

MARYLAND STATE TREASURER'S
2013 Annual Report



INVESTING FOR
MARYLAND'S
FUTURE





TABLE OF CONTENTS

Biography of the Honorable Nancy K. Kopp, Treasurer of Maryland	2
Maryland State Treasurer's Office Historical Review	3
Maryland State Treasurers of the Past	4
Maryland's Board of Public Works	5
Schedule of Selected Financial Data	10
Executive Division	11
Budget and Financial Administration Division	14
Treasury Management Division	16
Debt Management Division	22
Insurance Division	26
Information Technology Division	30
Office of the Attorney General – Legal Division	32
Appendix A – Investment Inventory	34

BIOGRAPHY OF THE HONORABLE NANCY K. KOPP

Elected in February 2002, and re-elected to full four-year terms in 2003, 2007 and 2011, Nancy K. Kopp is the 23rd Maryland State Treasurer since the adoption of the Constitution of 1851. She is the second woman ever to serve as Maryland's State Treasurer and is the only woman serving Maryland in a Constitutional Office. In addition to her responsibilities for managing the Office of State Treasurer, as a Constitutional Officer and a representative of the General Assembly, the Treasurer holds positions of leadership on a number of key State financial planning committees.



Nancy K. Kopp, State Treasurer

Treasurer Kopp chairs both the Capital Debt Affordability Committee and the Commission on State Debt, and is a member of Maryland's Board of Revenue Estimates. She is the chief representative of the State dealing with financial rating agencies and investment banking firms. The Treasurer also serves as Chair of the Board of Trustees of the Maryland State Retirement and Pension Systems, as Chair of the College Savings Plans of Maryland and as a member of the Maryland Supplemental Retirement Board, the Maryland Health and Higher Education Financing Authority, the Maryland Agricultural Land Preservation Foundation Board, the Maryland Small Business Development Financing Authority and the Hall of Records Commission. Unique among the Treasurer's responsibilities is her position on the Board of Public Works with the Governor and the Comptroller of the State. This Board oversees a substantial portion of the procurements and contracts of the State ranging from wetlands licenses to construction projects.

Treasurer Kopp represented the Bethesda, Maryland area in the Maryland House of Delegates for 27 years prior to her election as Treasurer. As a member of the House of Delegates, Treasurer Kopp chaired the Joint Committee on Spending Affordability, as well as the Appropriations Subcommittee on Education and Economic Development. She also served on the Capital Budget Subcommittee, Subcommittee on Pensions,

and Joint Committee on Budget and Audits, and, at various times, as Deputy Majority Leader and Speaker Pro Tem. During her legislative career, Treasurer Kopp was named by her colleagues as the most effective woman legislator and one of the 10 most effective members of the House of Delegates.

Treasurer Kopp has been active in numerous national, regional and state organizations and boards over the years, primarily focused on finance, budgeting and education. Appointed by President Clinton to the National Assessment Governing Board, which oversees the National Assessment of Educational Progress (the "Nation's Report Card"), Treasurer Kopp also served as Treasurer of the Southern Regional Education Board and chaired its Commission on Educational Quality. She served on the Executive Committee of the National Conference of State Legislatures and chaired its Assembly on Legislative Issues, and Committees on Federal Budget Issues, State Fiscal Issues, and Capital Budgeting Procedures. Treasurer Kopp also was Vice-Chair of the National Commission on State and Local Budget and Finance Procedures. She served a one year term as President of the National Association of State Auditors, Comptrollers and Treasurers. Currently, she is a member of the National Association of State Treasurers and chairs its Legislative Committee and also is a member of the Executive Committee of the Eastern Region of the Council of State Governments.

A graduate of Wellesley College, Treasurer Kopp holds a master's degree in Government from the University of Chicago. She also has received honorary doctorate degrees from Goucher College, Hood College, the University of Maryland at Baltimore, the University of Maryland University College and Towson University. She is an honorary Alumna of the University of Maryland, College Park. In March 2012, Treasurer Kopp was inducted into the Maryland Women's Hall of Fame. Treasurer Kopp and her husband, Robert Kopp, live in Bethesda and have two adult children and two grandchildren.

HISTORICAL REVIEW

During the exploration and settlement period of North America (1492-1607), European powers competed to settle the New World. England laid claim to large tracts of land along the East Coast and successfully colonized the Chesapeake Bay area. England's first official colony, settled in Jamestown, Virginia, in 1607 (the Jamestown Colony), included what we now know as Maryland. In 1632, King Charles I of England granted the Charter of Maryland to Cecil Calvert. Calvert was granted extensive autocratic powers over the Maryland colony. Among those powers was the right to appoint government officials.

Soon after his appointment as Governor of Maryland, Sir Francis Nickelson appointed Maryland's first two State Treasurers in 1694. At that time, there were two Treasurers appointed for the State – a Treasurer

for the Eastern Shore and a Treasurer for the Western Shore. Maryland's first Treasurers were Colonel William Whittington (Eastern Shore) and Captain Thomas Tasker (Western Shore). The primary duty of the State Treasurers at that time was to manage and disburse State funds. The Governor held the task of appointing State Treasurers throughout the 18th century. This responsibility was ultimately transferred to the Legislature with the adoption of the Maryland Constitution in 1776.

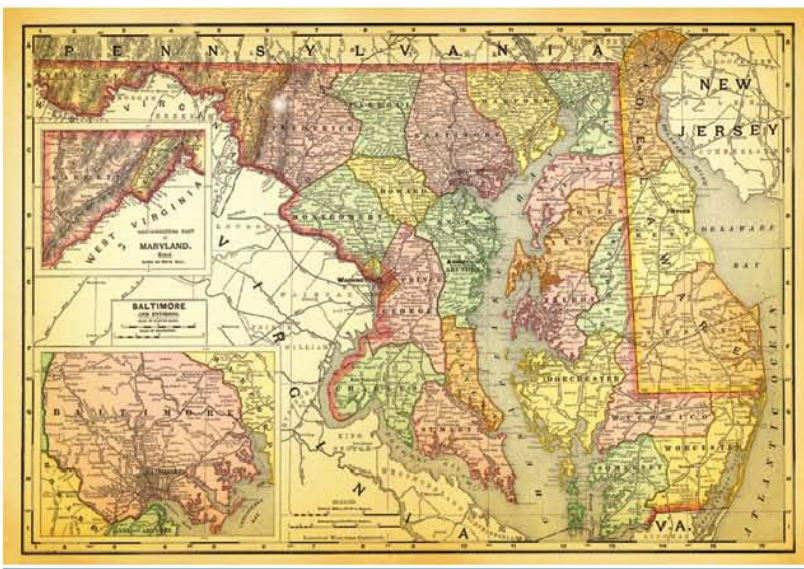
In 1843, the two-Treasurer system was abolished with the duties of the Eastern Shore Treasurer being assumed by the Treasurer of the Western Shore. The Maryland Constitution of 1851 finally established a single Office of Treasurer for the entire State to be elected by joint ballot of both houses of the General Assembly. Historically, the Treasurer's position was appointed for

a term of two years as a part-time position. In 1922, the Treasurer's term was extended from two years to four years and became a full-time position in 1973.

In addition to having authority over custody, safeguarding, investment and disbursement of State funds, the Maryland State Treasurer is considered among the most powerful treasurers in the country due to membership on the Board of Public Works, which reviews and approves all major State procurements. It is the Treasurer's job to brief members of the General Assembly on issues regarding the financial operation and condition of the State.

The Treasurer maintains the State's ongoing relationship with financial rating agencies and conducts outreach with State agencies and other appropriate offices.

The Treasurer also produces this Annual Report in keeping with her statutory responsibility to provide the General Assembly with current information regarding the State's financial condition.



TREASURERS OF THE PAST

Treasurers of the Eastern Shore

1694-1695	Col. William Whittington
1695-1714	Maj. Thomas Smithson
1714-1727	Robert Ungle
1727-1747	Col. James Hollyday
1747-1766	Col. Edward Lloyd
1766	John Leeds
1766-1769	Bedingfield Hands
1769-1775	William Hemsley, Jr.
1775-1777	William Hindman
1777-1778	James Hindman
1778-1779	Edward Hindman
1779-1789	Henry Dickinson
1789-1802	William Richardson
1802-1813	William Chambers
1813-1825	William Richardson
1825-1826	John K.B. Emory
1826-1840	William K. Lambdin
1840-1841	Perry Robinson
1841-1842	John H. Harris
1842-1843	Perry Robinson

Treasurers of the Western Shore

1694-1695	Capt. Thomas Tasker
1695-1698	Robert Mason
1699-1700	Robert Mason
1700-1736	Col. Samuel Young
1736-1772	Col. Charles Hammond
1772-1775	Col. William Fitzhugh
1775-1804	Thomas Harwood, Jr.
1804-1826	Benjamin Harwood
1826-1843	George MacKubin
1843-1844	James Owens
1844-1852	Dennis Claude

Maryland State Treasurers

(Beginning of Single-Treasurer System)

1852-1854	James Owens
1854-1860	Dennis Claude
1860-1862	Sprigg Harwood
1862-1870	Robert Fowler
1870-1872	John Merryman
1872-1874	John W. Davis
1874-1885	Barnes Compton
1885-1886	John Gittings
1886-1890	Stevenson Archer
1890-1892	Edwin Brown
1892-1896	Spencer C. Jones
1896-1900	Thomas J. Shryock
1900-1916	Murray Vandiver
1916-1918	John M. Dennis
1918-1920	William P. Jackson
1920-1935	John M. Dennis
1935-1963	Hooper S. Miles
1963-1973	John A. Luetkemeyer
1973-1975	J. Millard Tawes
1975-1987	William S. James
1987-1996	Lucille D. Maurer
1996-2002	Richard N. Dixon
2002-Present	Nancy K.Kopp



Cannons at Antietam National Battlefield

MARYLAND'S BOARD OF PUBLIC WORKS

As the State's ultimate policy-making and oversight board for State procurements, expenditures of capital appropriations, and the acquisition, use and transfer of State assets, the Maryland Board of Public Works is an entity with wide-ranging jurisdiction over many facets of State government. It is composed of the Governor, the State Treasurer and the Comptroller.

Created by the Constitutional Convention of 1864 based on predecessor boards dating back to 1825, the Board of Public Works is the only constitutionally mandated government body of its type in the nation. Over the years, the General Assembly has increased this body's responsibilities and autonomy. Therefore, in a State with a strong Governor who proposes the budget and therefore sets policy priorities, and a Legislature that can only cut and not increase the budget, the Board of Public Works provides a valuable check on executive actions. The Board has a unique insight into the operations of State government and ensures that final decisions on procurements provide accountability and are transparent and open to public discussion.

Recognizing that the Treasurer is elected by joint ballot of both houses of the General Assembly, the Treasurer's participation on the Board provides the Legislature with a voice throughout the year in the post-appropriations management of public funds. As an adjunct to this role, the Treasurer's Office provides outreach to Legislators, informing them of upcoming Board items that pertain to their districts and providing a mechanism for feedback from Legislators on particular projects.

The breadth of items to come before the Board of Public Works is vast. The powers and duties of the Board are set forth in the State Constitution and State statute and include:

- Certification of the State property tax rate necessary to meet the debt service requirements during the next taxable year on all State bonds anticipated to be outstanding during the year;
- Approval of the expenditure of any General Obligation Bond proceeds;

- Approval of the allocation of funds to each county for school construction;
- Issuances of licenses to dredge and fill wetlands;
- Approval of the acquisition of land and easements in support of Program Open Space, the Conservation Reserve Enhancement Program, the Rural Legacy Program and the Agricultural Land Preservation Program; and
- Approval of most State agency procurement contracts for goods and services in excess of \$200,000.

During fiscal year 2013 (July 1, 2012 through June 30, 2013), the following items are worthy of note among those that came before the Board of Public Works:

- Approval of the award of the following Capital Equipment Lease-Purchase Financing:
 - October 2012 Tax-Exempt Equipment Lease-Purchase Agreement for financing the acquisition of approximately \$739,000 of capital equipment;
 - December 2012 Tax-Exempt Equipment Lease-Purchase Agreement for financing the acquisition of \$238,050 of capital equipment;
 - March 2013 Tax-Exempt Equipment Lease-Purchase Agreement for financing the acquisition of approximately \$1.005 million of capital equipment; and
 - June 2013 Tax-Exempt Equipment Lease-Purchase Agreement for financing the acquisition of approximately \$1.2 million of capital equipment.
- Adoption of a Resolution for the sale of \$727,025,000 of State of Maryland General Obligation Bonds, to be known as the State and Local Facilities Loan of 2012, Second Series:
 - Second Series A: \$26,340,000 tax-exempt bonds (negotiated - retail)
 - Second Series B: \$478,660,000 tax-exempt bonds (competitive)
 - Second Series C: \$23,000,000 taxable bonds (competitive)

Continued on page 6

Maryland's Board of Public Works continued from page 5

- Second Series D: \$15,230,000 taxable Qualified Zone Academy Bonds (competitive)
- Second Series E: \$183,795,000 tax-exempt refunding bonds (competitive)
- Adoption of a Resolution for the sale of \$665,135,000 of State of Maryland General Obligation Bonds, to be known as the State and Local Facilities Loan of 2013, First Series:
 - First Series A: \$500,000,000 tax-exempt bonds (competitive)
 - First Series B: \$165,135,000 tax-exempt refunding bonds (competitive)
- Authorization for the Maryland Stadium Authority to issue \$15.93 million in new debt to repay bonds that financed the Montgomery County Conference Center in 2003. The Stadium Authority will use \$15.62 million to redeem the existing debt and use the balance for transaction costs. Estimated net present value savings is approximately \$1.77 million. The Series 2012 Refunding Bonds will be payable from rent paid by the State as the Stadium Authority leases the Conference Center to the State.
- Adoption of Resolutions authorizing the issuance and sale by the Maryland Department of Transportation of its Consolidated Transportation Bonds, Series 2013 in an amount not to exceed \$315,000,000 at a public sale to occur on or before June 30, 2013.
- Approval of the State School Construction – Capital Improvement Program (CIP) for fiscal year 2014 totaling \$345.4 million in public school construction funding. Approved project funding was consistent with recommendations of the Interagency Committee on School Construction Program in order to fund local priorities plus projects addressing mandates of the Bridge to Excellence in Education Act, such as full-day kindergarten and pre-K services for disadvantaged 4-year olds. Specific funding priorities included:
 - \$23.5 million for projects that enhance the energy efficiency of schools;
 - \$25 million for Air Conditioning Initiative projects; and
 - \$25 million for Public School Security Initiative projects.
- Set the State Real Property Tax Rate for fiscal year 2014 based upon the recommendation of the Commission on State Debt. The Rate remained unchanged at 11.2 cents per \$100 of the full assessed value of real property other than that of public utilities and 28.0 cents per \$100 of the full assessed value of real property of public utilities.
- Took the following steps to implement the 2012 Investment Activities in Iran Act (Chapter 447 of the Acts of 2012):
 - Approval for notification to go out to a list of companies informing each company that the BPW intends to include the company on a list of persons engaged in investment activities in Iran. Each company notified had a 90-day opportunity to refute inclusion on the list. Inclusion of a business on this list would make that business ineligible to bid on, submit a proposal for, or enter into or renew a contract with a public body in Maryland for goods or services.
 - Finalized publication of a list of persons engaged in investment activities in Iran and issued a procurement advisory providing general guidance to State agencies concerning the 2012 Investment Activities in Iran Act.
 - Adopted final regulations to implement the 2012 Investment Activities in Iran Act.
- Took the following steps to implement a Small, Minority and Women-Owned Business grant program funded by video-lottery-terminal proceeds:
 - Approval of a Memorandum of Understanding between the Board of Public Works and the Department of Business and Economic Development (DBED) under which DBED is designated to manage the Small, Minority and Women-Owned Business grant program; and
 - Approval of the award of contracts to three fund managers to provide capital and loans to small, minority and women-owned businesses across the State as a part of the Small, Minority and Women-Owned Business grant program.
- In fiscal year 2013, the BPW approved the creation of 92.9 positions within the “Rule of 100” (fiscal year 2013 budget authorized the BPW to approve up to 100 positions outside of the position ceiling contained in the fiscal year 2013 budget):

Continued on page 7

Maryland's Board of Public Works continued from page 6



Blue Crab, Maryland's State Crustacean

- Lottery and Gaming Control Agency: 44 positions: General Funds will be used to cover the cost of the positions (approximately \$1.73 million). The new positions will enable the agency to perform its expanded regulatory responsibilities relating to table games, 24 hour-a-day/7-day-a-week casino operations, licensing of qualified veterans organizations to operate up to five instant ticket lottery machines, and oversight of electronic gaming devices in Anne Arundel and Calvert Counties (Chapter 1 of the Acts of the 2012 Special Session 2 and Chapter 309 of the Acts of 2012).
- Maryland Health Benefit Exchange: 33 positions: Approved the creation of 33 positions in the Department of Health and Mental Hygiene to support all key core functions of the Maryland Health Benefit Exchange. The cost of the 33 positions, estimated to be approximately \$2.4 million, initially will be supported entirely by federal funds and will at a later date be supported with Exchange fee collections.
- Motor Vehicle Administration (MVA): 10 positions: Approved the creation of 10 positions for the MVA to implement the Maryland Highway Safety Act of 2013 (Chapter 309 of the Acts of 2013).
- Maryland Aviation Administration (MAA): Five positions: Approved the creation of five positions for the MAA to maintain service for expanded facility operations and passenger growth at BWI Marshall Airport.
- State Labor Relations Board (SLRB): 0.4 positions: Approved the transfer of \$100,000 from the Contingency Fund to the SLRB to implement the provisions of recently enacted legislation (Chapter 582 of the Acts of 2012) that expands the applicability of the State's collective bargaining law to include employees of the Office of the Comptroller, the Maryland Transportation Authority who are not police officers, the State Retirement Agency and the Maryland State Department of Education. Part of the implementation plan includes increasing an existing Assistant Attorney General position from part time to full-time (0.6 to 1.0).
- Maryland Department of Agriculture (MDA): 0.5 positions: Approved the conversion of a part-time position to a new full-time position at MDA to support the work of the Agricultural Land Preservation Program (0.5 to 1.0).
- In fiscal year 2013, the BPW approved the creation of 25 positions outside of the "Rule of 100":
 - State Highway Administration (SHA): 24 federally funded positions: These 24 positions will be abolished when federal funds are no longer available. SHA is requesting 24 positions for the Maryland Coordinated Highway Action Response Team (CHART) focusing on reducing traffic congestion and improving safety.
 - Maryland Energy Administration (MEA): One federally-funded position: MEA requested one

Continued on page 8

Maryland's Board of Public Works continued from page 7

- new position to coordinate a program to reduce energy consumption in State buildings 20% by 2020. This position will be abolished if the funding source is terminated.
- Approval of items that facilitated the merger of St. Joseph Medical Center, Inc. and the University of Maryland Medical System, Inc. (UMMS):
 - A request to sell property of St. Joseph Medical Center that was improved with State General Obligation Bond proceeds to UMMS; and
 - A capital projects grant assumption agreement between UMMS and the BPW for the three St. Joseph Medical Center, Inc. grant agreements that correspond to the three General Obligation Bond-funded grants received since 2004.
 - Approval of a 40-year ground lease between Towson University and Harford Community College for 10 acres located on the campus of Harford Community College. Towson University intends to build a 55,000 gross square foot classroom/office building to deliver its academic programs to Harford and Cecil Counties as a part of a “2+2” program.
 - Approval of a 15-year lease for office space for the Department of Housing and Community Development (DHCD) to relocate to the New Carrollton Transit Oriented Development in Prince George's County. Approval was also given for the leasing of parking spaces for employees. The four-story office building that will house the DHCD offices is new construction that will take approximately two years to complete. Estimated relocation of the DHCD offices will be June 2015. In addition to the office building, the developer, Berman Enterprises, over time, will construct up to 500 residential apartment units and 40,000 – 120,000 square feet of retail space.
 - Approval of a modification of the Department of Juvenile Services' contract with Silver Oak Academy to expand the capacity of the Silver Oak program from 48 male youth to 96 male youth.
 - Approval of the award of a revenue generating contract to provide Commissary Services for inmates within the various State correctional facilities. Payments as a percentage of goods sold to inmates by the private contractor will flow back to the State for use in the Inmate Welfare Fund.
 - Approval of the award of a revenue-producing contract to provide payphone telephone services to inmates in State correctional facilities. Revenue generated by this contract will be credited to the Inmate Welfare Fund.
 - Approval of the modification of the contract for Inmate Medical Health Care and Utilization Services to include the provision of Enhanced Telemedicine Services by the Contractor, Wexford Health Sources, Inc.
 - Approval of the award of a contract to conduct a high-resolution geophysical survey of the area of the Outer Continental Shelf designated by the U.S. Department of the Interior as the Maryland Wind Energy Area. To facilitate deployment of offshore wind turbines, this assessment will be undertaken, recognizing it to be a necessary component of the development of offshore wind energy generation.
 - Approval of the second Maryland Regional Greenhouse Gas Initiative (RGGI) Services Contract with RGGI, Inc. to provide technical, scientific and auction support services to Maryland and the other eight member states in the development and implementation of the multi-state cap-and-trade, greenhouse gas control program.
 - Approval of a request by the Department of Housing and Community Development to enter into multiple contracts totaling \$17.9 million to provide



White Oak, Maryland's State Tree

Continued on page 9

Maryland's Board of Public Works continued from page 8

weatherization services for low-income single-family households in the BGE, Pepco, Delmarva, Potomac Edison and SMECO service territories under the EmPower Maryland Program.

