myers asked how much of the rebar that comes into California is constructed with lower carbon manufacturing processes. Mr. Olson stated it was almost none.

Member Janis stated she was excited about this project and is the kind of project we should be supporting. She was curious about the processes that it uses to make the rebar as well as the permanent workforce. She stated that steel production has historically been one of the biggest contributors to the use of fossil fuels as well as health and safety issues.

Mr. Olson stated that he has been in the industry for 34 years and has spent the last 16 years in steel recycling using an electric arc furnace which is a lot cleaner than the old integrated steel plants. An electric arc furnace recycles feedstock of scrap steel and iron. He stated that PSG will be able to procure the scrap steel and iron within 100 miles of the proposed facility. Currently there is no rebar or steel produced in the State of California. He stated that currently scrap metals don't have a home in California. The existing inventory is containerized and sent overseas with the rest put on railcars and shipped out of state where steel is manufactured in less clean ways and then shipped many miles back to California. He stated that PSG was very careful considering a location with adequate access to scrap metals that wouldn't have to be brought in from long distances. This will be the first steel mill in the



United States that will not consume fossil fuels or natural gas. PSG has an electrified operation along with refractory practices that allows it to eliminate the use of natural gas in the production of steel. He stated that additionally PSG is introducing carbon capture for the first time globally in electric arc furnace steel production. To get off-gasses suitable for carbon capture it is adding additional filtration capabilities, wet scrubbers, and selective catalytic reduction that will reduce emissions. The average steel produced for California using an electric arc furnace generates about 190 kilograms of CO<sub>2</sub> per metric ton of steel and the proposed facility will generate just 9 kilograms of CO<sub>2</sub> per metric ton of steel. He stated that biocarbon will be used to offset the remaining 9 kilograms of CO<sub>2</sub> per metric ton of steel resulting in zero-carbon steel with much of the electricity coming from solar.

Ms. Janis asked how large production could become, noting it was a small number of workers in comparison to a traditional steel mill. Mr. Olson stated that it's a very efficient method to manufacture steel. This mill will produce 450 tons of steel with a workforce of 180 which will allow it to remain competitive in the future.

Ms. Janis asked if those 180 will be Iron Workers. Mr. Olson stated the Iron Workers are supporting Pacific Steel Group in the installation of reinforcing steel construction project. The important part is that it will allow it to double its business and capture more market share from installers using non-union labor. He stated that PSG's intention is to double the size of its company from 900 Iron Workers to 1,800 Iron Workers once it is fully operational.

Ms. Janis asked if there was any information it could send to the Committee to understand the process and stated that she thought the project is a great investment for California. Mr. Olson replied that he could send the Committee additional information. Ms. Janis asked if it was working with the local Iron Workers to assist with hiring. Mr. Olson stated the project is located within three underserved communities and has done outreach to high schools and community colleges to develop curriculums to prepare the community to get sustainable jobs in the community.

Ms. Janis suggested that there should be some joint press considering this is the first steel mill in California using these processes and union workers. Mr. Olson agreed and stated that most of the effort has been at the local level but there will be effort to get the story told. Chair Myers stated that the Governor's Office and GO-Biz will also be in conversations on press should the Committee approve the award.

Member Henning expressed the State Treasurer's gratitude for PSG's efforts in California with domestic steel. Chair Myers thanked Mr. Henning for his comments and reiterated that it's been a pleasure working with PSG as a past recipient of a CalCompetes award. Chair Myers noted that in PSG's documents it stated that 3.8% of its workforce was female and that she hopes they are working to improve that number.



Member Walters expressed his happiness to see the proposed project. He stated that the pandemic revealed supply chain issues and emphasized the importance in bringing back manufacturing to the United States. He stated he was excited to see the trades coming back to the community. Mr. Walters asked if PSG was using apprenticeship and certified training programs. Mr. Olson stated training is critically important to provide robust training opportunities for its employees and that Ms. D'Lonzo could speak more about females in the steel industry. Ms. D'Lonzo stated that a goal of its community benefits plan is to recruit more females into steel. She stated that it has partnered with Kern County Foundation to look into sponsoring a scholarship for females in STEM. Mr. Perkins added that it's a long-standing member of the Iron Workers' union and its predecessor company joined in 1992. He stated his belief that the steel mill will allow it to further penetrate the non-union market in California. PSG currently has about 100 Iron Workers dedicated to its light commercial division that competes directly with non-union reinforcing steel sub-contractors. He stated the advantage of a locally sourced steel mill will allow it to further penetrate the non-union market.

Chair Myers asked if there were any more questions or comments from the Committee or the public. Mr. Dosick stated there were four public comments on this item.

Keith Dunn, with the District Council of Iron Workers, introduced himself to the Committee. He expressed his support for PSG's application. He stated this is the kind of project California needs as it moves to a carbon resilient economy that will also provide working opportunities for young men and women coming into the trades.

Josh Taylor, a representative of the Western States Council of Carpenters, introduced himself to the Committee. He expressed his support for PSG's application for the California Competes Tax Credit. He stated the micro mill will not only create hundreds of jobs, but hundreds of mortgage-paying union jobs. PSG is investing hundreds of millions of dollars in some of the most underserved communities in California, including Kern County. Kern County has an unemployment rate of 10.2% and the project will aid in reducing unemployment through direct and indirect jobs. He stated that the long-term investment that PSG is proposing will bring an increase in GDP by being California's first steel mill in 50 years. The project is critical for the region for the training created by this commitment to utilize contractors who are approved to train apprentices in California and carving career pathways. He stated Southern Kern Unified School District has implemented a pre-apprenticeship construction program at the high school level that will act as a feeder program to projects like PSG. He encouraged the Committee to support this project.

