

Resolution No.: 18-227
Introduced: July 21, 2015
Adopted: July 28, 2015

**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 Sucampo Pharmaceuticals, Inc.'s expansion in Montgomery County (\$450,000)

Background

1. The Maryland Economic Development Assistance Authority and Fund ("MEDAAF") provides conditional grants and loans to businesses engaged in eligible industries locating to or expanding in a "priority funding area" in the State. See Md. Code Ann., Econ. Dev. §§ 5-301-5-349; Md. Code Ann., State Fin. & Proc., § 5-7B-04. Proceeds from the grant or loan may be used by a business 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.
2. The County Executive endorses a conditional loan of \$450,000 to Sucampo Pharmaceuticals, Inc. (the "Company") from the MEDAAF.
3. The County previously approved a conditional grant of \$300,000 from the County's Economic Development Fund ("EDF") to assist the Company's relocation and expansion in the County (the "Grant"). The County Executive notified the County Council before offering this Grant and received the Council's support on April 23, 2015. This Grant will be funded from the current EDF fund balance. With the Grant, Montgomery County has met the requirement of financing a part of the costs of the Company's relocation and expansion in the County, which is equal to at least 10% of the financial assistance to be provided from MEDAAF, as required by the § 5-319(d) of the Economic Development Article.
4. The State will disburse the MEDAAF loan to the Company upon the State entering a MEDAAF Agreement with the Company. The County is not a party to this MEDAAF Agreement between the State and the Company.
5. The Company is a biopharmaceutical company developing new drugs that primarily treat gastrointestinal and ophthalmic disorders. The Company's total revenue was more than

\$115 million in 2014, and its landmark drug (AMITIZA) was approved in three markets (Europe, Japan, and the U.S.).

6. Due to its growth, the Company considered both Rockville and Northern Virginia for its new headquarters. The Company recently signed a lease for property located at 805 King Farm Boulevard in Rockville, with a total of approximately 25,000 square feet. The Company's total capital investment in connection with its relocation and expansion in Montgomery County is estimated to be \$2.3 million, and the Company plans to hire for 155 full-time jobs, in addition to its current 55 jobs in the County. This expansion project is consistent with the county's economic development strategic plan.
7. Section 5-319(d) of the Economic Development Article 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 endorsing the MEDAAF loan to support the Company's relocation and expansion in Montgomery County.

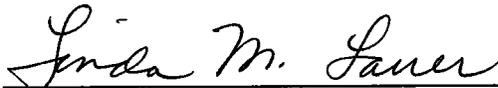
Action

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

The County Council hereby endorses the State of Maryland's grant of a \$450,000 MEDAAF loan to support Sucampo Pharmaceuticals, Inc.'s costs in connection with its relocation and expansion in Montgomery County.

This Resolution is effective upon its adoption.

This is a correct copy of Council action.



Linda M. Lauer, Clerk of the Council

Approved:



Isiah Leggett, County Executive