

2017

INVESTING
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MARYLAND'S
FUTURE

MARYLAND

STATE TREASURER'S ANNUAL REPORT



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BIOGRAPHY OF THE HONORABLE NANCY K. KOPP, TREASURER OF MARYLAND



Nancy K. Kopp, State Treasurer

ELECTED IN FEBRUARY 2002, and re-elected to full four-year terms in 2003, 2007, 2011, and 2015, 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 presently 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 serves on a number of key State Boards and financial planning committees.

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 Maryland 529 Board 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 Hall of Records Commission, the 21st Century School Facilities Commission, the Financial Education and Capability Commission, and the Procurement Advisory Council. 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 procurement contracts of the State.

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 Audit, 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.

Treasurer Kopp has been active in numerous national, regional and state organizations and boards over the years, primarily focused on finance, education, and fiscal matters. She is presently a Trustee of the Financial Accounting Foundation (FAF), co-chairs the FAF Standard-Setting Process Oversight Committee, and serves on the FAF Executive Committee. Additionally, Treasurer Kopp currently serves as vice-chair of the National Association of State Auditors, Comptrollers and Treasurers' Nominating Committee, and as chair of the National Association of State Treasurers' Pension and Trust Investment Committee. In the past, she has also served as a member of the Executive Committee of the National Association of State Treasurers and the Council of State Governments/Eastern State Region, as well as President of the National Association of State Auditors, Comptrollers and Treasurers. While a member of the Maryland General Assembly, Kopp 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. She was Vice-Chair of the National Commission on State and Local Budget and Finance Procedures. A strong supporter of public education, Kopp was appointed by President Clinton to the National Assessment Governing Board, which oversees the National Assessment of Educational Progress (the "Nation's Report Card"), and also served as Treasurer of the Southern Regional Education Board, chairing its Commission on Educational Quality.

A graduate of Wellesley College, Treasurer Kopp holds a master's degree in Government from the University of Chicago. She also has received honorary degrees from several institutions of higher education. In March 2012, Treasurer Kopp was inducted into the Maryland Women's Hall of Fame. Treasurer Kopp was selected to receive the Wellesley College Alumnae Achievement Award for 2015. This Award is the highest honor given to alumnae for excellence and distinction in their fields of endeavor. 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.

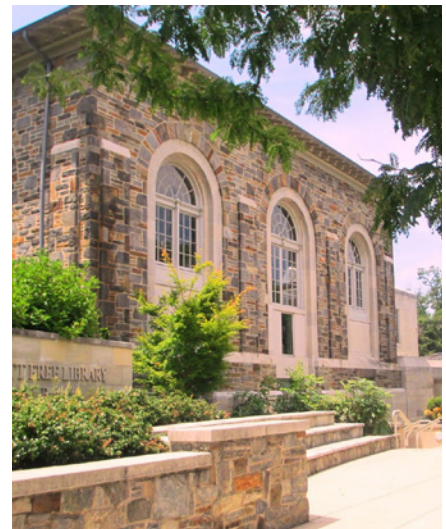
In addition to having authority over custody, safeguarding, investment and disbursement of State funds, the

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.



Catoclin Furnace



Roland Park Enoch Pratt Free Library

TREASURERS OF THE PAST

TREASURERS OF THE EASTERN SHORE

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

TREASURERS OF THE WESTERN SHORE

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

MARYLAND STATE TREASURERS (BEGINNING OF SINGLE-TREASURER SYSTEM)

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

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, 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 Board items that pertain to their districts and



Maryland Blue Crabs

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;
- Issuance of licenses to dredge and fill State 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.

In addition to authorizing State General Obligation Bond issuances and the Capital-Lease and Energy Performance Lease financings discussed in more detail in the Debt Management Division Section of this Annual Report, the following actions of the Board of Public Works (BPW) are worthy of note among those taken during fiscal year 2017 (July 1, 2016 through June 30, 2017):

- Approval of the Maryland Water Quality Financing Administration's request to advance refund up to \$29,205,000 of its Revolving Loan Fund Revenue Bonds, Series 2008A. Over \$2,500,000 in debt service savings is anticipated from the refunding.
- Adoption of resolutions authorizing the debt issuance and sale by the Maryland Department of Transportation (MDOT):
 - MDOT Consolidated Transportation Bonds, Series 2016, in an amount not to exceed \$450,000,000 and its Refunding Bonds, Series 2016, in an amount not to exceed \$325,000,000;

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MARYLAND BOARD OF PUBLIC WORKS *continued from page 5*

- o MDOT Consolidated Transportation Bonds, Series 2017, in amount not to exceed \$285,000,000; and
- o MDOT Consolidated Transportation Bonds, Series 2017 Second Issuance, in an amount not to exceed \$500,000,000.
- Authorized the Maryland Department of Transportation to issue Certificates of Participation (Maryland Port Administration Facility Project), Refunding Series 2016, in an amount not to exceed \$16,000,000. The refunding will result in an estimated net present value savings of \$1,900,000.
- Set the State Real Property Tax Rate for fiscal year 2018 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.
- Approval of reductions in the fiscal year 2017 State budget totaling \$82,338,790 in General Funds and \$982,000 in Special Funds and of a reduction of 113 positions at public higher education institutions (101 positions within the University System of Maryland + 12 positions at Morgan State University).
- Approval of the appointment of Robert Gorrell as Executive Director of the Interagency Committee on School Construction. Mr. Gorrell had previously served as the Executive Director of the New Mexico Public Schools Facilities Authority.
- Continued the implementation of a Small, Minority and Women-Owned Business grant program funded by video-lottery-terminal proceeds through the approval of the designation of the Department of Housing and Community Development (DHCD) as a fund manager and the allocation of \$2,500,000 in grant funding to DHCD to provide investment capital and loans to small, minority, and women-owned businesses in Ellicott City that were destroyed or damaged by the July 30, 2016 flood.
- Approval of the award of a three-year contract for a software application that supports the identification and tracking of cannabis in all of its forms for the purposes of inventory, enforcement, investigations, and diversion prevention for the Maryland Medical Cannabis Commission.
- Approval of the award of a contract to replace the State's current budgeting system with a commercial budgeting