- Approval of the expenditure of \$1.35 million of the State's share of Program Open Space funds for the acquisition of a conservation easement on a 200 +/- acre parcel in Anne Arundel County that includes bottomland forest, pasture, and cultivated fields (Gail Campbell property). Although the land was not located in a Target Ecological Area, the Department of Natural Resources scored the property using the new "Community Connections" protocol which is a metric for scoring properties in relation to human ecology objectives. This protocol assesses properties that provide exceptional public benefits and connect people to the land.
- Approval of the use of \$416,610 from Program Open Space (POS) State Share funds to acquire a 101.3-acre Conservation Reserve Enhancement Program (CREP) Easement on property in Wicomico County. With the approval of this project, the 2009 Memorandum of Understanding between the State and the U.S. Department of Agriculture to protect 3,285 acres in permanent CREP easements using \$12.6 million in POS State funds was satisfied.
- Approval of the acquisition of a conservation easement on a 298 +/- acre parcel of land located in Frederick County. The property is located within the boundaries of the Turner's Gap and Fox's Gap Battlefield Historic District. This property was in the path of General Joseph Hooker's Corps as they traveled up South Mountain to engage Confederate troops. Program Open Space State Share funds will be used to purchase this easement in conjunction with a grant from the Civil War Trust's American Battlefield Protection Program.
- Approval of the acquisition in fee simple of a 14 +/- acre property located in Frederick County within the boundaries of the Crampton's Gap Historical District. This area was the scene of a Civil War battle on September 14, 1862 where Union forces skirmished with Confederate cavalry guarding Crampton's Gap. Program Open Space State Share funds will be used to purchase this property in conjunction with a grant from the Civil War Trust's American Battlefield Protection Program.



Black-eyed Susan, Maryland's State Flower

- Granted a wetlands permit to the Maryland Department of Natural Resources to restore natural, self-sustaining oyster population and oyster bottom habitat on 184 acres of natural oyster bed located in Harris Creek in Talbot County.
- Approval of a Memorandum of Understanding between the State, acting through the Maryland Department of Transportation, and British Airways that provides a guarantee to the airline on operating margin not to exceed \$5.5 million per year. The guarantee is based upon the difference between actual operating margin and the target margin required to maintain service (8%) at BWI Marshall Airport. The term of the MOU is three years.
- Approval of a Domestic Incentive Program at BWI Marshall Airport. The Maryland Aviation Administration (MAA) will reward new non-stop service to a market not currently served by non-stop service at BWI Marshall by providing a discount off of fees charged to domestic carriers. MAA hopes to attract new airlines through the incentives, as well as encourage existing airlines to add new routes.
- Approval of a contract with Bombardier Transportation Services USA Corp. to provide passenger railroad services on the Camden and Brunswick lines of the MARC Commuter Rail system. The contract provides for operating the service and maintenance of equipment, facilities and rights-of-way used in providing the service.

SCHEDULE OF SELECTED FINANCIAL DATA

Collateral Balances as of June 30, 2013

Bank	\$495,953,359
Insurance	\$115,148,021

Total Investment Portfolio Composition as of June 30, 2013

Repurchase Agreements	\$435,916,693
U.S. Treasuries	\$895,000
U.S. Government Agencies	\$5,690,360,000
Other Investments	\$63,644,670
Total Portfolio	\$6,190,816,363

Securities Lending Program Activity as of June 30, 2013

Gross Income	\$538,689
Net Income	\$404,017

General Obligation Debt Activity as of June 30, 2013

Tax Exempt General Obligation Bond Issuances	\$1,392,160,000
Interest Payments	\$343,120,632
Principal Payments	\$572,861,028

Local Government Investment Pool Fund Balance as of June 30, 2013

Balance as of June 30, 2013	\$2,847,048,217
-----------------------------	-----------------

State Insurance Trust Fund Balance as of June 30, 2013

Beginning Balance	\$23,657,905
Transfers In	\$18,071,756
Transfers Out	(\$16,960,018)
Less Operating Transfer to General Fund	(\$1,206,000)
Ending Balance	\$23,563,643

EXECUTIVE DIVISION

Bernadette T. Benik

Chief Deputy Treasurer

bbenik@treasurer.state.md.us

Susanne Brogan

Deputy Treasurer for Public Policy

sbrogan@treasurer.state.md.us

The Executive Division provides direct support to the Treasurer in the execution of her wide-ranging Constitutional responsibilities. The State Treasurer is responsible for receiving, depositing, investing and distributing State funds, anticipating the monetary needs of the State and, on behalf of the Board of Public Works, conducting bond sales several times a year to ensure the State's financial ability to meet its fiscal obligations. The State Treasurer also provides lease-purchase financing of capital equipment for State agencies and handles insurance needs for State government.

The Executive Division coordinates legislation within the Maryland State Treasurer's Office, reviewing bills, preparing fiscal notes and written testimony and following the course of bills through the legislative process. The Division is responsible for coordinating any draft legislation to be introduced to the General Assembly with the Legal and Division Directors of the State Treasurer's Office. Each proposed bill requires extensive preparation including a determination of the fiscal and

economic impact to the Office, the State and private industry.

Chief Deputy Treasurer

The Chief Deputy Treasurer coordinates and leads the operations of the State Treasurer's Office, including the Budget and Financial Administration, Treasury Management, Debt Management, Insurance and Information Technology Divisions. The Chief Deputy Treasurer advises the Treasurer on matters regarding legislative policy, planning, new technologies and long-term operational challenges, opportunities and strategies. Coordination of the State Treasurer's operational functions with other agencies, such as the Office of the Comptroller and the Department of Budget and Management, is another responsibility of the Chief Deputy Treasurer.

The Chief Deputy Treasurer works closely with members of the General Assembly and its Standing Committees such as the Senate Budget & Taxation and House Appropriations Committees regarding the Office's budget. The Chief Deputy Treasurer also prepares reports and updates the Office's progress throughout the year for the Statutory Committees of the House of Delegates and Senate. These Committees include Spending Affordability, Joint Committee on the Management of Public Funds, Legislative Policy Committee and the Joint Audit Committee; as well as serving as the Treasurer's designee on task forces, commissions and other committees of the General Assembly, as required.

The Chief Deputy Treasurer, in coordination with the Deputy Treasurer for Public Policy, supports the Treasurer in her service on State boards and commissions, such as the Supplemental Retirement Plan Board and the Maryland College Savings Plan Board and its various committees, as well as in her participation in the National Association of State Treasurers.

Deputy Treasurer for Public Policy

The Deputy Treasurer for Public Policy serves as the Treasurer's primary liaison/advisor to the Board of Public Works (BPW), conducting extensive research (including site visits), preparing detailed analyses for the Treasurer for the bi-weekly meetings, and working closely with the Treasurer's Counsel, representatives of the Governor's, Comptroller's and the Board of Public Works' Offices and State agency secretaries and contacts. As part of the BPW preparation process, the Deputy Treasurer for Public Policy serves as the primary liaison with members of the Maryland General Assembly informing the State Legislators of upcoming Board actions that affect their districts, as well as the final decisions.

The Deputy Treasurer for Public Policy represents the Treasurer as a voting designee on the Procurement Advisory Council, the State Retirement and Pension Systems' Administrative Committee, the Maryland Agricultural Land Preservation Foundation's Board of Trustees, the Hall of Records Commission, and

Continued on page 12

Executive Division continued from page 11

the Maryland Small Business Development Financing Authority.

The Deputy Treasurer for Public Policy, in coordination with the Chief Deputy Treasurer, supports the Treasurer in her service on State boards and commissions, such as the State Retirement and Pension System Board and the Maryland College Savings Plan Board and its various committees, as well as in her participation in the National Association of State Treasurers.

Also, the Deputy Treasurer for Public Policy represents the Treasurer on the Maryland Higher Education Committee when it prepares its State Plan for Higher Education every four years. This position also entails participation on legislatively created commissions such as the Council for the Procurement of Health, Education and Social Services and the Financial Education and Capability Commission.

Additional duties include: serving as the Office's Public Information Officer; preparing news releases; responding to media inquiries; responding to queries sent to the Office's website; writing speeches; serving as the Treasurer's designee on task forces, commissions and other committees of the General Assembly, as required, in coordination with the Chief Deputy Treasurer; monitoring various legislative committees, including the Spending Affordability Committee and the Joint Committee on Pensions; and representing the Treasurer at public events, as required.

Deputy Treasurer for Financial Policy

The Deputy Treasurer for Financial Policy provides analysis and advice to



Thomas Point Lighthouse

the Treasurer in the areas of economics and finance, including the development of best practices in retirement and other benefit financing, business development and analysis of regional and macroeconomic trends in financial markets. The Deputy Treasurer for Financial Policy also analyzes and advises on emerging financial issues, such as clean energy investing, regional economics and macroeconomics, short-and-long-term development in the financial markets and financial literacy and access.

Internal Audit

The Internal Auditor plans, controls, directs and implements a comprehensive annual audit designed to evaluate internal controls, add value, improve operations and minimize risk at the State Treasurer's Office. The Auditor reviews programs, operations, and conducts special projects in accordance with generally accepted auditing standards and all legal statutory requirements. The Auditor helps safeguard assets by ensuring that the mission, objectives, and key goals of the Office are carried out. The Auditor directs systematic, periodic examinations

of the accounts and records of the State Treasurer's Office to provide assurance that appropriate policies and procedures are in place and functioning as intended.

The Internal Auditor also serves as the focal point for all financial, productivity, and compliance audit activities and is the liaison between the State Treasurer's Office and the external auditors, legislative auditors, and federal auditors. The Internal Auditor is responsible for coordinating the response to all audit findings. The Auditor evaluates and monitors the corrective action plans taken to ensure that they are sufficient to resolve the findings. The Internal Auditor also reviews potential problem areas to prevent future audit findings.

Office of Human Resources and Personnel Management

The mission of the Office of Human Resources and Personnel Management (HR) is to take care of the needs of the Office's greatest asset – its employees. As a Constitutional Office and a control agency for statewide financial policy, it may seem surprising that the entire

Continued on page 13

Executive Division continued from page 12

Treasurer's Office operates with only 57 budgeted positions. As such, each unique position within the Office is charged with significant functions and responsibilities that not only serve the Treasurer, but serve the State and all of its agencies. Management and staff alike promote a work environment that is strengthened through team building and common Office goals. The Office of HR, in turn, strives to preserve this atmosphere in its support of both management and staff, from beginning to end.

Acquiring an excellent staff is a time intensive process. Effective policy oversight is necessary to build a solid foundation before recruitment even begins. From classification to qualifications, performance, leave and benefits management, HR is responsible for ensuring consistent application and compliance throughout all Divisions within the Treasurer's Office. HR collaborates closely with managers to discuss strategies and construct position specific recruitments which will promote diversity and cultural awareness, as well as be effective in targeting highly qualified candidates who have the right balance of education, experience and instinct.

Once candidates join the State Treasurer's Office, HR focuses on employee retention by conducting formal, individualized orientation for all new employees so they feel familiar and comfortable with the State as their employer and the State Treasurer's Office as their new home. HR is also responsible for organizing and/or conducting staff training, from a single Advanced Excel Skills

course to mandatory State supervisor training. Should supervisors need guidance or instruction in managing employee situations, they turn to HR for all employee relations matters. As an advocate foremost for "what is right," HR offers interpretation and advice, balancing official policies with practical application in order to always aim for "win-win" outcomes for management and staff, all the while making certain that the Office is in compliance with State and federal laws and regulations.

HR also assists employees and managers to navigate the retirement and separation processes when necessary. The cycle comes full circle, and HR is already planning for recruitment at the first mention of an employee's last day. In order to expand its ability to support the Divisions' critical functions during the transition, the HR Office has initiated a new endeavor this year that has proven to be not only successful but critical to the process. Acting as the only one of its kind, a specialized HR staff member performs a brand of Office outreach to the division in need. From learning the actual critical functions of the soon-to-be vacated position, to conducting a highly tailored recruitment for the vacancy, while at the same time filling in for the vacancy's critical essential functions, to then transition into a training role for the newly hired employee, HR effectively mitigates the impact of vacant, sole-functioning positions on an Office that is already lean in staff. This unique approach to taking care of the needs of the Office's greatest asset was utilized at least three times over the past fiscal year alone.

Overall, the HR Office is responsible for a comprehensive human resources program that is structured enough to provide guidance and minimize risk to the Office, and flexible enough to individually serve all of the unique needs of our Office. The HR Office is additionally responsible for administrative functions that support the Office, such as Office reception, regulations coordination, event planning, and travel management. By setting the best example and pursuing best practices, the Treasurer's HR Office has been recommended by the Department of Budget and Management Office of Personnel Services and Benefits to mentor other agencies with new HR staff. Over the past year, the HR staff has strived to envision and take the role of human resources and personnel management to the next level, in an effort to make the most of our own human resources. From beginning to end, and all year round, HR endeavors to keep their words in action when they say, "We're here when you need us!"

As of June 30, 2013, the State Treasurer's Office was assigned 57 budgeted positions as follows:

- Executive Division – 9
- Administration Division – 5
- Debt Management Division – 3
- Information Technology Division – 7
- Insurance Division – 13
- Legal Division – 4
- Treasury Management Division – 16

BUDGET & FINANCIAL ADMINISTRATION DIVISION

Jessica Papaleonti

Director

jpapaleonti@treasurer.state.md.us

The Budget and Financial Administration Division provides daily fiscal support to the operational needs of the State Treasurer's Office. The Division's focus is to carry out essential accounting and fiscal administrative services specific to the State Treasurer's mission and in support of its ongoing operations.

The Division is responsible for developing and implementing the annual budget for the State Treasurer's Office, which in fiscal year 2013 was \$37 million. The Division provides general accounting services for the State Treasurer's Office in the form of fund balance reconciliations, preparation of year-end closing records, maintenance of all financial records, preparation and posting of all Office financial transactions and the development and implementation of all accounting controls and procedures. Centralized ordering and tracking of office supplies to ensure cost effective purchasing is also managed by the Division.

Working collaboratively with the Office of Human Resources and Personnel Management, the Division processes biweekly payroll and maintains the personnel files within the State's centralized budget software. This Division also provides monthly vendor activity reports for review and analysis by the Procurement Unit.

Within the State Treasurer's Office, in fiscal year 2013, State Debt and Sinking Fund payments totaling \$912 million and Lease payments and Office recoveries of \$40 million were processed for the Debt Management Division.

Working with the Insurance Division, the annual State Insurance Trust Fund (SITF) premium calculation was prepared and all SITF claim payments and Office reimbursement requests were issued. On behalf of

the Insurance Division, SITF premium recoveries of \$16.9 million and Commercial Premium payments and recoveries in excess of \$13.4 million were completed. In addition, the Division processed the annual premiums for the Injured Workers' Insurance Fund totaling almost \$69 million and related recoveries of these assessments from over 150 State agencies and departments.

With assistance from the Treasury Management Division, over 2,300 requests for stop payments, reissue and recoveries from the Undeliverable and Unpresented Check Funds were processed. With the increased efforts by third party recovery companies in the unclaimed property industry, check reissues from these funds increased significantly in fiscal year 2013, with total requests up 18% over the prior year and \$3.4 million in funds reissued to payees. One of the new initiatives this Division will be focusing on over the upcoming year is a method to streamline and automate these check reissues while investigating opportunities to strengthen controls and mitigate potential fraud.

This Division is also responsible for required state-wide filings specific to the Federal Cash Management Improvement Act of 1990 (CMIA), including the annual Treasury-State Agreement and the CMIA Annual Report. The primary goal of CMIA is to minimize the time between the transfer of funds to the State and the payout of those funds for program purposes specific to federally funded programs carried out by the State.

The Division continues its efforts to be eco-friendly by reducing the usage and duplication of paper where possible; including submitting electronic archive transmittals to the Comptroller's General Accounting Division for invoice and disbursement processing, working with other State agencies on obtaining inter-office insurance coding and invoice approvals, and in submitting CMIA annual reports electronically via email versus standard mail. This has led to greater efficiencies in electronic document storage, quicker processing and turnaround time, and improved historical tracking and retrieval capabilities as well as reducing the need for office space and offsite storage at the State Records Center.

Continued on page 15

Budget & Financial Administration Division continued from page 14

Procurement

Section 12-107(b) (1) of the State Finance and Procurement Article, Annotated Code of Maryland, designates the State Treasurer as the primary procurement authority for all banking and financial services, insurance and insurance services. A wide range of financial services are procured for the Office, as well as for State agencies, including general banking services, financial advisors, underwriters, arbitrage rebate compliance consultants, lease financing firms, and broker services for insurance coverages.

The Treasurer's Office, on behalf of the Maryland Water Quality Financing Administration, awarded a contract for financial advisor services to assist with marketing, structuring and pricing of revenue bonds. The proceeds are used for water quality and drinking water projects under two revolving loan fund programs that provide grants to local governments under the Bay Restoration Fund.

The following contracts were awarded for insurance broker services to market, manage and service insurance policies for specified coverages during the fiscal year:

- Three contracts were awarded to provide comprehensive general liability, professional liability, and marine liability, which includes the bridges, tunnels, and one toll road for the Maryland Transportation Authority, port liability for the Maryland Port Administration and various liability coverages required to meet the needs of several other State agencies.
- Contract for auto coverage for the Maryland Port Administration auto fleet, the Maryland Transit Administration bus/mobility vehicle fleet, and the Maryland Environmental Services recycling truck.

- Contract for specified coverage needs in the areas of aviation coverages which include State-owned aircraft (hull and liability) and Maryland Aviation Administration (airport liability). The transit coverage is for the Maryland Transit Administration (excess liability and railcar floater).

The Office awarded two contracts on behalf of the Department of Labor, Licensing and Regulation, Unemployment Insurance Benefit Division:

- Contract to provide a benefit payments account for payment of unemployment insurance benefits and the refund of overpaid employer contributions. Additionally, the contract provides escrow account services for the deposit of collateral from employers who elect to self-insure against anticipated unemployment claims.
- Contract for electronic payment card services for the disbursement of Unemployment Insurance (UI) benefit payments provided to claimants via an electronic payment card. Also included is a traditional direct deposit service for claimants that elect to have UI benefits deposited to their designated bank accounts.

Rather than utilize a long-term Master Lease, the Office continues to periodically solicit new equipment lease financing bids which are based on actual equipment lease financing needs of State agencies. Equipment lease financings were awarded in October, December, March and June.

An award was made for general banking services for the Board of Trustees of the Maryland Teachers and State Employees Supplemental Retirement Plans.



Great Falls on the Potomac River

TREASURY MANAGEMENT DIVISION

Mary Christine Jackman

Director

mcjackman@treasurer.state.md.us

During fiscal year 2013, the Treasurer created the Treasury Management Division which is a merger of the Banking and Investment Divisions. The goal is better service for all State agencies and better use of the available human resources in the State Treasurer's Office. The merger has already accomplished many advances in computerization and streamlining of processes. The objective is to become a paperless work environment with all records in electronic format.

Banking Services Department

Article VI, Section 3 of the State Constitution and Titles 6 and 7 of the State Finance and Procurement Article of the Annotated Code of Maryland outline the Treasurer's authority as the Constitutional Officer responsible for the deposit and disbursement of State funds.

The overall mission of Banking Services is to provide efficient, accurate, and timely banking services and information to all State agencies and external customers. This is achieved by managing and controlling relationships with financial vendors providing the primary banking services for the State and anticipating agency banking requirements and providing timely responses to agency requests.