Mitch Bechtel, representative of the Iron Workers, introduced himself to the Committee. He recognized PSG's commitment to excellence to union benefits and taking care of workers. He stated that the mill will be clean, good for the environment, will avoid shipping steel across the nation, and most importantly, uplift California workers. He urged the Committee for a yes vote on behalf of the Iron Workers.



Gretchen Newsom, with the IBEW 9<sup>th</sup> district, introduced herself to the Committee. She expressed her support and agreement with the prior comments.

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-1.

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

**Yes:** Members Walters, Perrault, Henning, Janis, Myers

**No:** None

## **D-2. Controlled Thermal Resources (US), 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. Controlled Thermal Resources (US), Inc. (CTR) is proposing to extract lithium and other minerals from the geothermal brine in the Salton Sea. In exchange for a \$30 million tax credit, CTR is proposing to create 443 new, full-time jobs and make \$14.7 billion in investments. CTR has certified that at least 75% of its net increase of full-time employees will work at least 75% of the time in Calipatria and Imperial, which were both areas of High Unemployment and/or High Poverty at the time CTR submitted its application. In Calipatria 29.2% of its residents are unemployed and over 20% live below the poverty line. The jobs CTR is committing to create are in classifications such as operation, administration, technician, maintenance, and engineer.

CTR indicated in its application that it plans to construct geothermal power plants and lithium production facilities. Further, CTR has stated that competition for lithium is international, with the vast majority of competition coming from China and Chile and even other states in the United States such as Nevada. These locations are significantly less expensive than California in which to operate and are subject to fewer regulations.

CTR stated that the first stage of development is critical to its future expansion. Financial support and backing from the State of California will help it see future expansion through to completion and aid in securing investor funding that is vital to the success of the project.

Mr. Dosick introduced Eric Thayer, Chief Financial Officer; and Kyle O'Rourke, Treasurer, who were available to answer the Committee's questions. Mr. Thayer thanked the Committee for its consideration and stated that Susan Varco, an environmental attorney representing CTR, was joining remotely. He stated that CTR appreciated the support from the state and that these projects are not easy to get up and running.



Chair Myers thanked them for being here and stated that GO-Biz has closely tracked its progress and the business model which would be the cleanest extraction method for lithium across the planet as we try to get to our clean energy goals. She stated that we learned about supply chains during the pandemic and having a domestic source of lithium is a high priority for both the state and nation.

Member Janis asked to confirm the names and positions of CTR's representatives. Mr. Thayer stated that he is the CFO and Kyle O'Rourke is the Treasurer. He stated they also have Susan Varco, who is an environmental attorney, joining via Zoom. Ms. Janis stated she is part of the chorus supporting domestic sources of precious minerals that are needed to move towards clean energy but noted the importance of doing it right and with integrity. Ms. Janis stated she had several questions as it comes in front of the Committee with strong support for a project labor agreement (PLA) that was negotiated with the building trades but also significant community opposition. She stated that the committee is in receipt of a shared letter referencing a lawsuit related to the project along with opposition from the United Auto Workers (UAW).

Ms. Janis asked about the riskiness of the project and why it won't negotiate these issues with the community and the UAW. Mr. Thayer stated he wouldn't characterize it as an unwillingness to talk with other parties and indicated there are a number of parties in support of the project among the community as well as trade unions. He stated that it was a matter of CTR trying to get to the construction phase and that it is still a pre-revenue company. He added that it operates on a very tight budget with just 43 employees so dealing with operational issues hasn't risen to where it needs to be addressed yet. Ms. Janis stated it is the Committee's job to ask companies to have a plan to create good permanent jobs as well as have a viable project that has community support and won't be mired with environmental challenges that it is currently surrounded by.

Ms. Janis asked why it submitted mostly old letters of support from either 2020 or 2021 which she stated seemed a bit disrespectful that it couldn't take the time to get letters addressed to Chair Myers. She stated that it also used an old letter from an organization that is currently suing the company. She asked CTR what it has done to address the environmental concerns that have been raised. Mr. Thayer directed the question to Ms. Vargas who joined remotely. Ed Manning joined the CTR representatives and introduced himself as a representative for CTR from KP Public Affairs. He stated he could answer the question if Ms. Vargas was not available.

Ms. Janis asked if CTR checked with all the groups before it submitted old letters to make sure they still supported the project. Mr. Manning stated that CTR has done outreach in the community for several years and has participated in the Lithium Valley Vision at the California Energy Commission and participated with the county at every step of the process. He stated that there has also been outreach with other local governments, communities, and tribal groups. He indicated it recently submitted for a US Department of Energy (DOE) grant, which was accompanied by a community benefits plan. He encouraged everyone to read the DOE guidelines as it's the only published guidelines regarding what



goes into a community benefits plan. He stated that CTR had to submit a community benefits plan for the DOE grant, which extensively covers outreach, the PLA, education efforts, and tax revenue through the lithium tax. He stated in the bigger picture, whether the letters were new or old, the proposed project has a ton of support and just one group has sued them. He indicated that is not reflective of the whole community and that the same group is actually suing the County based on the environmental impact report (EIR). He stated that the County Board of Supervisors had a lengthy hearing last Friday at the California Energy Commission where the County did a presentation on all the ongoing efforts for community outreach, environmental efforts, job training, education, and for investment within the community. He encouraged the Committee to look at the presentation as it describes the complete effort of everyone involved, including the state, federal, and local government.