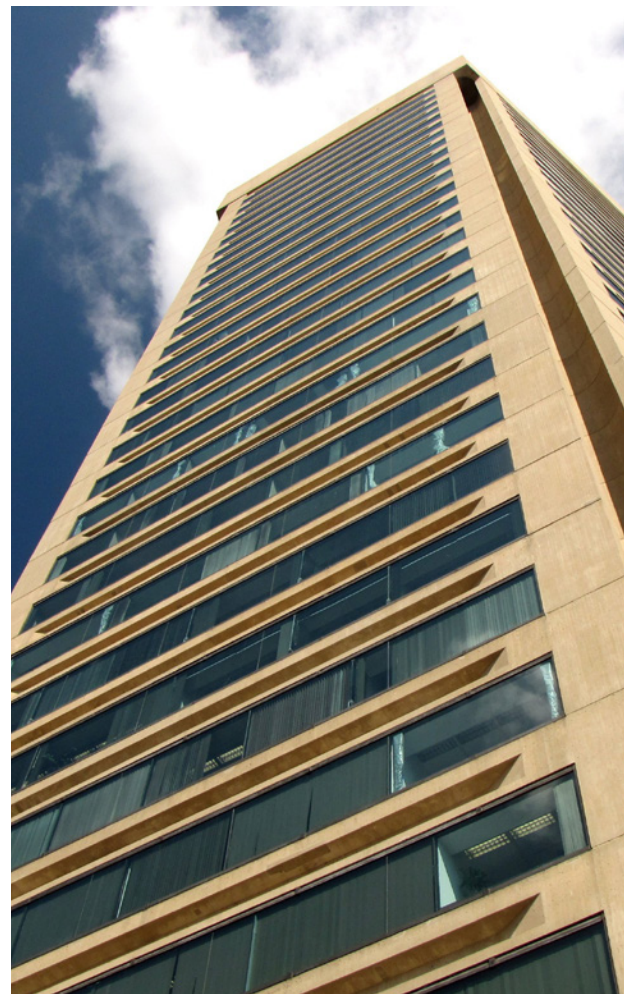
Jonathan Hager House, Hagerstown

- software package that will support creation, analysis, publication, and maintenance of operating budgets for all State agencies.
- Approval of a request from the Maryland Aviation Administration (MAA) to allow AIRMALL, the BWI Marshall Airport's Concessionaire, to enter into seven subleases that extend beyond the end date of AIRMALL's Lease and Concession contract (March 31, 2022) but do not go beyond December 31, 2024. After the expiration of the AIRMALL lease, the subleases will continue as direct leases with MAA.
- Approval of a request from MAA to award a contract to Lyft, Inc. and Raiser, LLC (Uber) to provide ground transportation services at BWI Marshall Airport. Both contractors will pay a "per trip" fee of \$2.50 per inbound/outbound vehicle trip with pickup and drop off at specifically designated areas at the Airport.
- Approval of a modification to a contract for software maintenance and technical support for the Mass Transit Administration's Automatic Fare Collection System in order to upgrade the software and support the migration of the fare collection system to a stand-alone cloud-based system that is separate from the Washington Metropolitan Area Transit Authority (WMATA) regional fare collection system.

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MARYLAND BOARD OF PUBLIC WORKS continued from page 6

- Approval of a request of the Maryland State Lottery and Gaming Control Agency to award a contract to Scientific Games International, Inc. for a State lottery central monitoring and control system and additional sales and marketing services.
- Approval of a request of the Department of General Services to reconsider, rescind prior approval, and disapprove previously approved Agenda Items relating to the proposed State Center Complex redevelopment project.
- Approval of a request of the University of Maryland Eastern Shore (UMES) to acquire Hawk Plaza, a residential building that houses more than 150 UMES graduate students, and to assume \$12,700,000 in mortgage loans for this building from Maryland Hawk Corporation, a nonprofit that UMES established in 2003.
- Approval of a request of UMES to lease classroom space in Hagerstown in order to offer its Bachelor of Science degree in Hospitality and Tourism Management at the University System of Maryland, Hagerstown. The space will also include STEM laboratories to support future University STEM programs that will be offered at the regional center.
- Authorized the Maryland Port Administration to bid on and acquire 103.41 acres at the Point Breeze Business Center at a price not to exceed \$92.5 million in order to increase container storage capacity at the Port.
- Approval of the Department of Health's request to sell 117 acres of the original Rosewood Hospital Center in Baltimore County to Stevenson University for one dollar. Stevenson University must perform environmental remediation on the property before the sale is final, using State capital grants to fund the remediation effort. A deed restriction will require Stevenson to use the property for educational purposes and educational-related activities for fifteen years after the property is conveyed or until Stevenson has spent at least \$20,000,000 in constructing direct capital improvements to the property for educational purposes. ■

*Baltimore Oriole**World Trade Center, Baltimore*

SCHEDULE OF SELECTED FINANCIAL DATA

COLLATERAL BALANCES AS OF JUNE 30, 2017

Bank	\$522,027,624
Insurance	\$116,099,981

TOTAL INVESTMENT PORTFOLIO COMPOSITION AS OF JUNE 30, 2017

Repurchase Agreements	\$437,241,310
U.S. Treasuries	\$895,000
U.S. Government Agencies	\$4,696,445,000
Other Investments	\$1,408,261,561
Total Portfolio	\$6,542,842,871

SECURITIES LENDING PROGRAM ACTIVITY AS OF JUNE 30, 2017

Gross Income	\$108,819.50
Net Income	\$81,614.60

GENERAL OBLIGATION DEBT ACTIVITY AS OF JUNE 30, 2017

Tax Exempt General Bond Issuances	\$1,145,365,000
Interest Payments	\$396,914,736
Principal Payments	\$793,812,966

LOCAL GOVERNMENT INVESTMENT POOL FUND BALANCE AS OF JUNE 30, 2017

Balance as of June 30, 2017	\$3,727,516,877
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STATE INSURANCE TRUST FUND BALANCE AS OF JUNE 30, 2017

Beginning Balance	\$29,462,787
Transfers In	\$24,198,077
Transfers Out	(\$20,730,461)
Less Operating Transfer to General Fund	\$0
Ending Balance	\$32,930,403

EXECUTIVE DIVISION

BERNADETTE T. BENIK

Chief Deputy Treasurer
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SUSANNE BROGAN

Deputy Treasurer for Public Policy
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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 Comptroller's Office 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 and Senate, including 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, the Maryland Health and Higher Educational Facilities Authority and the Maryland 529 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



Fort McHenry

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EXECUTIVE DIVISION continued from page 9

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 and the Hall of Records Commission.

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 529 Board and its various committees, as well as in her participation in the National Association of State Treasurers.

The Deputy Treasurer for Public Policy also 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.

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 and 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 coordinates the response to all audit findings and 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.



Wild Horses of Assateague- Island

EXECUTIVE DIVISION continued from page 10

OFFICE OF HUMAN RESOURCES AND PERSONNEL MANAGEMENT

The Office of Human Resources (HR) and Personnel Management provides personnel management and support to the managers and employees in the State Treasurer's Office. The office offers guidance and assistance in order to promote a work environment of equality, proficiency, and collaboration established by the Treasurer and Chief Deputy Treasurer. All personnel and related functions are managed through HR including: recruitment, orientation, office policy implementation and compliance, health benefits, pension and supplemental retirement benefits, leave accounting, training and career development, performance evaluation and employee relations. The office also monitors and updates staff on current Federal and State laws, regulations and guidelines.