The Division is directly responsible for procuring and managing the banking services needed for all agencies of the State of Maryland. This includes:

- Agency-specific depository accounts – Individual depository accounts are maintained for all State agencies, and balances are consolidated at the end of each day into the State's main depository account. This allows for accurate agency-level transaction reporting with automatic concentration of funds for cash management effectiveness;
- Disbursement accounts – Disbursement accounts are

maintained for vendor payments, payroll, and income tax refunds;

- Lockbox account services;
- Merchant account services (credit and debit card receipts);
- Agency working fund, trust, and escrow accounts; and
- All other agency banking and financial needs.

Two primary responsibilities of Banking Services are the accurate and timely recordation of State funds and the reconciliation of the State's bank accounts to the State's R*STARS general ledger accounting system. To meet these responsibilities, a comprehensive daily cash reconciliation is performed which allows the Treasurer's Office to be proactive in identifying and resolving agency banking issues. Even as the volume of transactions has increased, the processes and controls developed continue to result in a timely, accurate, and completely documented reconciliation of the State's cash accounts. Maintaining pace with changes in the banking and financial environment also necessitates continual refinement of the reconciliation processes and ensures maximum efficiency in the balancing of bank information to the R*STARS accounting system.

For fiscal year 2013, total cash receipts and disbursements each exceeded \$158 billion (*see chart on page 17*). The State's bank accounts are reconciled daily to the State's general ledger. Once again, there were no unreconciled differences.

On behalf of State agencies, daily operations' functions are completed that are critical to the movement of funds into and out of the State's bank accounts and to the accurate recordation of these transactions in R*STARS. These include:

- Processing the drawdown of funds from federal programs and grants;
- Initiating Fed Wire payments;
- Managing foreign currency transactions;
- Processing check stop payments, cancellations and reissues, as well as requests for photocopies of paid checks;

Continued on page 17

Treasury Management Division continued from page 16

- Initiating replacement checks for failed ACH payments;
- Providing transaction research assistance to State agencies;
- Managing the Unpresented Check Fund and the Undeliverable Check Fund;
- Reconciliation of all agency cash deposits between the bank and R*STARS;
- Recordation in R*STARS of all bank adjustments and corrections; and

- Maintenance of tables to allow for accurate posting of all electronic receipts.

TOTAL RECEIPTS AND DISBURSEMENTS FISCAL YEAR 2013

RECEIPTS:	Net Receipts	Transfers	Total
July-12	9,701,255,682.94	3,230,391,998.18	12,931,647,681.12
August-12	9,199,120,926.42	3,729,372,767.54	12,928,493,693.96
September-12	9,988,030,759.49	3,668,135,084.41	13,656,165,843.90
October-12	10,455,427,577.17	3,326,307,708.70	13,781,735,285.87
November-12	11,469,944,481.14	3,016,373,118.16	14,486,317,599.30
December-12	10,156,839,737.00	3,121,281,720.23	13,278,121,457.23
January-13	11,099,367,647.52	4,604,995,125.21	15,704,362,772.73
February-13	9,087,795,622.84	3,067,938,624.65	12,155,734,247.49
March-13	10,844,733,921.34	4,035,155,068.68	14,879,888,990.02
April-13	6,683,373,065.06	4,052,431,961.86	10,735,805,026.92
May-13	7,871,225,773.52	3,712,466,557.85	11,583,692,331.37
June-13	8,713,758,804.05	3,633,625,938.48	12,347,384,742.53
Total Receipts Fiscal Year 2013	115,270,873,998.49	43,198,475,673.95	158,469,349,672.44
DISBURSEMENTS:	Net Disbursements	Transfers	Total
July-12	(9,151,859,709.93)	(3,230,391,998.18)	(12,382,251,708.11)
August-12	(8,163,953,857.09)	(3,729,372,767.54)	(11,893,326,624.63)
September-12	(11,368,267,434.45)	(3,668,135,084.41)	(15,036,402,518.86)
October-12	(9,328,949,697.20)	(3,326,307,708.70)	(12,655,257,405.90)
November-12	(13,070,573,864.43)	(3,016,373,118.16)	(16,086,946,982.59)
December-12	(8,910,948,649.91)	(3,121,281,720.23)	(12,032,230,370.14)
January-13	(10,886,026,790.54)	(4,604,995,125.21)	(15,491,021,915.75)
February-13	(10,464,932,279.86)	(3,067,938,624.65)	(13,532,870,904.51)
March-13	(8,633,488,647.36)	(4,035,155,068.68)	(12,668,643,716.04)
April-13	(7,153,031,466.77)	(4,052,431,961.86)	(11,205,463,428.63)
May-13	(9,881,705,926.39)	(3,712,466,557.85)	(13,594,172,484.24)
June-13	(7,293,572,292.35)	(3,633,625,938.48)	(10,927,198,230.83)
Total Disbursements Fiscal Year 2013	(114,307,310,616.28)	(43,198,475,673.95)	(157,505,786,290.23)

Note: The above actual cash inflows and outflows include all investments purchased or matured during the year and therefore fluctuations in total dollar amounts may be dramatically impacted by economic conditions and investment strategy.

Section 6-209 of the State Finance and Procurement Article of the Annotated Code of Maryland requires that State money on deposit with financial institutions must have collateral pledged to the State that equals or exceeds the amount on deposit not covered by the Federal Deposit Insurance Corporation. The collateral must be held by a third party custodian and be of the types enumerated in §6-202 of the State Finance and Procurement Article. Banking Services monitors collateral for almost 2,000 depository, disbursement, and registered agency working fund accounts and provides oversight for State trust and escrow accounts. Account balances and collateral data is submitted monthly by financial institutions and collateral custodians and is cross checked to account information maintained in the Treasury Bank Account Information System. The data is analyzed to ensure that the pledged collateral is sufficient to cover the applicable bank balances. If the collateral is insufficient, the financial institution is required to increase the collateral pledged. The collateral reported by the financial institution is also compared to the collateral reported by the independent third party custodian to ensure accuracy. The collateral balance held for all State bank accounts at June 30, 2013, was \$495,953,359.

Banking Services serves as the State's authority for the development, control, and maintenance of

Continued on page 18

Treasury Management Division continued from page 17

statewide policies and procedures for banking products and services. We continually strive to stay at the forefront of changes in banking products and services offered in the financial industry and continue to explore new financial products and improved data delivery methods that will increase our ability to provide efficient, cost-saving banking services to State agencies. In addition, the financial health and safety of all financial services providers is continuously monitored. Banking Services strives to enhance its ability to respond in the event a change in banks is required by market conditions or the procurement process, and anticipate future banking service evolution and the growing diverse needs of the State while containing costs of complex banking transactions.

Banking Services actively works with agencies to develop and strengthen their internal financial and accounting processes and discern banking services necessary for efficient agency business processes. Furthermore, Banking Services works with State agencies to improve their reconciliation practices and procedures as we continue to strive to increase efficiency, productivity and reduce costs for posting all financial transactions.

Investment Department

Fiscal year 2013 was not a year most investors would want to repeat. While the Dow Jones Industrial Average increased from 12,880.09 on July 1, 2012 to 14,909.60 on June 28, 2013, the ride was anything but smooth. The low point was November 15, 2012, when the average was 12,542.37 and the high on May 28, 2013 was at 15,409.38. Many fortunes were made and lost during this fiscal year. Quantitative easing seemed to be the driver. The Federal Open Market Committee used this new macroeconomic policy tool of injecting about \$85 billion per month into the economy in an effort to jumpstart a recovery. While there was great enthusiasm for this unconventional monetary policy, no one was quite sure how it worked. There are several possible transmission mechanisms from money to prices (or nominal income). For instance, the bank lending channel and the portfolio rebalancing channel, which has been extensively tested, have yielded inconclusive results. Robert Lucas, Chicago University Economist, stated, "quantitative easing entails no new government enterprises, no government equity positions in private enterprises, no price fixing or other controls in

the operation of individual businesses, and no government role in the allocation of capital...These seem to me important virtues." While no one was quite sure of how quantitative easing works, everyone wanted it, and the second it seemed like Chairman Bernanke was about to end it, the markets went crazy. On June 19, 2013, Chairman Bernanke announced that the Fed planned to pull back on its extraordinary efforts to assist the economy later in the year. Though he insisted that the Fed had not changed its policy and that he was only clarifying the Fed's thinking process, traders took his "clarification" as a strong signal to sell. The 10-year constant maturity treasury had averaged 1.82% most of the fiscal year. By June 25th, it had skyrocketed to 2.60%, the highest it had been since August 2011. In a matter of a few days, portfolios that had been solidly profitable had lost millions of dollars in market value. And once again many traders lost their jobs. The power of the Federal Reserve Chairman's words should never be underestimated.

The fiscal year had some other noteworthy events. In July, 14 people were killed at a screening of the Batman premiere in Denver when a gunman fired on the theatre patrons. The Summer Olympics of 2012 were held in London. The United States won 104 medals (46 gold, 29 silver, and 29 bronze). The Rover Curiosity landed on Mars on August 1, 2012. U.S. Ambassador to Libya Christopher Stevens and three other embassy officials were killed when gunmen stormed the embassy in Benghazi on September 11, 2012. In October, in Pakistan the Taliban gunned down 15 year old Malala Yousafzai and two other girls for daring to promote education for girls and women. In November, Barack Obama was reelected President of the United States of America. Conflict between Israel and Gaza reignited in November. North Korea launched another long range rocket in December, this time the launch was a success. Violence again came to our schools when a gunman killed 27 at an elementary school in Connecticut. January saw the end of a deadly hostage crisis in Algeria where 23 hostages and 32 terrorists were killed at an oil refinery. February saw a Pope resign for the first time since 1415. February also saw hundreds of meteorites hit Russia, which were recorded on dashboard cameras that many citizens have installed in their cars to protect themselves in court hearings. March brought the election of Pope Francis as the 266th pontiff and first from Latin America who

Continued on page 19

Treasury Management Division continued from page 18

stated, "No one can remain insensitive to the inequalities that persist in the world!" Xi Jinping became President of China March 14th. April brought more violence, this time at the Boston Marathon. Chechen extremists planted bombs at the finish line. A May factory collapse in Bangladesh which killed 700 workers started a torrent of action against companies that had unsafe labor conditions all over the world. Scientists successfully cloned human stem cells in May. June brought the exposure of the National Security Agency Prism program which proponents say has prevented many terrorist attacks and opponents say is an illegal invasion of privacy for law abiding citizens. The Egyptian Army ousted President Muhammad Morsi as disruption in the Middle East continued. Once again the world was a very unsettled place.

Through it all the State Treasurer's Office continued to invest in accordance with established laws, policies and procedures. Section 6-222 of the State Finance and Procurement Article governs the investment of the State's unexpended or surplus money. Furthermore, the State Treasurer's Investment Policy provides additional guidance for investments. The conservative stance of the Office may have limited interest earnings but it insured safety of principal invested.

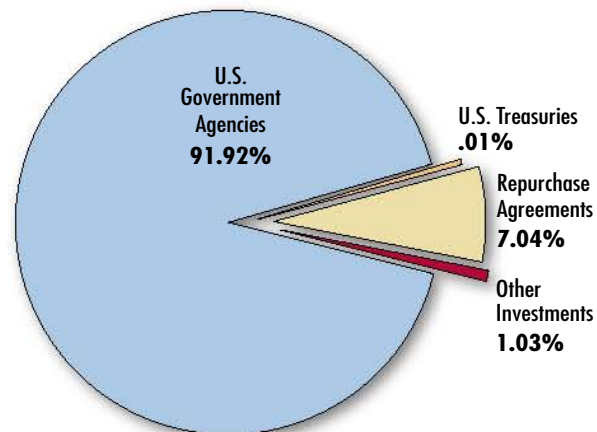
The State Treasurer's Office primarily invests the cash balances that are temporarily idle between the time revenue is collected and the time budgeted amounts are disbursed. The Investments Department is also responsible for a number of longer-term investment activities associated with the purchase of 20-year development easements on agricultural land and the payment of lottery prizes over 19-year periods. The Department manages the investment of General Obligation Bond proceeds and also directs the short-term and long-term investments of a number of trustee accounts under State agency revenue bond indentures.

The Treasurer's Office is not responsible for the investment and management of all funds. Other State agencies are responsible for specific funds. The Maryland State Retirement & Pension Systems, the Maryland Automobile Insurance Fund, the Injured Workers Insurance Fund, the Maryland College Savings Plan and certain endowment funds at public colleges and universities are managed independently.

Interest earnings on investments under the stewardship of the State Treasurer accrue to the General Fund unless State law or regulation directs that the interest should accrue to a specific fund. During the 1990 session, the General Assembly enacted legislation, sponsored by the Treasurer's Office, to allow all operating funds invested by the Treasurer to be invested in a common pool. Interest earned from this pool is allocated to the various State agencies and to the General Fund on a pro-rata basis. This legislation was updated during the 2010 session in recognition of the fact that many of the individual funds were already receiving support from the General Fund.

PORTFOLIO COMPOSITION AT JUNE 30, 2013

Investment Type	Dollar Amount	Percentage
Repurchase Agreements	435,916,693	7.04%
U.S. Treasuries	895,000	.01%
U.S. Government Agencies	5,690,360,000	91.92%
Other Investments	63,644,670	1.03%
Total Portfolio	6,190,816,363	100.00%



Under State law, investments by the State Treasurer's Office are limited to secured bank accounts, full faith and credit obligations of the federal government, obligations of certain federal agencies or instrumentalities, repurchase agreements collateralized by those securities, certain money market mutual funds and limited amounts of highest rated commercial paper.

U.S. government agency investment securities are procured competitively through approved brokerage firms. To be approved, a firm (1) must be a primary dealer reporting to the Federal Reserve or a registered member

Continued on page 20

Treasury Management Division continued from page 19

of the New York Stock Exchange, or (2) file financial statements exhibiting financial resources considered adequate by the Treasury Management Division and approved by the Treasurer, and (3) provide competitive bids to the Investment Department on a regular basis.

The Treasurer's policy is to make sure that local, regional and minority firms have an opportunity to bid on a portion of the State's investable funds. The Treasurer's Office ensures that this is a highly competitive process. The fiduciary responsibility to Maryland residents requires scrupulously seeking the best prices for all investments. Inclusion on the list of approved broker dealers grants the privilege of submitting bids and offers but does not guarantee a transaction.

The investment portfolio is designed to meet the cash flow needs of the State (i.e., have funds available to cover disbursements). During fiscal year 2013, the Treasurer's Office invested in repurchase agreements with maturities of 90 days or less. These repurchase agreements were collateralized 102% by U.S. Treasuries and federal agency securities. The collateral provided safety, and the repurchase agreements had short duration and rates of return that were generally higher than individual Treasury and agency securities with comparable maturity dates. Treasury and federal agency securities with a maturity of up to five years were also purchased in order to provide portfolio diversification, liquidity and a higher rate of return. This maturity extension was well within the guidelines of prudent portfolio management. For a complete list of the June 30, 2013 investment portfolio, please see Appendix A.

On June 30, 2013, the total of all portfolios under the active management of the State Treasurer's Office was \$6,190,816,363. The General Fund portfolio was \$5,841,495,771.

The average rate of return on the General Fund was 1.12%. The State Treasurer's investment program surpassed the benchmark three-month Constant Maturity Treasury Bill, which averaged 0.08% for the same time period.

PORTFOLIO BALANCES

Fiscal Year	General Fund	Total Portfolio
2000	4,043,592,678	4,341,640,537
2001	4,734,087,661	4,983,070,473
2002	4,007,351,370	4,338,575,761
2003	3,393,570,110	3,582,550,645
2004	4,212,322,055	4,469,538,542
2005	5,403,757,921	5,685,280,744
2006	6,480,959,704	6,867,711,888
2007	6,719,444,969	7,116,500,896
2008	6,455,858,210	6,557,395,702
2009	4,909,433,669	5,088,853,273
2010	4,770,485,256	5,111,305,375
2011	5,092,307,428	5,322,943,280
2012	4,788,811,949	5,062,936,083
2013	5,841,495,771	6,190,816,363

AVERAGE ANNUAL INTEREST RATES

Fiscal Year	General Fund	3 Month Treasury Bill Rate
2000	5.61%	5.38%
2001	5.93%	5.27%
2002	2.92%	2.18%
2003	1.94%	1.32%
2004	1.28%	0.97%
2005	2.26%	2.26%
2006	4.06%	4.17%
2007	5.16%	4.74%
2008	4.89%	1.89%
2009	3.39%	0.56%
2010	2.07%	0.12%
2011	2.00%	0.11%
2012	1.10%	0.05%
2013	1.12%	0.08%

TOTAL INTEREST EARNED

Fiscal Year	Net General Fund	Allocated to State Agencies	Total
2000	121,951,720	103,173,287	225,125,007
2001	136,981,074	144,249,899	281,230,973
2002	82,641,807	66,399,769	149,041,576
2003	37,205,637	42,240,523	79,446,160
2004	25,037,345	29,053,449	54,090,794
2005	52,886,074	54,538,463	107,424,537
2006	149,613,238	109,222,108	258,835,346
2007	150,798,001	205,589,917	356,387,918
2008	155,170,184	207,179,098	362,349,282
2009	102,768,740	142,619,087	245,387,827
2010	44,190,425	87,921,654	132,112,079
2011	53,178,733	87,900,159	141,078,892
2012	23,207,535	48,647,954	71,855,489
2013	8,646,595	40,710,863	49,357,458

Continued on page 21

Treasury Management Division continued from page 20

Due to the extremely volatile and historically unprecedented low interest rate environment, the return on the portfolio decreased by more than \$22 million for fiscal year 2013.

Securities Lending

Most portfolios containing a large number of quality securities engage in a Securities Lending Program. The State is no exception. In this program, the State contracts with a third party securities lender which arranges to have specific securities in the portfolio loaned to brokers and dealers who need those securities for a short period of time. In return for borrowing the security, the broker or dealer posts cash collateral equal to 102% of the market value of the borrowed security. The securities lender invests the cash collateral for the period of the loan. At maturity, the State's securities are returned and the interest earned is allocated between the State and the securities lender.

The restructuring of balance sheets by the Prime Broker Dealers during

SECURITIES LENDING EARNINGS

Fiscal Year	Earnings	% Change
2005	424,158	—
2006	463,384	9.20%
2007	568,770	22.79%
2008	1,926,722	238.75%
2009	380,301	-80.26%
2010	151,266	-60.22%
2011	300,802	98.86%
2012	457,076	51.95%
2013	404,017	-13.13%

these volatile economic times reduced the need for securities lending during fiscal year 2013. Therefore, the Securities Lending Program earned 13% less than the previous fiscal year.

Local Government Investment Pool

Section 22G of Article 95 of the Annotated Code of Maryland establishes the Maryland Local Government Investment Pool (MLGIP) and assigns to the State Treasurer's Office the responsibility for administering the Pool. The actual management of the Pool has been contracted out to The PNC Financial Services Group, Inc.

The Treasurer has encouraged local governments and eligible authorities to participate in the Pool, a Standard and Poor's "AAAm" rated

money market account. At the end of fiscal year 2013, there were 301 participants. The fund balance as of June 30, 2013, was \$2,847,048,217. The actual yield for fiscal year 2013 was .12% as compared to the benchmark S&P LGIP Index of .11%.

To ensure that the Pool is responsive to the needs of the participants, the Treasurer created an Advisory Board consisting of representatives of the Pool's members. The Board meets semi-annually, reviews the fund's activities and makes recommendations to the Pool's administrator. The Pool administrator produces a quarterly newsletter to keep participants informed about the MLGIP. This newsletter acts as an effective marketing tool for potential participants and a valuable update for members.

LOCAL GOVERNMENT INVESTMENT POOL FUND BALANCE

Fiscal Year	Fund Balance as of June 30	Number of Participants	Actual Yield Prev. 12 Months	\$ Inc (Dec) Prev. Year
2000	813,759,289	252	5.73%	2.07%
2001	1,141,544,255	270	5.69%	40.28%
2002	1,422,684,869	276	2.53%	24.62%
2003	1,674,169,653	282	1.45%	17.67%
2004	1,797,814,980	285	1.03%	7.38%
2005	1,951,361,257	287	2.15%	8.50%
2006	1,900,127,809	289	4.19%	(2.69%)
2007	2,100,327,613	292	5.30%	10.54%
2008	2,420,372,782	294	4.04%	15.24%
2009	2,759,769,583	298	1.41%	14.02%
2010	2,795,956,544	300	0.21%	1.31%
2011	2,739,057,335	300	0.09%	(2.07%)
2012	2,478,730,050	300	0.10%	(9.50%)
2013	2,847,048,217	301	0.12%	14.86%

DEBT MANAGEMENT DIVISION

Amber Teitt

Director

ateitt@treasurer.state.md.us

As a member of the Board of Public Works, the Treasurer has the lead role in the Board's activity relating to the issuance and oversight of State debt and under Article VI, Section 3, of the State Constitution, is responsible for arranging for the payment of principal and interest on State debt.

