CALIFORNIA ALTERNATIVE ENERGY AND ADVANCED TRANSPORTATION FINANCING AUTHORITY

Board Meeting Date: Tuesday, September 15, 2026

***Request to Approve Project for a Sales and Use Tax Exclusion*[1]**

Pyka Inc.
Application No. 26-SM016

Prepared By: *Joshua Moua, Program Analyst*

SUMMARY

Applicant: Pyka Inc.

Location: Alameda, Alameda County

Industry: Electric Aircrafts

Project: Expansion of Existing Electric Aircraft Manufacturing Facility (Advanced Transportation)

Value of Qualified Property	Estimated Sales and Use Tax Exclusion ("STE") Amount[2]
$2,901,000	$246,585

Estimated Net Benefit[3]	Dollar Value	Points Earned
Estimated Fiscal Benefits	$2,964,494	12,022
Estimated Environmental Benefits	$2,574,672	10,441
Additional Benefits	N/A	210
Total	**$5,539,166**	**22,674**
Estimated Quantifiable Net Benefit	$5,292,581	N/A

Competitive Criteria Score: 201

Staff Recommendation: Approval

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[1] All capitalized terms not defined in this document are defined in the STE Program's statutes and regulations.
[2] This amount is calculated based on the average statewide sales tax rate of 8.5%.
[3] Applications that earn a Total Score of at least 1,000 points and an Environmental Benefits Score of over 20 points may be recommended for approval. (California Code of Regulations Title 4, Division 13, Section 10033(c)(6).)

THE APPLICANT

Pyka Inc. (the "Applicant"), formed in Delaware as a corporation in 2016. The Applicant is headquartered in Alameda and develops and commercializes fully electric, autonomous aircraft for use in the agricultural aerial spraying industry.

The Applicant received a $7 million income tax credit under the California Competes Tax Credit Program[4] administered by the Governor's Office of Business and Economic Development on April 10, 2023.

The Applicant received approximately $7 million in California Emerging Technologies Demonstrator Program funding from California Air Resources Board (CARB) and California Energy Commission (CEC) in 2024, administered through a single subgrant agreement with the Foundation for California Community Colleges (FCCC), which was fully executed on July 29, 2025. The CEC and CARB prime grant agreements were executed on November 14, 2024, and April 11, 2025, respectively.

The major shareholders (10.0% or greater) of the Applicant are:

- Obvious Ventures (12%)
- PIV Fund II, L.P. (11%)

The major shareholders (10.0% or greater) of the PIV Fund II, L.P. is:

- Petroliam Nasional Berhad (PETRONAS)

The corporate officers of the Applicant are:

- Michael Norcia, Chief Executive Officer
- Volker Fabien, Chief Commercial Officer
- Chuma Ogunwole, Chief Operating Officer

THE PROJECT

Pyka Inc. requests a sales and use tax exclusion ("STE") award to expand its existing electric aircraft manufacturing facility located in Alameda (the "Project"). The Applicant states that its Pelican aircraft is fully electric and autonomous, offering a safer, cleaner, and more cost-effective alternative to conventional agricultural aircraft. The aircraft features automated flight controls, wind compensation capabilities, and precision spray technologies designed to minimize off-target chemical drift and enhance operational safety. According to the Applicant, the aircraft are particularly well-suited for precision spraying of fresh-market and row crops, including bananas, sugarcane, tomatoes, berries, rice, corn, and soybeans. The aircraft are also uniquely capable of conducting autonomous night time spraying operations, allowing applications during periods of lower wind conditions and reduced risk to workers and neighboring communities. Pyka is developing DropShip, its next-generation cargo aircraft, at its Alameda facility, with

[4] California Code of Regulations, Title 10, Chapter 13, Article 1 (commencing with Section 8000).

production slated to begin in Q4 2026. DropShip pairs a hybrid-electric drivetrain with autonomous flight controls, enabling it to transport cargo for both commercial and military customers.

The proposed qualifying property will expand production capacity through additional manufacturing equipment and tooling, enhanced inventory storage and processing capabilities, and facility upgrades to support continued growth. The Applicant represents that these investments will increase manufacturing capacity for its autonomous electric aircraft, which are currently deployed for agricultural and cargo operations in domestic and international markets.

