Approval of Minutes

From Tuesday, June 17, 2025, at 10:30 a.m.

Paul Bonderson State Office Building
901 P Street, Room 102
Sacramento, CA 95814

PUBLIC PARTICIPATION CALL-IN NUMBER VIA TEAMS
(877) 853-5257, Meeting ID: 267 100 516 141, Passcode: Xv6P45cL

Interested members of the public may use this number to call in to listen to and/or comment on items before CAEATFA. Additional instructions will be provided to callers once they call the indicated number. This call-in number is provided as an option for public participation.

1. Call to Order & Roll Call

Khaim Morton, Deputy State Treasurer, called the California Alternative Energy and Advanced Transportation Financing Authority ("CAEATFA" or the "Authority") meeting to order at 11:09 a.m.

Members Present:

- Khaim Morton for Fiona Ma, CPA, State Treasurer (Chair)
- David Oppenheim for Malia M. Cohen, State Controller
- Michele Perrault for Joe Stephenshaw, Director of Finance
- Ken Rider for David Hochschild, Chair, California Energy Commission
- Khalil Johnson for Alice Reynolds, President, Public Utilities Commission

Members Absent: None

Staff Present: Christina Sarron, Executive Director

Quorum: The Chairperson declared a quorum

2. Minutes (Action Item)

Mr. Morton asked the Board members if there were any questions or comments concerning the meeting minutes from the March 18, 2025, board meeting. There were none.

Mr. Morton asked if there were any public comments. There were none.

Mr. Oppenheim moved approval of the minutes; Ms. Perrault provided the second.

The minutes were approved.

The item was passed by the following vote:

Khaim Morton for the State Treasurer	Aye
David Oppenheim for the State Controller	Aye
Michele Perrault for the Director of Finance	Aye
Ken Rider for the California Energy Commission	Aye
Khalil Johnson for the Public Utilities Commission	Aye

3. Executive Director's Report

Presented by Christina Sarron, Executive Director.

Ms. Sarron gave a report on CAEATFA's programs and their activities for the months of April, May, and June.

For Program Updates regarding Staffing:

- Bill Heberger was promoted to Staff Services Manager II for GoGreen Financing.
- Davey Ly was promoted to manager of program design and development for GoGreen Home.
- Kevin Nakano was promoted to manager of program design and development for GoGreen Business; and
- CAEATFA hired two new retired annuitants; Janet Butts as a Staff Services Analyst (SSA) and Angelina Cager as an Office Technician (OT). Ms. Sarron stated that there are two more retired annuitants coming at both the SSA and OT classifications.

For Sales and Use Tax Exclusion ("STE") program updates, Ms. Sarron presented the following:

- The STE Project pools breakdown:
  - Small Pool with $20.5M (20%)
  - Large Pool with $44.8M (45%)
  - General Pool with $29.8M (30%)
  - Remaining available for the second round $4.9M (5%)
- The eligibility path graph breakdown:
  - Advanced Manufacturing with $64.4M
  - Advanced Transportation with $6.6M
  - Alternative Source with $21.2M

- Recycled Resource with $2.9M
- The Advanced Manufacturing project had 13 types.
- The Advanced Transportation projects had four types.
- The Alternative Source projects had four types.
- The Recycled Resources projects had two types.
- The Emerging Strategic Industries had two types.
- The estimated total jobs breakdown:
  - Advanced Transportation with 3,364.
  - Alternative Source with 341.
  - Recycled Resource with 118.
  - Advanced Manufacturing with 17,596.
  - Of the 21,419 jobs, Staff estimate that 926 are directly attributable to STE awards.

Ms. Sarron reported that since the last board meeting, there have been actions under her delegated authority including:

- Execution of an extension for one-year with an additional $500,000 for the contract with the Electric & Gas Industries Association (EGIA). The contract's new expiration date is May 28, 2026, with a total contract of $2.3M. The extension was approved by DGS on April 23, 2025. Ms. Sarron continued by stating GoGreen Financing uses EGIA to manage contractor engagement.

- Execution of a Contract with Viridis Consulting LLC for Technical Advisor Services for the GoGreen Financing Program, effective May 1, 2025, for an amount not to exceed $299,999 for the three-year contract term.

- Executed an Interagency Agreement with the State Personnel Board for CAEATFA's proportional share of the total cost of unarmed security services at 801 Capitol Mall on June 2, 2025. Total cost is not to exceed $49,488 for the term of July 1, 2023, through December 31, 2025.

Mr. Oppenheim commended CAEATFA Staff for the material that Ms. Sarron shared and how thorough the team is when explaining their metrics. Mr. Oppenheim continued by stating that the summary in terms of the overall benefit, environmental, fiscal, health, and jobs that Ms. Sarron provided during their conversations showed him that CAEATFA continues to innovate and that CAEATFA's strategic targets are instrumental in keeping California at the forefront of advanced new businesses and technologies.