General Obligation Bonds

General Obligation debt, which has the pledge of the full faith and credit of the State, finances State-owned capital improvements, such as prisons and colleges, and various State capital grants to local governments and private non-profit organizations. Projects funded include local public schools, local jails, water treatment facilities, museums, rehabilitation of historic structures, and private treatment centers for the developmentally and physically disabled.

The State's General Obligation Bonds have been assigned the highest credit rating by Moody's Investors Service, Inc. (Aaa), Standard and Poor's (AAA) and Fitch Ratings, Inc. (AAA). One of only nine states in the nation to hold a Triple-A credit rating from all three major credit rating agencies during fiscal year 2013, Maryland's low interest rates are attributable to these superior ratings.

The Treasurer recommends the size, timing, and terms of sale for the General Obligation Bonds. This entails periodic analysis and surveys to determine the monthly cash balances of bond proceeds and project anticipated cash needs of State agencies and grantees for authorized capital projects. In recent years, the State has held sales semi-annually although if there are opportune market conditions, the State may issue more frequently. The Debt Management Division, in conjunction with the State's Financial Advisor, the Office of the Attorney General, and the State's Bond Counsel, coordinates the

sale and all activities prior to the actual sale, including liaison with the bond rating agencies, the preparation and publication of statutorily required notices and advertisements, and the preparation and distribution of Official Statements. The preparation of Official Statements is primarily performed in-house, resulting in substantial savings to the State.

The State Treasurer's Office monitors market conditions and arranges the details of the actual sale including the selection of the method of sale. In competitive sales which are done at a Board of Public Works meeting, bids are transmitted electronically by underwriting syndicates, verified by the State Treasurer's Office and the winning bid is then ratified at the meeting. In negotiated sales, underwriters, who are selected in a competitive procurement process, negotiate bond prices with the Treasurer's Office. Final pricing is incorporated in the Bond Purchase Agreement which must also be approved at a Board of Public Works meeting.

Finally, the State Treasurer's Office supervises all activities of post-sale settlement, the investment of the bond proceeds, compliance with Internal Revenue Service requirements for tax-exempt bonds, continuing disclosure and payment of debt service.

General Obligation Bond Issues in Fiscal Year 2013

There were two General Obligation Bond Sales in fiscal year 2013 totaling \$1,392.2 million. Market conditions were very favorable for high quality and highly rated bonds like Maryland General Obligation Bonds throughout fiscal year 2013. The State took advantage of historically low interest rates, achieving the second lowest interest rate since 1988 on the 2012 Second Series A and Series B bonds totaling \$505.0 million. Additionally, the State refunded prior series of bonds in order to realize \$24.1 million in present value debt service savings in fiscal year 2013. The table on page 23 summarizes the issues.

The history of General Obligation Bond issuance and debt service for the last ten years is depicted in the charts on the next page and top chart on page 24.

Continued on page 23

Debt Management Division continued from page 22

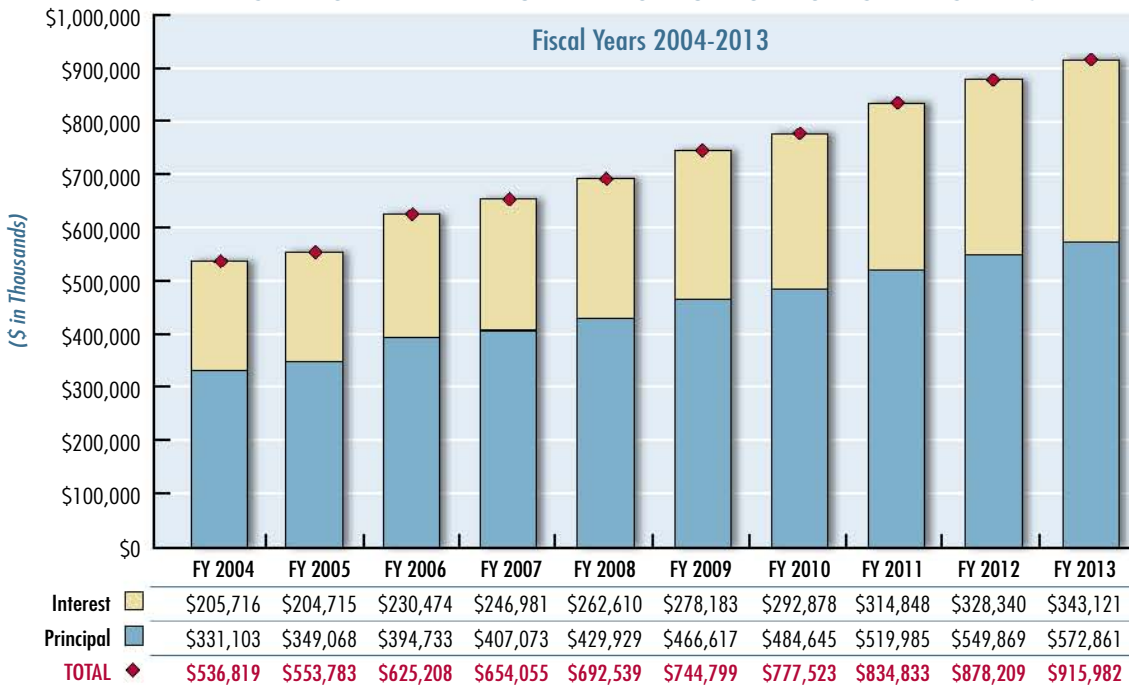
SUMMARY OF FISCAL YEAR 2013 GENERAL OBLIGATION BOND ISSUES

Series	Dates of Sales	Tax-Exempt Competitive	Tax-Exempt Negotiated	Taxable	Taxable Direct Federal Subsidy	Tax-Exempt Refunding	Overall Tax-Exempt TIC
2012 Second Series A	7/27/12 & 7/30/12		\$26.3				2.19%
2012 Second Series B	8/1/12	\$478.7					2.19%
2012 Second Series C	8/1/12			\$23.0			0.45%
2012 Second Series D QZAB	8/1/12				\$15.2		0.03% (a)
2012 Second Series E	8/1/12					\$183.8	1.25%
2013 First Series A	3/6/13	\$500.0					2.33%
2013 First Series B	3/6/13					\$165.1	1.09%

(\$ in Millions)

(a) The 2012 Qualified Zone Academy Bonds (QZABs) are special, federally-authorized taxable direct subsidy bonds where the subsidy payment is equal to the lesser of the tax credit rate as determined by the U.S. Treasury or the taxable interest rate on the bonds as established at the time of the sale. The State will receive 100% of the interest as a direct subsidy for the 2012 Second Series D QZAB.

STATE OF MARYLAND GENERAL OBLIGATION BONDS DEBT SERVICE



Note: Debt Service also includes sinking fund payments on QZAB bonds.

Capital Lease Financing

Equipment Leases

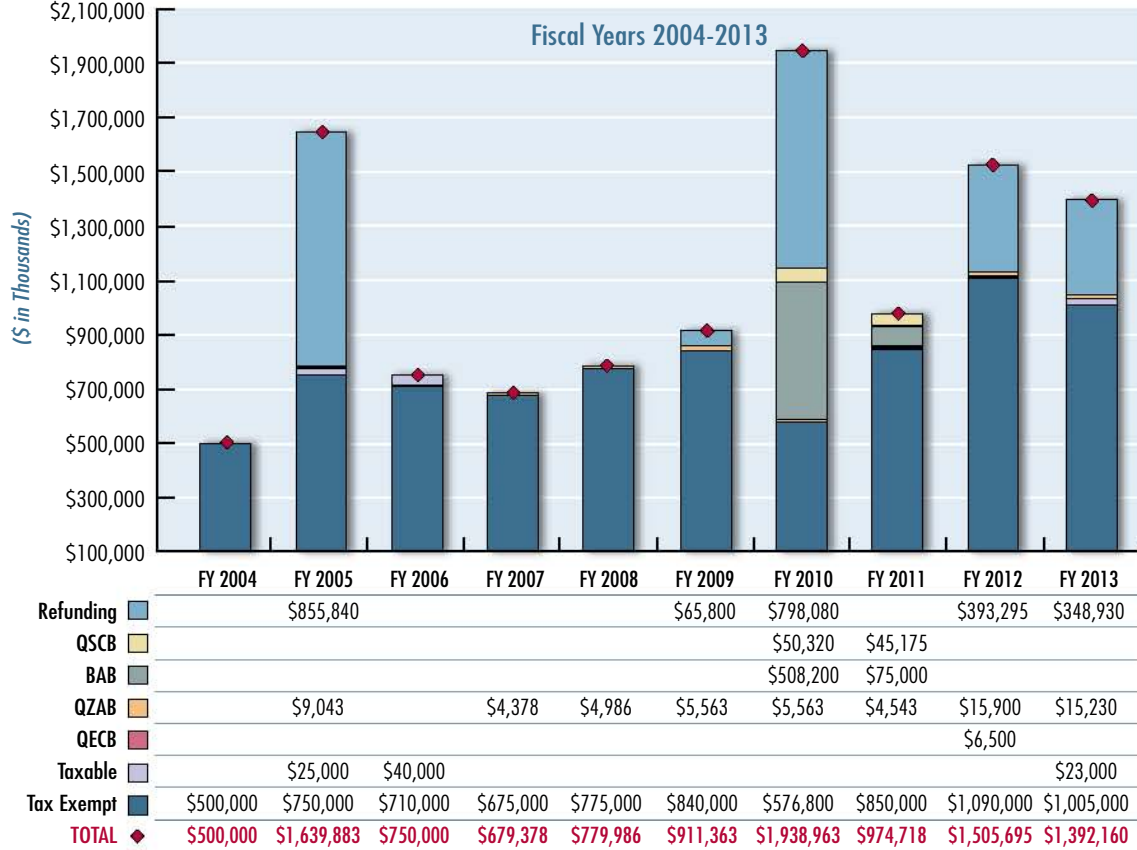
The State Treasurer's Office provides financing for equipment, generally for terms of three or five years, for State

agencies and higher education institutions using the Capital Lease-Purchase Program. Periodically the State Treasurer's Office procures a lessor, who finances equipment that meets the Lease Purchase Financing Guidelines established by the Office. The lessor is paid semi-annually

Continued on page 24

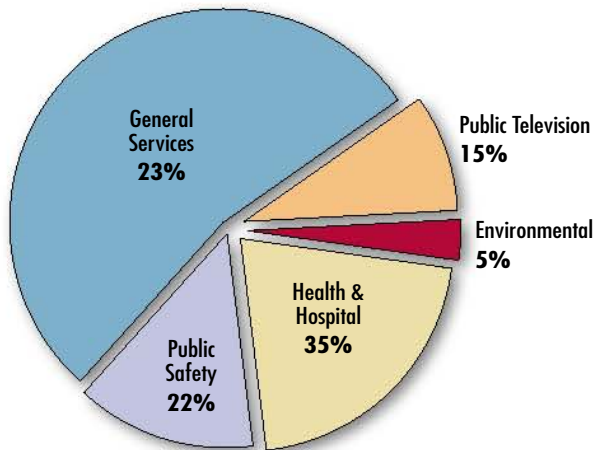
Debt Management Division continued from page 23

STATE OF MARYLAND ISSUANCES OF GENERAL OBLIGATION BONDS



GOVERNMENT USE – FISCAL YEAR 2013

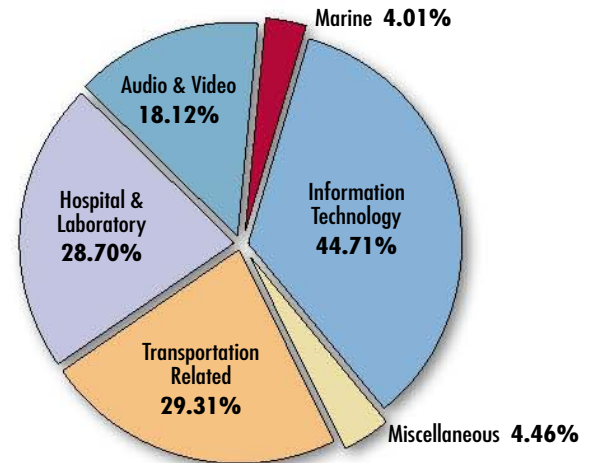
Equipment Lease – Purchase Financings



Public Safety	701,690.47	22%
Health & Hospital	1,104,328.14	35%
Public Television	485,552.34	15%
Environmental	170,581.00	5%
General Services	721,563.00	23%
TOTAL	3,183,714.95	100%

EQUIPMENT CLASSIFICATION – FISCAL YEAR 2013

Equipment Lease – Purchase Financings

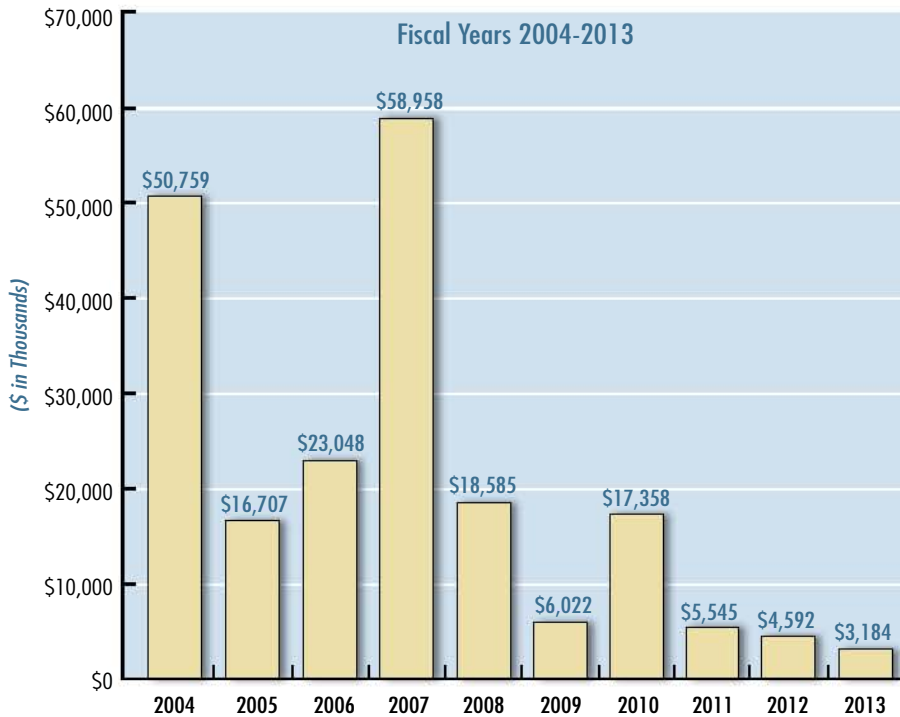


Hospital & Laboratory	706,692.72	28.70%
Audio & Video	446,040.30	18.12%
Marine	98,756.00	4.01%
Information Technology	1,100,800.93	44.71%
Miscellaneous	109,862.00	4.46%
Transportation Related	721,563.00	29.31%
TOTAL	2,462,151.95	100.00%

Continued on page 25

Debt Management Division continued from page 24

EQUIPMENT LEASE – PURCHASE FINANCING HISTORY



(January 1 and July 1) from funds transferred at the beginning of each fiscal year from the using agencies.

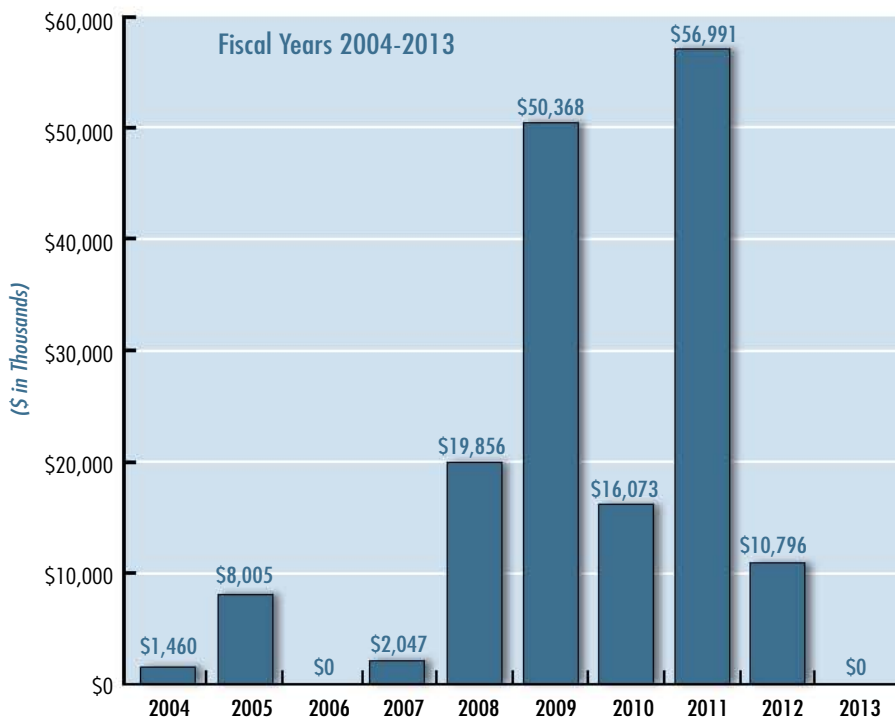
During fiscal year 2013, State agencies financed \$3.2 million of equipment under various Lease–Purchase Agreements (See the bottom charts on the previous page and the top chart on the left).

Energy Leases

The State Treasurer’s Office provides financing for energy efficiencies, generally for terms of 13, 14 or 15 years, for State agencies and higher education institutions. Using the Energy Performance Lease-Purchase Program, the Treasurer’s Office procures a lessor, who is paid semi-annually (January 1 and July 1) from funds transferred at the beginning of each fiscal year from the using agencies. The savings from the Energy Performance Contracts are used to make the lease payments.

No new energy leases were entered into during fiscal year 2013. The State Treasurer’s Office continues to manage the portfolio of existing leases. The history of the Energy Lease–Purchase Program for the last ten years is depicted in the chart on the left.

ENERGY PERFORMANCE LEASE – PURCHASE FINANCING HISTORY



INSURANCE DIVISION

Joyce Miller

Director

jmiller@treasurer.state.md.us

The Insurance Division is responsible for administering the State's Insurance Program which is comprised of both commercial and self-insurance. Commercial insurance policies are procured to cover catastrophic property and liability losses, and other obligations derived from State contracts, statutes and regulations. Among the several exposures covered by commercial policies are State maintained toll bridges and tunnels, The Baltimore Washington International Thurgood Marshall Airport, the Port of Baltimore, Maryland Transit Administration liability, assorted professional liability exposures and student athlete accident insurance. The State self-insures a significant portion of its exposures and maintains the State Insurance Trust Fund to pay claims and the costs associated with handling those claims. Self-insurance coverage includes State-owned real and personal property, vehicles, and liability claims covered under the Maryland Tort Claims Act.

The Insurance Division is comprised of three Units: Underwriting, Loss Prevention and Claims, which includes Tort Litigation. The Division's goal is to provide statewide risk management through loss protection (Underwriting), loss control (Loss Prevention), and loss restoration (Claims and Tort Litigation).

Underwriting

The mission of the Underwriting Unit is to manage the insurance needs of the State with self-insurance or through the procurement of commercial insurance. Commercial insurance protects the State Insurance Trust Fund from catastrophic losses and fulfills certain statutory requirements and agency contractual agreements. The Underwriting Unit analyzes commercial coverage offerings, prices, limits, and deductibles and then recommends to the Treasurer the combination that best protects the State of Maryland's assets. The

Underwriting Unit continues to serve as a resource for all State agencies for their insurance questions or concerns.

The Maryland Transportation Authority (MDTA) property insurance renewal, effective December 1, 2012, for the toll facilities, included the new Inter-County Connector. The renewal values were up 10.73% and the broker was able to negotiate a rate reduction of 12.86%. The expiring premium was \$4,235,573 and the renewal premium was \$4,086,835, saving MDTA \$148,738.

