



DEPARTMENT OF GENERAL SERVICES
OFFICE OF STATE PROCUREMENT
ACTION AGENDA
October 29, 2026



SUPPLEMENTAL

*Contact: Andy Fish 410-767-6376
 andy.fish@maryland.gov*

73-LT. TENANT LEASE
Department of Commerce

Recommendation: Approve an intergovernmental lease and sub-lease.

Lessor: Maryland Economic Development Corporation
 7 St. Paul Street, Suite 940, Baltimore, Maryland 21202

Lessee: Department of Commerce, World Trade Center Baltimore, 401 E. Pratt
 St., Baltimore, MD 21202

Sub-Lessee: Prieto Battery, Inc. (Prieto), *or an entity acceptable to the State*

Property Location: 7510 Montevideo Road,
 Jessup, MD;
 10.04 acres, with existing 121,000 sf building

Space Type: Land (10.04 acres)
 Industrial Building (121,000 sf)

Lease Type: Intergovernmental

This Term: 11/17/2027 - 03/01/2051 (24 years, 3 months)

Future Option Term: None

Rental Rate: \$70.63 per sq. ft. (based upon average annual debt service payment)

Annual Escalation Base Rent: 0% *(Level Debt Service)*

FY 2027 Rent Amount (Partial year): \$5,079,377.87 (Paid by capitalized interest)

Annual Building Base Rent: \$8,561,325

Annual Building Operations: N/A (Paid by Sub-Lessee)

Annual Additional Rent: \$150,000

Total: **\$8,711,325**

Fund Source: General (100%)

Appropriation Code: T00 3600 3610 PCA: 36113 Obj: 1301



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73-LT. TENANT LEASE (continued)

Utilities/Custodial Responsibility: Sub-Lessee

Termination for Convenience Clause: No

Procurement Method: Intergovernmental Lease - Exempt from the procurement methods required by State Finance and Procurement Article (SF&P) Division II and COMAR in accordance with SFP §11-203(a)(2), §4-318(1), and COMAR 21.01.03.01.A(4)

Remarks: The Board of Public Works is requested to approve an intergovernmental lease with an initial term of twenty-four (24) years, three (3) months between the Maryland Department of Commerce (Commerce) as Lessee and Maryland Economic Development Corporation (MEDCO) as Lessor, with Prieto Battery, Inc. or an entity acceptable to the State as the Sub-Lessee. MEDCO will use the Commerce intergovernmental lease and the Prieto sub-lease to facilitate the sale of MEDCO taxable revenue bonds for the purposes of acquiring and renovating the industrial building for manufacturing purposes. MEDCO will purchase the existing parcel located at 7510 Montevideo Road, LLC, and enter into a development agreement for the site improvements.

The required State Finance & Procurement Article Section 10-305 Legislative Policy Committee (LPC) notice and cost-benefit analysis were submitted on June 19, 2026, regarding this transaction.

Background:

The Prieto Battery project represents a historic opportunity for Maryland to secure a major corporate headquarters relocation, anchor a vital clean-energy manufacturing sector, and catalyze long-term economic growth. By championing this project, Maryland positions itself at the forefront of the global energy transition, directly supporting the State's target "Lighthouse Sectors" and creating high-quality manufacturing pathways for Maryland families.

Prieto is an advanced battery technology company in the commercialization stage. Founded in 2009 to commercialize technology developed at Colorado State University, the company has focused on research, development, prototype validation, and raising private capital, while building its intellectual property portfolio. The proposed Maryland project represents the next phase of the company's growth by establishing headquarters, expanding research and development, and launching manufacturing capacity to support commercial production. The company has identified prospective customers in sectors such as data centers and defense and is pursuing commercial opportunities as it advances toward manufacturing and commercialization.

Commerce will receive 1% of Prieto Battery's future gross profits from its new battery technology. This deal gives Commerce a lasting income stream as the company grows, without needing to spend more public money.



