



Commonwealth of Virginia

GENERAL ASSEMBLY

RICHMOND

January 12, 2022

To Members of the General Assembly:

Pursuant to § 30-312 of the *Code of Virginia*, the chair of the Major Employment and Investment Project Approval (MEI) Commission shall report annually to the Virginia General Assembly. Detailed expectations of that report are outlined as follows:

The chairman of the Commission shall report annually by the first day of each General Assembly Regular Session on all endorsed incentive packages for which an offer has been made and publicly announced. Staff identified in § 30-311 shall assist the commission in preparing such report, which shall contain the following information: (i) the industrial sector of the MEI project or other economic development project, (ii) known competitor states, (iii) employment creation and capital investment expectations, (iv) anticipated average annual wage of the new jobs, (v) local and state returns on investment as prepared by the Virginia Economic Development Partnership Authority, (vi) expected time frame for repayment of the incentives to the Commonwealth in the form of direct and indirect general tax revenues, (vii) details of the proposed incentive package, including the breakdown of the components into various uses and an expected timeline for payments, and (viii) draft legislation or amendments to the Appropriation Act that propose financing for the endorsed incentive package through the Virginia Public Building Authority or any other proposed funding or financing mechanisms.

The following packages of incentives were endorsed by the MEI Commission and publicly announced during calendar year 2021:

February 2, 2021

Project “Friendship” (CMA CGM) was endorsed by the Commission as presented:

- i. Industrial sector: Corporate, subsidiary, and regional managing offices (NAICS: 551114)
- ii. Known competitor states: Georgia and Texas
- iii. Employment creation and capital investment expectations: 415 new jobs and \$36.0 million investment
- iv. Average annual wage of new jobs: \$56,700 for new jobs created in the City of Norfolk or Chesapeake and \$99,400 for new jobs created in Arlington County
- v. Ten-year net return on state incentives as prepared by the Virginia Economic Development Partnership Authority: \$9.5 million
- vi. Expected timeframe for repayment of incentives: Breakeven is projected in Fiscal Year 2027. The proposal includes a requirement that the company establish a cash escrow security with a

- declining balance sufficient to cover 100 percent of the Commonwealth's fiscal exposure at any point in time.
- vii. Incentives endorsed (\$10.2 million total state incentives):
- \$9.5 million custom performance grant payable to the company in two installments;
 - \$6.33M in August 2021, and;
 - \$3.17M in August 2022;
 - Up to \$539,000 in incentives through the Virginia Jobs Investment Program or the Talent Accelerator Program; and
 - A grant of \$172,000 from the Port of Virginia Economic and Infrastructure Development Grant Fund.
 - In addition, the Port of Virginia will offer a volume discount which is estimated to equal \$20.8 million over ten years.
- viii. The custom performance grant requires legislation. The grant was authorized by Chapter 434 of the 2021 Acts of Assembly, 2021 Special Session I (House Bill 5001, Torian).

March 26, 2021

An incentive package for SES S.A., which involves a potential relocation or expansion of its operations in one or more Virginia localities and a simultaneous closure or substantial reduction in the number of its employees in another Virginia locality, was endorsed by the Commission:

- i. Industrial Sector: Satellite and terrestrial telecommunications network provider
- ii. Known competitor states: Maryland and Washington, D.C.
- iii. Employment creation and capital investment expectations: 201 new jobs and \$17.0 million investment
- iv. Average annual wage of new jobs: \$128,456
- v. Ten-year net return on state incentives as prepared by the Virginia Economic Development Partnership Authority: None provided
- vi. Expected timeframe for repayment of incentives: None provided
- vii. Incentives endorsed (\$605,750 total state incentives):
 - \$500,000 grant from the Commonwealth's Development Opportunity Fund; and
 - \$105,750 in Virginia Jobs Investment Program grants.
- viii. The incentives offered are authorized under existing law. Accordingly, no legislation or budget items related to the incentive package will be presented at the 2022 Session of the General Assembly.