Ms. Janis asked if it submitted that community benefits plan as part of its application. Mr. Manning stated it was not a condition of the application and that it was just recently submitted as part of the DOE grant. He stated that the company did everything that was required pursuant to the CalCompetes application. He stated that if a requirement was just added on the application that CTR was unaware of it and would be happy to submit the community benefits plan. Chair Myers stated there still is no requirement for a community benefits plan.

Ms. Janis stated her question was about why it has not sat down with the community to negotiate and not about going to public committees as required for permits. Mr. Manning stated that the question made an assumption that CTR didn't sit down and meet with community members and stated that assumption is false. He stated that it has met with community members extensively and continues to do so. He stated that having been a CEQA attorney, CTR can't control who files a lawsuit.

Ms. Janis asked if CTR had spoken to Comite Civico del Valle prior to submitting letters to GO-Biz and if it had asked other groups if they still supported the projects. Mr. Manning stated he didn't submit the letters but is aware they don't support it at this point. He stated that it must have submitted an old letter in error and apologized for the oversight. He stated it is obvious that if someone is suing you it is likely not supporting the project anymore.

Ms. Janis asked if it notified GO-Biz about the lawsuit when it was filed. Mr. Manning stated it was not particularly relevant because it is in the permitting process at the County on the first phase of the project. He stated he doesn't believe there was a requirement that indicated if someone sued under CEQA while getting a local permitting application at the County that it had to notify CalCompetes. This is an important project both state-wide and nationally and everyone is aware it has been sued by Comite. Chair Myers stated it was covered in the news and several Committee members were likely aware.

Ms. Janis stated that section 5 of the signed agreement says, "Taxpayer has the necessary power, authority, licenses, permits to carry on the business as contemplated in this agreement." She stated that it was required under the agreement to notify GO-Biz whether it would have a problem with



permitting. Mr. Manning stated that was false. CTR has its permits issued by the County. He stated that the fact someone sues doesn't mean you don't have an agreement with the County. The County approved the project and is the permitting authority. Ms. Janis indicated that when something is challenged it's not approved until the lawsuit is settled. Mr. Manning stated that even when something is challenged, the County's decision is binding until the court says there is something invalid about the decision. He said that's how CEQA works.

Ms. Janis stated she is also an attorney and has done a lot of CEQA work. She stated that she appreciates the risk a CEQA lawsuit is for projects like CTR. It's a financial risk and it also has an impact on the ability to deliver a promised project. Chair Myers reminded the Committee and the audience that tax credit award recipients that don't meet the goals and the required milestones in the agreement would not receive the tax credit.

Ms. Janis asked about the environmental issues raised in the lawsuit and noted that the letter GO-Biz received that morning was signed by close to a dozen community groups that are opposed to this award. She stated that that the groups are not opposed to the project overall, but the groups want CTR to negotiate over these environmental issues.

Ms. Janis asked about the water issues that are raised as they relate to battery production. She asked if the extraction of lithium out of geothermal brine requires substantial water. She stated the lawsuit is concerned that its significantly underestimating the impact of its water use and the fact that there are other similar projects that added together will deplete the community of essential water resources. Member Henning asked a clarifying question about the received letter being a letter of concern rather than a letter of opposition. Ms. Janis stated that concern is opposition especially when it's from a group that has filed a lawsuit to stop a project. Mr. Henning thanked Ms. Janis for the clarification.

Ms. Janis stated that she cares deeply about doing this project right and from what she has known of the company in the past it seemed like this was something the company also cared about doing right. Mr. Manning stated that CTR did a lengthy environmental impact report. He stated a lot of the concerns Member Janis raised come from that report. He stated he didn't really come here prepared to dive into details of the EIR but can tell the Committee that the water supplier, Imperial Irrigation District, issued a letter that it would provide service and had an adequate water supply. He stated the County certified the EIR and that CTR mitigated to less than a significant impact, as required under CEQA. From that standpoint it fully analyzed the issue, and the water supplier made a commitment. The water supplier knows the water situation better than the plaintiff's attorneys. Ms. Janis asked if the supplier knows better than the community residents. Mr. Manning stated that he was including the residents, as the water supplier is the one who has to do the water supply planning under California law. He added that the water supply planning includes planning for multiple drought years and for adequate water supply that must be certified. There are multiple statutes in California that put onerous requirements on water agencies for water supply certification and the EIR fully analyzed those issues. He stated that CTR has



done everything asked and indicated that when you do an EIR and have water supply needs, it is worked out by the water supply agency. The water supply agency also has officials from the community, and it makes the determination regarding adequate supply.

Ms. Janis stated we wished we could say what happened in Flint, Michigan never happened, and that people didn't drink poisoned water, which was approved by both state and local agencies. She stated it is important to have vigilant community groups that are talking about issues. Chair Myers interjected noting that was a loaded statement. Ms. Janis stated she read the lawsuit, knows the people, and has been there. Chair Myers stated that a lot of people have read the lawsuit and care about the people there. Ms. Janis stated the issue is important to her and potentially not that different unless we do it right. She stated she takes pride in not being a "gotcha" person, which is why she sent her concerns and questions ahead of time with a copy of the lawsuit for a response. Chair Myers stated CTR provided a response in writing which is what she asked for. Ms. Janis stated that bringing up these issues could have been something CTR could have anticipated.

Ms. Janis asked about the process of harnessing geothermal energy and extracting minerals from the geothermal brine. She also asked how the waste products will be processed after the minerals are extracted. Mr. Thayer stated that it operates a closed loop system and that it injects reagents to assist with changing the pH levels to drop out the silica and the polymetallic as part of the brine conditioning process. He stated this takes place prior to the lithium being extracted from the brine. He stated the remaining brine is reinjected back into the reservoir, which is typical in geothermal facilities. He clarified that it doesn't use the water from the Salton Sea and takes resources miles beneath the Salton Sea.