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73-LT. TENANT LEASE (continued)

Economic Impact of Project:

- Jobs Created: 100 high-quality positions, primarily in manufacturing, providing critical economic mobility for Maryland families with an expectation to grow to 300 new jobs within five years. Positions include Executive, Business Development, Engineers, Scientists and Manufacturing jobs.
- Total Economic Impact:
 - Construction Phase (Year 1): \$7.4M Wages; \$13.5M State GDP; \$392K State Tax Revenue
 - Operation Phase (Year 2-6) : \$47.5M Wages; \$75.3M State GDP; \$2.4M State Tax Revenue
 - Operation Phase (After Year 6): \$129M Wages; \$200.6M State GDP; \$6.5M State Tax Revenue
- Profit Share to State: – Construction Phase (Year 1): \$7K
 - Operation Phase (Year 2-6): \$15.8M
 - Operation Phase (10 Year Cumulative): \$403.8M
- The package is a long-horizon strategic playset. The true ROI relies on the downstream ecosystem—attracting secondary suppliers, supporting the multi-billion dollar Lighthouse Sectors, and anchoring a high-yield clean tech headquarters that will generate returns for decades beyond the referenced Economic Impact.

Capital Lease Project: MEDCO shall issue and sell bonds, the proceeds of which will be used to fund the business attraction and building project in a total amount not to exceed \$112 million for a 25-year bond amortization period. The increase from the \$105.4M estimate reported on June 19, 2026 is to allow room for potential interest rate adjustments and will only be issued if market conditions require it. The higher figure is a ceiling, not a target. The actual amount will be set when the bonds are priced and will be limited to what is needed to fund the project, required reserves, and cost of issuance. MEDCO shall purchase the identified site, and enter into a development agreement for the necessary improvements to create the new manufacturing site.

Interest / Rent Components / Due Dates: Commerce / Prieto will begin paying operating expenses upon occupancy, which is anticipated to start in December 2026. Full rent payments will begin when capitalized interest is depleted on or about September 1, 2027. MEDCO's final bond maturity is expected on or about March 1, 2051.

Total costs for FY 2028 are estimated at a not-to-exceed cost of \$5.3 million. This will include the full rent and expenses for the building. Below is a summary of this not-to-exceed cost estimate. These costs will be appropriated in the future FY 2028 budget.



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73-LT. TENANT LEASE (continued)

FY 2028:

<i>Annual Building Base Rent :</i>	\$5,219,324	<i>Square Foot Rate: \$70.63 SF</i>
<i>Annual Building Operations:</i>	N/A	
<i>Annual Additional Rent:</i>	<u>\$150,000</u>	
<i>Total:</i>	\$5,369,324	

(Appropriated amount after capitalized interest is spent down)

Renewal Options: After the bonds are paid in full, no further payments will be due to MEDCO.

Continuing Disclosure Requirement: Additionally, the State will be requested to enter into a Continuing Disclosure Agreement relating to the State's annual financial statements and other information required by Rule 15c2-12 of the Securities Exchange Act of 1934.

Climate & Sustainability: The redevelopment of the existing facility into an advanced sodium-ion battery manufacturing operation represents a significant investment in sustainable manufacturing, clean energy technology, and environmental stewardship. Key sustainability attributes of the project include:

- **Adaptive Reuse:** Repurposing an existing commercial building minimizes new construction requirements, material consumption, and associated environmental impacts.
- **Sustainable Building Improvements:** Planned office renovations will incorporate LEED-aligned design principles, including energy-efficient lighting, HVAC improvements, water conservation, and environmentally responsible building materials, with formal LEED certification evaluated during detailed design.
- **Sustainable Manufacturing:** Prieto's proprietary water-based, ambient condition manufacturing process reduces reliance on hazardous solvents and energy-intensive production methods.
- **Clean Energy Technology:** Production of advanced sodium-ion batteries utilizing abundant domestically available sodium supports more sustainable energy storage solutions and domestic supply chains.
- **Renewable Energy:** Existing rooftop solar panels provide an on-site renewable energy resource supporting the facility's sustainability objectives.
- **Environmental Remediation:** Soil contamination removal activities completed by the previous owner prior to closing contribute to the environmental improvement of the property.



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73-LT. TENANT LEASE (continued)

Statutory Authority: Pursuant to the General Assembly Legislative Policy Committee (LPC) recommendation and to the provisions of State Finance and Procurement Article, Section 12-204(d)(2)(i), the Board may approve a lease if the Capital Debt Affordability Committee (CDAC) has certified to the Governor and the General Assembly that the total amount of new State debt to be incurred by the lease may prudently be authorized. Commerce presented the project transaction to the CDAC on October 2, 2026. The Intergovernmental Lease with MEDCO is exempt in accordance with the Annotated Code of Maryland, State Finance & Procurement Article, Section 4-318 (1).

BOARD OF PUBLIC WORKS

THIS ITEM WAS:

APPROVED

DISAPPROVED

DEFERRED

WITHDRAWN

WITH DISCUSSION

WITHOUT DISCUSSION