Audit Report

# Maryland Technology Development Corporation

February 2019

**OFFICE OF LEGISLATIVE AUDITS**
DEPARTMENT OF LEGISLATIVE SERVICES
MARYLAND GENERAL ASSEMBLY

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DEPARTMENT OF LEGISLATIVE SERVICES
OFFICE OF LEGISLATIVE AUDITS
MARYLAND GENERAL ASSEMBLY

Victoria L. Gruber
Executive Director

Gregory A. Hook, CPA
Legislative Auditor

February 5, 2019

Senator Craig J. Zucker, Co-Chair, Joint Audit Committee
Delegate Shelly L. Hettleman, Co-Chair, Joint Audit Committee
Members of Joint Audit Committee
Annapolis, Maryland

Ladies and Gentlemen:

We have conducted a fiscal compliance audit of the Maryland Technology Development Corporation (TEDCO) for the period beginning January 7, 2015 and ending April 10, 2018. TEDCO provides certain financial assistance to early-stage technology businesses, funds development and patenting of new technologies at research universities, and promotes State-funded stem cell research and cures through grants and loans to private and public entities in the State. TEDCO also provides research and mentoring resources to entrepreneurs trying to establish start-up companies in Maryland.

Effective October 1, 2015, the Maryland Venture Fund (MVF) and the Maryland Venture Fund Authority were transferred to TEDCO. The MVF functions as an additional resource for TEDCO to provide financial assistance to early-stage technology businesses through equity investments for the purpose of encouraging the economic growth of both technology companies within Maryland and the Maryland economy, as a whole, through job creation. According to TEDCO's records, as of June 30, 2018, investments held by TEDCO through the MVF totaled approximately $69.9 million.

Our audit disclosed that TEDCO had not adopted regulations over direct equity investments through the MVF, as required by State law, and did not always document how investments met eligibility requirements or the economic benefits of investments to the State of Maryland. In addition, TEDCO created an advisory committee to provide investment advice related to the MVF without establishing policies and procedures to prevent potential conflicts of interest. We found that certain committee members were associated with venture firms that received funding from the MVF. Lastly, TEDCO's monitoring of venture firms that received funding through the MVF's Invest Maryland Program was not sufficient

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to ensure that fees paid by TEDCO were proper and that investments were made for intended purposes.

TEDCO's response to this audit is included as an appendix to this report. We reviewed the response and noted general agreement to our findings and recommendations, and we will advise the Joint Audit Committee of any outstanding issues that we cannot resolve with TEDCO.

We wish to acknowledge the cooperation extended to us during the audit by TEDCO and its willingness to address the audit issues and implement appropriate corrective actions.

Respectfully submitted,

Gregory A. Hook

Gregory A. Hook, CPA
Legislative Auditor

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# Background Information

## Agency Responsibilities

The Maryland Technology Development Corporation (TEDCO) was created by the Maryland General Assembly in 1998 as a public instrumentality of the State to help businesses get started and grow through commercialization of technology developed in Maryland by university researchers, the private sector, and federal laboratories. TEDCO seeks to create and sustain businesses, and create jobs in technology-related industry throughout all regions of the State. TEDCO is governed by a 15-member Board of Directors, which includes the Secretary of the Department of Commerce, formerly the Department of Business and Economic Development. The remaining 14 members are appointed to the Board by the Governor with the advice and consent of the Maryland Senate.

To achieve its goals, TEDCO uses several available financing initiatives and programs, which, according to its fiscal year 2018 Annual Report, were broadly categorized as Technology Transfer and Commercialization, Technology Incubator Program, Gateway Services, Federal Laboratory Technology Initiatives, Maryland Stem Cell Research Fund, and Maryland Venture Fund. Each of these functional categories includes various purpose specific initiatives and programs, which provide, for example, financial assistance to early-stage technology businesses, funding to promote the development and patenting of new technologies at research universities, and funding to private and public entities in the State to promote State-funded stem cell research and cures.