Ms. Janis asked for clarification on what it is injecting. Mr. Thayer stated he could get a list of the reagents that go into the process.

Ms. Janis asked if there are any leftover products that are put back into the earth. Mr. Thayer stated only the water and any unextracted minerals. Chair Myers stated that some water is also used to drive steam turbines. Mr. Thayer stated that is correct in that some water is lost for steam production, but the process is a closed loop system.

Chair Myers asked if this would be the cleanest lithium extraction process anywhere in the world. Mr. Thayer stated that is correct. Ms. Janis stated she appreciated that but didn't want to set a precedent. She asked if the CEQA lawsuit progresses, and the permits are taken away, how would it delay the timeline. Mr. Manning stated that is a leap as it doesn't believe the EIR is inadequate or that it will lose the litigation even if the EIR was found inadequate. He stated that EIRs commonly get remedied and that minor technical issues are easily fixable. Ms. Janis asked if he was an expert in CEQA litigation as she has found that these cases often prevail. Mr. Manning stated he has done some CEQA cases but is not here to debate the probability of the plaintiff's lawsuit being successful. Ms. Varco introduced herself as an environmental attorney representing CTR and as a CEQA attorney. She confirmed what



Mr. Manning had stated that the permits issued by the County are valid and remain valid permits until a court says they are not. She stated that even if a CEQA lawsuit is filed, it does not invalidate the permits that have been approved by the County as part of the process. She stated, in respect to the water issues, those are issues raised in the litigation and the fact that someone alleges something in a complaint does not make it true. She indicated that the County is the lead agency and prepared the EIR. She stated the County approved the project and certified the EIR based on all the information brought to them. She indicated that CEQA ensures that all the relevant information regarding a project and the potential impacts are evaluated by the decision-making agency, which in this case is the County of Imperial. Not everybody will be happy about a project that comes forward and is approved by any agency within the State of California and consequently there are a lot of CEQA lawsuits that are filed. She stated that in matters where an EIR is prepared, the courts offer deference to the lead agency. The standard of review for overturning an EIR is very high. Even if a court found a portion of the EIR was not sufficient, the court would require one area of deficiency remedied and not the entire project.

Ms. Janis asked if CTR went back to all the groups that it submitted letters from to check that the groups still supported the project. Mr. Manning stated he did answer that and previously stated that while he did not submit the letters there could have been letters submitted that were old and no longer accurate, for which he apologized. Ms. Janis stated that it could then not rely on any of the old letters. Mr. Manning stated that she is reaching a judgment and that is her decision.

Ms. Janis asked why it won't sit down with the community and negotiate a community benefits agreement. She stated that the opposition is quite numerous and respected in Imperial County. Mr. Manning stated there is no statutory requirement in CEQA that requires a community benefits agreement. He stated that the only requirement was to evaluate the project through a costly environmental impact report, and from CTR's perspective, there aren't significant environmental impacts. He stated that CTR has also done community outreach as part of a plan required for the DOE grant and that the community has done extensive work on this. Community outreach will continue to be done in the future. He stated the prior question assumed there were no meetings and that there in fact have been meetings. People can decide to sue despite your best efforts to reach an agreement.

Ms. Janis directed the question to Mr. Thayer indicating that this is a state, a governor, and a speaker of the assembly that value community engagement and negotiation with good unions, like the UAW. She asked why it won't sit down and negotiate a deal. Mr. Thayer stated it is not opposed to talking to anyone and stated that refusal is not a good way to describe it. Chair Myers asked if these conversations will be on-going throughout the life of the project. Mr. Thayer said that is correct. Ms. Janis stated how it could say it is bringing the community in if it's suing you. Mr. Manning stated that was a mischaracterization and that there is one group suing but there are many community groups that are in support and that it has a PLA. Ms. Varco stated that CTR has engaged in discussions with Comite since before litigation was filed and post filing of litigation. She stated that they are anticipating communications to continue.



Chair Myers stated that Member Janis had one final question and requested that we move on to hearing other questions from Committee members as well as the public. Ms. Janis stated she appreciated that and asked CTR if it is proposing to create 465 permanent jobs over five years that will pay a starting wage of \$47,000. Mr. Thayer stated that the signed agreement indicated \$84,000 on average and that there will be a variety of levels within that hiring classification. Ms. Janis asked which classification would be making \$47,000. Mr. Thayer stated he could not say which classification that was at the moment. Ms. Janis asked if workers have the opportunity to join a union if it decided to. Mr. Thayer stated it would leave that up to the workers but indicated it did not have an official stance on it. Ms. Janis stated that she encouraged them to follow up with the UAW.

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

Member Perrault asked for clarification on the tax credit as she is new to the Committee. She asked if a company doesn't meet the benchmarks wouldn't it not be able to claim any of the credits. Chair Myers asked Mr. Dosick to elaborate quickly on the process of how it works. Mr. Dosick stated that she is correct and would be happy to give her a further elaboration if requested.

Member Walters stated that we often see these tax credits that cite high unemployment and noted that the Imperial Valley is a farming community and that it will always have high unemployment. He also stated that it has a mix of an unlimited labor supply that comes back and forth from the border (with Mexico). He stated he recently had an experience with his organization where it was working with a company that received a tax credit and that did everything it was supposed to do but the jobs were not the best. He asked how we know these future jobs will be good and not harm the community. He also asked about the level of training for these jobs noting that he himself was an apprentice. He asked what guarantees CTR could provide that these jobs will be good, as well as what types of trainings CTR would provide, with the border community in mind. Mr. Thayer stated that when he refers to the relationship with the community being symbiotic this is what he meant. He stated that CTR will rely heavily on the local labor force for assistance in operating the facility. It is also working with local community colleges to develop training programs. He stated that the quality jobs depend on the definition and mentioned some will be working in maintenance as well as operations, but the hope is it is creating chemical engineers for the future.