Mr. Morton asked if there were any public comments.

Ms. Andrea Carlos-Willy, the Impact and Resource Development Officer at Pajaro Valley Unified School District in Watsonville, California. Ms. Carlos-Willy noted that as a member of the superintendent's office, she would like to express support for Joby Aero, Inc.'s ("Joby") application. As a key industry partner, Joby has played an important role in supporting the development of their career technical pathways for 15,000 students. Joby provides students with meaningful hands-on learning experiences to prepare them for future careers. Ms. Carlos-Willy also stated that Joby has demonstrated consistent and genuine commitment to their educational program and fits what the STE Program is designed to promote.

Mr. Morton thanked Ms. Carlos-Willy and clarified that this comment period is specifically for the Executive Director's report and that the public will get an opportunity to comment on the STE business items when they are considered next.

Mr. Morton noted there were no other public comments regarding the Executive Director's report.

4. Business Items

A. Review and Competitive Criteria Process for the 2025 Sales and Use Tax Exclusion Program's First Application Period (Informational)

Presented by Program Manager, Xee Moua

For the 2025 calendar year, CAEATFA is statutorily authorized $100 million in STE to award to Recycled Resource Extraction, Advanced Transportation Technology, Alternative Source, and Advanced Manufacturing projects. There is $20M, of which is designated for small projects requesting $2M or less in sales and use tax exclusion, $65M for the general pool projects requesting over $2M up to $10M, and $15M for large projects requesting over $10M up to $20M.

CAEATFA's first application deadline was January 30, 2025, and 36 applications requesting approximately $94.6 million in STE were received. Five applications withdrew and of the remaining 31 applications, 23 applied under the small project pool, five under the general pool, and three under the general and large pools. Within these pools, only the small project pool is oversubscribed. The amount by which it is oversubscribed is approximately $500,000. After the final review process of the applications, the total requested amount of STE increased to roughly $95.1 million.

Pursuant to the STE Program regulations, CAEATFA Staff is bringing the 31 applications before the Board today for consideration in the order of competitive criteria ranking, starting with the small project pool applications. The seven criteria used to rank an application include: 1) whether an applicant has a recycling, advanced transportation, or alternative source project that produces a product with environmental benefits, 2) the project county's unemployment rate, 3) job creation, 4) whether an applicant has had to relocate or rebuild due to a natural disaster identified in a state of emergency proclaimed the Governor within two years of the application, 5) whether a company maintains its headquarters in CA, 6) whether an applicant is ineligible for the CA Department of Tax Fee Administration's Partial Tax Exemption Program, and 7) if an applicant qualifies as an Emerging Strategic Industry, as identified by CAEATFA.

If all 31 applications are approved today, there will be roughly $4.9 million in STE available to award to small and general pool applicants for the second application period, and if oversubscribed, those applications are ranked amongst one another using the competitive criteria. The second application period starts June 27, 2025, and ends July 11, 2025, with presentation of any eligible applications to the Board at the September 16, 2025, board meeting.

4.A.1, 4.A.2 & 4.A.4 through 4.A.32 Discussion and Consideration of Application for a Sales and Use Tax Exclusion Award

Ms. Sarron stated that due to the large number of STE applications, Staff is recommending that the Board consider the applications in groups based on the small project pool, which include items 4.A.1- 4.A.24 with the exception of 4.A.3 due to it being withdrawn, and the general and large Project Pools, which include items 4.A.25-4.A.32.

4. A.1, A.2 & .A.4 through A.24

Mr. Morton asked if there were any comments from the board, there were none.

Mr. Johnson moved for approval, and there was a second by Ms. Perrault.

Mr. Morton stated that there was a motion and a second and asked if there were any questions or comments from the public. There were no comments and Mr. Morton called for a vote.

The item was passed by the following vote:

Khaim Morton for the State Treasurer	Aye
David Oppenheim for the State Controller	Aye
Michele Perrault for the Director of Finance	Aye
Ken Rider for the California Energy Commission	Aye
Khalil Johnson for the Public Utilities Commission	Aye

A.25 though A.32

Mr. Morton asked for public comment and noted that there was a letter submitted by the United Autoworkers Association ("UAW") and the California of Labor Federation Unions ("CLFU") regarding item 4.A.26 for Joby's application (see Exhibits A & B attached hereto).

Mr. Morton stated he would like to give representatives from Joby the opportunity to address the UAW and CLFU's letter. Cody Cleverly, Joby's Workforce Development Lead, explained that they had received outreach from UAW and the CLFU notifying them that these organizations had an interest in their incentives and that Joby and these labor organizations have had good faith discussions over the past few days.

Mr. Cleverly acknowledged a tight deadline for those discussions leading up to the board meeting. Mr. Cleverly shared that Joby respects their team members and their rights under federal labor law. He went on to explain that workers have the right to make decisions about whether to engage or be represented by a union and that Joby respects this choice and will continue to engage in good faith discussions with union representatives.