## Organizational Change

Effective October 1, 2015, Chapter 141, Laws of Maryland 2015, restructured the principal economic development entities in the State. The law renamed the Department of Business and Economic Development (DBED) as the Department of Economic Competitiveness and Commerce (DECC) and created a Secretary of Commerce within the Governor's Office to be the head of economic development policy and implementation efforts in the State, and to be responsible for the operations of DECC. A Governor's Executive Order, effective October 1, 2015, provided that DECC be known as the Department of Commerce and the Secretary of Commerce be responsible for monitoring the operations of TEDCO and serve on its board of directors. The law also moved the BioMaryland Center, the Maryland Venture Fund (MVF), and the Maryland Venture Fund Authority from DBED, now the Department of Commerce, to TEDCO.

## Status of Maryland Venture Fund Authority

The MVF is primarily a State-supported fund that invests in qualified Maryland companies either directly or indirectly through venture firms. The Authority is a nine-member body appointed by the Governor, President of the Senate, and Speaker of the House with members serving four-year staggered terms. No member of the Authority may have a financial interest in a purchaser, qualified business, or venture firm. The Authority has several statutory responsibilities. Its initial responsibility, which has been completed, was to select venture firms to receive allocations of designated capital from the Invest Maryland Program within the MVF. A second responsibility is to ensure that those firms selected make investments in the State that equal or exceed the amount of designated capital received under the applicable law, and a third is to provide advice to and consult with TEDCO in connection with the administration of the Invest Maryland Program.

We were advised by the Governor's Appointments Office that the Authority is inactive and its members' appointments have all expired. According to TEDCO, the Authority has not met since it was transferred to TEDCO on October 1, 2015. TEDCO further advised that the Authority's responsibility for ensuring that venture firm investments meet prescribed amounts has been assumed by TEDCO. Consequently, legislative action may be appropriate to clarify or modify the Authority's role in the Invest Maryland Program.

## Financial Statement Audits and Financial Activity

In accordance with the Economic Development Article, Section 10-414 of the Annotated Code of Maryland, TEDCO engaged an independent certified public accounting firm to perform audits of its financial statements for the fiscal years ended June 30, 2015, 2016, 2017, and 2018. In the related audit reports, the firm stated that TEDCO's financial statements presented fairly, in all material respects, the financial position of TEDCO, its changes in financial position, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

According to its audited financial statements, TEDCO's fiscal year 2018 expenses, primarily funded with State general funds, were approximately $23.8 million, including $8.2 million in administrative expenses. TEDCO's fiscal year 2018 net operating income totaled $4.2 million and, as of June 30, 2018, its net position was $114.7 million.

Since fiscal year 2014, TEDCO's net position has increased by $107.2 million, of which $94.1 million was attributable to the transfer of the MVF to TEDCO, as discussed elsewhere in this report. The remainder of the increase related to funding for new program initiatives and accumulated earnings, including earnings from non-State sources (such as federal grants and investment earnings).

As of June 30, 2018, $102 million of TEDCO's $114.7 million net position related to the MVF and included MVF investments totaling $69.9 million.

# Findings and Recommendations

## Maryland Venture Fund

**Background**
Effective October 1, 2015, State law transferred the Maryland Venture Fund (MVF) and the Maryland Venture Fund Authority from the Department of Business and Economic Development, now the Department of Commerce, to the Maryland Technology Development Corporation (TEDCO). The MVF is primarily a State-supported fund that invests in qualified Maryland companies either directly or indirectly through venture firms. The MVF invests in innovative technology companies across a full range of industry sectors including software, communications, cyber security, and life sciences.

The Invest Maryland Program, which is part of the MVF and provides funding to spur growth and innovation through venture capital investment, was funded primarily through a premium tax credit auction in 2012 that generated $84 million. Of this amount, approximately $56.3[1] million was designated by law (67 percent) to be distributed to selected third-party venture firms for making investments in qualified Maryland companies on the State's behalf (MVF's indirect investments). The remainder of the $84 million was, as directed by the law, to be distributed and used for certain other initiatives, including direct investments to be made in qualified Maryland companies.

The MVF also includes funding from the Legacy/Enterprise program, essentially a self-funding program with proceeds from investments retained within the program for reinvestment, federal funding for the State Small Business Credit Initiative designed to use a state's economic development programs to increase capital available to small businesses, and the Maryland Innovation Opportunity Fund (MIOF) program. Under the MIOF program, the Maryland State Retirement and Pension System (MSRPS) entered into an agreement with TEDCO to make and manage private equity and venture capital investments on its behalf. MSRPS has committed $25 million to this program.