With the implementation of "Workday," the electronic Statewide Personnel System, HR processes in the State Personnel Management System have evolved over the past two years, incorporating not just human resource matters, but leave keeping, timekeeping and payroll, as well as preparation for health benefits in 2018. As Workday has changed the HR platform to include more user interfacing with State employees, the responsibility of Treasury HR has grown in its role for instruction and interaction with agency staff and managers. In the spirit of operations that underlines our agency mission, STO HR staff strive to understand the inner workings of these new systems at an intricate level in order to contribute to enhancing their reliability, and continue to offer guidance and assistance to agencies

across the State however needed. While HR is a dynamic field, what remains constant is an agency's single most important asset - its workforce. The State Treasurer's Office recognizes that while the State's focus on staffing is position-centric, it is the individual people that fill those positions who lead an agency, in great and small ways alike, to success. Recognizing the importance of serving the public is what motivates the HR unit to invest in a recruitment and retention system built on equality and integrity, and develop a professional workforce that represents the talented community around them.

As of June 30, 2017, the State Treasurer's Office was assigned 60 positions as follows:

- Executive Division - 8
- Administration Division - 8
- Treasury Management Division – 15
- Debt Management – 4
- Information Technology Division - 8
- Insurance Division - 13
- Legal Division - 4



Ocean City Maryland



Lady Maryland, Annapolis

BUDGET & FINANCIAL ADMINISTRATION DIVISION

JESSICA PAPALEONTI

Director

jpapaleonti@treasurer.state.md.us

THE BUDGET & FINANCIAL Administration Division oversees agency administered procurements, including agency specific small procurements as well as larger delegated Statewide procurements related to banking and financial services, insurance and insurance services. In addition, the Division provides daily fiscal support to the operational needs of the State Treasurer's Office through the execution of essential accounting and fiscal administrative services specific to the State Treasurer's mission and in support of its ongoing operations. During the fiscal year, the Division implemented a new program to oversee the State's Workers' Compensation contract which provides coverage to all State employees. The Division hired a Program Manager in October, 2016 to develop the program to oversee the contract that is currently administered by the Injured Workers' Insurance Fund (IWIF).

BUDGET & ACCOUNTING DEPARTMENT

The Department is responsible for developing and implementing the annual budget for the State Treasurer's Office, which in fiscal year 2017 was over \$41 million. The Department 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 Department. Working collaboratively with the Office of Human Resources and Personnel Management, the Department processes biweekly payroll and maintains the personnel files within the State's centralized budget software and the new Workday payroll system.

Within the State Treasurer's Office, in fiscal year 2017, State debt and sinking fund payments totaling \$1.2 billion and lease payments and agency recoveries of approximately \$23 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 payment requests and agency reimbursement requests were processed. On behalf of the Insurance Division, SITF premium recoveries of \$22.4 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 \$78.9 million and related recoveries of these assessments from 180 State agencies and departments.

With assistance from the Treasury Management Division, over 2,200 requests for check reissues and agency recoveries from the Undeliverable and Unpresented Check Funds were processed, totaling over \$3.4 million.

This Department is also responsible for required Statewide filings outlined in 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.

PROCUREMENT DEPARTMENT

Pursuant to Section 12-101(4) and Section 12-107(b)(1) of the State Finance and Procurement Article, Annotated Code of Maryland, the State Treasurer is a designated procurement control authority for Statewide banking and financial services, as well as insurance, and insurance services.

During the fiscal year, the Office procured the following services:

Banking Services and EPC for Department of Human Resources, Child Support Administration ("CSA") – the Office, on behalf of the CSA, awarded a contract to provide general banking services and electronic payment card services, to process and disburse monies collected on behalf of individuals who receive child support services.

Lockbox Banking Services – The Office procured lockbox depository banking services associated with the receipt and deposit of payments made to the State of Maryland for use by State agencies. Each lockbox account's collected balances are transferred electronically to the respective agency's

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BUDGET & FINANCIAL ADMINISTRATION DIVISION continued from page 12

depository account. Currently there are 48 lockbox accounts operating under this Contract.

Broker Services for Liability Insurance Coverages - The Office awarded two contracts to broker service firms to market, manage and service insurance policies for liability insurance coverage needs for the State of Maryland. The types of liability coverage include, but are not limited to, comprehensive general liability, professional liability, and marine liability. The first contract includes liability coverage needs of the Maryland Transportation Authority and the Maryland Port Administration. The second contract includes all liability other coverage.

Broker Services Crime, Surety/Bonds, Employee Dishonesty and Related Coverages – The Office awarded a contract to an MBE firm to market, manage and service policies and/or sureties/bonds and related documents for crime, surety/bond, and related insurance coverages for the State of Maryland.

Arbitrage Rebate Service for the Department of Natural Resources, Water Quality Financing Administration (“MWQFA”) – The Office, on behalf of MWQFA, awarded a contract to provide arbitrage rebate compliance services. The Contractor will estimate and calculate the arbitrage rebate, if any, for revenue bonds issued by the Administration.

Energy Lease Financing – In December, the Office awarded a contract to a financial institution to provide, under a tax-exempt lease-purchase financing arrangement, the acquisition by the Department of Health and Mental Hygiene, Springfield Hospital Center and the Maryland Department of Transportation, Motor Vehicle Administration of certain energy systems or equipment under Energy Performance Contracts for up to \$4,682,772 in equipment purchases and related facility energy improvements.

Equipment Lease Financing – The Office continues to solicit new equipment lease financing bids which are based on actual equipment lease-purchase financing needs for State agencies. Equipment lease-purchase financings were awarded in March and June.

WORKERS' COMPENSATION CONTRACT MANAGEMENT

The Treasurer's Office has been designated as the contract administrator for the statewide workers' compensation contract between the Board of Public Works and IWIF. In order to effectively manage the oversight of this contract, the Office hired a Workers' Compensation Program Manager in October, 2016 to implement and manage the statewide workers' compensation program on behalf of all State employees. The Program Manager is responsible for the oversight of the current Third Party Administrator (TPA) contract, monitoring claims activity/trends and ensuring accurate accounting for the fund balance. The oversight of the TPA includes defining and communicating expectations, development of action plans and assurance of the adherence to the terms of the contracted agreement. The Program Manager is responsible for evaluating the usage, services, coverage and effectiveness of current benefits, studying the cost plan history, evaluating competitive trends in other similar benefit programs and evaluating the best methods for obtaining these services for the State.

Initial steps completed to accomplish the above goals have included an in depth review of all services provided under the current contract with the current TPA to include claims administration, medical management, subrogation, legal service, special investigation, finance, safety services, and information systems. Comprehensive workers' compensation program information was obtained from other self insured entities including other states, counties, municipalities and private industry. Efforts are underway to have an updated agreement in place.

The Worker's Compensation Program Manager has met with several State Agencies including Department of Transportation, University of Maryland College Park, Department of Public Safety and Correctional Services, State Highway Administration, Mass Transit Administration, Department of Labor, Licensing and Regulation, Department of Health to identify best practices, operations, processes and services. Much of the work is ongoing with a focus on streamlining information and developing better communication with an ultimate goal of reducing the frequency and severity of claims.