Next, Mr. Morton stated there are two comments regarding Joby and called on Sam Appel from the UAW Region 6, the Western states representative of the UAW in partnership with the Monterey Central Labor Council and the CLFU. Mr. Appel stated that UAW supports innovation and clean transportation but believes strongly that public support must come with strong public accountability.

Mr. Appel continued by stating Joby has received millions in public funds, including about $10M in Cal Competes grants in November 2023. This grant was awarded in part based on Joby's public pledge to engage in a community benefits agreement ("CBA"). Mr. Appel explained that that is a CBA with labor and community organizations. Mr. Appel stated that since 2022, the UAW, CFLU, and Local Labor Council have been repeatedly making good faith efforts to initiate that engagement.

Mr. Appel stated that their organizations have asked for clear enforceable commitments to local hiring, workforce training, partnerships, and worker voice protections. Mr. Appel stated Joby has failed to follow through. Mr. Appel stated there has been no meaningful engagement, no negotiation, and no transparency. He continued by stating that this matters deeply, especially in a region like Monterey County, where inequality is among the most severe in California.

Mr. Appel stated when companies receive public subsidies without clear standards or labor agreements, the results are often lower quality jobs, more pollution, and lost opportunities for local communities. Mr. Appel stated that their organizations believe that when companies enter into CBAs, there are better outcomes for workers, communities, and even the companies. Mr. Appel stated that their organizations respectfully urge the Authority to encourage Joby to follow through on prior commitments in front of state agencies to negotiate a CBA with labor and community partners. Mr. Appel urges the Authority to ensure Joby fulfills their Cal Competes commitments and convene with stakeholders before granting any further public support.

Mr. Appel concluded by stating that the UAW does not oppose growth and innovation but that they want to expand jobs in advanced industries. Mr. Appel stated that the UAW supports accountability, equity and ensuring public dollars serve public good.

Mr. Morton thanked Mr. Appel and called for the next speaker to continue. Sara Flocks, the Legislative and Strategic Campaigns Director from the CLFU echoed the sentiments expressed by Mr. Appel and added information about their organization. Ms. Flocks explained that their federation represents 2.3M union members in both the private sector and public sector. Ms. Flocks stated they are very supportive of the State's work to assure the creation of good jobs in the private manufacturing sector.

Ms. Flocks continued by stating in the public sector, they want to make sure there is accountability and that public investments in companies yield economic returns in the shape of good jobs. She added that this is especially critical now that the state is facing a budget deficit and pondering cuts to vital services and jobs.

Ms. Flocks concluded that the CFLU echoes very strongly the words of the UAW and adds that CBAs are not a new invention and hope the State of California can lead the way by encouraging Joby and all companies to commit to CBAs.

Mr. Morton thanked Ms. Flocks and noted there were additional public comments. Mr. Morton called for public comment from Maria Elena Manzo, the Director for Mujeres en Acción, who joined online. Ms. Manzo stated that she strongly supports Joby's application for their sustainable alternative to traditional transit. Ms. Manzo stated that this company has the potential to create high quality jobs and to support regional economic development.

Mr. Morton thanked Ms. Manzo and called up the next public comment online. Jack Herbig, the Co-Chair of the workforce development team for COPA, explained that his organization is made up of 28 religious congregations, nonprofit schools and labor unions in Monterey and Santa Cruz counties. Mr. Herbig expressed support for Joby's application.

He continued by stating that Joby has been innovative in developing people without prior manufacturing experience succeeding in manufacturing jobs. Mr. Herbig stated that in their experience, Joby is an extraordinary employer in terms of working with civic organizations and is working hard to bring down the cost of technical training related to aircraft manufacturing, maintenance and operations. Mr. Herbig concluded by stating that they highly support Joby's application.

Mr. Morton thanked Mr. Herbig and moved on to the next online comment. Lawrence Samuels, Co-founder of the Monterey Bay Tech Hub, stated that they work with both Joby and Archer Aviation extensively in workforce training initiatives and overall policy initiatives within California. Mr. Samuels stated that Monterey Bay Tech Hub can say without reservation that Joby has been above and beyond in terms of their hiring policy and in terms of their efforts to educate through unique apprenticeship programs. Mr. Samuels continued by stating that Joby has sunk millions of their own dollars, in addition to state dollars, into these training initiatives. Mr. Samuels stated that Monterey Bay Tech Hub supports both Joby's application as well as Archer Aviation's application.

Mr. Morton thanked Mr. Samuels and continued onto the next online comment. Josh Metz, the Executive Director for Monterey Bay Dart, explained that Monterey Bay Dart is an eight-year-old 501(c)(3) that's been focused on aligning industry, academia and government towards these emerging climate smart technology opportunities, of which Joby has been one of the leaders in the region and the state. Mr. Metz stated that he is in Paris at the Paris Air Show with Joby, Archer Aviation and Whiskmo and that earlier that day, the US Depart of Transportation Secretary, the FAA Administrator and CEOs from these three companies were announcing a new international partnership to advance this industry that were there with the Go Biz International team.