According to TEDCO's records, at the end of fiscal year 2018, investments held by TEDCO through the MVF totaled approximately $69.9 million, an increase of $8.8 million since the end of fiscal year 2017. As of June 30, 2018, $40.1 million of the $54.3[1] million in funds designated for indirect investments (i.e., "committed")

[1] The difference of $2 million is considered unallocated and designated for the administration of the Program.

through the MVF's Invest Maryland Program had been distributed to venture capital firms.

**Finding 1**
**TEDCO had not adopted regulations for direct equity investments through the MVF, as required by State law, and documentation was lacking to support how certain investments promoted economic development in the State.**

**Analysis**
TEDCO had not adopted regulations, as required by State law, for the provision of direct equity investments (investments made by TEDCO rather than by the aforementioned venture firms) through the MVF. In addition, documentation was lacking to support how certain investments promoted economic development in the State. State law requires TEDCO to adopt regulations governing the provision of direct equity investments made through the MVF that specify, for example, the types of business enterprises in which investments may be made, the basic standards an enterprise is required to meet to qualify for investment, and the criteria that TEDCO uses to make investment decisions. Furthermore, the law requires TEDCO to make these investments in qualified businesses which have their principal business operations located in the State and intend to maintain their principal business operations in the State after receiving an investment.

Our test of 10 direct investments (related to 7 companies), totaling approximately \$8.5 million, made between May 2016 to January 2018 through the MVF, disclosed that for 6 of these investments (related to 4 of the 7 companies), totaling \$4.7 million, each company's principal place of business was not in Maryland at the time of the investment or did not remain in Maryland after the investment, as required. For example, TEDCO made 2 investments of \$1.5 million each in a company that had disclosed its intention, prior to the finalization of the first TEDCO investment, to move its principal place of business outside of Maryland within four months following the first investment. The second investment was made less than a month following the company's relocation outside of Maryland and the closing of its Maryland facility. Furthermore, TEDCO invested \$1 million in another company based in a state adjacent to Maryland, and there was no evidence from the investment documentation that the company intended to relocate its company's principal place of business to Maryland (nor did the company subsequently relocate to Maryland). For each of the 6 investments, TEDCO did not adequately document why these companies were still considered qualified for investments or what potential economic impact to the State of Maryland would result from these investments.

TEDCO advised us that its investment team performs due diligence in order to assess the merits of potential investments being considered. However, this information was not always consistently documented, and documentation that did exist did not include critical information, such as how companies met eligibility requirements, the potential economic impact to the State of Maryland, and the number of jobs that would be created or retained in Maryland.

Prior to the transfer of the MVF to TEDCO, the Department of Commerce had established certain regulations that governed related equity investments, including a formal application process that required companies to provide information regarding the company's management, its products and services, its market, its business plan, the projected use of the requested funding, and the potential economic impact on Maryland. Those regulations also required that an applicant for investment must be maintaining or will maintain its principal place of business in Maryland. However, TEDCO did not adopt these regulations, nor had it established a formal application process.

**Recommendation 1**

**We recommend that TEDCO**

**a. adopt regulations, as required, for the provision of direct equity investments through the MVF, which include the types of business enterprises in which investments may be made, the basic standards an enterprise is required to meet to qualify for investment, and the criteria used to make investment decisions;**

**b. comply with the law regarding requirements to invest in companies located in Maryland; and**

**c. establish a mechanism to evaluate and document each investment's potential economic impact on Maryland.**

**Finding 2**

**TEDCO created a three member advisory committee related to the MVF to provide investment advice without establishing adequate policies and procedures regarding the committee's membership to prevent potential conflicts of interest. We found that the committee included members associated with certain venture firms that received funding from the MVF.**

**Analysis**

TEDCO created a separate advisory committee to work with TEDCO's MVF investment team, but had not instituted adequate policies and procedures, including a formal conflict of interest policy, governing this committee or its formal relationship to TEDCO and MVF investment decisions. According to

TEDCO, the advisory committee met with TEDCO's MVF investment team on a quarterly basis to discuss investments currently held and their valuations, as well as companies in the "pipeline" being considered for investment. Committee members were selected by TEDCO's Chief Investment Officer, served on a voluntary basis, and were considered industry experts. Our review disclosed that two of the three committee members were associated with venture firms that had received approximately $21.3 million in funding through the MVF, according to TEDCO's records.