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BUDGET & FINANCIAL ADMINISTRATION DIVISION continued from page 13

The Workers' Compensation Program Manager has developed a training module overviewing the State's workers' compensation system to better equip those State employees with responsibilities that are involved in the process. The training focuses on the background, indemnity and medical benefits provided, Accident Leave, Managed Return to Work Program, Maryland Workers' Compensation Commission, vocational rehabilitation and retirement offsets. Agencies that have participated in the training include the Department of Human Services and Department of Public Safety and Correctional Services.

In an effort to gain better control of Accident Leave benefits the Program Manager initiated a statewide project with coordinated effort from the Central Payroll Bureau and the Department of Budget and Management. This project compares Accident Leave data from Central Payroll to the data provided by the TPA for those authorized to collect Accident Leave. The goal of the project is to reduce/eliminate unauthorized use of Accident Leave and provide education on the appropriate use of Accident Leave. Training on appropriate use of Accident Leave was provided to the Department of Commerce's Agency Personnel Management Group (APMG) meeting in April.

The Workers' Compensation Program Manager was the featured speaker at the annual conference of the State Employees' Risk Management Administration (SERMA) presenting the Top 10 Tools for Reducing Workers' Compensation Exposure.

The State's workers' compensation program has some promising trends. The overall number of First Report of Injuries (FROI) decreased from the prior fiscal year by 393 with a total of 7,018 and State Agencies are reporting 75% their claims within 3 days. The total cost of claims (medical and indemnity) for FY 2017 was \$65,073,407 a 2% increase over 2016 costs of \$63,773,616. ■



War Correspondents Monument in Gathland State Park

TREASURY MANAGEMENT DIVISION

THE TREASURY MANAGEMENT DIVISION was created during Fiscal Year 2013 by merging the Banking Services Division and Investment Division under one division. This has provided greater efficiencies of operations by consolidating the staff to allow for enhanced capabilities for cross training and ensuring adequate staffing support needed to execute the daily investment, reconciliation and cash flow management functions executed by the Division on behalf of the State, and to provide ongoing Banking relationship support to state agencies.

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 the Banking Services Department (BSD) 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 of Maryland. The BSD further attempts to anticipate agency banking and financial requirements and provide timely responses to Agency requests. BSD is directly responsible for procuring and managing the banking and financial 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, debit and payment card receipts);
- Agency working fund, trust, and escrow accounts; and
- All other Agency banking and financial needs.

Two primary responsibilities of the BSD 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. The Department must account for the receipt of all warranted deposits and the disbursement of all warranted payments. To meet these responsibilities, the Department performs a comprehensive daily cash reconciliation which allows the Treasurer's Office to be proactive in identifying and solving agency banking issues. Even as the volume of transactions has increased, the processes and controls developed by BSD 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 2017, total cash receipts exceeded \$222 billion and total disbursements exceeded \$218 billion. The State's bank accounts are reconciled daily to the State's general ledger. Once again, there were no un-reconciled differences.



Antietam National Battlefield

TREASURY MANAGEMENT DIVISION *continued from page 15***BEGINNING CASH BALANCE OF FISCAL YEAR 2017****(5,916,011,992.33)**

RECEIPTS:	NET RECEIPTS	TRANSFERS	TOTAL
July-16	29,426,684,803.36	3,513,547,775.18	32,940,232,578.54
August-16	9,330,058,342.11	4,178,618,395.61	13,508,676,737.72
September-16	12,889,380,264.75	4,339,276,900.51	17,228,657,165.26
October-16	36,501,143,544.83	3,807,994,400.53	40,309,137,945.36
November-16	14,226,338,167.54	4,332,523,322.07	18,558,861,489.61
December-16	10,577,666,484.39	3,686,970,249.27	14,264,636,733.66
January-17	20,238,463,171.82	4,994,085,914.70	25,232,549,086.52
February-17	9,125,633,890.57	3,495,850,815.92	12,621,484,706.49
March-17	6,868,079,268.70	4,868,139,931.12	11,736,219,199.82
April-17	4,414,449,010.66	4,595,363,631.00	9,009,812,641.66
May-17	9,542,296,479.70	4,924,488,843.44	14,466,785,323.14
June-17	8,314,627,589.78	3,990,849,018.57	12,305,476,608.35
Total Receipts Fiscal Year 2017	171,454,821,018.21	50,727,709,197.92	222,182,530,216.13

DISBURSEMENTS:	NET DISBURSEMENTS	TRANSFERS	TOTAL
July-16	(25,992,387,574.51)	(3,513,547,775.18)	(29,505,935,349.69)
August-16	(8,580,698,049.61)	(4,178,618,395.61)	(12,759,316,445.22)
September-16	(15,892,171,734.77)	(4,339,276,900.51)	(20,231,448,635.28)
October-16	(33,736,704,193.22)	(3,807,994,400.53)	(37,544,698,593.75)
November-16	(15,341,615,677.08)	(4,332,523,322.07)	(19,674,138,999.15)
December-16	(10,258,090,672.76)	(3,686,970,249.27)	(13,945,060,922.03)
January-17	(20,257,393,786.64)	(4,994,085,914.70)	(25,251,479,701.34)
February-17	(8,253,321,491.98)	(3,495,850,815.92)	(11,749,172,307.90)
March-17	(7,111,121,115.62)	(4,868,139,931.12)	(11,979,261,046.74)
April-17	(3,175,915,907.18)	(4,595,363,631.00)	(7,771,279,538.18)
May-17	(11,697,324,801.72)	(4,924,488,843.44)	(16,621,813,645.16)
June-17	(7,586,313,536.50)	(3,990,849,018.57)	(11,577,162,555.07)
Total Disbursements Fiscal Year 2017	(167,883,058,541.59)	(50,727,709,197.92)	(218,610,767,739.51)

ENDING CASH BALANCE OF FISCAL YEAR 2017**(2,344,249,515.71)***continued on page 17*

TREASURY MANAGEMENT DIVISION continued from page 16

On behalf of State agencies, the BSD performs daily operations' functions 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 grants and programs;
- Initiating Fed Wire payments;
- Managing foreign currency transactions;
- Processing check stop payments, cancellations and reissues, as well as requests for photocopies of paid checks;
- 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.

Section 6-209 of the State Finance and Procurement 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 Section 6-202 of the State Finance and Procurement Article. The BSD monitors collateral for almost 1,500 depository, disbursement, and registered agency working fund accounts. The Department also has 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 Treasurer's Bank Account Information System (TBAIS). 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, 2017, was \$522,027,624.

The BSD serves as the State's authority for the development, control, and maintenance of statewide policies and procedures for banking products and services. The Department continually strives to stay at the forefront of changes in banking products and services offered in the financial industry. The Department continues to explore new financial products and improved data delivery methods that will increase its ability to provide efficient cost-saving banking services to the Maryland State Agencies. In addition, the Department continuously monitors the financial health and safety of all financial services providers. BSD strives to enhance its ability to respond in the event a change in banks is required by market conditions or the procurement process. The Department must anticipate future banking service evolution and the growing diverse needs of the State while containing costs of complex banking transactions.

