

ACTION

MEMORANDUM

February 4, 2010

TO: County Council

FROM: Justina J. Ferber,  Legislative Analyst

SUBJECT: Resolution to Support Maryland Economic Development Assistance Authority and Fund (MEDAAF) Conditional Loan for Zyngenia, Inc. for \$1,000,000

The County Executive has requested the Council adopt a resolution endorsing a Maryland Economic Development Assistance Authority and Fund (MEDAAF) conditional loan of \$1,000,000 for Zyngenia, Inc. Section 5-1405, Article 83A, Annotated Code of Maryland, provides that the County must endorse the MEDAAF loan but does not require a County full faith and credit guaranty. The purpose of the MEDAAF loan is to provide a financial incentive to Zyngenia. The County approved a \$1,500,000 conditional grant over 3 years from the Economic Development Fund to assist Zyngenia's relocation from California to Montgomery County.

Zyngenia is a biotherapeutics start-up company that specializes in the development of novel single-protein, combination therapy drugs. These drugs utilize an antibody-based platform that is broadly applicable for therapy in cancer, and autoimmune, inflammatory and infectious diseases. The company has received an investment commitment in the amount of \$50,000,000 from New Enterprise Associates, Inc.

ACTION

Council staff recommends County Council adoption of the resolution to endorse the MEDAAF conditional grant of \$1,000,000 to provide financial incentives from the State of Maryland to Zyngenia, Inc.

Attachment: Executive Memorandum ©1
Resolution ©2



OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850

Isiah Leggett
County Executive

MEMORANDUM

January 26, 2010

TO: Nancy Floreen, President, County Council

FROM: Isiah Leggett, County Executive 

SUBJECT: MEDAAF Resolution for Zyngenia, Inc.

The purpose of this memorandum is to request that the Montgomery County Council introduce and adopt a resolution. This resolution acknowledges that the State of Maryland is utilizing its Maryland Economic Development Assistance Authority and Fund ("MEDAAF") to provide a financial incentive to Zyngenia, Inc. This financing program does not require a local jurisdiction's full faith and credit guaranty, but only requires that the local jurisdiction pass a resolution of support.

Specifically, the State will assist Zyngenia, Inc. through a \$1,000,000 conditional loan from the MEDAAF program. The County has approved a \$1,500,000 conditional grant from its Economic Development Fund. The financial incentives from the State and the County can be partially or entirely converted to a permanent grant upon Zyngenia, Inc.'s achievement of their projected job creation or equity investment milestones.

Zyngenia, Inc. is a biotherapeutics start-up company that specializes in the development of novel single-protein, combination therapy drugs. The company has received an investment commitment in the amount of \$50,000,000 from New Enterprise Associates, Inc. ("NEA"). David Mott, the former CEO of MedImmune, is a partner at NEA and supports the funding of this company. Zyngenia, Inc. would greatly benefit from the Council's passage of the required resolution, which is attached.

I would appreciate the Council's prompt action on this important matter.

IL/ak

Attachment

7:00 JAN 27 PM 1:03

MONTGOMERY COUNTY
COUNCIL

Resolution No: _____
Introduced: _____
Adopted: _____

COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND

By: County Council at the request of the County Executive

SUBJECT: Maryland Economic Development Assistance Authority and Fund
Loan to assist Zyngenia, Inc.'s expansion in Montgomery County (\$1,000,000)

Background

1. The County Executive endorses a conditional loan of \$1,000,000 to Zyngenia, Inc. ("Zyngenia") from the State of Maryland under the Maryland Economic Development Assistance Authority and Fund ("MEDAAF"), which is codified as in Section 5-319 Economic Development Article, Annotated Code of Maryland.
2. MEDAAF provides conditional grants/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/loan may be used by the borrower to cover new facility rental/lease payments and/or relocation expenses associated with personnel and/or the physical relocation of the headquarters operation.
3. The County Executive has approved a conditional grant of \$1,500,000 from the County's Economic Development Fund ("EDF") to assist Zyngenia's expansion in the County.
4. Zyngenia, Inc. is a biotherapeutics start-up company that specializes in the development of novel single-protein, combination therapy drugs. These drugs utilize an antibody-based platform that is broadly applicable for therapy in cancer, and autoimmune, inflammatory, and infectious diseases.
5. The company relocated to Montgomery County from California in October 2009. The company has received an investment commitment in the amount of \$50,000,000 from New Enterprise Associates, Inc. (NEA) which is based in Chevy Chase, Maryland. David Mott, the former CEO of MedImmune, is a partner at NEA and supports the funding of this company.
6. Section 5-319 Economic and Development Article, Annotated Code of Maryland, requires the governing body of Montgomery County ("the County") to endorse the granting of a MEDAAF loan for the project.
7. The County has determined that granting the MEDAAF loan for the Project is in the best interest of the citizens of the County.
8. The County Executive requests endorsement of the MEDAAF loan by the County Council.

Action

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

The County Council fully endorses the granting of a MEDAAF loan for the Project.

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

This is a correct copy of Council action:

Linda Lauer, CMC
Clerk of the Council

Approved:

Isiah Leggett
County Executive