

Resolution No.:	<u>19-1333</u>
Introduced:	<u>July 12, 2022</u>
Adopted:	<u>July 26, 2022</u>

**COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND**

Lead Sponsor: Council President at the Request of the County Executive

SUBJECT: Maryland Economic Development Assistance Authority and Fund Loan to assist Novavax, Inc.'s retention and expansion in Montgomery County (\$4,000,000)

Background

1. The County Executive endorses a conditional loan of \$4,000,000 to Novavax, Inc. ("Novavax") from the State of Maryland under the Maryland Economic Development Assistance Authority and Fund ("MEDAAF"), which is codified as Md. Code Ann., Econ. Dev. §§5-301 through 5-349. This MEDAAF conditional loan will be disbursed in two phases of \$2,000,000 for each phase.
2. MEDAAF provides conditional loans to businesses engaged in eligible industries locating to or expanding in a "priority funding area" in the State of Maryland. Proceeds from the loan may be used by the borrower as reimbursement for the acquisition or construction of buildings or real estate, and the acquisition, construction and installation of machinery, equipment, furnishings, fixtures, leasehold improvements, site improvements, or infrastructure improvements.
3. The County has approved a conditional grant of \$1,000,000 from the County's Economic Development Fund ("EDF") to assist Novavax' expansion in the County (the "County Match") on September 16, 2020. This grant will be disbursed in two phases of \$500,000 each and will be funded by supplemental appropriations, as required by Section 20-75 (d) of the Montgomery County code. Through this conditional grant Montgomery County has met the requirement of financing a part of the costs of the project which is equal to at least 10% of the financial assistance to be provided from MEDAAF, as required by the Section 5-319(d) of the Economic Development Article, Annotated Code of Maryland.
4. The State will disburse the MEDAAF loan to Novavax upon the State entering a MEDAAF Agreement with the company. The County is not a party to this MEDAAF Agreement.

5. Novavax is late-stage biotechnology company focused on the discovery, development, and commercialization of vaccines for infectious diseases. Initially formed in New Jersey in 1987, the company relocated to Maryland in 1993 and established its headquarters and principal operations in Gaithersburg. Through the acquisition of Iscanova AB in 2013, Novavax has additional operations in Upsala, Sweden. Novavax uses proprietary recombinant nanoparticle vaccine technology that provides the ability to tailor vaccines to key components of pathogens to enhance functional immunity and lead to better protection against infection and disease.
6. Novavax anticipates significant expansion in two phases. In addition to the 72,000 square feet Novavax presently occupies, the first phase of the expansion requires an additional 120,000 square feet of space to accommodate manufacturing capacity and employment growth from 142 to 586 employees by the end of 2023. The second phase estimates the same demand for space and personnel as the first phase - 120,000 square feet and 444 new permanent full-time jobs over a 5-year period. Novavax has identified 700 Quince Orchard Rd., Gaithersburg as the first phase location and an undeveloped parcel at 14 Firstfield Rd., Gaithersburg as a potential site for the second phase. Capital expenditure for each phase is projected to be \$43,000,000.
7. Section 5-319(d) of the Economic Development Article of the Maryland Code Annotated requires the governing body of the jurisdiction in which the project is located to endorse, by a formal resolution, the State's grant of the MEDAAF loan for the project.
8. The County has determined that granting the MEDAAF loan for the project is in the best interest of the citizens of the County.
9. The County Executive requests that the Council adopt this formal resolution approving the MEDAAF loan for the project.


Action

The County Council for Montgomery County, Maryland approves the following resolution:

The County Council hereby endorses the granting of the State's grant of \$4,000,000 MEDAAF loan to support Novavax's retention and expansion in Montgomery County.

This Resolution is effective upon its adoption in accordance with applicable law.

This is a correct copy of Council action.



Judy Rupp
Clerk of the Council