Mr. Metz stated that California is in a leadership position with these companies and that he thinks the comments of his colleagues speak to the regional importance and jobs growth. Mr. Metz stated California stands to maintain leadership in climate smart emerging technology transportation by continuing to support these amazing companies.

He thinks that approval of this tax exclusion would further benefit the communities on the Central Coast as well as throughout the state.

Mr. Morton thanked Mr. Metz and called upon the next online comment. Kristen Brown, the Executive Director at the Santa Cruz Area Chamber of Commerce, stated that she is before the board to voice strong support for the application submitted by Joby. Ms. Brown stated that these exemptions will reduce the cost of investing in clean manufacturing equipment, which helps companies scale more rapidly and accelerates the deployment of zero emission aircraft in California.

Ms. Brown stated Joby was founded and headquartered in Santa Cruz County and is one of the region's most important employers and innovators. Ms. Brown continued that Joby's continued growth creates high quality jobs and helps our community and our state as a national leader in sustainable aerospace. Ms. Brown urged the approval of this application, which she stated supports both regional prosperity and California's clean transportation goals.

Mr. Morton thanked Ms. Brown and called for the next online public comment. Zoe Carter, the Executive Director of the Santa Cruz County Business Council, stated that they are in strong support of Joby's application, that Joby is a leader in the community and with clean air transport and has been a wonderful partner to many of the businesses across the community. Ms. Carter explained they have personally been working with Joby for almost five years and have found them to be an integral part of their community with local hiring, manufacturing and clean jobs.

Mr. Morton thanked Ms. Carter and stated that he wanted to thank the folks in support and the concern brought forward by the CFLU and the UAW. Mr. Morton asked if there were any comments or questions from the board.

Mr. Oppenheim stated a clarifying comment regarding the CLFU letter. The letter states that the sales tax exemption is $100 million while what it actually means to say is the sales tax exemption is for $8.5 million with $100 million in qualified property. Mr. Oppenheim then stated to Joby that he would like to see the good faith conversations continue.

Mr. Morton called upon a member of the public who had a comment. Deepti Jain, an Environmental Program Manager for the City of Sunnyvale Environmental Services Department, stated that she understands the criteria of application after the first round of application but is wondering exactly how much funding will be available for the second round of application that is opening on June 27, 2025.

Ms. Moua answered her question, stating that the available sales and use tax exclusion amount is $4.9M.

There were no further public comments.

Mr. Oppenheim moved for approval, and there was a second by Ms. Perrault.

Mr. Morton stated that there was a motion and a second and called for a vote.

The item was passed by the following vote:

Khaim Morton for the State Treasurer	Aye
David Oppenheim for the State Controller	Aye
Michele Perrault for the Director of Finance	Aye
Ken Rider for the California Energy Commission	Aye
Khalil Johnson for the Public Utilities Commission	Aye

B. Consideration of Applicant's Request to Extend the 15% Purchase Requirement and Initial Term of the Regulatory Agreement of a Sales and Use Tax Exclusion Award

1) Sugar Valley, LLC, Brawley (Imperial), No. 22-SM014, Biomass Processing and Fuel Production – Advanced Manufacturing, $117,647,058.82 of Qualified Property

Presented by Willy Chen, STE Analyst

In June 2022, the CAEATFA Board approved an STE award for Sugar Valley Energy, LLC to build a new biomass processing and fuel production facility located in Brawley. As of December 2024, the Applicant has used the STE award to purchase approximately 0.15% of the total Qualified Property approved.

In November 2023, the Applicant was approved for a one-year and six-month extension of the 15% purchase requirement and initial term of the Regulatory Agreement to accommodate issues with securing financing.

The Applicant is now requesting a second extension of the 15% purchase requirement by one year and six months, until December 21, 2026, and a second extension of the initial term by two years, until December 21, 2028, to accommodate further delays with securing financing, which the Applicant states should be resolved by December 2026.

As it is the responsibility of CAEATFA to ensure that project purchases are made timely, Staff recommends that the Board approve Sugar Valley Energy, LLC for a one-year extension of the 15% purchase requirement timeframe, until June 21, 2026, as the Applicant has demonstrated extraordinary circumstances, and it is in the public interest and advances the purposes of the STE Program. In the event the 15% purchase requirement is not satisfied by June 21, 2026, the Regulatory Agreement will automatically terminate.

Additionally, Staff recommends that conditioned upon the 15% purchase requirement being satisfied, the initial term of the Regulatory Agreement will be extended without further action from the CAEATFA Board by two years, until December 21, 2028, to make purchases of up to $117,647,058.82 in Qualified Property, anticipated to result in an STE amount of $10M.

