

**Maryland 529
Board Meeting Minutes**

July 15, 2022

11:00 AM – 11:30 AM

Held via: Zoom Video Conference

**Board Members/Designees Present via
Conference Call**

Peter Tsirigotis, Board Chair
Geoffrey Newman, Secretary of Higher
Education's Designee, Board Vice-Chair
Ellen Herbst, Chancellor of University
System of Maryland's Designee, Secretary
Carol Beatty, Secretary of Maryland
Department of Disabilities
Treasurer Dereck Davis, State Treasurer of
Maryland
Laura Atas, Designee for the State Treasurer
Justin Hayes, Maryland Comptroller's
Designee
Justin Dayhoff, Designee for the
Superintendent of Maryland State
Department of Education

Capathia P. Campbell
David Erculiani
Jessica McClain
Joanna Pratt

Staff, Representatives and Guests

Bernadette Benik, Interim Executive
Director
Janaki Kannan, Director of Finance
Dan Rambert, Director of Investment &
Cash Management
Meghan Marek, Assistant Attorney General
Maria Dodge, Director of Operations
Glenn Ross, Marquette Associates, Inc.
Luis Sierra, Marquette Associates, Inc.

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Mr. Tsirigotis called the meeting to order at 11:08 AM and requested that Mr. Rambert present the investment manager issue.

- **Investment Manager**

Mr. Rambert summarized the need for vote on an investment manager hiring. He presented background for Perceptive Credit Opportunities Fund IV, which is a niche healthcare focused firm with a venture capital division. It focuses not only on healthcare, but also on in depth research and has the necessary expertise on staff to provide the technical resources needed. The investment commit would be \$25M for five years with two one-year extensions. There was a discussion on short and long-term risks, the investment not including the venture capital side of the business and that this would put the private credit sub-allocation of the fixed income allocation at about the target weight. There was additional discussion as to whether or not this is where the overall investment allocation should be placed. Mr. Rambert indicated that there should be a higher return than the HIG portion of the allocation and that the niche space is correct because there has been such a large amount of capital raised in the larger general direct lending areas. Mr. Ross concurred with this assessment.

After discussion of the typical stages of companies in which this fund invests as well as where the investment fits within the overall allocation for Prepaid Trust assets, and upon motion duly

made and seconded, with Mr. Erculiani abstaining due to this being his first meeting, it was unanimously


RESOLVED, that the Board approves hiring Perceptive Credit Opportunities Fund IV, as an investment manager, in the private equity investment allocation.

- **ICSS Update**

Ms. Benik provided an update to the Board pertaining to the ICSS transition and calculation issues with respect to the Minimum Benefit. Maryland 529 is working with the external auditor to correct the error before resuming earnings attributable to the Minimum Benefit back on to account holders. The target date is August 27, 2022 or sooner to be finished with the review. The auditors' conditions include daily meetings with ICSS and getting access to information. Ms. Benik noted that calls are coming in from account holders, senators and delegates regarding the problem. She is returning the calls and mostly everyone has been understanding. As progress is made these callers will be kept in the loop. Ms. Benik reported that the account holders are relaying additional issues with ICSS. If the auditor's results approve the reprogramming fix, the ICSS process will take five days to implement. Mr. Tsirigotis stated that he would still like to look at other alternatives.

There being no further business and upon motion duly made and seconded, it was unanimously

RESOLVED, that the meeting be adjourned at 11:35 AM.

Approved:  Date: October 18, 2022
Ellen Herbst, Board Secretary

Exhibits:

- 1A- Agenda
- 1A1- Investment Presentation Summary
- 1A2- Investment Manager Hiring Memo