However, TEDCO had not established any policies or procedures governing this committee. Specifically, committee members were not required to be independent, or file financial disclosure statements with the State Ethics Commission, as is required of TEDCO investment employees. Furthermore, TEDCO had not established a formal conflict of interest policy for the majority of the MVF's investment initiatives and programs, and had no procedure to review Financial Disclosure Statements that were filed by its investment employees.

**Recommendation 2**
**We recommend that TEDCO establish adequate policies and procedures to ensure the independence of MVF investment decisions. Specifically, we recommend that TEDCO**

a. **develop a formal conflict of interest policy for all MVF programs;**
b. **require individuals involved with MVF investments, including those who provide advisory and consultation services, to file Financial Disclosure Statements with the State Ethics Commission; and**
c. **review the Financial Disclosure Statements of all individuals involved with MVF programs to ensure no conflicts of interest exist.**

**Finding 3**
**TEDCO's monitoring of third-party venture firms receiving funding through the MVF's Invest Maryland Program was not sufficient.**

**Analysis**
TEDCO's monitoring of the third-party venture firms receiving funding through the MVF's Invest Maryland Program was not sufficient. Specifically, TEDCO did not have procedures to monitor the accuracy and propriety of management fees charged by venture firms or the completeness of investor reports related to specific information required by TEDCO's agreements with the firms. Further, TEDCO had not established a formal process to resolve investment shortfalls on a timely basis.

- TEDCO did not have a procedure to monitor management fees charged by the venture firms to ensure their accuracy and compliance with TEDCO's agreements with those firms and with State law. Specifically, TEDCO did not verify that fees charged, which totaled approximately $1.1 million during fiscal year 2017 according to TEDCO's records, were proper. State law caps annual management fees paid to a firm at 2.5 percent of TEDCO's total designated capital committed to the firm, although the exact fees for each firm were established by TEDCO's agreement with that firm up to the 2.5 percent maximum. As permitted, venture firms take their management fees throughout the year from capital calls for funds committed to them, and formally report those fees to TEDCO, along with certain other information related to the firm's investments. Our limited testing of management fees did not disclose any firm receiving more than the 2.5 percent threshold.

- Six of the eight venture firms did not report certain investment specific information required under their agreements with TEDCO, and TEDCO did not follow up to obtain the information. These six firms had commitments totaling approximately $36.7 million with capital calls from those commitments totaling $26.5 million as of June 2018. Although TEDCO did obtain investor reports on a regular basis, these reports were targeted to all of the partners with investments in the same venture fund, and did not include the additional information related to Program investments required under the agreements. For example, TEDCO's agreements with each of the eight venture firms included provisions that required the firms to report on a quarterly basis, certain information specific to the Maryland businesses in which qualified investments were made, such as the number of jobs established and average employee compensation. This information is meant to help TEDCO monitor the investment activity of the venture funds, and is important in assessing the impact of investments made on the economy of the State.

- TEDCO had not established a formal process to address investment shortfalls (failure of a firm to invest committed funds as required), including whether the "clawback" provision included in its agreements with the venture firms should be exercised. This provision is standard language in each Program agreement, and provides the means by which TEDCO may divest its interest in the venture fund and terminate any future capital obligations if the venture firms do not meet their contractual obligations to invest the designated capital received into qualified Maryland companies. Under this provision, TEDCO is to make an assessment of any potential shortfalls in qualified investments and determine whether the clawback provision should be exercised.

Although TEDCO advised us that its investment team closely monitors the venture firms, and is aware of potential investment shortfalls, we noted a long-outstanding significant shortfall and lack of Maryland investments relating to one firm. That firm received a commitment of $10 million from the Invest Maryland Program in 2013, but had not, as of June 2018, made any investments in Maryland companies. Specifically, of the $10 million committed, only $5.9 million in capital calls had been distributed from the Program through the period of December 2013 to June 2018 and, according to capital calls and investor reports from the venture firm, these funds were used for investments outside of Maryland as well as for management fees and other fund expenses.

According to TEDCO's management, it is fully aware of the lack of Maryland investments in relation to this fund, as well as the investment activity of the other venture firms through frequent contact with them. However, in this case, after almost five years without any Maryland-related investment, there had been no formal consideration of action to be taken in response to the aforementioned shortfall. In our opinion, a formal process should be established, including consultation with TEDCO's legal counsel, to govern the exercising of clawback provisions for cases of potentially significant non-compliance with Program agreements by venture firms.