BSD actively works with Agencies to develop and strengthen their internal financial and accounting processes and discern efficient banking services necessary for efficient Agency business processes. Furthermore, BSD works with State Agencies to improve their reconciliation practices and procedures. As always, the BSD strives to increase efficiency, productivity and reduce costs for accounting, safety and accuracy of all state financial transactions.

INVESTMENT DIVISION

Fiscal Year 2017 was subject to change for fixed income investors due to increasing the Federal Funds Rate. Equity investors had even more excitement. The Dow Jones Industrial Average increased from 17,949.37 on July 1, 2016 to 21,287.03 on June 30, 2017. The low point was July 5, 2016 when the average was 17,840.62 and the high was on June 19, 2017 at 21,528.99. The 10 year constant maturity treasury averaged 2.10% and the 5 year constant maturity treasury averaged 1.62% this fiscal year as compared to the previous fiscal year when the averages were 2.01% and 1.44% respectively. The unemployment rate dropped from 4.9% in July 2016 to 4.3% for June 2017.

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TREASURY MANAGEMENT DIVISION continued from page 17

The Federal Open Market Committee (FOMC) maintained the Federal Funds Rate between 0.25% or less since December 16, 2008. On December 15, 2016, there was an increase of 0.25%. On March 16, 2017, there was another increase of 0.25%. On June 15, there was an additional increase of 0.25%. The Federal Funds Rate went from being flat to increasing during Fiscal Year 2017.

The Investment Division of the State Treasurer's Office continued to invest in accordance with established laws, policies and procedures throughout Fiscal Year 2017. 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 the safety of principal invested.

The Investment Division of 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 Division 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. The Division 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 Investment Division 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 (MSRPS), the Maryland Automobile Insurance Fund (MAIF), the Injured Workers Insurance Fund (IWIF), the Maryland 529 Programs 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, 2017

Investment Type	Dollar Amount	Percentage
Repurchase Agreements	437,241,310	6.68%
U.S. Treasuries	895,000	0.01%
U.S. Government Agencies	4,696,445,000	71.78%
Other Investments	1,408,261,560	21.52%
Total Portfolio	\$6,542,842,871	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 of the New York Stock Exchange, or (2) file financial statements exhibiting financial resources considered adequate by the Investment Division and approved by the Treasurer, and (3) provide competitive bids to the Investment Division 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. Please be advised 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 2017, the Investment Division invested in repurchase agreements with maturities of 90 days or less. These repurchase agreements were

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TREASURY MANAGEMENT DIVISION continued from page 18

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, 2017 investment portfolio, please see Appendix A. On June 30, 2017, the total of all portfolios under the active management of the State Treasurer's Office was \$6,542,842,871. The General Fund portfolio was \$6,219,709,820.

PORTFOLIO BALANCES

Fiscal Year	General Fund	Total Portfolio
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
2014	5,196,101,472	5,630,056,930
2015	5,930,355,096	6,342,494,086
2016	6,808,765,345	7,525,279,855
2017	6,219,709,820	6,542,842,871

The average rate of return on the General Fund was 1.47%. The State Treasurer's investment program surpassed the benchmark three-month Constant Maturity Treasury Bill, which averaged 0.56% for the same time period.

AVERAGE ANNUAL INTEREST RATES

Fiscal Year	General Fund	3 Month Treasury Bill Rate
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	0.88% *	0.08%
2014	1.03%	0.04%
2015	1.03%	0.02%
2016	1.04%	0.18% *
2017	1.47%	0.56%

*Number has been adjusted since last year.

TOTAL INTEREST EARNED

Fiscal Year	Net General Fund	Allocated to State Agencies	Total
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
2014	23,551,662	48,183,298	71,734,961
2015	7,064,094	55,460,767	62,524,861
2016	14,928,545	60,075,483	75,004,028
2017	2,161,351	84,108,491	86,269,842

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TREASURY MANAGEMENT DIVISION continued from page 19

LOCAL GOVERNMENT INVESTMENT POOL

The State Legislature created the Maryland Local Government Investment Pool with the passage of Article 95, Section 22G, of the Annotated Code of Maryland and defined by Title 17, subtitle 3 of the Local Government Article of the Maryland Annotated Code. The legislation 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 MLGIP is annually audited by RSM US.

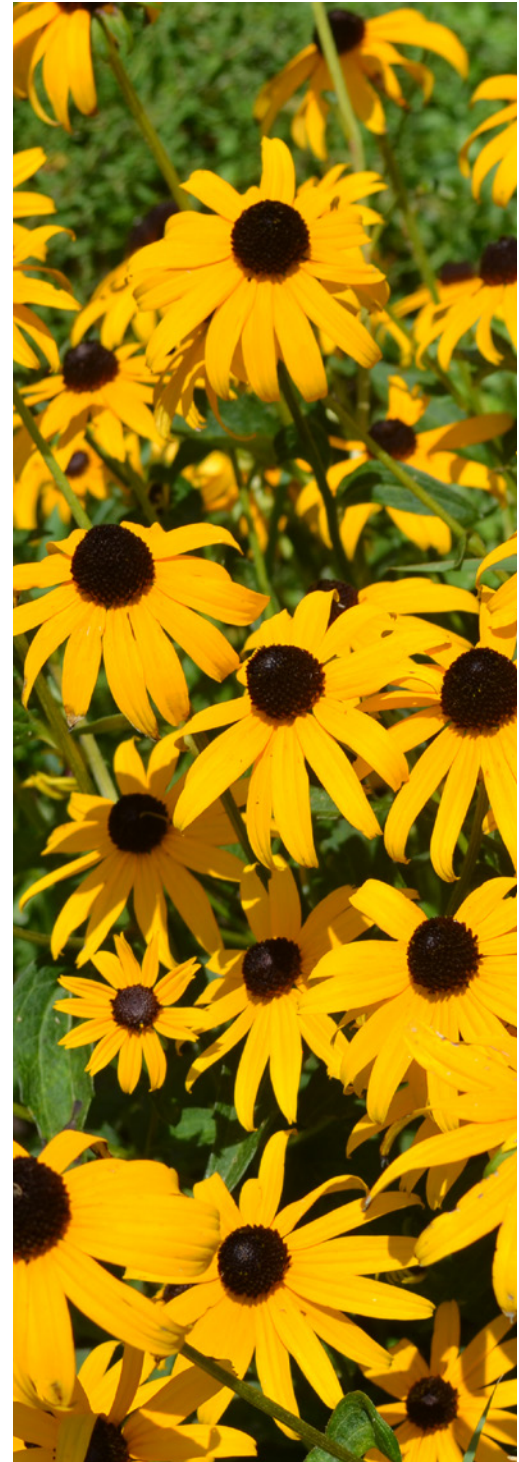
The Treasurer has encouraged local governments and eligible authorities to participate in the Pool, a Standard and Poors "AAAm" rated money market account. At the end of Fiscal Year 2017, there were 305 participants. The fund balance as of June 30, 2017, was \$3,727,516,877. The actual yield for Fiscal Year 2017 was 0.56% as compared to the benchmark S&P LGIP Index of 0.61%.