Mr. Chen stated that the CEO of Sugar Valley, Dave Rubenstein, was there to explain the project. Mr. Morton stated that before Mr. Rubenstein explained that he wanted to reiterate that the state is in a rough fiscal climate and that the Board is looking out for extensions tying up capital in other areas where jobs can potentially be created. Mr. Morton stated that he’d like Mr. Rubenstein to frame his answer to address this concern of the Board’s.

Mr. Rubenstein thanked the Board and Staff for their continuing assistance. He went on to state that the project is large and the company is eager for financing and forward motion. Mr. Rubenstein stated that there is a lot of time and money invested in the project and that he’s brought family and friends in on the ground floor. He stated that he wouldn’t be doing this if he didn’t believe they were on the right path. Mr. Rubenstein stated that the project brings a lot of opportunity to Imperial County, which has had economic challenges recently.

Mr. Rubenstein continued by stating that the Spreckels Sugar Co. plant is shutting down in Imperial Valley. He stated that this is an 8-year-old plan so not only are roughly 300 jobs disappearing that are attractive to their company, but there will be 26,000 to 28,000 acres of sugar beet becoming available.

Mr. Rubenstein stated this large project with a lot of moving pieces includes permitting such as air permits and conditional use permits, which are in place. He stated they are working with the Imperial Irrigation District to get the generator interconnect agreement done. Mr. Rubenstein stated that this was at the Board’s table about two years ago and then work was modified so another study was required.

Mr. Rubenstein explained these delays, environmental and permitting, have not prevented the forward motion of the project, which continues daily.

Mr. Rubenstein stated that he is truly appreciative of the fact that the State is a partner in this project via the Sales and Use Tax Exclusion.

Mr. Rubenstein invited Ian Parker, the Managing Director, Head of Multifamily Debt Origination and Structuring at RBC Capital Markets, to speak about their relationship. Mr. Parker stated that not only does he head the multifamily origination and structuring effort for Sugar Valley, but he also works on project financing. He stated that he had managed a prior firm during the 2008 recession so he understands completely the State's fiscal situation. Mr. Parker stated that he wants to commend the State and that he has been involved with the project for ten years.

Mr. Parker stated that a project needs three pieces to get financed: offtake, feedstock, and the financing itself. This specific project has had all three at different times. He stated that certain things have adversely affected different parts of the project but as of right now the project has all three and that they are currently waiting for the final number from their builder to get started. Mr. Parker stated that that number is expected to come in the next couple of months and then they will be moving forward.

Mr. Parker explained that in addition to this piece, they are also looking at different add-ons to the space and that Mr. Rubenstein has a lot of equity in the project and grandfathered over $150M in tax credits. He stated that the company has been able to do all of the permitting, is shovel ready and just needs this final piece to be able to progress. Mr. Parker stated that a definitive timeline of six months is unpredictable as they'd really like interest rates to come down. He thanked the State and acknowledged Imperial Valley, Imperial County, and the city of Brawley for their support.

Mr. Morton asked if the board had any comments. Mr. Oppenheim stated that their Chief of Staff has deep roots in Brawley and that they certainly understand the economic conditions, especially in the need for jobs in. He also appreciated Mr. Rubenstein bringing up the Spreckels Sugar Co. plant closing. Mr. Oppenheim asked if the Spreckels Sugar Co. is going to be a main source of some of the bio product that they were going to be using at their facility to create their product and if so, is there a type of plan to continue to use that product.

Mr. Rubenstein stated that Spreckels Sugar Co. was doing sugar beets to table sugar under the US Farm Bill. He stated that while there is a tiny allocation of land to grow sugar cane, the land that they were using to grow the sugar beet can be converted to grow sugar cane. He continued that they can grow sugar cane on marginal land and don't need to take out food crops like lettuce and tomatoes, so basically they don't need pristine ground.

Mr. Rubenstein added that they need average ground and that those acres can move over to the planting of sugar cane. Sugar cane is relatively easy. Mr. Rubenstein added that this extra land and growth could lead to the preservation of jobs that might otherwise end. He added the jobs potentially preserved include seed providers, tractor rentals, and fuel and fertilizer merchants, among others. He stated that a lot of technical jobs could be not only offloading vehicles, but also chemical engineers, workers at the power plant, biogas and waste water treatment facilities.

Mr. Morton thanked Mr. Rubenstein for his explanation and explained that Ms. Perrault needed to step out as she had another meeting arrangement.

Mr. Morton asked for public comment and there was none.

Mr. Oppenheim moved for approval, and there was a second by Ms. Perrault.

Mr. Morton stated that there was a motion and a second and called for a vote.