**Recommendation 3**
**We recommend that TEDCO**

a. **monitor management fees charged to ensure that they are accurate and in compliance with TEDCO's agreements with the firms and the law;**
b. **ensure that the venture firms report all investment specific information required under their related agreements;**
c. **resolve potential shortfalls on a timely basis, and, in particular, evaluate whether use of the clawback provision is warranted, including for the shortfall noted in our finding; and**
d. **document these monitoring and evaluation efforts.**

# Audit Scope, Objectives, and Methodology

We have conducted a fiscal compliance audit of the Maryland Technology Development Corporation (TEDCO) for the period beginning January 7, 2015 and ending April 10, 2018. The audit was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

As prescribed by the State Government Article, Section 2-1221 of the Annotated Code of Maryland, the objectives of this audit were to examine TEDCO's financial transactions, records, and internal control, and to evaluate its compliance with applicable State laws, rules, and regulations.

In planning and conducting our audit, we focused on the major financial-related areas of operations based on assessments of significance and risk. The areas addressed by the audit included administration of certain grants and investments (primarily related to the Maryland Venture Fund), disbursements, and payroll. We also reviewed the transfer of the Maryland Venture Fund from the Department of Commerce to TEDCO.

TEDCO engaged an independent certified public accounting firm to perform audits of its financial statements for the fiscal years ended June 30, 2015, 2016, 2017, and 2018. In the related audit reports, the firm stated that TEDCO's financial statements presented fairly, in all material respects, the financial position of TEDCO, its changes in financial position, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Our audit did not include an evaluation of internal controls over compliance with federal laws and regulations for federal financial assistance programs and an assessment of TEDCO's compliance with those laws and regulations because TEDCO engages an independent certified public accounting firm to audit such programs as appropriate.

To accomplish our audit objectives, our audit procedures included inquiries of appropriate personnel, inspections of documents and records, observations of TEDCO's operations, and tests of transactions. Generally, transactions were selected for testing based on auditor judgment, which primarily considers risk. Unless otherwise specifically indicated, neither statistical nor non-statistical audit sampling was used to select the transactions tested. Therefore, the results of the tests cannot be used to project those results to the entire population from which the test items were selected.

We performed various data extracts of pertinent information from the State's Financial Management Information System (such as revenue and expenditure data). These extracts are performed as part of ongoing internal processes established by the Office of Legislative Audits and were subject to various tests to determine data reliability. We determined that the data extracted from this source were sufficiently reliable for the purposes the data were used during this audit.

We also extracted data from TEDCO's automated financial accounting system for the purpose of testing related accounting transactions. We performed various tests of the relevant data and determined that the data were sufficiently reliable for the purposes the data were used during this audit. Finally, we performed other auditing procedures that we considered necessary to achieve our audit objectives. The reliability of data used in this report for background or informational purposes was not assessed.

TEDCO's management is responsible for establishing and maintaining effective internal control. Internal control is a process designed to provide reasonable assurance that objectives pertaining to the reliability of financial records; effectiveness and efficiency of operations including safeguarding of assets; and compliance with applicable laws, rules, and regulations are achieved.

Because of inherent limitations in internal control, errors or fraud may nevertheless occur and not be detected. Also, projections of any evaluation of internal control to future periods are subject to the risk that conditions may change or compliance with policies and procedures may deteriorate.

Our reports are designed to assist the Maryland General Assembly in exercising its legislative oversight function and to provide constructive recommendations for improving State operations. As a result, our reports generally do not address activities we reviewed that are functioning properly.

This report includes findings relating to conditions that we consider to be significant deficiencies in the design or operation of internal controls that could adversely affect TEDCO's ability to maintain reliable financial records, operate effectively and efficiently, and/or comply with applicable laws, rules, and regulations. Our report also includes findings regarding significant instances of noncompliance with applicable laws, rules, or regulations. A less significant finding was communicated to TEDCO that did not warrant inclusion in this report.

TEDCO's response to our audit findings and recommendations is included as an appendix to the report. As prescribed in the State Government Article, Section 2-1224 of the Annotated Code of Maryland, we will advise TEDCO regarding the results of our review of its response.