Mr. Walters appreciated the response and asked about the opportunities for workers to choose to be in a union. He stated that he understood the difficulties and processes but added that some of the companies that have been awarded in the past have taken advantage of the population. Mr. Walters noted that a lot of workers from Mexico spend hours to get across the border and often sleep in cars and fear hurting themselves in jobs that require physical labor. He stated that these must be good jobs for the community, and we can't continue to take advantage of the workforce that comes across the border. He asked if CTR would be willing to give the Committee a commitment to work with other



organizations, whether it's UAW or other community groups, to make sure CTR will listen and abide by a set of rules for these workers. Mr. Thayer stated that it will certainly listen to them and have an open conversation. Mr. Walters asked if CTR was not willing to make a commitment at this time. Mr. Manning stated that it can commit and believes it's a minimal standard that every company should adhere to. Mr. Walters thanked them for the response.

Ms. Janis asked if CTR could repeat what it was committing to. Mr. Manning stated that the question was the concern for workers coming across the border that are often taken advantage of and exploited. Mr. Manning stated the labor community present at today's meeting will speak for themselves as to its dealings with CTR. He stated that it would treat all of its employees the same and commit to working with local community colleges for a trained workforce on the plant jobs. Member Henning stated to Chair Myers that he would like to hear from the public and community that has come forward. He added that mining in general is a dirty business, but he stated from everything that he has read CTR is doing everything it can to do it the right way. He stated he looks forward to lithium being part of California's economy.

Chair Myers thanked Member Henning for his comments and asked for public comments. Mr. Dosick stated there were numerous public comments from some organizations with multiple representatives. He encouraged organizations with the same comment to consolidate their comments to the extent they are comfortable doing so.

Alejandro Solis, with the Comite Civico del Valle (CCV), introduced himself to the Committee. He expressed concern about CTR's application. CCV is an Imperial Valley based environmental justice organization, and it has submitted a letter to express concern about CTR's California Competes Tax Credit application. CTR's proposed Hell's Kitchen poses significant risks to public health, the environment, and tribal cultural resources were it to move forward without adequate mitigation measures. This project is currently a subject of litigation, brought by CCV and Earthworks, a Washington, D.C. based partner organization, challenging its approval by Imperial County based on a flawed environmental impact report that violates the California Environmental Quality Act.

Mr. Solis stated that several statutes governing California Competes highlight the importance of pending lawsuits when evaluating applications. It is imperative that the Board consider these lawsuits and the potential implications for public welfare. The Board should thoroughly review CTR's claims regarding job creation and investment, as we have found discrepancies between CTR's application and previous estimates that raise doubts about the accuracy of their projections. This Board has the responsibility to prioritize the interests of the public and the environment. He stated that they respectfully urge the Committee to consider the issues raised in their letter and to delay the matter until the issues can be resolved.



Luis Olmedo, Executive Director of CCV, introduced himself to the Committee. He stated that the Imperial Valley has three Class 1 landfills. There was a report written about how to identify what populations would be least likely to resist environmentally destructive development. Those were rural communities open to promises of economic benefits; those with high school or less education; low income; those that are not involved in social issues; exploitative occupations like farming, ranching, and mining. That is us.

Mr. Olmedo stated that they are on board with Governor Newsom's plan for a clean energy transition that is equitable, just, and fair. They stand in solidarity with the unions, and they want labor agreements. But we can't ignore the environmental and public health impacts. Because 130 years of development have given us the most polluted river in California, the New River. The Salton Sea is a climate crisis. Consensus was reached in SB 125, the Lithium Tax, to set aside funds because they knew that our communities would likely be exploited. They set aside money to ensure that the community got its own experts and brought in its own community engagement. We are not against the energy transition. We, as an organization, as a nonprofit, are building the largest electric vehicle infrastructure. We want the resources to be extracted to transition away from fossil fuels. He asked why we are going to repeat history. Asking for enforceable commitments does not mean opposition. It means being responsible. They want a return on their investment and want the company to commit. They did not see a commitment even now. Regarding the litigation, it is not one party. There is a lot of misinformation here. He stated that they want to be productive partners in this conversation, they are just tired of 130 years of empty promises.

James Thuerwachter, of the California State Council of Laborers, introduced himself to the Committee. He stated that his organization is comprised of 80,000 men and women who build California's water, energy, and transportation infrastructure. They represent people of color, people who have come out of the criminal justice system, and those from the foster care system. He stated that they are proud to offer them an opportunity to work their way into the middle class. They have been working with CTR for several years and they have been a strong partner to labor. He thanked CTR for their leadership. This is going to create hundreds of jobs for our members. This is good for the climate and good for helping people get out of poverty in an area that has been economically distressed. He stated that they want to express strong support for this project and this application.