The item was passed by the following vote:

Khaim Morton for the State Treasurer	Aye
David Oppenheim for the State Controller	Aye
Michele Perrault for the Director of Finance	Aye
Ken Rider for the California Energy Commission	Aye
Khalil Johnson for the Public Utilities Commission	Aye

C. Consideration of an Interagency Agreement with the State Treasurer's Office for Executive, Administrative, and Information Technology Services in an Amount Not to Exceed $419,633

Presented by Justin Gustafson, Contracts Analyst

Staff is requesting approval of the Fiscal Year 2024-2025 Interagency agreement with the State Treasurer's Office to provide executive, administrative and information technology support to CAEATFA in the amount of $419,633 during July 1, 2024 through June 30, 2025.

Mr. Gustafson stated that through annual interagency agreements, the STO provides executive, administrative and information technology services, including but not limited to accounting, budgeting, legal, information technology, information security, personnel and business services for the Board's commissions and authorities, chaired by the State Treasurer.

The total cost is allocated among the BCAs based on each agency's personnel years. Also included in the staff report were the prior contract amounts for fiscal years 2019-2020 through fiscal years 2023-2024.

Staff recommends the approval of resolution 25-06-4C authorizing the executive director to execute the interagency agreement with the State Treasurer's office for executive and support services for fiscal 2024-2025.

Mr. Morton asked for public comment and there was none.

Mr. Johnson moved for approval, and there was a second by Mr. Rider.

Mr. Morton stated that there was a motion and a second and called for a vote.

The item was passed by the following vote:

Khaim Morton for the State Treasurer	Aye
David Oppenheim for the State Controller	Aye
Michele Perrault for the Director of Finance	Absent
Ken Rider for the California Energy Commission	Aye
Khalil Johnson for the Public Utilities Commission	Aye

5. Information Item: Inflation Reduction Act (IRA) Refundable Tax Credits (Direct Pay)

Presented by Deloitte Tax LLP

Mr. Morton welcomed both Stephanie Arm, Managing Director at Deloitte Tax LLP, and Elise Kelly, Tax Senior Manager at Deloitte Tax LLP. Ms. Arm began by explaining that they were going to cover three objectives. One, to describe the opportunity where the State of California can recoup money already invested in clean energy projects. They believe that could be around $100 million per year. Two, to talk about what types of priorities and projects are happening within the state. And three, to talk about real world success stories where states have been able to coordinate amongst agencies to optimize and maximize the benefit in most efficient process.

Ms. Arm began by explaining that the Inflation Reduction Act was passed in 2022 with a number of clean energy type of incentives, including tax credits that would amount to from 6% all the way up to 70% of the capital spent on eligible projects, like solar, or geothermal. Ms. Arm clarified that when people hear tax credits they think, “well how is that value for agencies that don’t pay tax or file a tax return?” But there was an exception in the law that allowed not-for-profits to get direct pay. Ms. Arm explained that Direct Pay means refundable credits, which means like a check to the State of California, refundable. Ms. Arm stated there are a lot of government agencies that are not aware or not fully understanding what this incentive can do because it is new and nuanced.

Ms. Arm further clarified that this is not a grant and is unable to be taken away via executive order. She explained that there are a variety of types of activities that can be eligible for a variety of credits. Ms. Arm stated that there are also a lot of elements to it with different additions to enhance the credit. Ms. Arm wanted to stop by to see if there are any questions about the general opportunity.

Mr. Oppenheim asked about the Budget Reconciliation Bill, how the House targeted the withdrawal and termination of several energy-related credits. He was unsure whether this will affect the credits that they are talking about.

Ms. Arm answered his question by stating that nothing is official yet and that the Senate does have limitations and phase-outs of a lot of these credits. She noted that as of right now the credits are through 2026. She stated that the opportunity would still be available now even though it may sunset in a couple years.

Mr. Oppenheim asked if they could effectively refund themselves while the program is still available. Ms. Arm stated that yes, this is how it would work. Ms. Kelly clarified that the year that you planned the credit is the year the project was placed in service, so if you install a solar panel the solar panel would go on your return from that year and you'd be refunded a few months after that.

Mr. Rider asked for an example of this incentive being used from the perspective of CAEATFA and asked that perhaps the conversation continue offline to discuss where this could affect one of the many different agencies represented under CAEATFA.

Mr. Morton stated that this would be the forum to bring this up because of the wide breadth of agencies that can work collectively to benefit from this incentive.

Ms. Arm stated that they had worked with a transit authority just weeks before they needed to file their returns and they were able to get the company $1 million in tax incentives despite the short turnaround.

Ms. Kelly explained how they do their outreach all over the state to get more people using the incentive program.

Mr. Johnson asked about the requirements for state ownership.

Ms. Arm stated that the State files for assets that the State owns. For example, if you install solar on a government building. It would be the assets that they own that they would put on the return.

Mr. Morton asked if the States that they have been working with were able to push forward all returns from various agencies and municipalities. Ms. Arm clarified that whatever goes on a State's return is every department's owned property. Then if the State wanted to coordinate helping the city or municipality they can coordinate that with them. Ms. Kelly stated that they try to go around to as many municipalities as possible to inform them of the incentives.