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
2008	2,420,372,782	294	4.04%	15.24%
2009	2,759,769,583	298	1.41%	14.02%
2010	*2,796,527,102	300	0.21%	1.33% *
2011	*2,739,948,773	300	0.09%	-2.02% *
2012	*2,480,304,770	300	0.10%	-9.48% *
2013	*2,848,875,911	301	0.12%	14.86%
2014	3,127,026,184	302	0.05%	9.76% *
2015	3,424,585,598	302	0.05%	9.52% *
2016	3,779,521,886	303	0.22%	10.36%
2017	3,727,516,877	305	0.56%	-1.38%

*Number has been adjusted since last year.



Blackeyed Susan, Maryland State Flower

DEBT MANAGEMENT DIVISION

CHRISTIAN LUND

Director

clund@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

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 through the issuance of general obligation debt. 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.

General obligation debt is backed by a pledge of the full faith and credit of the State. Moody's Investors Service, Inc. (Aaa), Standard and Poor's (AAA) and Fitch Ratings, Inc. (AAA) have all assigned their highest credit rating, Triple-A, to the State's General Obligation bonds. Maryland is one of only eleven states in the nation to hold a Triple-A credit rating from all three major credit rating agencies during fiscal year 2017, attributable to Maryland's relatively strong financial and economic position during fiscal year 2017.



Thomas Point, Maryland

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 time-sensitive needs or opportune market conditions, the State may issue more frequently. The Debt Management Division, in conjunction with the State's Financial Advisor, the Treasurer's Principal Counsel, 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 State 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.

There was one public General Obligation bond sale in Fiscal Year 2017 totaling \$1,140.7 million and one privately placed issuance of Qualified Zone Academy Bonds totaling \$4.7 million. During fiscal year 2017, market conditions continued to be very favorable for high quality and highly rated bonds like Maryland General Obligation Bonds. The following table summarizes debt issued by the State during Fiscal Year 2017.

DEBT MANAGEMENT DIVISION continued from page 21

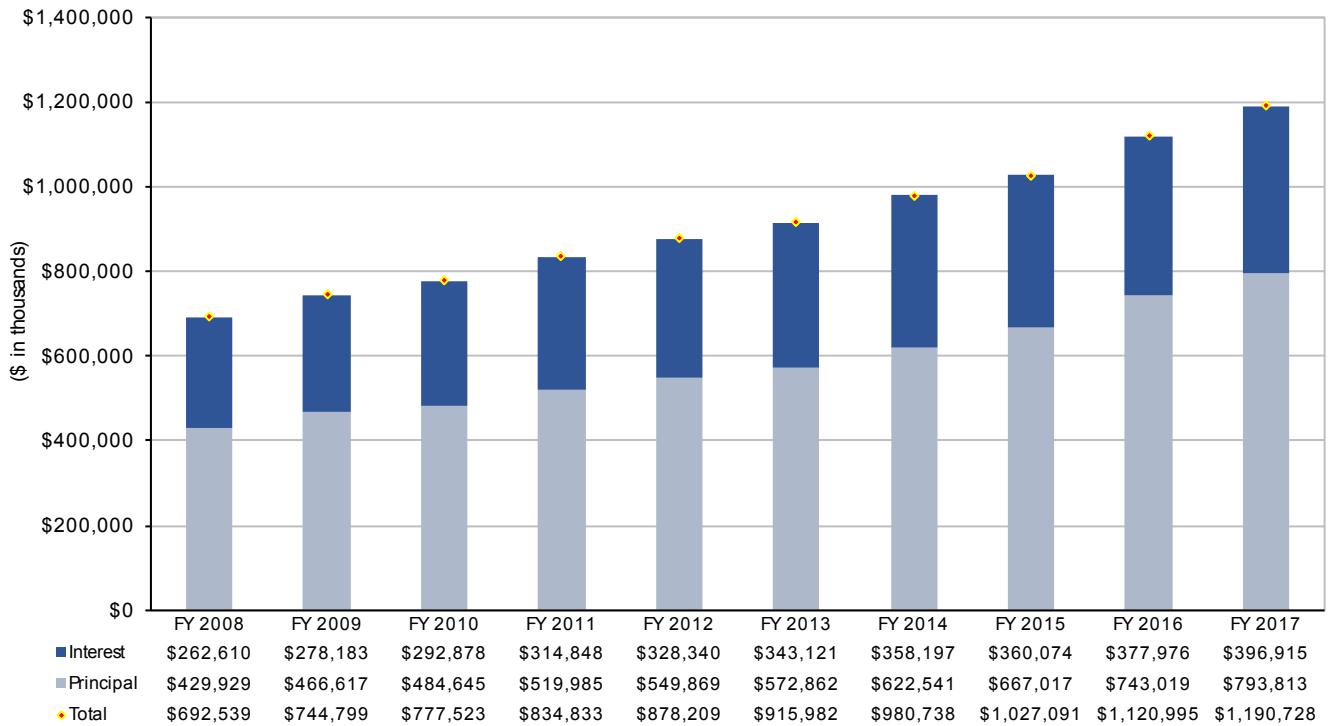
SUMMARY OF FISCAL YEAR 2017 GENERAL OBLIGATION BOND ISSUES (\$ IN MILLIONS)

Series	Dates of Sales	Tax-Exempt Competitive	Tax-Exempt Negotiated	Taxable	Taxable Federal Tax Credit	Tax-Exempt Refunding	Overall TIC
2016 QZAB	12/15/17				\$4.7		NA (a)
2017 First Series	03/08/17	\$575.0		\$100.0		\$465.7	2.496%

The General Obligation Qualified Zone Academy Bonds (QZABs) are special, federally-authorized tax credit bonds where the holder of the bonds earns federal tax credits equal to the tax credit rate as determined by the U.S. Treasury on the bonds as established at the time of the sale.

The history of General Obligation bond issuance and debt service for the last ten years is depicted in the following charts.

