



COMMONWEALTH of VIRGINIA

Office of the Governor

Patrick O. Gottschalk
Secretary of Commerce and Trade

July 11, 2007

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
Virginia 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 second quarter of the 2007 calendar year as required by § 2.2-5103(D) of the Code of Virginia.

For the second quarter, ending June 30, 2007, there was one Tier One grant 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), there were no grants awarded.

Tier One:

1. **Merck**, a manufacturer of pharmaceutical products, will expand its existing facility in Rockingham County. Awarded a \$1,500,000 grant, the company will be making a \$250 million investment, creating 70 new jobs, and saving 20 jobs by the end of 2010. Merck has relinquished the \$700,000 grant approved in 2006 in lieu of this \$1,500,000 grant. This project incorporates the earlier project in addition to another major expansion.

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Tier Two:

No Tier Two grants were awarded.

For the second quarter of the 2007 calendar year, there were no Tier One disbursements from the Fund. Payouts of Tier Two grants will begin in the sixth year following approval of the grant application, except that in fiscally stressed areas, payouts can begin in the fourth year after the capital investment is completed and verified.

Sincerely,

Patrick O. Gottschalk

POG:kme

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