



COMMONWEALTH of VIRGINIA

Office of the Governor

Patrick O. Gottschalk
Secretary of Commerce and Trade

May 23, 2006

The Honorable John H. Chichester
Chairman, Senate Finance Committee
Senate of Virginia
Post Office Box 904
Fredericksburg, Virginia 22404

The Honorable Vincent F. Callahan, Jr.
Chairman, House Appropriations Committee
House of Delegates
Post Office Box 1173
McLean, Virginia 22101

The Honorable Harry R. Purkey
Chairman, House Finance Committee
House of Delegates
2352 Leeward Shore Drive
Virginia Beach, Virginia 23451

Dear Messrs. Chairmen:

I am writing to report on the grants that have been awarded during the first quarter of the 2006 calendar year as required by § 2.2-5103(D) of the Code of Virginia.

For the first quarter, ending March 31, 2006, there were no Tier One grants awarded. In the Tier Two category (over \$100 million in capital investment and at least 1,000 new employees or corporate headquarters and other basic employers that make a capital investment of at least \$100 million and create at least 400 jobs paying at least twice the prevailing average wage for the area), one grant was awarded.

Tier One:

There were no Tier One grants awarded this period. However, one project is pending approval by the Governor. A manufacturer of packaging material, with an anticipated investment of \$51.9 million and 43 new jobs, this company would expand its existing facility in the Hampton Roads region.

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Tier Two:

1. **Philip Morris USA**, a manufacturer of cigarettes, will expand its existing facility in the City of Richmond by establishing a Research and Development division in the Virginia Biotechnology Research Park. On January 13, 2006, Philip Morris was officially awarded a \$3,000,000 VIP grant for creating 500 new jobs and investing \$266 million by the end of 2010.

For the first quarter of the 2006 calendar year, there were no actual disbursements from the Fund, as the payments begin in the fourth year (or in the third year for manufacturers in fiscally distressed areas) after the investment is actually made. Funds to meet the Tier Two award must be specifically appropriated for payment beginning in the sixth year after the investment is made.

Sincerely,

Patrick O. Gottschalk

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cc: Mr. Jeffrey M. Anderson
Executive Director
Virginia Economic Development Partnership