Keith Dunn, of the State Building Construction Trades Council, introduced himself to the Committee. He stated that this project has a PLA. They have hundreds of thousands of workers throughout the state, and the thousands who work in the Inland Empire are ready to go to work. The building trades have a long history of lifting people out of poverty. As an example, he stated that his grandfather came here as an immigrant, fought the Pinkertons on the railroads, and now he gets to stand here in a suit. His organization has a good, long-standing relationship with this company. We trust them and know how to hold them accountable. The building trades have some of the highest quality training facilities throughout the state. They take people, second chancers many of them, and give them that



opportunity. He stated that he is a member of a union and has worked out in the field. Our members also have people that go on to start small businesses. He stated that the richest person that he knows got kicked out of high school. That person learned a trade and now owns the largest welding company on contract with the United States Navy. This is a life-long opportunity. There may be valid environmental concerns, but he stated that he has faith in our system that those issues will be addressed. He strongly endorsed this project and asked for the Committee's support.

Ms. Janis asked Mr. Dunn if the PLA (project labor agreement) covers maintenance jobs or if it strictly covers construction jobs. Mr. Dunn replied that it starts with the facility construction and then they will be negotiating moving forward. Those are ongoing discussions, but it starts with the basics, which means, let's get them up and running.

Tom Hintze, with the UAW, stated that his organization represents over one hundred thousand active and retired workers. He is here to respectfully express their concerns. He noted that they are not opposed at this time, and that they appreciate the conversation about what we think are our shared values for high quality, permanent jobs at this facility. The UAW wants to ensure that the permanent workforce has good jobs. These jobs are critical for our members across the country. It is important that there are good jobs because that will build the middle class, benefit workers in their communities, and ensure that we maintain the consensus that we are pushing the electric vehicle transition forward. He stated that they support the good, union construction jobs that CTR has committed to.

Mr. Hintze stated that their comments are not an attempt to hold up construction, and that they want that to move forward as quickly as possible. Instead, they are expressing concerns and believe that resolving those concerns through a community benefits agreement is the best way to move forward as quickly as possible. He stated that they have questions and concerns about job quality, training, and local hiring practices, and want to try to work together to make sure CTR succeeds. This enterprise is critical to our sector and our members. They believe the fastest way to move forward is to resolve all of these outstanding issues together through a conversation and a community benefits agreement.

Ms. Janis asked Mr. Hintze that if the Committee were to postpone this Item, would that be enough time to negotiate. Mr. Hintze replied that they stand ready to have a conversation and can move at the speed of the agreement.

Patrick Dexter, with UAW Region 6, introduced himself to the Committee. He stated that his organization represents nearly one million active and retired members across the country. This largely consists of people who work in the internal combustion sector. This union is growing into the new electric vehicle sector and is looking at the whole supply chain. The lithium battery supply chain starts in Imperial County with the extraction of lithium from the geothermal reservoir. He stated that they are excited about the possibilities of this project but have concerns regarding the issues related to the permanent workforce. They couldn't be happier for our allies in the building trades that they have a



PLA, but the permanent workforce will be people who will work at these plants for decades. Those people deserve the same level of job quality as those in construction.

Mr. Dexter stated that he was concerned about the language used by the company in terms of their willingness to commit to working with a union for the permanent workforce. He is optimistic that with further conversation that can be resolved, but he doesn't think it was resolved today. One of their concerns has to do with the unique challenges of the Imperial Valley, a high area of poverty. That is precisely where the value of working with a union for the long-term workforce comes in. The company has made some good goals regarding local hiring and diversity, but without a community benefits agreement, UAW is concerned that these will not become reality. These kinds of goals are difficult to achieve. Though they have lined up high quality partners in the educational institutions, they need to have a plan and accountability. The best way to do that is by working with a union and community partners. He stated that he was glad to hear that they are negotiating a community benefits agreement with Imperial County. However, that would be more compelling if we had that agreement in front of us today. Community benefits agreements are not typically just negotiated with elected officials, but with community-based organizations. We have heard a lot of conversation today about disagreements there.

Mr. Dexter stated that UAW would not be here today testifying if they thought that it would delay the workers in the building trades starting new construction jobs at the plant. It seems like this project is delayed already via a lawsuit. Absent a serious plan by the company to resolve that, he doesn't think that we will be seeing anything any time soon.

Mitchell Bechtel, with the Iron Workers, introduced himself to the Committee. He stated that they are in full support of CTR's application.

Gretchen Newsom, with the IBEW, re-introduced herself to the Committee. She spoke in support of CTR's proposal. IBEW is one of the most progressive unions in the nation, fighting for good, green jobs and careers. They represent energy workers and a range of skilled occupations including utility, telecommunications, broadcasting, and manufacturing. Its members are dedicated to building, operating, and maintaining power and energy facilities such as the one before the Committee today. The CTR geothermal energy plant will generate clean and renewable power as well as provide numerous community benefits. She stated that she is pleased to see that CTR has entered into a PLA with the trades and IBEW 569 for the construction and maintenance of their clean energy campus. This partnership with IBEW will create high road jobs with family supporting wages, comprehensive medical benefits, and retirement contributions. We hope that this agreement will also extend to training, and an IBEW represented, permanent workforce in this facility. Member Janis, when you are advocating for UAW, please keep in mind the energy workers represented by IBEW.

Ms. Newsom stated that talks have already commenced and started. Things are going well. Sometimes there is a difference in language, and a different understanding between labor and business. The words



CTR was looking for earlier, were “I support card check neutrality, and I will not oppose workers choosing, of their own right and volition according to national law, to unionize.”

Ms. Janis asked the company representatives if they were willing to say that. Mr. Thayer replied in the affirmative. Ms. Janis asked if they would state the phrase, “I support card check neutrality.” Mr. Manning stated that they were not going to do that.

Ms. Newsom clarified that the PLA also covers the maintenance of the facility. She stated that IBEW strongly encourages the Committee’s support for this Item today.