The Maryland Port Administration (MPA) liability renewal, effective January 31, 2013, was moved from the incumbent carrier to Liberty Mutual for a lower premium and also for a flat premium (verses an adjustable premium). The Port is currently in a growth mode, and the change in carriers resulted in savings for the Port. The renewal was handled under a new broker contract, and the broker fee was also reduced. With MPA's receipts up \$1,500,000, the upfront premium reduction, and the reduced broker fee, MPA saved \$57,320.

The Maryland Transportation Authority liability coverage renewal, effective October 17, 2012, for the toll facilities (toll bridges, tunnels and Inter-County Connector) was widely marketed. The Inter-County Connector was completed by the renewal date, so the exposures were up compared to the expiring policy. The incumbent carrier wanted about a 20% increase; therefore, the Treasurer's Office changed the primary carrier who quoted coverage with only a 3% increase. The expiring premium was \$499,667 and the renewal premium was \$511,717 (both include the broker fees). The broker fee was markedly reduced, and the policy renewed for total additional costs of \$12,050.

The Maryland Aviation Administration (MAA) airport liability coverage renewal, effective August 15, 2012, for Baltimore Washington International Thurgood Marshall (BWI) and Martin Airports had favorable results again this year. BWI exposures continue to grow, but the incumbent insurance carrier, Ace, reduced the expiring premium from \$345,003 to \$339,202 (both include the broker fees) in consideration of the excellent loss experience.

Continued on page 27

Insurance Division continued from page 26

The coverage remained the same, and the carrier also continued to offer a plan that may return some premium to MAA after expiration, if the losses remain low. This renewal represents an upfront savings to MAA of \$5,801.

The fiscal year 2013 State-owned aircraft policy, effective June 30, 2013, was also expected to go up significantly primarily due to the Maryland State Police Aviation Command (MSPAC) taking delivery of six new helicopters valued at over \$12,000,000 each. MSPAC still retains the older helicopters so our values have increased significantly. The broker and insurance carrier recognized that all of the helicopters will not be fully operational at the same time, so they have offered considerable discounts on both the new and the old helicopters. The expiring policy premium (annualized) was \$838,738, and the renewal premium is \$864,749, a premium increase of only \$26,011, considering the increase in values.

The fiscal year 2013 renewal for the Excess Property insurance, effective April 1, 2013, was expected to increase by approximately 10% -15% because of losses sustained throughout the market from Hurricane Sandy losses in the fall of 2012. Our property values were up 2.7%, and the rate only went up 1%. The expiring premium (including broker fee) was \$4,264,194, and the renewal premium (including broker fee) was \$4,383,750, for an increase of only \$119,556.

The Underwriting Unit continues to offer guidance on minimum insurance requirements for contracts and RFPs, and worked with Maryland Aviation Administration, Salisbury University, University of Maryland Eastern Shore, Maryland Health Insurance Plan, Maryland Health Benefit Exchange and University of Maryland, Baltimore County to name a few. Four new bonds were procured in fiscal year 2013 (University of Maryland, University College, Department of Health and Mental Hygiene and the Legislative Auditors). Six new insurance broker services contracts were awarded (automobile, transit, aviation, and three liability).

Claims and Tort Litigation

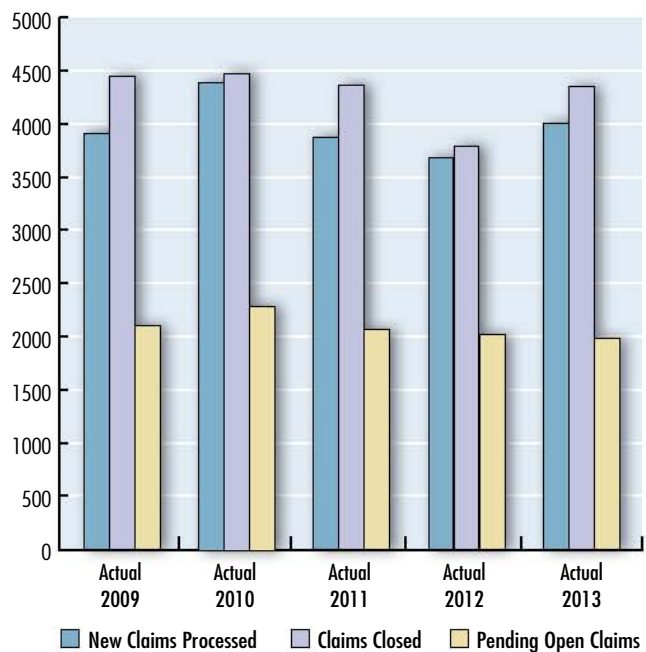
The Claims Unit investigates and resolves liability claims filed under the Maryland Tort Claims Act, §12-101 *et seq* of the State Government Article of the Annotated Code. The Claims Unit also handles any claims for

damage to State-owned property arising from sudden and accidental perils such as collision and comprehensive losses to autos, along with a number of other perils such as fire, hail, lightning, and wind which may cause damage to State structures, equipment, and contents.

The State encountered one significant weather event in fiscal year 2013, Hurricane Sandy in October 2012. The State incurred losses in the amount of \$3,000,319. The largest loss was with the Department of Natural Resources for approximately \$2,000,000 of damage caused to State-owned property. Although the brunt of the storm did not directly strike Maryland, effective mitigating efforts helped to prevent extensive additional damage to State-owned property.

The open and closed claims are tracked to gauge activity and inventory and to identify any trends. From July 1, 2012 through June 30, 2013, there were 3,515 claims opened, and 3,839 claims closed; which reflects a 1:09 open to close ratio.

FILED CLAIMS



In addition to adjusting claims filed under the Maryland Tort Claims Act, the Unit is also charged with recovering the cost of damage to State automobiles and property caused by others. This subrogation recovery process helps to offset State Insurance Trust Fund liabilities

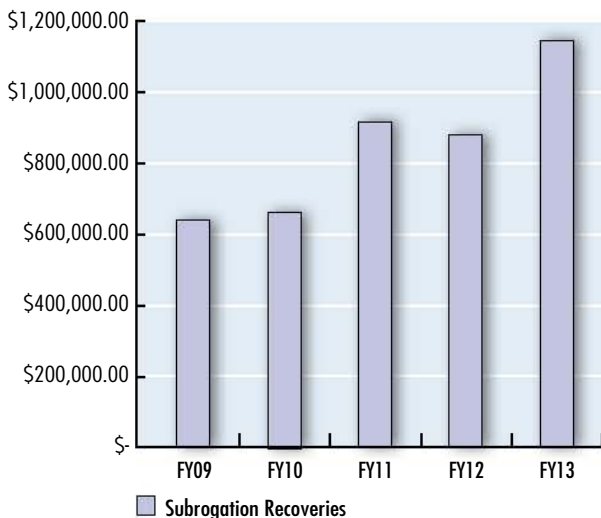
Continued on page 28

Insurance Division continued from page 27

and positively affects the Fund's solvency. Since 2007, the Claims Unit has focused on increasing subrogation recoveries by designating specific claims personnel to pursue these debts.

Year-to-date recoveries in fiscal year 2013 of \$1,138,169 surpassed both fiscal year 2012's recovery total of \$880,929 and fiscal year 2011's recovery total of \$912,156 by over 15%.

SUBROGATION RECOVERIES



Tort Litigation

The Litigation Unit works closely with the Office of the Attorney General to proactively resolve cases in litigation. The Litigation Manager investigates, evaluates and extends settlement authority to the Assistant Attorneys General on behalf of the Treasurer. In cases valued over \$100,000, the Litigation Manager briefs the Insurance Review Committee, which is comprised of the Chief Deputy Treasurer, the Insurance Director, the Supervising Tort Attorney, and other stakeholders.

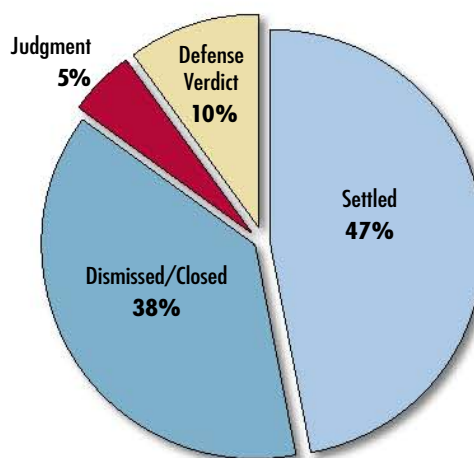
The Litigation Manager also attends settlement conferences and other court mandated activities, along with providing updates on the status of certain litigation claims of interest. The Litigation Manager provides feedback to adjusters during the discovery process to help improve the adjusters' investigation and develop strategies on similar claims that may arise.

The Tort Unit handles a rolling docket of approximately 110 to 130 open litigation claim files. The Litigation

Manager actively monitors trial verdicts and appeals to assess the potential impact on the State Insurance Trust Fund. The Litigation Manager also analyzes the data in order to track the litigation outcomes.

In fiscal year 2013, 105 new cases were received by the Tort Litigation Unit and 86 cases were resolved. Of the 86 cases, 40 cases were settled before judgment, 33 were dismissed, 4 resulted in judgment against the State, and 9 resulted in a Defendant's (State) verdict.

TORT LITIGATION CASES RESOLVED IN FY 2013



Settled	40 Cases
Dismissed/Closed	33 Cases
Judgment	4 Cases
Defense Verdict	9 Cases
TOTAL	86 Cases

Loss Prevention

The aim of loss prevention is to help State agencies develop specific action plans and safety practices to mitigate or eliminate State agencies' most frequent or severe sources of preventable losses.

Annually, the Loss Prevention Unit conducts a comprehensive review of numerous State agencies' loss histories to identify problem areas and to help agencies with claims high in severity or frequency take corrective measures. These efforts are expected to significantly reduce loss frequency and the severity of damage sustained to State-owned buildings and contents.

Loss Prevention meetings were held to discuss water-related property losses, preventive maintenance

Continued on page 29

Insurance Division continued from page 28

programs and pre-loss activities or strategies to reduce claims frequency and severity with the Department of General Services, Annapolis Complex, the University of Maryland, Baltimore, and the University of Maryland Baltimore County. Meetings were also held to discuss the auto loss histories, fleet management programs and preventable auto accidents, with the Department of Health and Mental Hygiene, the University of Maryland College Park and Motor Transportation Services.

Electrical infrared imaging identifies potential equipment failures and loose connections that can create heat and ultimately cause a power interruption or fire. The image can show the exact location of a threat so that appropriate action can be taken before costly repairs and downtime are incurred. The annual Electrical Infrared Testing Program began in April 2013, which was completed at the University of Maryland, Baltimore, the University of Maryland, Baltimore County, the University of Baltimore, Maryland Military Department, and the Department of Health and Mental Hygiene (DHMH). Testing for DHMH will focus on State hospitals, i.e., Clifton T. Perkins, Deer's Head, Eastern Shore, Holly Center, Potomac Center, Springfield, Spring Grove, and Western Maryland, and the Thomas B. Finan Center.

Due to new construction, a loss control survey was conducted at the University of Baltimore, Angelos Law Center. Construction of the 12-story law center valued at over \$100 million was completed in April 2013. The Center includes 15 classrooms, a 32,000-square-foot library and a 300-seat moot courtroom and event space. The building also houses all of the school's clinical services and law-related centers. A loss control survey was also conducted at the Bowie State University Crawford Science Building to identify exposures and special hazards specific to research and academic labs.

Collaborative Unit Efforts

Underwriting, Loss Prevention and Claims

Underwriting, Loss Prevention, and Claims staff joined forces to participate in various annual meetings. Annual meetings were held at BWI Airport and at MSPAC headquarters, and two additional meetings were held at the Port of Baltimore. The purpose of the meetings are to allow the Insurance Division staff, State agencies, brokers and respective carriers to have discussions regarding

current operations, future plans, loss prevention, and open losses. For fiscal year 2013, the Port had new insurance carriers for both the liability and the crane coverages. Their meetings afforded the Port contacts an opportunity to have discussions with the carriers regarding service expectations, procedures, and operations and provided the carriers an opportunity to tour the facilities.

Underwriting and Loss Prevention

The Maryland State House was used to film a segment of the Netflix series, *House of Cards*. Before production began, the Department of General Services (DGS) approached the Insurance Division for assistance with insurance requirements for the production company. The Loss Prevention Unit worked with DGS and had a discussion with the Maryland Film Office regarding the minimum insurance requirements specific to work being done in the State House given the building's historic significance. During the discussions with DGS, we realized the opportunity to provide additional support in the loss prevention area and suggested numerous preventative measures for both DGS and the production company to implement before, during, and after the filming to protect our State Capital building from damage.

Loss Prevention and Claims

The Loss Prevention staff and two adjusters from the Claims Unit met with the Motor Vehicle Administration to discuss trend increases in liability claims that arose out of data entry errors and computer system errors. The strategy efforts implemented by the agency are expected to considerably reduce the claims frequency.



White Egret, Blackwater National Wildlife Refuge

INFORMATION TECHNOLOGY DIVISION

Scott Wrzesien

Director

swrzesien@treasurer.state.md.us

The Information Technology (IT) Division plans, builds, programs, manages and supports all of the technology platforms that are used by the Maryland State Treasurer's Office. These systems run programs developed in-house in tandem with commercially developed software, providing the agency with highly customized applications that address our specific needs.

Services provided to State agencies include electronic funds transfer, check printing, positive pay and account reconciliation process services for the Comptroller's Office's General Accounting Division (GAD), Revenue Administrative Division and Central Payroll Bureau, the State Retirement System (SRA), as well as the Department of Human Resources' Child Support & CARES.

The Office offers all State agencies same day reporting of ACH deposits and manual wires. This deposit information is sent via an automated fax which helps streamline their disbursement, receipt and reconciliation process. We are working on expanding our list of transmission options to include secure email, Open Secure Shell (SSH) and File Transfer Protocol (FTP). These new alternatives will give many State agencies the option of receiving files that can serve as input to an automated reconciliation process, regardless of their hardware platform.

The IT Division continued to enhance the Treasury Bank Account Information System (TBAIS). Recent enhancements include an automated upload of new agency survey data, and an automated upload of Web X-1 requests into the TBAIS System. The automated upload saves Banking staff from manually entering new requests which saves time and eliminates any risk of keyboarding errors.

Industry standard hardware and software is provided to the agency staff. The platforms and services provided



Maryland State House, Annapolis, Maryland

to all Divisions in the Treasurer's Office include, but are not limited to local area networking, internet access, email, application development, website management, software evaluation, data communications, training, technical assistance and other technology services.

Electronic Funds Transfer (EFT)

The State Treasurer's Office, like many agencies in the State, has recognized the need to support, where possible, movement away from paper checks over to electronic funds transfer (EFT). The State Treasurer, however, is ultimately responsible for all disbursements made by the State and must transmit these EFT's in a standard format. Payments are sent in these formats to the State's disbursement bank, which then forwards them to the

Continued on page 31

Information Technology Division continued from page 30

Federal Reserve's Automated Clearing House. The payments can then be deposited to any payee's bank account in the United States. The Treasurer's Office encourages the use of electronic payments whenever possible. For fiscal year 2013, the Division processed 10,448,941 EFT payments which is a 9% increase over fiscal year 2012.

Check Payment Processing

The IT Division services include the electronic retrieval of warranted check disbursement files that feed a high speed, customized, check printing process for General Accounting, Retirement and the Department of Human Resource's Child Support & CARES. The IT Division provides for a unique agency check design, signature, Magnetic Ink Character Recognition encoding and the delivery of an electronic positive pay file to the State disbursement bank. As a result of the Office's continued progress to implement electronic payments, for fiscal year 2013, 1,163,479 checks were printed totaling \$4,506,280,603 which is a 22% decrease over fiscal year 2012.

Receipt Processing

The Office's receipt processing system complements the payment processing system by allowing any State agency to receive electronic payments from taxpayers, credit card processors and federal programs. Currently, many of the taxes collected by the State, all credit card receipts, lockbox (used for high-volume, mail-in collections) and all federal funds come in through the "Depository Plus" process. For fiscal year 2013, the IT Division enhanced the automated posting of ACH deposits to match the incoming wires. This improvement has saved staff time for both the Treasurer's Office and State agencies and has allowed for the increased accuracy of posting transactions.

Disaster Recovery

The IT Division maintains a Disaster Recovery Plan (DR) for its critical i5 mid-range system. The DR Plan and all of the recovery procedures are aligned to the State of Maryland Information Technology Disaster Recovery Guidelines version 4.0. The DR plan provides for an alternate offsite location for recovery in the event of a catastrophic failure. Alternate hardware is available at the offsite location for recovery and resumption of critical daily processing.

During the disaster recovery test, critical daily processing functions are performed which include the retrieval and processing of disbursement files from General Accounting, Child Support, CARES, Payroll and Retirement and the deposits file from the State disbursement bank. The IT Division formats and transmits EFT files for these agencies to the State's disbursement bank. Check printing will be done for the same agencies and include a transmission of a Payee Positive Pay file. These processes are deemed critical because they post deposits and payments to the State accounting system and generate payments to vendors and employees.

The DR Plan is tested annually at the alternate location, and lessons learned from the test are used to continuously improve the quality of the DR Plan. The IT Division conducted its most recent annual off-site DR test on June 27, 2013.

Technical Systems

The Information Technology Division plans, builds, programs, manages and supports all of the technology platforms that are used by the State Treasurer's Office.

The Office's IBM i5 mid-range platform is host to our check payment processing, electronic funds transfer, receipt processing, bank reconciliation and the Insurance Claim Management System. The i5 system also hosts the Treasury Bank Account Information System (TBAIS) and Check Research System, as well as the Investment Department's Interest Allocation System.

The network-based database applications are also supported by IT and include MS Access databases for chargeback and another for ACH transaction research application. This database is hosted on one of five network servers. Other servers manage our print service, email, website and an application server, all of which are protected by our firewall.

The IT Division manages the Treasurer's Office website. The site hosts an online Web X-1 request system that utilizes an automated upload of the request to TBAIS. The website also hosts forms, Debt Management's General Obligation Bond reporting, Investment's Market Value Inventory and MLGIP reporting, and a list of current and awarded procurements.

OFFICE OF THE ATTORNEY GENERAL - LEGAL DIVISION

While the entire Office of the Attorney General (OAG) serves as a resource to the Treasurer, three Assistant Attorneys General have been assigned to the State Treasurer's Office to provide direct, full-time legal support on a full range of services including:

- Legal advice and opinions
- Contract preparation and review
- Preparing and editing rules, regulations, and policies
- Drafting and review of legislation
- Overseeing and coordinating the State's legal representation under the Maryland Tort Claims Act
- Representation in various types of litigation, administrative and regulatory proceedings
- Responding to citizen inquiries, and
- Provide legal training to the staff as appropriate

General Legal Advice

Board of Public Works

At the request of the Treasurer, the OAG attorneys review all agenda items that come before the Board of Public Works, including proposed legal settlements and insurance matters and provide questions and comments to the Deputy Treasurer for Public Policy concerning legal, procurement and funding issues.

General Obligation Bonds

The OAG's involvement with bond sales begins with review and comment to both the Department of Budget and Management and to the staff of the General Assembly on annual enabling legislation and individual bond bills. The OAG participates in the preparation and review of official statements and other offering documents, including authorizing resolutions of the Board of Public Works. For all loans authorized since 1989, the Director researches and writes bond counsel opinions for joint signature with the Attorney General.

Ongoing legal advice is provided, as needed, to various State agencies that receive General Obligation Bond

funding concerning federal tax code restrictions on use of bond proceeds and the proposed use of tax-exempt bond money for capital projects. Of particular concern are changes in use and private business use of facilities that have been financed with the proceeds of tax-exempt bonds.

Procurement

As a primary procurement unit, the State Treasurer's Office is generally responsible for the procurement of all State banking, finance and insurance contracts. The Treasurer's Office is responsible for contract administration of its own contracts and agreements for banking, finance, investments, insurance and information technology, as well as for banking and finance contracts for other agencies. The OAG is engaged in contract and procurement issues including contract formations and modifications, claims, protests and appeals.

Tort Claims Litigation

The Office of the Attorney General oversees and coordinates the State's legal representation under the Maryland Tort Claims Act (MTCA). The goal of the Tort Claims Litigation Unit is to bring consistency to the defense and resolution of cases brought against the State and its agencies under the MTCA by employing effective defense strategies, controlling State risk and containing litigation costs.