Anticipated Costs of Qualified Property

Anticipated Qualified Property Purchases	Cost
Production Equipment	$1,542,500
Production Tools	$64,000
Facilities Equipment	$1,244,500
Supply Chain Equipment	$50,000
Total	**$2,901,000**

Note: The Qualified Property purchases reported in the Application and shown here in staff's report are estimated costs. In accordance with the Regulatory Agreement, a finalized Project equipment list will be prepared detailing the value of the Project equipment actually acquired, and the estimated tax benefit realized pursuant to Revenue and Tax Code Section 6010.8. Variance from the costs shown in the Application and in this report may occur prior to the closing due to increased costs of certain components of the Project over original estimates, and other reasons. In addition, those costs may vary after closing due to increased costs, as well as common design and equipment modifications during construction, differences in equipment due to future changes in statute or regulation, or for other reasons.

Timeline

The Applicant's Alameda manufacturing facility is fully operational and currently producing aircraft. The proposed project will expand the facility's manufacturing capacity to 300 aircraft per year by 2028. Procurement is expected to begin in Q3 2026, with installation from Q4 2026.

Status of Permits/Other Required Approvals

The external battery storage location will require approval from the City of Alameda and the local Fire Department, with permit applications expected to be submitted in late Q4 2026 or early Q1 2027. Refurbishment of the north side of the Alameda production facility remains in the scoping phase, and permit submissions are not anticipated until early 2027.

COMPETITIVE CRITERIA SCORE

The Applicant received 201 Competitive Criteria points as follows:

1. **Environmental Benefits (100 of 100 points).** The Application has a Project that produces an Advanced Transportation Technology product, and, therefore, 100 points are awarded.

2. **Unemployment (0 of 50 points).** The Applicant's Project is located in Alameda County, which has an average annual unemployment rate of 4.7%.[5] When compared to the statewide average annual unemployment rate of 5.5%, the Project location earned the Applicant zero points.

3. **Job Creation (75 of 75 points).** The Applicant anticipates the Project will support a total of 395 production-related jobs at its Facility. CAEATFA estimates that approximately 20 of these jobs will be attributable to a marginal increase in jobs created due to the STE. Based on the amount of STE per estimated number of jobs created, the Applicant earned 75 points.

4. **California Headquarters (15 of 15 points)**. The Applicant maintains its Corporate Headquarters in Alameda, California,15 points are awarded.

5. **Natural Disaster Relief (0 of 50 points).** The Project is not to rebuild or relocate the Applicant's Facility due to a fire, flood, storm, or earthquake identified in a state of emergency proclaimed by the Governor within two years of the time of application, and, therefore, zero points are awarded.

6. **Eligibility for Manufacturing and Research and Development Equipment Exemption (0 of 50 points).** The Applicant is eligible to use one or more of the exemptions established pursuant to Section 6377.1 of the Revenue and Taxation Code, and, therefore, zero points are awarded.

7. **Emerging Strategic Industry (11 of 75 points).** The Project includes manufacturing lithium batteries for electric aircrafts, which is designated as an Emerging Strategic Industry, therefore, 11 points are awarded.

PROJECT EVALUATION

Project Benefits

The Project received a Total Score of 22,674 points, which exceeds the required 1,000-point threshold, and a total Environmental Benefits Score of 10,441 points, which exceeds the 20-point threshold.

[5] Unemployment rates are based on data available in March 2026.

1. **Fiscal Benefits (12,022 points).** The net present value of the total fiscal benefits over the lifetime of the Qualified Property is derived from the Applicant's sales and use taxes, personal income taxes paid by the firm's employees, firm taxes on profits, property taxes, and other indirect fiscal benefits of the Applicant. The total fiscal benefits amount to $2,964,494, resulting in a Fiscal Benefits score of 12,022.

2. **Environmental Benefits (10,441 points).** The Project is anticipated to result in $2,574,672 of total pollution benefits over the life of the Project, resulting in an Environmental Benefits Score of 10,441 points. These benefits derive from manufacturing electric aircraft, which deliver a new reduction in energy consumption and CO2 emissions relative to gasoline aircrafts.