Mr. Oppenheim stated that he appreciates putting this presentation on the agenda.

Mr. Morton stated that the printed information will be included for those who'd like to reference it in the future.

Mr. Morton asked if there were any public comments, there were none.

6. Public Comment

Mr. Morton asked if there were any public comments unrelated to anything on the agenda.

There was an in-person comment. Sophie Weisman, Account Analyst for Herrera & Company, came up to discuss SB 86. Ms. Weisman explained that their firm specializes in securing California incentives for advanced manufacturers in the life sciences and semiconductor industries. She stated that Phillip Herrera had planned to attend but he is recovering from a minor surgery performed the day prior.

Ms. Weisman reported that he is doing well in his recovery and that in a plot twist of irony, the procedure was done using Intuitive Surgical Inc.'s Davinci 5 system (an STE awardee). She stated that she is here on behalf of Mr. Herrera and their clients to express strong support for Senate Bill 86, authored by Senator McNerney and co-authored by Senator Caballero, SB 86 would extend the CAEATFA program for five years and double its annual funding cap from 100 million to 200 million.

Ms. Weisman stated that the bill has already passed the Senate and now heads to the Assembly Revenue and Taxation Committee. She stated that the hard work of advocacy continues. Ms. Weisman urged everyone, whether in person or tuning in remotely, to help push SB 86 across the finish line. She continued by stating that with the ongoing budget uncertainty and shifting federal funding priorities, engagement is more crucial than ever.

Ms. Weisman stated that SB 86 will help keep California at the forefront of green innovation by attracting next generation of manufacturers and creating high quality jobs statewide. She concluded by stating that the goals of CAEATFA align closely with Governor Newsom's jobs first economic blueprint, especially in advanced manufacturing, by progressing High Road careers in California's highest growing industry sectors.

Mr. Morton thanked Ms. Weisman for her comment and asked if there were any more public comments. There were none.

7. Adjournment

There being no further business, public comments, or concerns, the meeting adjourned at 12:17 p.m.

Respectfully submitted,

Christina Sarron, Executive Director

Attachments:
Exhibit A: California Federation of Labor Unions Letter to the State Treasurer on Joby Aero, Inc.
Exhibit B: UAW Labor Engagement Factsheet on Joby Aero, Inc.

EXHIBIT A: California Federation of Labor Unions Letter to the State Treasurer on Joby Aero, Inc.

CALIFORNIA FEDERATION OF LABOR UNIONS AFL-CIO

The Honorable Treasurer Fiona Ma
901 P street, Room 411-B
Sacramento, CA 95814

June 16, 2025

Dear Treasurer Ma,

On behalf of the undersigned organizations, we write to urgently request your support in ensuring that Joby Aviation upholds commitments to high-road employment practices, local hiring, and worker voice as the company seeks additional public funding.

Background

Joby Aviation (Joby Aero Inc.), an aerospace manufacturer with facilities in Marina, Santa Cruz, and San Carlos, has received significant public investments, including a $9.8 million CalCompetes grant (2023), based in part on its pledge to collaborate with labor and community stakeholders on a Community Benefits Agreement (CBA).

Since at least 2022, UAW, MBCLC, and CLF have attempted to engage Joby in good faith to negotiate a CBA that guarantees:

- Local hiring pipelines for disadvantaged workers, including immigrants and farmworkers.
- Workforce training partnerships with UAW-CMGE and regional nonprofits.
- Worker voice through Recognition process agreement (RPA)

Despite pledges at the Calcompetes Board hearing, subsequent contacts from our organizations, and other attempts to connect, Joby has not meaningfully engaged in discussions around community benefits agreements or labor agreements, or committed to a timeline to do so.

Why This Matters

Joby's expansion must create quality, accessible jobs for people who need them most — not exacerbate inequality in Monterey county, a county that is already home to some of the most stark inequalities in California. We have seen time and again that state investments with Community Benefits Agreements, labor standards, and worker voice protections lead to good jobs, and investments without do not.

When companies do not enter into transparent and accountable community benefits partnerships with labor and community organizations, communities often suffer from low quality jobs, displacement, and adverse environmental impacts.[1] Public funding to corporations should be premised on clear accountability to the public interest and shared prosperity for workers, communities, and companies.

Our Request

On Tuesday, June 17th, 2025, Joby will come before the CAEATFA board to request a Sales Tax Exemption on $100 Million worth of corporate expenditures. As Joby seeks further public support, we ask that you encourage Joby to make good on its commitment to sit down and negotiate a CBA with UAW, CLF, MBCLC, and other community organizations including enforceable commitments to local hiring and apprenticeship programs, worker protections and worker voice, and transparent community engagement.

We also request that you leverage oversight authority to ensure Joby fulfills its existing CalCompetes obligations and convene stakeholders, including labor and community groups, and to review Joby's compliance before releasing additional funds.