Legal representation is also provided to the State, its agencies and employees in federal and State courts in the defense of select cases brought under the MTCA. Litigation support is also given to Assistant Attorneys General throughout State agencies that also defend cases including the use of expert witnesses, writing and reviewing briefs, memoranda and motions and advising on the litigation and settlement of these cases.

Advice and counsel to the Treasurer and Chief Deputy Treasurer is also provided on personnel matters including disciplinary issues, which may involve representing the Office in personnel proceedings.

Continued on page 33

Legal Division continued from page 32



Inner Harbor, Baltimore, Maryland

Miscellaneous

The Legal Division advises the Treasurer and Office staff on a variety of issues affecting the Office and its interaction with federal, State and local government agencies, contractors and the public. Advice, counsel and legal analysis on matters before various boards and commissions on which the Treasurer serves is also provided.

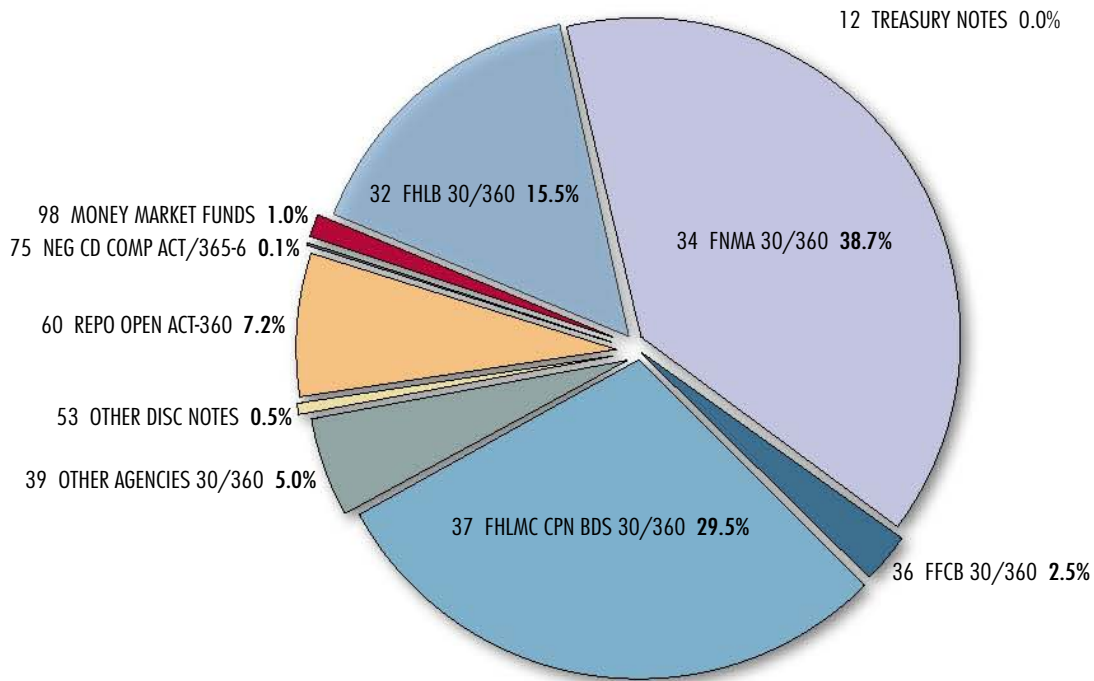


Wheat Field, Frederick, Maryland

APPENDIX A

MARKET VALUE SUMMARY REPORT

As of June 30, 2013



12	TREASURY NOTES	1,269K	0.0%
32	FHLB 30/360	944,414K	15.5%
34	FNMA 30/360	2,355,993K	38.7%
36	FFCB 30/360	153,274K	2.5%
37	FHLMC CPN BDS 30/360	1,793,673K	29.5%
39	OTHER AGENCIES 30/360	304,064K	5.0%
53	OTHER DISC NOTES	30,599K	0.5%
60	REPO OPEN ACT-360	435,917K	7.2%
75	NEG CD COMP ACT/365-6	3,117K	0.1%
98	MONEY MARKET FUNDS	60,528K	1.0%
TOTAL:		6,082,848K	100.0%

INVESTMENT INVENTORY WITH MARKET VALUE

Run Date: 7/9/2013 • 6:15:03PM • Investment Outstanding as of 06/30/2013

Inv No.	Description	CUSIP	Purchase Maturity	Bank Brok	Safe Purp	Fund lccode	Coupon YTM TR	Sched. Par/Shares Scheduled Book	Market Value Market Price	Curr Accr Int Price Source	Unrealized Gain Unrealized Loss
152	Treasury Note 8.5	912810EE4	03/20/1994 02/16/2024	1 17	100 AVAILABL	634 12	8.5000 8.5395	540,000.00 537,637.50	768,274.20 142.273000	17,244.20 SUNGARD	230,636.70 0.00
153	Treasury Note 7.25	912810EM6	08/26/1996 08/16/2026	1 1	100 AVAILABL	634 12	7.2500 7.4142	355,000.00 348,010.99	501,022.15 141.133000	9,669.34 SUNGARD	153,011.16 0.00
Inv Type	12 TREASURY NOTES	Count 2					8.0042 8.0973	895,000.00 885,648.49	1,269,296.35 141.820821	26,913.54	383,647.86 0.00
15351	FHLB	313380P92	09/27/2016 09/27/2021	31 58	200 AVAILABL	2 32	1.0000 1.0051	50,000,000.00 49,987,500.00	48,985,000.00 97.970000	131,944.44 SUNGARD	0.00 -1,002,500.00
15427	FHLB Note	313380TD9	10/17/2016 10/17/2021	31 53	200 AVAILABL	2 32	1.0000 1.0010	15,300,000.00 15,299,235.00	15,030,414.00 98.238000	31,875.00 SUNGARD	0.00 -268,821.00
15461	FHLB	3133813R4	11/10/2016 11/10/2021	31 76	200 AVAILABL	2 32	1.0000 1.0000	50,000,000.00 50,000,000.00	49,073,000.00 98.146000	72,222.22 SUNGARD	0.00 -927,000.00
15588	FHLB	3133813R4	12/19/2016 11/10/2021	31 76	200 AVAILABL	2 32	1.0000 1.0042	50,000,000.00 49,990,000.00	49,073,000.00 98.146000	72,222.22 SUNGARD	0.00 -917,000.00
15597	FHLB	313381MV4	01/18/2017 01/18/2022	31 7	200 AVAILABL	2 32	1.0500 1.0562	43,750,000.00 43,736,875.00	42,812,000.00 97.856000	209,270.83 SUNGARD	0.00 -924,875.00
15620	FHLB	313381R31	02/02/2017 02/02/2022	31 76	200 AVAILABL	2 32	1.0500 1.0500	50,000,000.00 50,000,000.00	48,917,000.00 97.834000	218,750.00 SUNGARD	0.00 -1,083,000.00
15628	FHLB	313381SE6	02/02/2017 02/02/2022	31 98	200 AVAILABL	2 32	1.1000 1.1000	50,000,000.00 50,000,000.00	49,016,500.00 98.033000	229,166.67 SUNGARD	0.00 -983,500.00
15687	FHLB	3133823A9	02/23/2017 02/23/2022	31 64	200 AVAILABL	2 32	1.1500 1.1500	50,000,000.00 50,000,000.00	49,047,000.00 98.094000	206,041.67 SUNGARD	0.00 -953,000.00
15692	FHLB	3133823A9	02/23/2017 02/23/2022	31 84	200 AVAILABL	2 32	1.1500 1.1655	9,500,000.00 9,492,875.00	9,318,930.00 98.094000	39,147.92 SUNGARD	0.00 -173,945.00
15695	FHLB	3133825N9	03/01/2017 03/01/2022	31 64	200 AVAILABL	2 32	1.2000 1.2000	50,000,000.00 50,000,000.00	49,119,500.00 98.239000	205,000.00 SUNGARD	0.00 -880,500.00
15725	FHLB	313381M69	01/17/2017 01/17/2022	31 71	200 AVAILABL	2 32	1.0000 1.0031	50,000,000.00 49,992,500.00	48,890,500.00 97.781000	229,166.67 SUNGARD	0.00 -1,102,000.00
15759	FHLB	3133823A9	02/23/2017 02/23/2022	31 64	200 AVAILABL	2 32	1.1500 1.1521	9,250,000.00 9,249,075.00	9,073,695.00 98.094000	38,117.71 SUNGARD	0.00 -175,380.00

INVESTMENT INVENTORY WITH MARKET VALUE (cont.)

Run Date: 7/9/2013 • 6:15:03PM • Investment Outstanding as of 06/30/2013

Inv No.	Description	CUSIP	Purchase Maturity	Bank Brok	Safe Purp	Fund Iccode	Coupon YTM TR	Sched. Par/Shares Scheduled Book	Market Value Market Price	Curr Accr Int Price Source	Unrealized Gain Unrealized Loss
15800	FHLB	313382HU0	03/28/2017	31	200	2	1.0900	47,225,000.00	46,328,197.25	134,407.60	0.00
			03/28/2022	53	AVAILABL	32	1.1055	47,189,581.25	98.101000	SUNGARD	-861,384.00
15801	FHLB	313382HU0	03/28/2017	31	200	2	1.0900	15,000,000.00	14,715,150.00	42,691.67	0.00
			03/28/2022	53	AVAILABL	32	1.1055	14,988,750.00	98.101000	SUNGARD	-273,600.00
15923	FHLB	3133833W9	06/07/2017	31	200	2	1.1000	50,000,000.00	48,515,000.00	38,194.44	0.00
			06/07/2022	71	AVAILABL	32	1.1000	50,000,000.00	97.030000	SUNGARD	-1,485,000.00
15943	FHLB	3133836G1	06/12/2017	31	200	2	1.1500	50,000,000.00	48,789,000.00	31,944.44	0.00
			06/12/2022	64	AVAILABL	32	1.1500	50,000,000.00	97.578000	SUNGARD	-1,211,000.00
15944	FHLB	3133836L0	05/29/2017	31	200	2	1.2000	50,000,000.00	48,718,000.00	55,000.00	0.00
			05/25/2022	76	AVAILABL	32	1.2021	49,995,000.00	97.436000	SUNGARD	-1,277,000.00
15962	FHLB	313383D99	06/21/2017	31	200	2	1.2500	50,000,000.00	48,684,500.00	19,097.22	0.00
			06/21/2022	81	AVAILABL	32	1.2502	49,999,500.00	97.369000	SUNGARD	-1,315,000.00
15963	FHLB	313383CD1	06/06/2017	31	200	2	1.3000	23,175,000.00	22,604,199.75	21,758.75	0.00
			06/06/2022	45	AVAILABL	32	1.3000	23,175,000.00	97.537000	SUNGARD	-570,800.25
15966	FHLB	313383D99	06/21/2017	31	200	2	1.2500	25,000,000.00	24,342,250.00	9,548.61	0.00
			06/21/2022	81	AVAILABL	32	1.2500	25,000,000.00	97.369000	SUNGARD	-657,750.00
15978	FHLB	313383H20	06/27/2017	31	200	2	1.3750	25,000,000.00	24,440,750.00	4,774.31	0.00
			06/27/2022	7	AVAILABL	32	1.3771	24,997,500.00	97.763000	SUNGARD	-556,750.00
16010	FHLB	313383HX2	06/20/2017	31	200	2	1.6250	100,000,000.00	98,151,000.00	54,166.67	0.00
			06/20/2022	83	AVAILABL	32	1.6250	100,000,000.00	98.151000	SUNGARD	-1,849,000.00
16019	FHLB	313383J69	06/13/2017	31	200	2	1.6000	25,000,000.00	24,523,000.00	21,111.1	0.00
			06/13/2022	83	AVAILABL	32	1.6000	25,000,000.00	98.092000	SUNGARD	-477,000.00
16022	FHLB	313383AU5	06/14/2017	31	200	2	1.2000	26,900,000.00	26,246,330.00	16,140.00	0.00
			06/14/2022	64	AVAILABL	32	1.2000	26,900,000.00	97.570000	SUNGARD	-653,670.00
Inv Type	32 FHLB 30/360	Count 24					1.1824	965,100,000.00	944,413,916.00	2,131,760.17	0.00
							1.1847	964,993,391.25	97.856586		-20,579,475.25
13603	FNMA	31398A3T7	09/22/2014	31	200	2	2.0000	38,850,000.00	40,124,280.00	215,833.33	1,283,992.50
			09/22/2019	71	AVAILABL	34	2.0053	38,840,287.50	103.280000	SUNGARD	0.00
14923	FNMA	313560HV8	03/07/2016	31	200	2	1.2000	50,000,000.00	50,044,500.00	191,666.67	107,000.00
			03/07/2021	52	AVAILABL	34	1.2259	49,937,500.00	100.089000	SUNGARD	0.00

INVESTMENT INVENTORY WITH MARKET VALUE (cont.)

Run Date: 7/9/2013 • 6:15:03PM • Investment Outstanding as of 06/30/2013

Inv No.	Description	CUSIP	Purchase Maturity	Bank Brok	Safe Purp	Fund Iccode	Coupon YTM TR	Sched. Par/Shares Scheduled Book	Market Value Market Price	Curr Accr Int Price Source	Unrealized Gain Unrealized Loss
15190	FNMA	3135GOMK6	07/18/2016	31	200	2	1.2000	31,315,000.00	30,655,819.25	171,188.67	0.00
			07/18/2021	80	AVAILABL	34	1.2000	31,315,000.00	97.895000	SUNGARD	-659,180.75
15191	FNMA	3136GOSD4	07/27/2016	31	200	2	1.2000	50,000,000.00	49,449,500.00	258,333.33	0.00
			07/27/2021	95	AVAILABL	34	1.2021	49,995,000.00	98.899000	SUNGARD	-545,500.00
15216	FNMA	3136GORTO	07/27/2016	31	200	2	1.1500	20,000,000.00	19,739,800.00	99,027.78	0.00
			07/27/2021	83	AVAILABL	34	1.1500	20,000,000.00	98.699000	SUNGARD	-260,200.00
15220	FNMA	3136GORTO	07/27/2016	31	200	2	1.1500	18,750,000.00	18,506,062.50	92,838.54	0.00
			07/27/2021	53	AVAILABL	34	1.1500	18,750,000.00	98.699000	SUNGARD	-243,937.50
15224	FNMA	3135GOMNO	07/26/2016	31	200	2	1.1250	25,000,000.00	24,767,750.00	2,343.75	0.00
			06/29/2021	83	AVAILABL	34	1.1250	25,000,000.00	99.071000	SUNGARD	-232,250.00
15245	FNMA	3135GOMW0	08/10/2016	31	200	2	1.0500	31,797,000.00	31,287,294.09	131,692.58	0.00
			08/10/2021	76	AVAILABL	34	1.0521	31,793,820.30	98.397000	SUNGARD	-506,526.21
15259	FNMA	3135GONF6	08/22/2016	31	200	2	1.0000	53,000,000.00	52,157,300.00	191,388.89	0.00
			08/22/2021	71	AVAILABL	34	1.0062	52,984,100.00	98.410000	SUNGARD	-826,800.00
15318	FNMA	3136G0Z69	08/29/2016	31	200	2	1.1500	25,000,000.00	24,731,500.00	98,229.17	0.00
			08/29/2021	58	AVAILABL	34	1.1500	25,000,000.00	98.926000	SUNGARD	-268,500.00
15326	FNMA	3135GONRO	08/29/2016	31	200	2	1.1000	21,425,000.00	21,123,550.25	80,522.29	0.00
			08/29/2021	71	AVAILABL	34	1.1021	21,422,857.50	98.593000	SUNGARD	-299,307.25
15337	FNMA	3135G0PD9	09/28/2016	31	200	2	1.0700	11,100,000.00	10,920,957.00	31,012.17	0.00
			09/28/2021	83	AVAILABL	34	1.0700	11,100,000.00	98.387000	SUNGARD	-179,043.00
15383	FNMA	3136G0J93	10/18/2016	31	200	2	1.0000	50,000,000.00	49,094,500.00	102,777.78	0.00
			10/18/2021	76	AVAILABL	34	1.0041	49,990,000.00	98.189000	SUNGARD	-895,500.00
15393	FNMA	3135G0PL1	10/05/2016	31	200	2	1.0500	50,000,000.00	49,186,000.00	126,875.00	0.00
			10/05/2021	71	AVAILABL	34	1.0500	50,000,000.00	98.372000	SUNGARD	-814,000.00
15394	FNMA	3136G0L58	10/19/2016	31	200	2	1.0000	35,975,000.00	35,324,931.75	72,949.31	0.00
			10/19/2021	86	AVAILABL	34	1.0154	35,948,018.75	98.193000	SUNGARD	-623,087.00
15401	FNMA	3135G0PV9	10/13/2016	31	200	2	1.0600	50,000,000.00	49,054,500.00	116,305.56	0.00
			10/13/2021	76	AVAILABL	34	1.0600	50,000,000.00	98.109000	SUNGARD	-945,500.00
15407	FNMA	3136G0B26	09/28/2016	31	200	2	1.0000	19,925,000.00	19,588,865.25	52,026.39	0.00
			09/28/2021	58	AVAILABL	34	1.0051	19,920,018.75	98.313000	SUNGARD	-331,153.50

INVESTMENT INVENTORY WITH MARKET VALUE (cont.)

Run Date: 7/9/2013 • 6:15:03PM • Investment Outstanding as of 06/30/2013

Inv No.	Description	CUSIP	Purchase Maturity	Bank Brok	Safe Purp	Fund Iccode	Coupon YTM TR	Sched. Par/Shares Scheduled Book	Market Value Market Price	Curr Accr Int Price Source	Unrealized Gain Unrealized Loss
15422	FNMA	313660R94	11/02/2016	31	200	2	1.0000	50,000,000.00	48,916,500.00	83,333.33	0.00
			11/02/2021	76	AVAILABL	34	1.0010	49,997,500.00	97.833000	SUNGARD	-1,081,000.00
15442	FNMA	313660U33	11/02/2016	31	200	2	1.0000	50,000,000.00	48,916,500.00	83,333.33	0.00
			11/02/2021	95	AVAILABL	34	1.0000	50,000,000.00	97.833000	SUNGARD	-1,083,500.00
15452	FNMA	313560QL0	10/25/2016	31	200	2	1.0000	43,990,000.00	43,051,253.40	81,870.28	0.00
			10/25/2021	87	AVAILABL	34	1.0021	43,985,601.00	97.866000	SUNGARD	-934,347.60
15499	FNMA	3136605V9	12/05/2016	31	200	2	1.0500	50,000,000.00	49,034,500.00	39,375.00	0.00
			12/05/2021	95	AVAILABL	34	1.0500	50,000,000.00	98.069000	SUNGARD	-965,500.00
15500	FNMA	3136605F4	11/30/2016	31	200	2	1.0300	33,000,000.00	32,354,850.00	30,213.33	0.00
			11/30/2021	98	AVAILABL	34	1.0300	33,000,000.00	98.045000	SUNGARD	-645,150.00
15533	FNMA	313560SH7	12/13/2016	31	200	2	1.0000	50,000,000.00	48,901,000.00	26,388.89	0.00
			12/13/2021	76	AVAILABL	34	1.0103	49,975,000.00	97.802000	SUNGARD	-1,074,000.00
15540	FNMA	3136613J6	12/27/2016	31	200	2	1.0500	50,000,000.00	48,851,500.00	7,291.67	0.00
			12/27/2021	76	AVAILABL	34	1.0500	50,000,000.00	97.703000	SUNGARD	-1,148,500.00
15541	FNMA	3136612Y4	12/22/2016	31	200	2	1.0500	50,000,000.00	48,880,000.00	14,583.33	0.00
			12/22/2021	76	AVAILABL	34	1.0510	49,997,500.00	97.760000	SUNGARD	-1,117,500.00
15543	FNMA	313560SJ3	12/27/2016	31	200	2	1.0000	50,000,000.00	48,830,000.00	6,944.44	0.00
			12/27/2021	71	AVAILABL	34	1.0021	49,995,000.00	97.660000	SUNGARD	-1,165,000.00
15580	FNMA	313560TD5	01/01/2017	31	200	2	1.0000	55,000,000.00	53,662,400.00	4,583.33	0.00
			12/29/2021	76	AVAILABL	34	1.0000	55,000,000.00	97.568000	SUNGARD	-1,337,600.00
15581	FNMA	313560TD5	01/01/2017	31	200	2	1.0000	50,000,000.00	48,784,000.00	4,166.67	0.00
			12/29/2021	65	AVAILABL	34	1.0000	50,000,000.00	97.568000	SUNGARD	-1,216,000.00
15652	FNMA	313560TK9	01/31/2017	31	200	2	1.0500	50,000,000.00	48,975,000.00	220,208.33	0.00
			01/31/2022	80	AVAILABL	34	1.0531	49,992,500.00	97.950000	SUNGARD	-1,017,500.00
15653	FNMA	313560TV5	01/31/2017	31	200	2	1.0300	50,000,000.00	48,860,000.00	216,013.89	0.00
			01/31/2022	76	AVAILABL	34	1.0300	50,000,000.00	97.720000	SUNGARD	-1,140,000.00
15656	FNMA	313661BK4	02/06/2017	31	200	2	1.0000	16,500,000.00	16,106,640.00	66,916.67	0.00
			02/06/2022	64	AVAILABL	34	1.0041	16,496,700.00	97.616000	SUNGARD	-390,060.00
15660	FNMA	313560TK9	01/31/2017	31	200	2	1.0500	40,800,000.00	39,963,600.00	179,690.00	0.00
			01/31/2022	83	AVAILABL	34	1.0504	40,799,184.00	97.950000	SUNGARD	-835,584.00

INVESTMENT INVENTORY WITH MARKET VALUE (cont.)

