

Resolution No.:	<u>19-650</u>
Introduced:	<u>October 27, 2020</u>
Adopted:	<u>November 10, 2020</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 Supernus Pharmaceuticals, Inc. retention and expansion in Montgomery County (\$800,000)

Background

1. The County Executive endorses a conditional loan of \$800,000 to Supernus Pharmaceutical, Inc. ("Supernus") from the State of Maryland under the Maryland Economic Development Assistance Authority and Fund ("MEDAAF"), which is codified as Md. Code Ann., Econ. Dev. §§5-301-5-349.
2. MEDAAF provides conditional grants and loans to businesses engaged in eligible industries locating to, or expanding in, a "priority funding area" in the State of Maryland. Proceeds from the grant or loan may be used by the borrower to reimburse it for the acquisition or construction of buildings or real estate, and 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 \$500,000 from the County's Economic Development Fund ("EDF") to assist Supernus' retention and expansion in the County (the "County Match") on October 12, 2019. The grant was funded by Supplemental Appropriation 19-333 as required by Section 20-75 (d) of the Montgomery County code. Through this 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 Supernus upon the State entering a MEDAAF Agreement with the company. The County is not a party to this MEDAAF Agreement.
5. Supernus is a specialty pharmaceutical company focused on developing and commercializing products for the treatment of central nervous system diseases. Originally established as PharmAtherne and subsequently acquired by Shire Pharmaceuticals as its R&D Division, Supernus was created in 2005 as a spin-off from Shire. It currently produces and markets Trokendi XR (extended-release topiramate) for the prophylaxis of

migraine and the treatment of epilepsy, and Oxtellar XR (extended-release oxcarbazepine), an epilepsy drug. Supernus is also developing multiple products to treat Impulsive Aggression and ADHD, and has one drug in Phase III clinical trials and another in Phase IIB. The addressable market for these two drugs is approximately \$11 billion.

Supernus was named Top Bioscience Employer by the Washington Business Journal in 2015 and claimed the number one spot in Deloitte's 2015 Fastest Growing Company in North America for the biotech/pharma industry due to its impressive growth. In 2016 the company reported revenues of \$215 million - a 46 % increase over the prior year and its CEO, Jack Khattar was honored with the Life Science CEO of the Year Award by the Maryland Tech Council.

6. Supernus will relocate from the 67,000 Sq. Ft. it currently occupies at 1500-1550 Gude Drive, Rockville to 136,000 Sq. Ft. at 9715-9717 Key West Avenue, Rockville. The new location will include headquarters operations, laboratories, scale-up manufacturing space and conference/training facilities. This expansion project will incur over \$18 million in capital expenditures, retain 156 jobs in Montgomery County and create 146 new jobs over the next five years with an expected average salary of \$113,100.
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 \$800,000 MEDAAF loan to support Supernus Pharmaceutical, Inc.'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.



Selena Mendy Singleton, Esq.
Clerk of the Council