3. **Additional Benefits (210 points).** Applicants may earn "Additional Benefits" points in the categories listed below. The Applicant received 210 Additional Benefits points.

   A. **Production Jobs (75 of 75 points).** The Applicant anticipates the Project will support a total of 395 production-related jobs at its Facility. CAEATFA estimates that approximately 20 of these jobs will be attributable to a marginal increase in jobs created due to the STE. Based on the amount of STE per estimated number of jobs created, the Applicant earned 75 points.

   B. **Construction Jobs (20 of 75 points).** The Applicant anticipates the Project will support a total of six construction jobs at its Facility. CAEATFA estimates that approximately 0.30 of these jobs will be attributable to a marginal increase in jobs created due to the STE. Based on the amount of STE per estimated number of jobs created, the Applicant earned 20 points.

   C. **Unemployment (0 of 50 points).** The Applicant's Project is located in Alameda County, which has an average annual unemployment rate of 4.7%. When compared to the statewide average annual unemployment rate of 5.5%, the Project location earned the Applicant zero points.

   D. **Non-CA Environmental Benefits (9 of 40 points).** The Applicant's total value of out-of-state non-greenhouse gas emissions pollution benefits are valued at $4,530.76 resulting in a Non-CA Environmental Benefits Score of nine points for the Project.

   E. **Research and Development Facilities (25 of 25 points).** The Applicant has verified that it has a facility located in California that performs research and development functions related to electric and hybrid powertrains, as well as the navigational systems that support its aircraft.

   F. **Workforce Partnerships (25 of 25 points).** The Applicant has a partnership with California Community Colleges, Foundation for California Community Colleges, College of Alameda, Stanford University and San Jose State University, for the purpose of assisting in the training of potential future workers.

G. **Industry Cluster (25 of 25 points).** The industry associated with this Application has been identified by East Bay Economic Development Alliance (East Bay EDA) and City of Alameda's Economic Development Strategic Plan (EDSP) as an industry cluster of the region of the Project's location.

H. **Benefits and Fringe Benefits (25 of 25 points).** The Applicant states it provides medical, health, dental and vision benefits, bonuses, retirement contributions, dependent care and assistance reimbursements, transportation subsidies, and paid leave to its employees, earning the Applicant 25 points.

I. **Emerging Strategic Industry (6 of 40 points).** The Project includes manufacturing lithium batteries for electric aircrafts, which is designated as an Emerging Strategic Industry, therefore, six points are awarded.

LEGAL STATUS QUESTIONNAIRE

The Applicant indicated they had nothing to report for the questions contained in the Legal Status portion of the Application. Staff conducted a broad online search of publicly available sources, including SEC Form 10-K filings and OSHA records, as well as other relevant sources as appropriate, and did not find any matters affecting the financial viability or legal integrity of the Applicant.

CAEATFA FEES

In accordance with STE Program regulations,[6] the Applicant paid CAEATFA an Application Fee of $1,450.50 and will pay CAEATFA a total Administrative Fee of $15,000 should the Applicant be approved for an award. Upon execution of the Regulatory Agreement, the Applicant shall pay $15,000.

RECOMMENDATION

Staff recommends the approval of Resolution No. 26-SM016-01 for Pyka Inc.'s purchase of qualifying tangible personal property in an amount not to exceed $2,901,000 anticipated to result in an approximate STE value of $246,585. The initial term of the Regulatory Agreement will be for a period of five years, until September 15, 2031, and the full term shall be for a period of 12 years, until September 15, 2038, for providing annual compliance reports.

[6] California Code of Regulations Title 4, Division 13, Section 10036

Agenda Item – 4.A.5
Resolution No. 26-SM016-01

RESOLUTION APPROVING AND AUTHORIZING EXECUTION OF A REGULATORY AGREEMENT WITH PYKA INC.