## APPENDIX

TEDCO
LEADING INNOVATION TO MARKET

February 4, 2019

Mr. Gregory A. Hook, CPA – Legislative Auditor
Department of Legislative Services
301 West Preston Street
Room 1202
Baltimore, Maryland 21201

Dear Mr. Hook:

Thank you for the opportunity to respond to the DRAFT Audit Report dated January 2019 of the Maryland Technology Development Corporation (TEDCO) for the period beginning January 7, 2015 and ending April 10, 2018. I offer the following responses to the DRAFT Findings and Recommendations:

**Finding 1**
**TEDCO had not adopted regulations for direct equity investments through the MVF, as required by State law, and documentation was lacking to support how certain investments promoted economic development in the State.**

In December 2018, TEDCO drafted regulations for direct equity investments through the MVF, as required by State law (TEDCO Regulations Governing Enterprise Fund Investments). These DRAFT regulations have been reviewed by both the TEDCO Board of Directors' newly formed Investment Committee (see Finding 2 response below) and the Office of the Attorney General (OAG) in meetings held on December 7, 2018 and December 19, 2018. We anticipate finalizing these regulations in April 2019 after completion of the current Annapolis legislative session and will proceed promptly towards formal adoption.

These DRAFT regulations speak to the following (among other items):

1. Eligible Businesses;
2. Investment Criteria;

3. Investment Terms;
4. Application and Processing Procedures; and
5. Program Administration.

These regulations include documentation procedures to support how certain investments promote economic development in the State.

**Finding 2**
**TEDCO created a three-member advisory committee related to the MVF to provide investment advice without establishing adequate policies and procedures regarding the committee's membership to prevent potential conflicts of interest. We found that the committee included members associated with certain venture firms that received funding from the MVF**

In December 2018, The TEDCO Board of Directors established a committee of current TEDCO Board Directors (the Investment Committee) to provide Investment oversight and consult that will assist in the development and implementation of the investment regulations. Further, the Investment Committee shall provide advice to and consult with TEDCO in connection with the administration of the Investment Programs. All committee members are subject to TEDCO Board disclosure policies regarding potential conflicts of interest.

All three Investment Committee members will continue to file yearly Financial Disclosure Statements with the State Ethics Commission and meet quarterly with TEDCO to review investments and ensure adherence to the TEDCO Regulations Governing Enterprise Fund Investments.

As stated above, the Investment Committee met on December 7, 2018 and December 19, 2018 to review and discuss the DRAFT TEDCO Regulations Governing Enterprise Fund Investments.

It is proposed that this Investment Committee effectively replaces the defunct Maryland Venture Fund Authority.

TEDCO may continue to utilize market participants for informal advice and market feedback (such as the individuals referenced above in Finding 2), but these market participants will not serve on any formal TEDCO committees so as to avoid any potential conflicts of interest.

**Finding 3**
**TEDCO's monitoring of the third-party venture firms receiving funding through the MVF's Invest Maryland Program was not sufficient.**

TEDCO has begun investing in a stronger finance function, beginning with the addition of an outsourced CFO (currently hired) and ultimately recruiting a full-time CFO. This "beefed up" finance function will help monitor management fees charged by third-party venture firms to ensure that they are accurate and in compliance with the law and the related agreements. TEDCO's finance department will also ensure that all of the venture firms report the quarterly information on qualified investments and expenses as required under the related agreements.

TEDCO continually assesses whether there is a risk of potential shortfalls with each of the venture firms, and, if any are identified, consults with the related venture firm and TEDCO's OAG legal counsel to determine any necessary corrective actions, up to and including clawback actions if merited. For example, TEDCO raised a potential shortfall issue with one of the Invest Maryland venture firms, where Maryland is a $10 million limited partner and just received, on January 31, 2019 a shortfall notice from the venture firm. We plan to work with our OAG to evaluate all of our legally available options and ultimately develop a recommended path forward.

If you have any questions, please contact me at 410-715-4163.

Sincerely,

George M. Davis
Chief Executive Officer and Executive Director

Cc: Francis Smyth, Chair, Board of Directors, TEDCO
Andy Jones, Chief Investment Officer, TEDCO
Ira Schwartz, Esq., TEDCO General Counsel

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