



November 28, 2017

MARYLAND  
STATE RETIREMENT  
and PENSION SYSTEM

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*Secretary To The Board*

Honorable Edward J. Kasemeyer  
Chair, Budget & Taxation Committee  
Miller Senate Office Building, 3 West  
11 Bladen Street  
Annapolis, MD 21401

Honorable Guy Guzzone  
Senate Chair, Joint Committee on Pensions  
121 James Senate Office Building  
11 Bladen Street  
Annapolis, MD 21401

Honorable Maggie McIntosh  
Chair, Appropriations Committee  
House Office Building, Room 121  
6 Bladen Street  
Annapolis, MD 21401

Honorable Benjamin S. Barnes  
House Chair, Joint Committee on Pensions  
House Office Building, Room 151  
6 Bladen Street  
Annapolis, MD 21401

Dear Chairmen Kasemeyer, McIntosh, Guzzone, and Barnes:

In accordance with Chapter 459 of the Acts of 2016, codified at § 21-123.2(f)(1) of the State Personnel and Pensions Article of the Annotated Code of Maryland, I am submitting the required annual report providing certain information regarding the venture capital investments of the State Retirement and Pension System (the "System"). The report designation is 10942.

This law requires that the Board of Trustees of the System (the "Board of Trustees") provide the following information annually to the Senate Budget and Taxation Committee, the House Appropriations Committee, and the Joint Committee on Pensions:

- (i) a list of the investments, if any, made under this;
- (ii) the recommendations, if any, made under this section;
- (iii) the actions, if any, taken by the Board of Trustees on the recommendations made under this section;
- (iv) the investment performance of any investments made under this section;
- (v) to the extent possible, an accounting of the fees and expenses incurred under this section; and
- (vi) to the extent possible, the ratio of funds invested in projects under this section to the total percentage of venture capital funds raised in the State by all sources.

Should you require additional information, please call me at (410) 625-5600.

Sincerely,

R. Dean Kenderdine  
Secretary to the Board

RDK/def

cc: The Honorable Thomas V. Mike Miller, Jr.  
The Honorable Michael E. Busch  
Warren Deschenaux  
Board of Trustees

**Maryland State Retirement and Pension System**  
Annual Report required pursuant to § 21-123.2(f)(1) of the State Personnel and Pensions  
Article of the Maryland Annotated Code of Maryland  
Ch. 459 of the Acts of 2016

(i) **a list of the investments, if any, made under this;**

There have not been any investments made under this program. The System has negotiated an investment vehicle with TEDCO which was finalized and executed on November 3, 2017.

(ii) **the recommendations, if any, made under this section;**

A recommendation has been made that the System contract with TEDCO to manage the mandate under this section.

(iii) **the actions, if any, taken by the Board of Trustees on the recommendations made under this section;**

The System issued an RFI on September 28, 2016 to solicit proposals to administer the program as mandated under this section. Three responses were submitted by the November 10, 2016 deadline. TEDCO was selected to manage this mandate and an agreement between the System and TEDCO was finalized on November 3, 2017. TEDCO has warehoused several investments in anticipation of the completion of an agreement with the System and it is anticipated that some or all of these investments will be transferred to the System before December 31, 2017.

(iv) **the investment performance of any investments made under this section;**

Not applicable as no investments have been made by the System under this section.

(v) **to the extent possible, an accounting of the fees and expenses incurred under this section; and**

External legal fees of \$52,000 were incurred to complete the agreement with TEDCO.

(vi) **to the extent possible, the ratio of funds invested in projects under this section to the total percentage of venture capital funds raised in the State by all sources.**

Not applicable as no investments have been made by the System under this section.