September 15, 2026

WHEREAS, the California Alternative Energy and Advanced Transportation Financing Authority (the "Authority") has received the Application of **Pyka Inc.** (the "Applicant") for financial assistance under the Sales and Use Tax Exclusion Program, as established in Public Resources Code Section 26011.8; and

WHEREAS, the Applicant qualifies as a Participating Party under Public Resources Code Section 26011.8 and Revenue and Taxation Code Section 6010.8; and

WHEREAS, the Applicant's qualifying tangible personal property meets the requirements of a Project under Public Resources Code Section 26011.8 and Revenue and Taxation Code Section 6010.8 (the "Project"); and

WHEREAS, after the Authority approves an Application, the Authority enters into a Regulatory Agreement, as described in Authority Regulations Section 10035(a), with the Applicant for the Project; and

WHEREAS, the Applicant has stated the Project has an estimated cost not to exceed $2,901,000 over a period of five (5) years; and

WHEREAS, the Applicant asserts that this form of financial assistance will enable it to avail itself of the benefits of an exclusion from sales and use taxes relative to the Project pursuant to Revenue and Taxation Code Section 6010.8; and

WHEREAS, the approval of the terms of the Regulatory Agreement and authority for the Executive Director or Chair of the Authority to execute the necessary documents to effectuate the Regulatory Agreement is now sought;

NOW, THEREFORE, BE IT RESOLVED by the California Alternative Energy and Advanced Transportation Financing Authority, as follows:

Section 1. The Regulatory Agreement includes a Project within the meaning of Public Resources Code Section 26003(a)(8)(B).

Section 2. The Regulatory Agreement constitutes financial assistance within the meaning of Public Resources Code Section 26003(a)(6).

Section 3. The Applicant is a participating party within the meaning of Public Resources Code Section 26003(a)(7).

Section 4. The Executive Director or Chair of the Authority (the "Authorized Signatories") are hereby authorized for and on behalf of the Authority to approve any changes to the Project that do not affect eligibility, provided that the amount of the qualifying tangible personal property to be purchased for the Project may not be increased above the amount approved by the Authority.

Section 5. The proposed form of the Regulatory Agreement between the Applicant and the Authority, as filed with the Authority prior to this public meeting, is hereby approved. For, on behalf and in the name of the Authority, the Authorized Signatories are hereby authorized and directed to execute, acknowledge, and deliver to the Applicant the Regulatory Agreement in substantially the form filed with or approved by the Authority.

The Regulatory Agreement may contain insertions, deletions or changes as the Authorized Signatories executing the Regulatory Agreement may require or approve, including particular information inserted in substantial conformance with the staff summary and in the Application to the Authority. The approval of the Regulatory Agreement will be conclusively evidenced by the execution and delivery of the final Regulatory Agreement.

The Authority understands and agrees that, pursuant to the terms of the Regulatory Agreement, the obligations of the Applicant, under some circumstances, may be carried out or assumed by a successor or assignee entity, or by an affiliate of the Applicant.

Section 6. Each of the Authorized Signatories, acting alone, is hereby authorized and directed to do any and all ministerial acts, including, without limitation, the execution and delivery of any and all documents and certificates they may deem necessary or advisable to consummate the Regulatory Agreement and otherwise effectuate the purposes of this Resolution.

Section 7. The Applicant shall ensure that all of the qualifying tangible personal property acquired as part of the Project that is listed in the semi-annual reports provided to the Authority pursuant to the Regulatory Agreement will be installed, maintained and operated in compliance with all applicable local, state and federal laws.

Section 8. The Regulatory Agreement shall only apply to qualifying tangible personal property acquired as part of the Project that the Applicant certifies will be installed, maintained and operated at facilities physically located within the State of California.

Section 9. Neither the adoption by the Authority of this Resolution for the Applicant nor the Regulatory Agreement may be referred to in any application before any governmental agency as evidence of the feasibility, practicality or suitability of the Project and may not be referred to in any application for any required permission or authority to acquire, construct or operate the Project.

Section 10. This Resolution is effective immediately and will remain in full force and effect unless the Regulatory Agreement is not executed within thirty (30) days of the date of this Resolution. The Executive Director may extend the thirty (30) days for up to an additional thirty (30) days, if necessary.