STATE OF MARYLAND GENERAL OBLIGATION BONDS DEBT SERVICE FISCAL YEARS 2008-2017

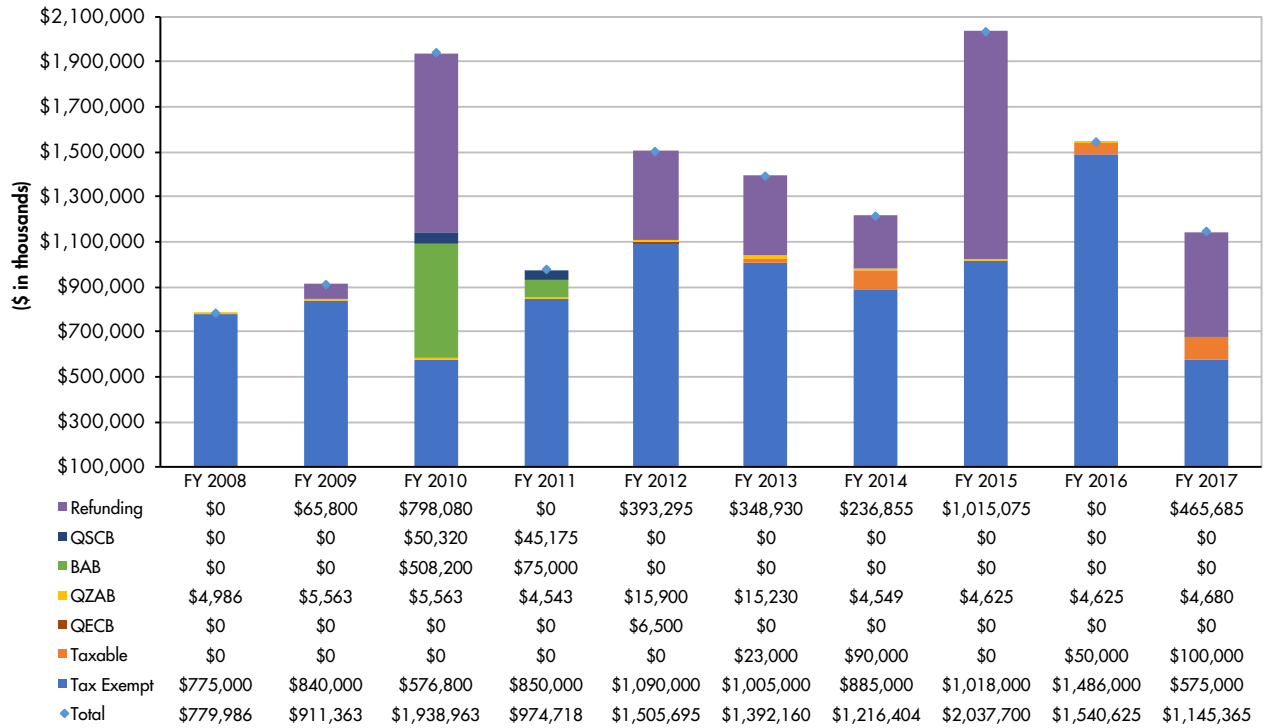


Note: Principal also includes sinking fund payments on QZAB bonds.

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DEBT MANAGEMENT DIVISION continued from page 22

STATE OF MARYLAND ISSUANCES OF GENERAL OBLIGATION BONDS FISCAL YEARS 2008-2017



EQUIPMENT LEASES

The State Treasurer's Office finances equipment for State agencies and Higher Education Institutions through the administration of the Capital Lease-Purchase Program. Eligible State entities initiate requests for lease funding of certain assets. At several predetermined times during the fiscal year the State Treasurer's Office then procures a Lessor in accordance with the Lease Purchase Financing Guidelines established by the Office and the Lessor finances equipment needs, usually for a term of either three or five years. Leases are paid semi-annually (January 1 and July 1) from funds transferred at the beginning of each fiscal year to the State Treasurer's Office from the respective State entities that have financed assets through the lease program.

During fiscal year 2017, State agencies financed \$1.9 million of equipment under various Lease-Purchase Agreements. Details on the Capital Lease-Purchase Program are depicted in the following charts.

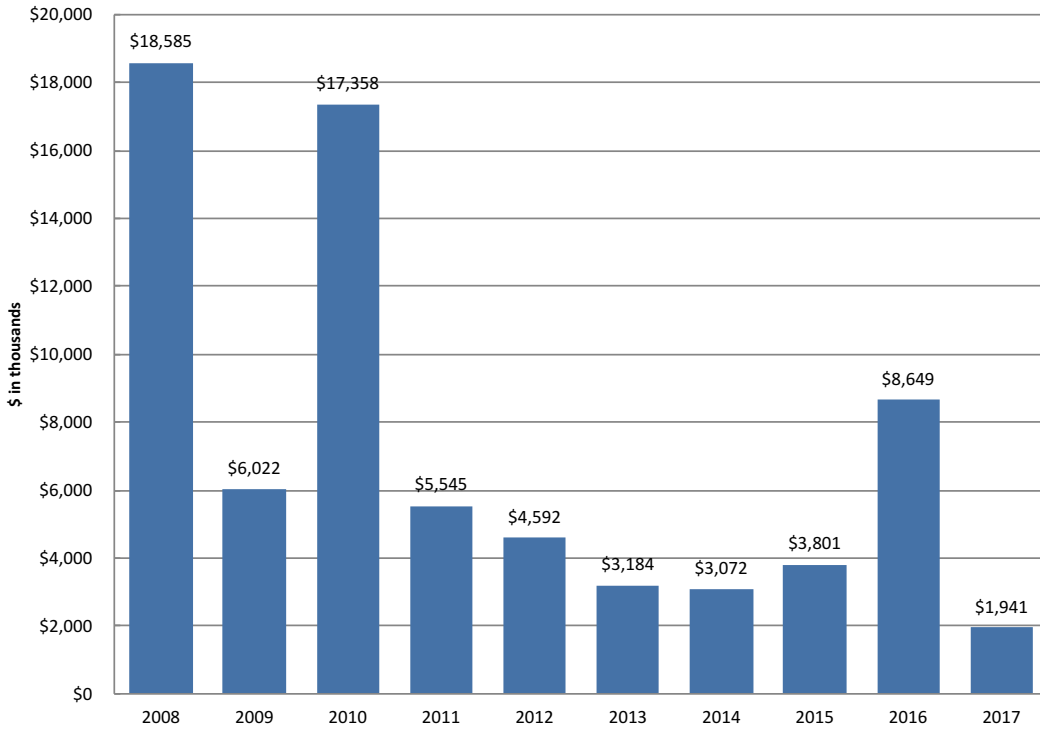


USS Constellation, Baltimore

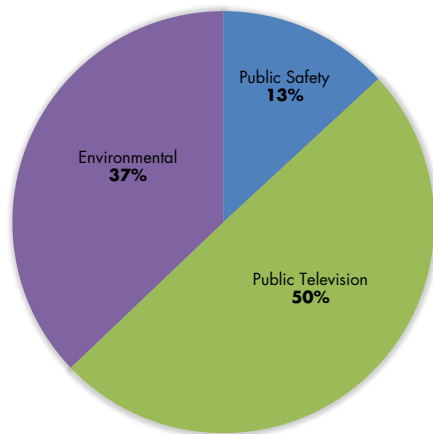
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DEBT MANAGEMENT DIVISION continued from page 23