An incentive package for Performance Food Group Inc., which involves a potential relocation or expansion of its operations in one or more Virginia localities and a simultaneous closure or substantial reduction in the number of its employees in another Virginia locality, was endorsed by the Commission:

- i. Industrial Sector: Food and food service supply distributor
- ii. Known competitor states: North Carolina and Pennsylvania
- iii. Employment creation and capital investment expectations: 125 new jobs and \$80.2 million investment
- iv. Average annual wage of new jobs: \$54,912
- v. Ten-year net return on state incentives as prepared by the Virginia Economic Development Partnership Authority: None provided
- vi. Expected timeframe for repayment of incentives: None provided
- vii. Incentives endorsed: \$87,500 in Virginia Jobs Investment Program grants (\$700 per job)
- viii. The incentives offered are authorized under existing law. Accordingly, no legislation or budget items related to the incentive package will be presented at the 2022 Session of the General Assembly.

May 17, 2021

Project “Solomon” (Tysons Foods) was endorsed by the Commission as presented:

- i. Industrial sector: Frozen specialty food manufacturing (NAICS: 311412)
- ii. Known competitor states: North Carolina and South Carolina
- iii. Employment creation and capital investment expectations: 481 new jobs and \$307.5 million investment
- iv. Average annual wage of new jobs: \$39,800
- v. Ten-year net return on state incentives as prepared by the Virginia Economic Development Partnership Authority: \$6.1 million
- vi. Expected timeframe for repayment of incentives: Grant payments to the company only occur after the company reaches and/or maintains capex and net new job creation targets; always cash positive
- vii. Incentives endorsed (\$17.6 million total state incentives):
 - \$9.0 million sales and use tax exemption;
 - \$3.0 million grant from the Commonwealth's Development Opportunity Fund;
 - \$3.0 million grant from the Virginia Investment Partnership Grant Fund (five annual installments of \$600,000 per year beginning in FY 2027);
 - \$500,000 Agriculture and Forestry Industries Development Grant;
 - Up to \$647,000 in incentives through the Virginia Jobs Investment Program or the Talent Accelerator Program; and
 - \$1.5 million in Enterprise Zone grants.
 - In addition, the locality is offering \$18.2 million in local incentives including donated land (\$9.6 million), grants for taxes paid (\$7.4 million), and other grants and permit fee waivers (\$1.1 million).

- viii. The incentives offered are authorized under existing law. Accordingly, no legislation or budget items related to the incentive package will be presented at the 2022 Session of the General Assembly.

August 18, 2021

Project “Turbo” (Siemens Gamesa) was endorsed by the Commission as presented:

- i. Industrial sector: Turbine and Turbine Generator Manufacturing (NACIS: 333611)
- ii. Known competitor states: Not provided
- iii. Employment creation and capital investment expectations: 310 new jobs in Portsmouth and Hampton Roads and \$83.6 million investment
- iv. Average annual wage of new jobs: \$51,220 in FY 22, escalating 1.5% annually thereafter
- v. Ten-year net return on state incentives as prepared by the Virginia Economic Development Partnership Authority: \$11.3 million without 20-year bond amortization factored into the model or \$2.8 million
- vi. Expected timeframe for repayment of incentives: Company is required to reimburse the Commonwealth \$20,000 for every \$1 million it underperforms and \$4,000 for each job it underperforms annually, performance period is 15 years
- vii. Incentives endorsed (\$18.2 million total state incentives):
 - \$17.1 million infrastructure investment, financed through bond proceeds;
 - \$821,000 in sales and use tax exemptions; and,
 - Up to \$314,000 in incentives through the Talent Accelerator Program.
- viii. The incentives offered are authorized under existing law. Accordingly, no legislation or budget items related to the incentive package will be presented at the 2022 Session of the General Assembly.

Project “Solomon” (Tysons Foods) was revised by the Commission:

- i. Industrial sector: Frozen specialty food manufacturing (NAICS: 311412)
- ii. Known competitor states: North Carolina and South Carolina
- iii. Employment creation and capital investment expectations: 376 new jobs and \$295.5 million investment
- iv. Average annual wage of new jobs: \$41,668
- v. Ten-year net return on state incentives as prepared by the Virginia Economic Development Partnership Authority: \$6.4 million
- vi. Expected timeframe for repayment of incentives: Grant payments to the company only occur after the company reaches and/or maintains capex and net new job creation targets; always cash positive
- vii. Incentives endorsed (\$15.3 million total state incentives):
 - \$7.6 million sales and use tax exemption;