Cori Schumacher, political director with IBEW 569, introduced herself to the Committee. She urged the Committee to support the tax credit application. IBEW 569 is the local union that has represented the skilled workforce building the future of clean energy in Imperial County. They have been working in San Diego and Imperial County for over 100 years. IBEW is the workforce powering all things electrical. Over 3,700 union electricians and power professionals, hundreds of whom live in Imperial County, have been working for decades to implement a shared vision of a permanent workforce in clean energy that uplifts Imperial Valley working families. She stated that 21% of those families living in Imperial County are living in poverty. By creating pathways to the middle class and creating high road union jobs and wages, IBEW 569 and the community in Imperial County have been working together on a shared vision. IBEW opened its Imperial Electrical Training Center 15 years ago to increase the number of family-sustaining jobs in the region because our members personally experienced just how underinvested this region is.

Ms. Schumacher stated that the benefits to the community of this project are substantial. The first phase of CTR’s project could generate \$20 million every year of direct benefit to the community. This could grow to \$140 million per year if all seven project phases are supported. CTR’s contract, of which IBEW 569 is a part, involves both construction and maintenance. This PLA means that this project is going to create up to 480 high road union construction jobs, which we will be training in our apprenticeship program in Imperial Valley. The success of Lithium Valley means more education, more police, more firefighters, more schools, more apprentices, and more opportunities for working families to support themselves and their communities in one of the most underinvested regions in the State of California for generations. Two months is still two months of lag time. This means something for our members on the ground who need jobs now. On behalf of IBEW 569, she stated they strongly urge this Committee to approve this award, which will bring so many benefits to Imperial Valley working families.

Jose Figueroa, journeyman member of IBEW 569, introduced himself to the Committee. He stated that he is an immigrant who used to cross the border every day just to get to work in the fields to pick broccoli, lettuce, and corn. That was his life every day because he couldn’t afford to live in the U.S. One day in 2013, his friend told him that there was a big construction job coming up. He applied and got the job. He then started talking to more people. He became an apprentice. He stated that was 5 years of



his life well spent. Now he can afford to have his family live in California because of jobs like this. He stated that he has had a great experience constructing stuff like this and that it has been a blessing for him. It will be a blessing if the Committee supports this.

Karyna Hermosillo, 5<sup>th</sup> year apprentice with IBEW 569, introduced herself to the Committee. She stated that the CTR project is important to her future and her ability to gain experience. She urged the Committee to vote yes to approve the California Competes award.

Cristina Marquez, a journeyman sound technician with IBEW 569, introduced herself to the Committee. She stated that she is currently the environmental organizer where they represent over 3,700 electricians and power professionals in San Diego and Imperial Counties. CTR has been a great partner in developing the PLA. The construction and maintenance aspects of the negotiation was something that they would not back down on because they knew the importance of people having regular work and not needing to find work out of town. This type of project is something that will change the lives of people in Imperial who are notoriously poor. She urged the Committee to vote yes.

Member Henning asked Ms. Marquez what a full journeyman electrical worker earns. Ms. Marquez replied that an inside wireman works on anything from a transformer into a building. This includes fire alarm systems, security systems, camera systems, audio/video, lighting, and wireless access points. It is a five-year program. They start at \$21.35 per hour and they get regular raises every 6 months. They do not have to ask for that raise. It is automatic as long as they are working and going to school. Those are the two things that we ask of them. When they graduate, the hourly rate is \$53.85. That does not include their full family health benefits including medical, dental, and vision, and they start earning toward their pension from day one. This is what gets them to the middle class. It changed her own life, and it will change families' lives. She stated that it has been a great opportunity, and she wants others to experience it. They do outreach in high schools to educate them about these apprenticeship opportunities. When someone gets out of high school they can go into this pre-apprenticeship and then go into any of the trades afterward. It is because of these types of projects that they can create awareness of these pre-apprenticeships and apprenticeships. She stated that they have also committed to hiring women and created a women's committee about 5 years ago.

Ms. Janis asked if she was in conversations with Comite del Valle. Ms. Marquez stated that IBEW 569 has been a part of the Lithium Valley Community Coalition Group since day one. They felt they needed to go on a different path. She stated that they hope they can move forward and that the CEQA lawsuit will find any issues that need to be addressed.

Valentin Gonzalez, Jr., introduced himself to the Committee. He strongly urged the Committee to approve this tax credit. These types of projects are what give people chances. He stated that he also worked in the fields and that his parents came across from Mexicali. He went to college on a partial soccer scholarship. He took out \$30,000 in student loans and ultimately dropped out. Then he had



been working in the fields in the morning and in retail jobs at night. He ended up joining as an entry-level apprentice with no electrical experience, learned, and made a career. In construction, nothing is ever guaranteed. He said that he is employed right now, but there are 300 other brothers and sisters that need work. He strongly urged the Committee to support the tax credit.

Danny Machain, Assistant Business Manager with IBEW 569, and Business Manager for Imperial County Building Trades, introduced himself to the Committee. He stated that he was the person negotiating the contract with CTR and the maintenance agreement. He has been coming in and out of Imperial County for 20 years. The people that live there are great workers. He tells every contractor about the quality of the workers in Imperial. Take into consideration the extreme conditions that these people must work in. Solar farm workers are out in the sun in the extreme heat. But that is what they are trained for. This project will provide more avenues in which to learn and will help grow the union. He stated that they have several unions that want to create apprenticeship programs. The IBEW can only hold so many workers, but this project can attract so many other unions to come in and train workers for these jobs.

Hunter Stern, with IBEW Local 1245, introduced himself to the Committee. He urged the Committee to approve the tax credit.