We appreciate your leadership in equitable economic development and welcome the opportunity to discuss this further.

Signed,

Sam Appel
Policy Director
United Autoworkers Region 6

Francisco Rodriguez
Director
Monterey Bay Central Labor Council

Sara Flocks
Legislative Director
California Labor Federation

[1] *Common Challenges in Negotiating Community Benefits Agreements and How to Avoid Them.* Partnership for Working Families. Available online at: https://www.datocms-assets.com/64990/1657040054-effective-cbas.pdf

EXHIBIT B: UAW Labor Engagement Factsheet on Joby Aero, Inc.

Joby Aero - Community Labor Engagement Factsheet

Background

UAW Represents over 125,000 active and retired workers across the nine western United States. The Monterey Bay Central Labor Council (MBCLC) represents over 70 local unions, comprising over 37,000 union members and their families. The California Federation of Labor Unions represents over 1,300 unions and 2.3 million members.

Joby, Inc. is an aerospace manufacturer with facilities in Marina, San Carlos, and Santa Cruz, California that produces electric vertical takeoff and landing (EVTOLS) aircrafts for commercial use. Joby says it currently employs approximately 1,500 workers across its 3 main facilities in Marina, Santa Cruz, and San Carlos.

Opportunity for Community Benefits and High Road Jobs

UAW sees an opportunity to partner with Joby to support its ongoing plans to recruit and train disadvantaged workers including low-wage immigrant workers and farm workers on the central coast to give them the skills they need to succeed in manufacturing. UAW's workforce training nonprofit UAW-CMGE is developing high road manufacturing training and pipelines for recruiting and training workers. The Monterey Bay Labor Council has existing relationships with workforce development nonprofits in the region and as well as the area workforce board. Partnering with UAW and the MBCLC will ensure that the company is recruiting and training workers for high-quality union jobs with good wages which workers can win through collective bargaining.

Recent History of the Relationship between Joby Aero and Labor and Community Organizations

UAW, the Monterey Bay Labor Council, and the California Labor Federation have been engaged in conversations with Joby about a community benefits agreement (CBA) since 2022. Our organizations and others have sought a CBA to create transparent, accountable, and predictable processes to ensure that federal, state, and local investments in Joby result in community benefits, and high road jobs, including training, and equitable hiring for members of the community who need economic opportunity most. We seek a CBA commitment that includes a binding agreement to work with the interested parties on recruitment and training and local hiring as well as a commitment to worker voice.

UAW - Joby Engagement

Starting in 2022, UAW worked with State Senator John Laird to engage Joby and invite them to discuss community benefits. In November 2023 UAW met with Dan Coughlin and Cody Cleverly of Joby for a preliminary discussion of a CBA in which UAW proposed a CBA with workforce training and worker voice provisions. Joby expressed interest in signing an agreement and working together, and at the CalCompetes meeting they committed to continuing dialogue and the process of forming a CBA with our organizations. Given the positive nature of conversations with the company, UAW supported Joby's CalCompetes grant application and subsequently Joby was awarded the $9.8 million in funds.

Following Joby's award in 2023, UAW reached out numerous times to engage Joby to continue the conversation about a CBA. Despite the stated commitment to dialogue and a process for community benefits, progress towards this goal has been nonexistent. UAW reached out to the company numerous times, most recently in March 2025, but the company has not meaningfully engaged with the union or committed to a timeline to do so.

Monterey Bay Labor Council - Joby Engagement

The Monterey Bay Central Labor Council (MBCLC) has been an active participant in regional initiatives like "Regions Rising Together" and "California Jobs First", as well as a key partner in SIEDI (Salinas Inclusive Economic Development Initiative)—a coalition of twelve community-based organizations dedicated to fostering an inclusive and equitable economy in the Salinas Valley. The MBCLC has also been instrumental in the development of the "Monterey Bay Tech Hub", ensuring labor and community voices shape the region's economic future.

Former MBCLC Director Cesar Lara, now Workforce Director for the California Federation of Labor Unions and longtime Vice Chair of the Monterey County Workforce Development Board, has been a critical advocate in aligning community-based organizations with Joby Aviation's growth in Monterey County. Leveraging his roles, Cesar has worked with stakeholders to support Joby's development of a possible pipeline to local workers—particularly through partnerships with nonprofits and training programs.

In partnership with the current Director of the Monterey Bay Central Labor Council, Francisco Rodriguez, over a year ago, following Joby's "CalCompetes" funding award, Cesar engaged the company after its commitment to a Community Benefit Agreement (CBA) process with the United Auto Workers (UAW). Despite this pledge, progress has been nonexistent. The UAW, MBCLC, and California Labor Federation remain steadfast in pushing for a meaningful CBA—one that guarantees high-road employment practices, local hiring, and worker voice, while ensuring robust engagement with labor and community stakeholders.