- \$3.0 million grant from the Commonwealth's Development Opportunity Fund;
 - \$3.0 million grant from the Virginia Investment Partnership Grant Fund (five annual installments of \$600,000 per year beginning in FY 2027);
 - \$500,000 Agriculture and Forestry Industries Development Grant;
 - Up to \$563,000 in incentives through the Virginia Jobs Investment Program or the Talent Accelerator Program; and,
 - \$686,000 in Enterprise Zone grants.
 - In addition, the locality is offering \$19.1 million in local incentives including donated land (\$9.6 million), grants for taxes paid (\$8.4 million), and other grants and permit fee waivers (\$1.1 million).
- viii. The incentives offered are authorized under existing law. Accordingly, no legislation or budget items related to the incentive package will be presented at the 2022 Session of the General Assembly.

An incentive package for project Hornet (BWX Technologies), which involves a potential relocation or expansion of its operations in one or more Virginia localities and a simultaneous closure or substantial reduction in the number of its employees in another Virginia locality, was endorsed by the Commission:

- i. Industrial Sector: Nuclear reactors and propulsion systems for submarines
- ii. Known competitor states: Indiana, Ohio, Tennessee
- iii. Employment creation and capital investment expectations: 97 new jobs and \$65.0 million investment
- iv. Average annual wage of new jobs: \$116,591
- v. Ten-year net return on state incentives as prepared by the Virginia Economic Development Partnership Authority: \$6.4 million
- vi. Expected timeframe for repayment of incentives: Grant payments to the company only occur after the company reaches and/or maintains cap ex and net new job creation targets
- vii. Incentives endorsed (\$1.3 million in total state incentives):
 - \$400,000 grant from the Commonwealth's Development Opportunity Fund;
 - \$700,000 in Virginia Investment Partnership grants; and,
 - \$160,000 in Talent Accelerator Program or Virginia Jobs Investment Program grants.
- viii. The incentives offered are authorized under existing law. Accordingly, no legislation or budget items related to the incentive package will be presented at the 2022 Session of the General Assembly.

Project "Friendship" (CMA CGM) was revised by the Commission:

- i. Industrial sector: Corporate, subsidiary, and regional managing offices (NAICS: 551114)
- ii. Known competitor states: Georgia and Texas

- iii. Employment creation and capital investment expectations: 415 new jobs and \$36.0 million investment
- iv. Average annual wage of new jobs: \$56,713 for new jobs created in the City of Norfolk or Chesapeake and \$99,385 for new jobs created in Arlington County
- v. Ten-year net return on state incentives as prepared by the Virginia Economic Development Partnership Authority: \$13.5 million
- vi. Expected timeframe for repayment of incentives: Always cash positive; Grant payments to the company only occur after the company reaches and/or maintains capex and net new job creation targets
- vii. Incentives endorsed (\$11.2 million total state incentives):
 - \$9.0 million custom performance grant;
 - A \$457,000 Commonwealth Development Opportunity Fund grant;
 - Up to \$539,000 in incentives through the Virginia Jobs Investment Program or the Talent Accelerator Program;
 - A grant of \$500,000 from the Port of Virginia Economic and Infrastructure Development Grant Fund; and,
 - \$688,000 in sales and use tax exemptions.
 - In addition, the Port of Virginia will offer a volume discount which is estimated to equal \$20.8 million over ten years.
- viii. The custom performance grant requires legislation. The 2022 General Assembly will need to consider legislation updating the Code to reflect the updated performance structure of this project. The initial grant was authorized by Chapter 434 of the 2021 Acts of Assembly, 2021 Special Session I (House Bill 5001, Torian).