Chair Myers asked the Committee for a motion to approve. Mr. Henning made the motion and Ms. Perrault seconded. Ms. Janis asked Chair Myers if she could move a substitute motion before the motion to approve. Chair Myers stated that they would proceed with the motion to approve and if that motion was unsuccessful, Ms. Janis may move forward with her alternative.

Ms. Janis stated that she is tired of companies dividing and conquering. Here we have a very low-income community that has suffered decades of neglect that is opposing this application with legitimate concerns that can be solved. We have a union working with that community. On the other hand, we have a great set of unions that have amazing apprenticeships in construction jobs. She stated that she feels like the company has divided when they could be bringing us together. That is why she is voting no. If it were the other way around, in that, if UAW and the community had an agreement and the building trades didn't, she would do the same thing.

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

**Yes:** Members Perrault, Henning, Myers

**No:** Janis

**Abstain:** Walters



### D-3. Moxion Power Co.

At the request of Chair Myers, Deputy Director Dosick elaborated on Agenda Item D-3. He described the company and the proposed tax credit Agreement to the Committee. Moxion Power Co. (Moxion) is a mobile battery energy storage system (BESS) manufacturer. Its products provide temporary power solutions in commercial settings such as construction sites, disaster response, movie filming, and special events. In exchange for a \$25 million tax credit, Moxion is proposing to create 474 new, full-time jobs and make \$126.3 million in investments. Moxion 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. The jobs Moxion is committing to create are in classifications such as, mechanical operations, quality control, supply chain, procurement, sales, marketing, customer success, public policy, software engineer, executive assistant, executive officer, accounting, corporate development, legal counsel, paralegal, construction management, facilities management, human resources, and product management.

Moxion's headquarters is in Richmond alongside a small manufacturing line that produces 1,000 mobile BESS units per year. It has recently secured purchase agreements with two of its largest customers in the Southeast. Moxion indicated its contracts will require an advanced manufacturing facility capable of producing 11,000 mobile BESS units per year. It is considering whether to expand manufacturing in Richmond, California or closer to its key customers in the Southeast, where it could realize significant savings on both labor and shipping costs.

Mr. Dosick introduced Alexander Meek, President and Co-Founder; Collette Zaro, VP of People, and Peter Ferguson, Corporate Strategy Manager, who were available to answer the Committee's questions.

Mr. Meek thanked the Committee and introduced himself. He stated that Moxion was grateful to have support from the state, including Governor Newsom's visit to their facility last year to announce his roadmap to a clean energy future. Based in Richmond, they are a vertically integrated manufacturer of mobile storage products.

Member Janis asked if Moxion is involved in creating any kind of registered or pre-apprenticeship programs. If so, is the company working with any union apprenticeship program or are in any discussions to do so? Ms. Zaro stated that they have started with their on-the-job training program for the manufacturing associates. It was critical, given that this is new technology and there was not training available in the market, that they are developing this as they go. She stated that they have been fortunate to engage with partners in the community. They have a workforce development partnership with the City of Richmond. They have also teamed with Mark Martin of the Bay Area Community College Consortium, the Machinists Institute, and with high schools and colleges in the area.



Ms. Janis asked if they were in conversations with any unions that have established pre-apprenticeship programs. Is the company open to those conversations. Ms. Zaro stated that they are open to having conversations. She stated that United Steel Workers reached out recently and Moxion has been learning about the types of programs that they offer.

Ms. Janis encouraged the company to go in that direction rather than make something up from scratch. As great as community colleges can be, what you are doing deserves the best. She stated that Richmond seems like the right place, as we have so many oil and fossil fuel workers that are losing their jobs. It seems like a perfect way to work with the community, perhaps even to establish a first source hiring from laid-off steel workers or oil workers to work in the clean energy economy. She asked if they had considered that. Ms. Zaro stated that they will have a number of jobs available. She noted that 38% of Moxion's workforce currently live in Richmond or the surrounding areas.

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

Gretchen Newsom, of the IBEW, re-introduced herself to the Committee. She stated that IBEW also represents workers in the manufacturing of electrical devices including batteries, which are energy storage devices. IBEW is actively organizing in the battery manufacturing sector. They have reached out to Moxion to explore potential collaborations. She stated that they commend Moxion for their innovative mobile batteries that offer a 100% electric solution to industries that traditionally rely on generators for mobile power such as construction, Hollywood productions, utilities, and defense. They hope that the Committee will encourage Moxion to engage in a productive dialogue with IBEW and explore how our partnership will lead to the creation of good jobs in the battery manufacturing sector.

Hunter Stern, with IBEW Local 1245, reintroduced himself to the Committee. Local 1245 is the largest IBEW Local in the country. He stated that its members mostly do utility work, for SMUD, PG&E, and other utilities. They also work for contractors that do high voltage electrical work for those utilities as well as line clearance tree trimmers. They also have manufacturing. They have people working in the Bay Area today building the kinds of equipment that Moxion is contemplating. He pointed out that this is not new equipment. The electrical manufacturing aspect of it is known and its members are doing it. They manufacture transformers primarily, but they also manufacture something called a mobile sub-station. He stated that he admires what Moxion is creating and that the fact that it is battery-based is an important step forward. They hope that they can work with Moxion on their expansion, and they urge the Committee to approve the tax credit.

Ms. Janis stated that IBEW is a wonderful union that does amazing work. They came here to ask Moxion to partner with them. She encouraged Moxion to follow through with that.

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



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

**Yes:** Members Walters, Perrault, Henning, Janis, Myers

**No:** None

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

Chair Myers stated that there were no further public comments.

#### **H. Adjournment**

Chair Myers adjourned the meeting at 3:18pm.

DRAFT