Run Date: 7/9/2013 • 6:15:03PM • Investment Outstanding as of 06/30/2013

Inv No.	Description	CUSIP	Purchase Maturity	Bank Brok	Safe Purp	Fund lccode	Coupon YTM TR	Sched. Par/Shares Scheduled Book	Market Value Market Price	Curr Accr Int Price Source	Unrealized Gain Unrealized Loss
15661	FNMA	3135G0TK9	01/31/2017	31	200	2	1.0500	15,000,000.00	14,692,500.00	66,062.50	0.00
			01/31/2022	83	AVAILABL	34	1.0504	14,999,700.00	97.950000	SUNGARD	-307,200.00
15679	FNMA	3135G0UD3	02/15/2017	31	200	2	1.0100	50,000,000.00	48,456,000.00	192,180.56	0.00
			02/15/2022	76	AVAILABL	34	1.0357	49,937,500.00	96.912000	SUNGAR	-1,481,500.00
15712	FNMA	3136G1DU0	03/08/2017	31	200	2	1.2000	50,000,000.00	49,067,000.00	190,000.00	0.00
			03/08/2022	71	AVAILABL	34	1.2010	49,997,500.00	98.134000	SUNGARD	-930,500.00
15724	FNMA	3135G0UH4	02/23/2017	31	200	2	1.2000	20,400,000.00	20,031,372.00	87,720.00	0.00
			02/23/2022	92	AVAILABL	34	1.2010	20,398,980.00	98.193000	SUNGARD	-367,608.00
15730	FNMA	3136G1EJ4	03/01/2017	31	200	2	1.1500	25,000,000.00	24,491,750.00	98,229.17	0.00
			03/01/2022	99	AVAILABL	34	1.1686	24,977,500.00	97.967000	SUNGARD	-485,750.00
15735	FNMA	3136G1EN5	03/14/2017	31	200	2	1.1000	50,000,000.00	49,039,500.00	165,000.00	0.00
			03/14/2022	71	AVAILABL	34	1.1031	49,992,500.00	98.079000	SUNGARD	-953,000.00
15743	FNMA	3135G0UX9	03/01/2017	31	200	2	1.2000	45,750,000.00	44,872,057.50	187,575.00	0.00
			03/01/2022	53	AVAILABL	34	1.2207	45,704,250.00	98.081000	SUNGARD	-832,192.50
15744	FNMA	3136G1FM6	03/14/2017	31	200	2	1.2500	50,000,000.00	48,795,500.00	187,500.00	0.00
			03/14/2022	71	AVAILABL	34	1.2521	49,995,000.00	97.591000	SUNGARD	-1,199,500.00
15755	FNMA	3135G0UX9	03/01/2017	31	200	2	1.2000	15,700,000.00	15,398,717.00	64,370.00	0.00
			03/01/2022	98	AVAILABL	34	1.2052	15,696,075.00	98.081000	SUNGARD	-297,358.00
15794	FNMA	3136G1HW2	04/06/2017	31	200	2	1.1250	50,000,000.00	48,974,500.00	134,375.00	0.00
			04/04/2022	76	AVAILABL	34	1.1291	49,990,000.00	97.949000	SUNGARD	-1,015,500.00
15795	FNMA	3135G0VL4	03/21/2017	31	200	2	1.1250	50,000,000.00	49,000,000.00	157,812.50	0.00
			03/21/2022	78	AVAILABL	34	1.1384	49,967,500.00	98.000000	SUNGARD	-967,500.00
15805	FNMA	3135G0VL4	03/21/2017	31	200	2	1.1250	23,940,000.00	23,461,200.00	75,560.63	0.00
			03/21/2022	78	AVAILABL	34	1.1436	23,918,454.00	98.000000	SUNGARD	-457,254.00
15807	FNMA	3136G1EN5	03/14/2017	31	200	2	1.1000	14,330,000.00	14,054,720.70	47,289.00	0.00
			03/14/2022	76	AVAILABL	34	1.1021	14,328,567.00	98.079000	SUNGARD	-273,846.30
15829	FNMA	3135G0WB5	04/19/2017	31	200	2	1.2000	50,000,000.00	48,800,000.00	121,666.67	0.00
			04/19/2022	95	AVAILABL	34	1.2000	50,000,000.00	97.600000	SUNGARD	-1,200,000.00
15835	FNMA	3135G0WB5	04/19/2017	31	200	2	1.2000	50,000,000.00	48,800,000.00	121,666.67	0.00
			04/19/2022	80	AVAILABL	34	1.2000	50,000,000.00	97.600000	SUNGARD	-1,200,000.00

INVESTMENT INVENTORY WITH MARKET VALUE (cont.)

Run Date: 7/9/2013 • 6:15:03PM • Investment Outstanding as of 06/30/2013

Inv No.	Description	CUSIP	Purchase Maturity	Bank Brok	Safe Purp	Fund lccode	Coupon YTM TR	Sched. Par/Shares Scheduled Book	Market Value Market Price	Curr Accr Int Price Source	Unrealized Gain Unrealized Loss
15842	FNMA	3136G1K73	05/03/2017 05/03/2022	31 71	200 AVAILABL	2 34	1.1500 1.1521	50,000,000.00 49,995,000.00	48,712,000.00 97.424000	94,236.11 SUNGARD	0.00 -1,283,000.00
15847	FNMA	3136G1K57	05/01/2017 05/01/2022	31 98	200 AVAILABL	2 34	1.1000 1.1021	22,725,000.00 22,722,727.50	22,133,241.00 97.396000	42,356.88 SUNGARD	0.00 -589,486.50
15865	FNMA	3136G1KE8	05/10/2017 05/09/2022	31 76	200 AVAILABL	2 34	1.1000 1.1000	50,000,000.00 50,000,000.00	48,533,000.00 97.066000	79,444.44 SUNGARD	0.00 -1,467,000.00
15883	FNMA	3136G1JQ3	04/19/2017 04/19/2022	31 71	200 AVAILABL	2 34	1.2000 1.2021	50,000,000.00 49,995,000.00	48,820,500.00 97.641000	121,666.67 SUNGARD	0.00 -1,174,500.00
15922	FNMA	3135G0WM1	05/09/2017 05/01/2022	31 76	200 AVAILABL	2 34	1.0000 1.0000	50,000,000.00 50,000,000.00	48,556,500.00 97.113000	84,722.22 SUNGARD	0.00 -1,443,500.00
15924	FNMA	3136G1MJ5	06/07/2017 06/07/2022	31 76	200 AVAILABL	2 34	1.1000 1.1000	50,000,000.00 50,000,000.00	48,613,500.00 97.227000	38,194.44 SUNGARD	0.00 -1,386,500.00
15967	FNMA	3136G1NE5	06/21/2017 06/21/2022	31 64	200 AVAILABL	2 34	1.2500 1.2500	50,000,000.00 50,000,000.00	48,867,500.00 97.735000	19,097.22 SUNGARD	0.00 -1,132,500.00
15968	FNMA	3136G1ND7	06/20/2017 06/20/2022	31 76	200 AVAILABL	2 34	1.1500 1.1521	50,000,000.00 49,995,000.00	48,770,500.00 97.541000	19,166.67 SUNGARD	0.00 -1,224,500.00
15969	FNMA	3136G1NF2	06/21/2017 06/21/2022	31 71	200 AVAILABL	2 34	1.2500 1.2521	50,000,000.00 49,995,000.00	48,867,500.00 97.735000	19,097.22 SUNGARD	0.00 -1,127,500.00
15970	FNMA	3135G0XG3	05/24/2017 05/22/2022	31 58	200 AVAILABL	2 34	1.0000 1.0827	50,000,000.00 49,799,500.00	48,532,500.00 97.065000	55,555.56 SUNGARD	0.00 -1,267,000.00
15984	FNMA	3136G1NP0	06/27/2017 06/27/2022	31 76	200 AVAILABL	2 34	1.3000 1.3062	50,000,000.00 49,985,000.00	49,022,500.00 98.045000	9,027.78 SUNGARD	0.00 -962,500.00
16041	FNMA	3135G0TD5	01/01/2017 12/29/2021	31 76	200 AVAILABL	2 34	1.0000 1.0021	50,000,000.00 49,995,000.00	48,784,000.00 97.568000	4,166.67 SUNGARD	0.00 -1,211,000.00
Inv Type	34 FNMA 30/360	Count 59					1.1104 1.1160	2,404,272,000.00 2,403,621,341.30	2,355,992,911.69 97.991946	5,583,663.28	1,390,992.50 -49,019,422.11
7604	FFCB - WQFA	31331SGL1	09/30/2008 02/02/2018	31 50	200 AVAILABL	74 36	4.4500 4.4500	1,000,000.00 1,000,000.00	1,000,000.00 100.000000	18,541.6 BOOK	0.00 0.00
8019	FFCB - WQFA	31331STW3	04/09/2009 02/02/2019	31 50	200 AVAILABL	74 36	4.9400 4.9400	2,000,000.00 2,000,000.00	2,000,000.00 100.000000	41,166.67 BOOK	0.00 0.00

INVESTMENT INVENTORY WITH MARKET VALUE (cont.)

Run Date: 7/9/2013 • 6:15:03PM • Investment Outstanding as of 06/30/2013

Inv No.	Description	CUSIP	Purchase Maturity	Bank Brok	Safe Purp	Fund lccode	Coupon YTM TR	Sched. Par/Shares Scheduled Book	Market Value Market Price	Curr Accr Int Price Source	Unrealized Gain Unrealized Loss
8716	FFCB - WQFA	31331VRP3	02/22/2010 02/02/2020	31 50	200 AVAILABL	74 36	5.1710 5.1710	1,000,000.00 1,000,000.00	1,000,000.00 100.000000	21,545.83 BOOK	0.00 0.00
9403	FFCB - WQFA	31331XCV2	11/02/2010 02/02/2020	31 50	200 AVAILABL	74 36	5.1880 5.1880	3,000,000.00 3,000,000.00	3,000,000.00 100.000000	64,850.00 BOOK	0.00 0.00
11344	FFCB - WQFA	31331GBA6	09/10/2012 02/02/2022	31 50	200 AVAILABL	74 36	4.7820 4.7820	3,500,000.00 3,500,000.00	3,500,000.00 100.000000	69,737.50 BOOK	0.00 0.00
15265	FFCB	3133EAZZ4	08/02/2016 08/02/2017	31 80	200 AVAILABL	2010 36	0.2100 0.2129	5,514,000.00 5,513,839.16	5,514,330.84 100.006000	4,824.75 SUNGARD	491.68 0.00
15388	FFCB	3133EA2C1	09/27/2016 09/27/2021	31 53	200 AVAILABL	2 36	1.0000 1.0051	80,000,000.00 79,980,000.00	78,020,000.00 97.525000	211,111.11 SUNGARD	0.00 -1,960,000.00
15545	FFCB	3133EAS41	12/04/2016 12/05/2021	31 65	200 AVAILABL	2 36	1.0800 1.0800	60,455,000.00 60,455,000.00	59,239,249.95 97.989000	48,968.55 SUNGARD	0.00 -1,215,750.05
Inv Type	36 FFCB 30/360	Count 8					1.2670 1.2698	156,469,000.00 156,448,839.16	153,273,580.79 97.957794	480,746.08	491.68 -3,175,750.05
14879	FHLMC	3134G3NN6	02/28/2016 02/28/2021	31 71	200 AVAILABL	2 37	1.0000 1.0051	12,550,000.00 12,546,862.50	12,492,646.50 99.543000	43,227.78 SUNGARD	0.00 -54,216.00
14880	FHLMC	3134G3NT3	02/28/2016 02/28/2021	31 71	200 AVAILABL	2 37	1.0000 1.0051	50,000,000.00 49,987,500.00	49,463,500.00 98.927000	172,222.22 SUNGARD	0.00 -524,000.00
14924	FHLMC	3134G3NT3	02/28/2016 02/28/2021	31 71	200 AVAILABL	2 37	1.0000 1.1031	18,700,000.00 18,606,500.00	18,499,349.00 98.927000	64,411.11 SUNGARD	0.00 -107,151.00
15217	FHLMC	3134G3YK0	07/25/2016 07/25/2021	31 78	200 AVAILABL	2 37	1.1250 1.1250	49,500,000.00 49,500,000.00	48,914,910.00 98.818000	242,859.38 SUNGARD	0.00 -585,090.00
15219	FHLMC	3134G3YY0	07/26/2016 07/26/2021	31 80	200 AVAILABL	2 37	1.0000 1.0103	3,300,000.00 3,298,350.00	3,245,847.00 98.359000	14,300.00 SUNGARD	0.00 -52,503.00
15221	FHLMC	3134G3ZF0	07/26/2016 07/26/2021	31 80	200 AVAILABL	2 37	1.0000 1.0195	50,000,000.00 49,952,500.00	49,190,000.00 98.380000	216,666.67 SUNGARD	0.00 -762,500.00
15222	FHLMC	3134G3YC8	07/20/2016 07/20/2021	31 51	200 AVAILABL	2 37	1.1250 1.1250	5,500,000.00 5,500,000.00	5,394,675.00 98.085000	27,843.75 SUNGARD	0.00 -105,325.00
15238	FHLMC	3134G3ZR4	08/08/2016 08/08/2021	31 80	200 AVAILABL	2 37	1.0000 1.0134	23,480,000.00 23,464,738.00	23,023,783.60 98.057000	93,920.00 SUNGARD	0.00 -440,954.40

INVESTMENT INVENTORY WITH MARKET VALUE (cont.)

Run Date: 7/9/2013 • 6:15:03PM • Investment Outstanding as of 06/30/2013

Inv No.	Description	CUSIP	Purchase Maturity	Bank Brok	Safe Purp	Fund lccode	Coupon YTM TR	Sched. Par/Shares Scheduled Book	Market Value Market Price	Curr Accr Int Price Source	Unrealized Gain Unrealized Loss
15349	FHLMC	3134G3H94	09/21/2016	31	200	2	1.0000	40,000,000.00	39,275,200.00	112,222.22	0.00
			09/21/2021	83	AVAILABL	37	1.0051	39,990,000.00	98.188000	SUNGARD	-714,800.00
15382	FHLMC	3134G3M23	09/29/2016	31	200	2	1.0200	24,000,000.00	23,556,480.00	63,240.00	0.00
			09/29/2021	53	AVAILABL	37	1.0406	23,976,000.00	98.152000	SUNGARD	-419,520.00
15546	FHLMC	3134G32M1	12/29/2016	31	200	2	1.0000	50,000,000.00	48,672,000.00	4,166.67	0.00
			12/29/2021	76	AVAILABL	37	1.0021	49,995,000.00	97.344000	SUNGARD	-1,323,000.00
15556	FHLMC	3134G32M1	12/29/2016	31	200	2	1.0000	89,000,000.00	86,636,160.00	7,416.67	0.00
			12/29/2021	76	AVAILABL	37	1.0041	88,982,200.00	97.344000	SUNGARD	-2,346,040.00
15577	FHLMC	3134G33B4	01/12/2017	31	200	2	1.0000	100,000,000.00	97,601,000.00	472,222.22	0.00
			01/12/2022	92	AVAILABL	37	1.0002	99,999,000.00	97.601000	SUNGARD	-2,398,000.00
15594	FHLMC	3134G33L2	01/23/2017	31	200	2	1.0500	50,000,000.00	49,008,500.00	231,875.00	0.00
			01/23/2022	59	AVAILABL	37	1.0500	50,000,000.00	98.017000	SUNGARD	-991,500.00
15595	FHLMC	3134G33M0	01/17/2017	31	200	2	1.0500	46,000,000.00	45,051,020.00	221,375.00	0.00
			01/17/2022	53	AVAILABL	37	1.0500	46,000,000.00	97.937000	SUNGARD	-948,980.00
15629	FHLMC	3134G33M0	01/17/2017	31	200	2	1.0500	31,500,000.00	30,850,155.00	151,593.75	0.00
			01/17/2022	92	AVAILABL	37	1.0562	31,490,550.00	97.937000	SUNGARD	-640,395.00
15657	FHLMC	3134G34K3	01/31/2017	31	200	2	1.0000	20,000,000.00	19,418,800.00	83,888.89	0.00
			01/31/2022	52	AVAILABL	37	1.0000	20,000,000.00	97.094000	SUNGARD	-581,200.00
15713	FHLMC	3134G35M8	03/07/2017	31	200	2	1.2500	50,000,000.00	49,107,000.00	199,652.78	0.00
			03/07/2022	76	AVAILABL	37	1.2531	49,992,500.00	98.214000	SUNGARD	-885,500.00
15762	FHLMC	3134G36B1	03/23/2017	31	200	2	1.2500	50,000,000.00	48,962,000.00	171,875.00	0.00
			03/21/2022	76	AVAILABL	37	1.2500	50,000,000.00	97.924000	SUNGARD	-1,038,000.00
15764	FHLMC	3134G36L9	03/29/2017	31	200	2	1.2500	50,000,000.00	48,836,000.00	161,458.33	0.00
			03/29/2022	76	AVAILABL	37	1.2500	50,000,000.00	97.672000	SUNGARD	-1,164,000.00
15806	FHLMC	3134G36X3	03/29/2017	31	200	2	1.1250	10,000,000.00	9,801,800.00	29,062.50	0.00
			03/29/2022	78	AVAILABL	37	1.1436	9,991,000.00	98.018000	SUNGARD	-189,200.00
15826	FHLMC	3134G36Z8	04/18/2017	31	200	2	1.1500	50,000,000.00	48,826,000.00	118,194.44	0.00
			04/18/2022	71	AVAILABL	37	1.1552	49,987,500.00	97.652000	SUNGARD	-1,161,500.00
15841	FHLMC	3134G37H7	04/26/2017	31	200	2	1.1500	12,930,000.00	12,625,239.90	27,260.75	0.00
			04/26/2022	98	AVAILABL	37	1.1500	12,930,000.00	97.643000	SUNGARD	-304,760.10

INVESTMENT INVENTORY WITH MARKET VALUE (cont.)