September 29, 2021

Project “Palm” (Blue Star Manufacturing) was endorsed by the Commission as presented:

- i. Industrial sector: Surgical Appliance and Supplies Manufacturing (NACIS: 339113)
- ii. Known competitor states: Texas and Tennessee
- iii. Employment creation and capital investment expectations: 2,464 new jobs and \$714.1 million investment
- iv. Average annual wage of new jobs: \$37,321 in 2022, escalating 1.5% per year
- v. Ten-year net return on state incentives as prepared by the Virginia Economic Development Partnership Authority: \$56.2 million without the infrastructure investment factored into the model, and \$47.8 million with the infrastructure investment.
- vi. Expected timeframe for repayment of incentives: Company is required to reimburse the Commonwealth \$9,212 for every \$1 million it underperforms after 5 years and \$360 for each job it underperforms annually after 10 years; always cash positive.
- vii. Incentives endorsed (\$13.6 million total state incentives):

- \$8.5 million infrastructure investment for Progress Park in Wythe County
 - \$4.6 million in services through Talent Accelerator Program; and,
 - \$450,000 in Rail Access Funds.
 - In addition, the locality is offering \$25.8 million in local incentives including donated land (\$18.2 million), water and wastewater upgrades (\$4.0 million), and rail spur improvements (\$3.6 million).
- viii. Legislation and budget items are expected for consideration by the 2022 Session of the General Assembly including authorization for the \$8.5 million infrastructure investment for Progress Park in Wythe County in FY 22 (budget), and approval for the four years of investment in the Talent Accelerator program (bill and budget).

December 13, 2021

Project “Atlantic” (Celadon) was endorsed by the Commission as presented:

- i. Industrial Sector: Paperboard mills (NACIS Code: 322130)
- ii. Known competitor states: South Carolina
- iii. Employment creation and capital investment expectations: 210 new jobs and \$267.0 million investment
- iv. Average annual wage of new jobs: \$61,217
- v. Ten-year net return on state incentives as prepared by the Virginia Economic Development Partnership Authority: \$12.8 million
- vi. Expected timeframe for repayment of incentives: Grant payments to the company only occur after the company reaches and/or maintains capex and net new job creation targets; always cash positive
- vii. Incentives endorsed (\$12.4 million in total state incentives):
 - \$3.0 million grant from the Commonwealth's Development Opportunity Fund;
 - \$801,000 in Port of Virginia Economic and Infrastructure Development Grant Fund and Rail Access grant funds;
 - Up to \$287,000 in Talent Accelerator Program or Virginia Jobs Investment Program grants; and,
 - \$9.3 million in sales and use tax exemptions.
- viii. The incentives offered are authorized under existing law. Accordingly, no legislation or budget items related to the incentive package will be presented at the 2022 Session of the General Assembly.

Project “Fly” (CoStar) was endorsed by the Commission as presented:

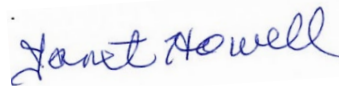
- i. Industrial Sector: Other activities related to real estate (NACIS: 531390).
- ii. Known competitor states: Florida, Tennessee, Texas, and other emerging metros.

- iii. Employment creation and capital investment expectations: 1,984 new jobs and \$460.5 million investment.
- iv. Average annual wage of new jobs: \$85,604 in 2022, escalating by 1.5 percent.
- v. Ten-year net return on state incentives as prepared by the Virginia Economic Development Partnership Authority: \$85.1 million without the company's corporate income tax liability factored into the revenue model and \$196.3 million with corporate income tax liability as ROI factor
- vi. Expected timeframe for repayment of incentives: Company is required repay the Commonwealth for underperformance on jobs, wage and capital investment targets after 7 years, and required repay revenue lost as a result of using market-based sourcing to determine corporate income tax liability if they do not achieve 90% percent of wage, job and investment targets after 10 years; breakeven in year three.
- vii. Incentives endorsed (\$15.0 million in total state incentives):
 - \$15.0 million custom performance grant for infrastructure improvements in the city of Richmond; and,
 - \$240.0 million in corporate income tax liability savings over 10 years from using market-based sourcing.
- viii. Legislation and budget items are expected for consideration by the 2022 Session of the General Assembly including authorization for \$15.0 million infrastructure investment for the city of Richmond in FY 22 (budget) and legislation authorizing the use of market-based sourcing for the company's corporate tax liability.

On December 13, 2021, the Commission also endorsed one incentive package for a project that has not yet been publicly announced. These include (i) a manufacturer considering locating in Planning District 22.

The MEI Commission continues its work and will provide all relevant updates to the General Assembly by the next annual reporting deadline.

Sincerely,



Janet D. Howell

cc: The Honorable Brian Ball, Secretary of Commerce and Trade
Mr. Jason El Koubi, Interim President and CEO, Virginia Economic Development Partnership