Run Date: 7/9/2013 • 6:15:03PM • Investment Outstanding as of 06/30/2013

Inv No.	Description	CUSIP	Purchase Maturity	Bank Brok	Safe Purp	Fund lccode	Coupon YTM TR	Sched. Par/Shares Scheduled Book	Market Value Market Price	Curr Accr Int Price Source	Unrealized Gain Unrealized Loss
15846	FHLMC	3134G42B3	04/26/2017 04/26/2022	31 76	200 AVAILABL	2 37	1.1000 1.1021	63,000,000.00 62,993,700.00	61,394,130.00 97.451000	127,050.00 SUNGARD	0.00 -1,599,570.00
15864	FHLMC	3134G42B3	04/26/2017 04/26/2022	31 92	200 AVAILABL	2 37	1.1000 1.1021	56,750,000.00 56,744,325.00	55,303,442.50 97.451000	114,445.83 SUNGARD	0.00 -1,440,882.50
15903	FHLMC	3134G43V8	05/16/2017 05/16/2022	31 53	200 AVAILABL	2 37	1.0500 1.0521	24,900,000.00 24,897,510.00	24,263,805.00 97.445000	33,407.50 SUNGARD	0.00 -633,705.00
15904	FHLMC	3134G43V8	05/16/2017 05/16/2022	31 78	200 AVAILABL	2 37	1.0500 1.0516	40,000,000.00 39,996,800.00	38,978,000.00 97.445000	53,666.67 SUNGARD	0.00 -1,018,800.00
15912	FHLMC	3134G43V8	05/16/2017 05/16/2022	31 83	200 AVAILABL	2 37	1.0500 1.0500	11,000,000.00 11,000,000.00	10,718,950.00 97.445000	14,758.33 SUNGARD	0.00 -281,050.00
15941	FHLMC	3134G45F1	06/13/2017 06/13/2022	31 95	200 AVAILABL	2 37	1.1500 1.1500	50,000,000.00 50,000,000.00	48,704,000.00 97.408000	30,347.22 SUNGARD	0.00 -1,296,000.00
15942	FHLMC	3134G45H7	06/14/2017 06/14/2022	31 98	200 AVAILABL	2 37	1.1500 1.1500	50,000,000.00 50,000,000.00	48,701,000.00 97.402000	28,750.00 SUNGARD	0.00 -1,299,000.00
15957	FHLMC	3134G46D5	06/13/2017 06/13/2022	31 76	200 AVAILABL	2 37	1.2000 1.2031	50,000,000.00 49,992,500.00	48,583,000.00 97.166000	31,666.67 SUNGARD	0.00 -1,409,500.00
15958	FHLMC	3134G46M5	06/20/2017 06/20/2022	31 76	200 AVAILABL	2 37	1.2000 1.2000	50,000,000.00 50,000,000.00	48,767,500.00 97.535000	20,000.00 SUNGARD	0.00 -1,232,500.00
15971	FHLMC	3134G46R4	06/26/2017 06/26/2022	31 59	200 AVAILABL	2 37	1.3000 1.3000	50,000,000.00 50,000,000.00	48,855,000.00 97.710000	10,833.33 SUNGARD	0.00 -1,145,000.00
15973	FHLMC	3134G46V5	06/28/2017 06/28/2022	31 95	200 AVAILABL	2 37	1.3500 1.3500	50,000,000.00 50,000,000.00	48,870,500.00 97.741000	7,500.00 SUNGARD	0.00 -1,129,500.00
15976	FHLMC	3134G47A0	06/28/2017 06/28/2022	31 64	200 AVAILABL	2 37	1.3000 1.3000	50,000,000.00 50,000,000.00	49,045,500.00 98.091000	7,222.22 SUNGARD	0.00 -954,500.00
15977	FHLMC	3134G46Z6	06/28/2017 06/28/2022	31 95	200 AVAILABL	2 37	1.3500 1.3500	50,000,000.00 50,000,000.00	49,137,500.00 98.275000	7,500.00 SUNGARD	0.00 -862,500.00
15979	FHLMC	3134G47D4	06/28/2017 06/28/2022	31 83	200 AVAILABL	2 37	1.4000 1.4000	50,000,000.00 50,000,000.00	49,065,000.00 98.130000	7,777.78 SUNGARD	0.00 -935,000.00
15980	FHLMC	3134G47E2	06/28/2017 06/28/2022	31 65	200 AVAILABL	2 37	1.4000 1.4000	50,000,000.00 50,000,000.00	49,102,000.00 98.204000	7,777.78 SUNGARD	0.00 -898,000.00

INVESTMENT INVENTORY WITH MARKET VALUE (cont.)

Run Date: 7/9/2013 • 6:15:03PM • Investment Outstanding as of 06/30/2013

Inv No.	Description	CUSIP	Purchase Maturity	Bank Brok	Safe Purp	Fund lccode	Coupon YTM TR	Sched. Par/Shares Scheduled Book	Market Value Market Price	Curr Accr Int Price Source	Unrealized Gain Unrealized Loss
15981	FHLMC	3134G47C6	06/28/2017	31	200	2	1.4000	50,000,000.00	49,102,000.00	7,777.78	0.00
			06/28/2022	76	AVAILABL	37	1.4000	50,000,000.00	98.204000	SUNGARD	-898,000.00
15982	FHLMC	3134G47F9	06/28/2017	31	200	2	1.4000	50,000,000.00	49,103,500.00	7,777.78	0.00
			06/28/2022	76	AVAILABL	37	1.4021	49,995,000.00	98.207000	SUNGARD	-891,500.00
15986	FHLMC	3134G47J1	06/28/2017	31	200	2	1.5000	50,000,000.00	49,068,000.00	8,333.33	0.00
			06/28/2022	71	AVAILABL	37	1.5000	50,000,000.00	98.136000	SUNGARD	-932,000.00
15987	FHLMC	3134G47H5	06/28/2017	31	200	2	1.5000	50,000,000.00	49,030,500.00	8,333.33	0.00
			06/28/2022	65	AVAILABL	37	1.5000	50,000,000.0	98.061000	SUNGARD	-969,500.00
16014	FHLMC	3134G4AU2	06/28/2017	31	200	2	1.6000	50,000,000.00	49,427,500.00	8,888.89	0.00
			06/28/2022	64	AVAILABL	37	1.6000	50,000,000.00	98.855000	SUNGARD	-572,500.00
Inv Type	37 FHLMC CPN BDS 30/360	Count 43					1.1843	1,832,110,000.00	1,793,672,893.50	3,474,769.57	0.00
							1.1877	1,831,810,035.50	97.902031		-38,137,142.00
11756	FAMCA	31315PCX5	01/23/2013	31	200	2	3.0000	100,000,000.00	101,284,000.00	1,325,000.00	1,284,000.00
			01/23/2018	69	AVAILABL	39	3.0000	100,000,000.00	101.284000	SUNGARD	0.00
12352	FAMCA	31315PKR9	08/05/2013	31	200	2	3.0500	12,000,000.00	12,365,280.00	149,450.00	368,280.00
			08/05/2018	53	AVAILABL	39	3.0554	11,997,000.00	103.044000	SUNGARD	0.00
12881	FAMCA	31315PFS3	01/27/2014	31	200	2	3.0100	15,000,000.00	15,616,500.00	194,395.83	620,250.00
			01/27/2019	53	AVAILABL	39	3.0154	14,996,250.00	104.110000	SUNGARD	0.00
13631	FAMCA	31315PGT0	09/16/2014	31	200	2	2.1250	45,000,000.00	46,522,350.00	281,562.50	1,607,400.00
			09/16/2019	42	AVAILABL	39	2.1651	44,914,950.00	103.383000	SUNGARD	0.00
14493	FAMCA	31315PQB8	09/02/2015	31	200	2	1.5000	22,000,000.00	22,326,040.00	110,000.00	337,040.00
			09/02/2020	53	AVAILABL	39	1.5104	21,989,000.00	101.482000	SUNGARD	0.00
14544	FAMCA	31315PRV3	09/22/2015	31	200	2	1.4000	10,000,000.00	10,068,900.00	38,888.89	71,400.00
			09/22/2020	53	AVAILABL	39	1.4052	9,997,500.00	100.689000	SUNGARD	0.00
15189	FAMCA	31315PQR3	07/04/2016	31	200	2	1.1000	8,000,000.00	7,894,480.00	43,511.11	0.00
			07/04/2021	53	AVAILABL	39	1.1155	7,994,000.00	98.681000	SUNGARD	-99,520.00
15312	FAMCA	31315PTX7	08/24/2016	31	200	2	1.1500	10,000,000.00	9,869,600.00	40,888.89	0.00
			08/24/2021	53	AVAILABL	39	1.1603	9,995,000.00	98.696000	SUNGARD	-125,400.00
15693	FAMCA	31315PNZ8	01/31/2017	31	200	2	1.0500	22,800,000.00	22,298,400.00	100,415.00	0.00
			01/31/2022	53	AVAILABL	39	1.0551	22,794,300.00	97.800000	SUNGARD	-495,900.00

INVESTMENT INVENTORY WITH MARKET VALUE (cont.)

Run Date: 7/9/2013 • 6:15:03PM • Investment Outstanding as of 06/30/2013

Inv No.	Description	CUSIP	Purchase Maturity	Bank Brok	Safe Purp	Fund Iccode	Coupon YTM TR	Sched. Par/Shares Scheduled Book	Market Value Market Price	Curr Accr Int Price Source	Unrealized Gain Unrealized Loss
15765	FAMCA	31315PRF8	03/07/2017 03/07/2022	31 83	200 AVAILABL	2 39	1.0500 1.0500	9,000,000.00 9,000,000.00	8,812,260.00 97.914000	30,187.50 SUNGARD	0.00 -187,740.00
15834	FAMCA	31315PSZ3	04/03/2017 04/03/2022	31 53	200 AVAILABL	2 39	1.1500 1.1510	25,000,000.00 24,998,750.00	24,367,500.00 97.470000	71,076.39 SUNGARD	0.00 -631,250.00
16031	FAMCA	31315PM48	06/28/2017 06/28/2022	31 59	200 AVAILABL	2 39	1.3000 1.3000	23,000,000.00 23,000,000.00	22,638,900.00 98.430000	3,322.22 SUNGARD	0.00 -361,100.00
Inv Type	39 OTHER AGENCIES 30/360	Count 12					2.1097 2.1184	301,800,000.00 301,676,750.00	304,064,210.00 100.750235	2,388,698.33	4,288,370.00 -1,900,910.00
15547	FAMCDN FOR 2010 QZAB SPECIAL	31315LPU6	12/01/2016 11/28/2017	31 80	200 AVAILABL	2011 53	0.0000 0.2004	605,000.00 603,783.28	604,824.55 99.971000	715.92 SUNGARD	325.35 0.00
15548	FAMCDN	31315LPU6	12/01/2016 11/28/2017	31 80	200 AVAILABL	2 53	0.0000 0.2004	24,395,000.00 24,345,938.94	24,387,925.45 99.971000	28,867.42 SUNGARD	13,119.09 0.00
15583	FAMCDN	31315LQH4	12/18/2016 12/11/2017	31 80	200 AVAILABL	2 53	0.0000 0.1904	5,609,000.00 5,598,402.11	5,606,700.31 99.959000	5,802.20 SUNGARD	2,496.00 0.00
Inv Type	53 OTHER DISC NOTES	Count 3					0.0000 0.1986	30,609,000.00 30,548,124.33	30,599,450.31 99.968801	35,385.54	15,940.44 0.00
16000	REPO 2004 3RD QZAB		06/06/2017 07/10/2017	31 65	200 AVAILABL	2049 60	0.1800 0.1800	147,351.00 147,351.00	147,351.00 100.000000	19.16 BOOK	0.00 0.00
16001	REPO 2007 3RD QZAB		06/06/2017 07/10/2017	31 65	200 AVAILABL	2064 60	0.1800 0.1800	18,432.00 18,432.00	18,432.00 100.000000	2.40 BOOK	0.00 0.00
16002	REPO 2010 QZAB		06/06/2017 07/10/2017	31 65	200 AVAILABL	2089 60	0.1800 0.1800	831,517.00 831,517.00	831,517.00 100.000000	108.10 BOOK	0.00 0.00
16003	REPO 2011 C 3RD QZAB		06/06/2017 07/10/2017	31 65	200 AVAILABL	2093 60	0.1800 0.1800	8,574,945.00 8,574,945.00	8,574,945.00 100.000000	1,114.74 BOOK	0.00 0.00
16004	REPO 2012 D 2ND QZAB		06/06/2017 07/10/2017	31 65	200 AVAILABL	2098 60	0.1800 0.1800	14,858,261.00 14,858,261.00	14,858,261.00 100.000000	1,931.57 BOOK	0.00 0.00
16005	REPO2010 2ND D QSCB		06/06/2017 07/10/2017	31 65	200 AVAILABL	2085 60	0.1800 0.1800	3,969,442.00 3,969,442.00	3,969,442.00 100.000000	516.03 BOOK	0.00 0.00
16006	REPO 2013 1ST A SERIES BOND		06/06/2017 07/10/2017	31 65	200 AVAILABL	2099 60	0.1800 0.1800	259,420,745.00 259,420,745.00	259,420,745.00 100.000000	33,724.70 BOOK	0.00 0.00

INVESTMENT INVENTORY WITH MARKET VALUE (cont.)

Run Date: 7/9/2013 • 6:15:03PM • Investment Outstanding as of 06/30/2013

Inv No.	Description	CUSIP	Purchase Maturity	Bank Brok	Safe Purp	Fund lccode	Coupon YTM TR	Sched. Par/Shares Scheduled Book	Market Value Market Price	Curr Accr Int Price Source	Unrealized Gain Unrealized Loss
16023	REPO		06/18/2017	31	200	2	0.2000	94,950,048.07	94,950,048.07	7,385.00	0.00
			08/16/2017	65	AVAILABL	60	0.2000	94,950,048.07	100.000000	BOOK	0.00
16024	REPO MDOT 2013 PREMIUM FUNDS		06/18/2017	31	200	17	0.2000	5,049,951.93	5,049,951.93	392.77	0.00
			08/16/2017	65	AVAILABL	60	0.2000	5,049,951.93	100.000000	BOOK	0.00
16042	Overnight		06/29/2017	31	200	2	0.3500	48,096,000.00	48,096,000.00	1,402.80	0.00
			07/02/2017	2	AVAILABL	60	0.3500	48,096,000.00	100.000000	BOOK	0.00
Inv Type	60 REPO OPEN ACT-360		Count 10				0.2033	435,916,693.00	435,916,693.00	46,597.27	0.00
							0.2033	435,916,693.00	100.000000		0.00
12258	LD-00401		06/11/2013	31	200	69	0.2500	477,597.83	477,597.83	416.45	0.00
			06/11/2023	77	AVAILABL	75	0.2500	477,597.83	100.000000	BOOK	0.00
12259	LD-00402		06/11/2013	31	200	69	0.2500	274,290.51	274,290.51	239.20	0.00
			06/11/2023	77	AVAILABL	75	0.2500	274,290.51	100.000000	BOOK	0.00
12260	LD-00403		06/11/2013	31	200	69	0.2500	107,876.49	107,876.49	93.3	0.00
			06/11/2023	77	AVAILABL	75	0.2500	107,876.49	100.000000	BOOK	0.00
12866	LD-00791		01/06/2014	31	200	69	0.6500	11,719.48	11,719.48	0.00	0.00
			01/06/2019	77	AVAILABL	75	0.6500	11,719.48	100.000000	BOOK	0.00
13122	LD-00821		02/20/2014	31	200	69	0.4800	880,662.17	880,662.17	1,094.55	0.00
			02/20/2024	77	AVAILABL	75	0.4800	880,662.17	100.000000	BOOK	0.00
13123	LD-00792		02/27/2014	31	200	69	0.3000	204,166.39	204,166.39	-106.20	0.00
			02/27/2024	77	AVAILABL	75	0.3000	204,166.39	100.000000	BOOK	0.00
13471	LD-00741		07/30/2014	31	200	69	0.5100	74,826.96	74,826.96	-54.35	0.00
			07/14/2019	77	AVAILABL	75	0.5100	74,826.96	100.000000	BOOK	0.00
13912	LD-0122-1		12/07/2014	31	200	69	0.2500	97,664.57	97,664.57	0.00	0.00
			09/18/2024	77	AVAILABL	75	0.2500	97,664.57	100.000000	BOOK	0.00
14478	LD 14901		08/16/2015	31	200	69	0.2500	822,972.69	822,972.69	-386.17	0.00
			05/24/2025	77	AVAILABL	75	0.2500	822,972.69	100.000000	BOOK	0.00
14480	LD 15201		08/16/2015	31	200	69	0.2500	23,581.05	23,497.26	-24.06	0.00
			05/26/2018	77	AVAILABL	75	0.2500	23,581.05	99.644667	SUNGARD	-83.79
14864	LD-0162		01/27/2016	31	200	69	0.2500	104,626.36	104,626.36	-29.01	0.00
			01/27/2021	77	AVAILABL	75	0.2500	104,626.36	100.000000	BOOK	0.00

INVESTMENT INVENTORY WITH MARKET VALUE (cont.)

Run Date: 7/9/2013 • 6:15:03PM • Investment Outstanding as of 06/30/2013

Inv No.	Description	CUSIP	Purchase Maturity	Bank Brok	Safe Purp	Fund Iccode	Coupon YTM TR	Sched. Par/Shares Scheduled Book	Market Value Market Price	Curr Accr Int Price Source	Unrealized Gain Unrealized Loss
14999	LD-00163		03/24/2016	31	200	69	0.2500	37,136.53	37,136.53	0.00	0.00
			01/28/2021	77	AVAILABL	75	0.2500	37,136.53	100.000000	BOOK	0.00
Inv Type	75 NEG CD COMP ACT/365-6	Count 12					0.3260	3,117,121.03	3,117,037.24	1,243.74	0.00
							0.3260	3,117,121.03	99.99731		-83.79
11456	LGIP		07/01/2012	3	100	2	0.0755	24,708,723.55	24,708,723.55	2,803.11	0.00
			07/02/2017	25	AVAILABL	98	0.0755	24,708,723.55	100.000000	BOOK	0.00
11457	Balt C BP 2004 Debt		07/01/2012	31	100	11	0.0095	38.51	38.51	132.15	0.00
			07/02/2017	23	AVAILABL	98	0.0095	38.51	100.000000	BOOK	0.00
11458	Balt C BP 2004 Reserve		07/01/2012	31	100	11	0.0100	2,261,548.90	2,261,548.90	697.16	0.00
			07/02/2017	23	AVAILABL	98	0.0100	2,261,548.90	100.000000	BOOK	0.00
11461	CTRB 2007 Reserve		07/01/2012	31	100	11	0.0099	175.84	175.84	-6.41	0.00
			07/02/2017	23	AVAILABL	98	0.0099	175.84	100.000000	BOOK	0.00
11462	CTRB 2007 Debt Service		07/01/2012	31	100	11	0.0100	2,802,707.40	2,802,707.40	-7.02	0.00
			07/02/2017	23	AVAILABL	98	0.0100	2,802,707.40	100.000000	BOOK	0.00
12197	CTRB 2009 Proceeds		06/06/2013	31	200	11	0.0100	2,926,016.45	2,926,016.45	-322.84	0.00
			07/02/2017	23	AVAILABL	98	0.0100	2,926,016.45	100.000000	BOOK	0.00
12228	CTRB 2009 Debt Servic		06/20/2013	31	200	8	0.0101	201.94	201.94	0.00	0.00
			07/02/2017	23	AVAILABL	98	0.0101	201.94	100.000000	BOOK	0.00
12229	CTRB 2009 Reserve		06/20/2013	31	200	8	0.0100	4,227,800.83	4,227,800.83	43.04	0.00
			07/02/2017	23	AVAILABL	98	0.0100	4,227,800.83	100.000000	BOOK	0.00
15392	BC 2012 CRTB Bond P		09/21/2016	31	200	14	0.0100	22,342,793.00	22,342,793.00	-1.02	0.00
			09/20/2031	23	AVAILABL	98	0.0100	22,342,793.00	100.000000	BOOK	0.00
15472	MM BC CTRB Reserve Act 2012		10/26/2016	31	200	16	0.0099	1,257,503.10	1,257,503.10	-5.32	0.00
			09/21/2031	23	AVAILABL	98	0.0099	1,257,503.10	100.000000	BOOK	0.00
15473	MM BC CTRB Debt Serv 12		10/26/2016	31	200	15	0.0106	40.33	40.33	-3.18	0.00
			09/21/2031	23	AVAILABL	98	0.0106	40.33	100.000000	BOOK	0.00
Inv Type	98 MONEY MARKET FUNDS	Count 11					0.0367	60,527,549.85	60,527,549.85	3,329.67	0.00
							0.0367	60,527,549.85	100.000000		0.00
Grand Total		Count 184						6,190,816,363.88	6,082,847,538.73	14,173,107.19	6,079,442.48
								6,189,545,493.91	98.255984		-112,812,783.20

ACKNOWLEDGEMENTS



Schooner Sultana at the Chesapeake Bay Bridge

Editor-In-Chief

Bernadette T. Benik

Editorial Board

Susanne Brogan

Judy Smith

For More Information or Additional Copies Contact:

Maryland State Treasurer's Office

Attn: Annual Report

Treasury Building

80 Calvert Street, Room 109

Annapolis, Maryland 21401

phone **(410) 260-7533**

fax **(410) 974-3530**

email **Treasurer@Treasurer.state.md.us**

website **www.treasurer.state.md.us**





MARYLAND STATE TREASURER'S OFFICE

Treasury Building • 80 Calvert Street, Room 109 • Annapolis, MD 21401

(410) 260-7533 *phone*

(410) 974-3530 *fax*

Treasurer@Treasurer.state.md.us *email*

www.treasurer.state.md.us