EQUIPMENT LEASE – PURCHASE FINANCING HISTORY: FISCAL YEARS 2008-2017

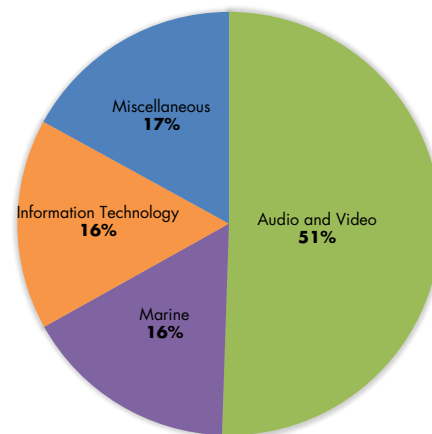


**GOVERNMENT USE – FISCAL YEAR 2017
EQUIPMENT LEASE-PURCHASE FINANCINGS**



Public Safety	254,774.00	13%
Health & Hospital	-	0%
Public Television	965,403.25	50%
Environmental	720,354.75	37%
General Services	-	0%
Total	1,940,532.00	100%

**EQUIPMENT CLASSIFICATION – FISCAL YEAR 2017
EQUIPMENT LEASE-PURCHASE FINANCINGS**



Hospital and Laboratory	-	0%
Audio and Video	980,484.25	51%
Marine	317,551.00	16%
Information Technology	312,439.75	16%
Miscellaneous	330,057.00	17%
Transportation Related	-	0%
Total	1,940,532.00	100%

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DEBT MANAGEMENT DIVISION *continued from page 24*

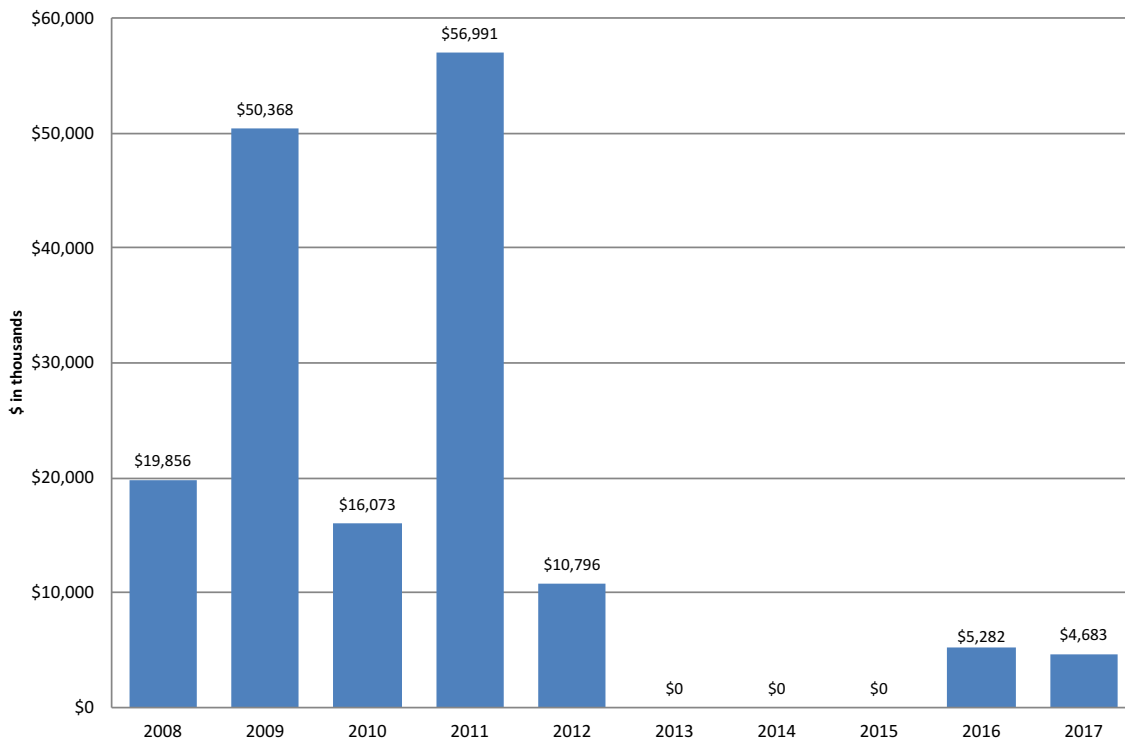
ENERGY LEASES

The State Treasurer’s Office finances energy efficiencies for State agencies and Higher Education Institutions through the administration of the Energy Performance Lease-Purchase Program. Leases are generally structured for terms of 13, 14, or 15 years and savings from the Energy Performance Contracts are used to make the lease payments. Lessors are procured by the Treasurer’s Office and paid semi-annually

from funds transferred at the beginning of each fiscal year from the using agencies.

During fiscal year 2017, State agencies financed \$4.7 million of energy improvements. The history of the Energy Lease-Purchase Program for the last ten years is depicted in the following chart. ■

ENERGY PERFORMANCE LEASE – PURCHASE FINANCING HISTORY: FISCAL YEARS 2008 - 2017



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, Baltimore Washington International Thurgood Marshall Airport, 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 following commercial policies renewed during FY 2017 and there was one new placement.

Brief details are noted as follows:

- Maryland Transit Administration Excess Liability insurance renewed effective 07/01/2016-2017. Ridership was up 2.86% and our rate was down 6.5% overall. With no change in coverage, the result was a premium savings of \$326,867.
- Maryland Transit Administration Rail Car Floater renewed effective 07/01/2016-2017 with values up .5%. There was a 3.3% rate reduction, generating a premium savings of \$17,034.
- Maryland Transit Administration Bus Fleet Physical Damage renewed effective 07/01/2016-2017 with values up 7.2%. There was one coverage change which was the addition of an endorsement stating the coverage for the mobility fleet is secondary to any other valid and collectible coverage (mobility

fleet operated by vendors). The incumbent insurance carrier increased the rate approximately 25%, resulting in a premium increase of \$27,600.

- Athletic Participants basic coverage for 10 schools was renewed effective 08/01/2016-2017 with exposures up (122 more athletes). The rates varied by school based on the sports they offer, their respective loss experience, and the medical cost trending upward 10%. Some schools premiums increased and others decreased, with an overall savings of \$3,202.
- Maryland Aviation Administration's airport liability insurance renewed effective 08/15/2016-2017 with the number of enplanements up 7%. There was an approximate 24% rate reduction, from a new carrier, generating a total premium savings of \$55,582.
- Allied Health professional liability insurance for various schools renewed effective 09/01/2016-2017 with exposures down by 427 students. There was no change in the coverage, and the rate was reduced by 13.5%, resulting in a premium savings of \$13,147.
- State of Maryland blanket boiler and machinery insurance renewed effective 09/30/2016-2017 with renewal values up 12.2%. The losses have increased, with a 5 year loss ratio (ratio of losses to premium) of 356% and a 10 year loss ratio of 375%. That said, the broker was successful in negotiating the rate increase

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of only 5%. However, the carrier increased the policy deductible from \$100,000 to \$250,000, and added a new special water deductible of 10% of the loss (subject to a \$250,000 minimum). Our request that the carrier offer a separate policy for the State universities/colleges, was turned down this year. They advised they will monitor the loss activity this year and we can revisit the request again next year. The carrier is continuing to include three training schools, and 20 days of infrared testing worth \$1,500 per day. With the values up and the rate up, the premium only increased by \$60,873, which was much lower than expected.

- State of Maryland's blanket terrorism insurance for property exposures renewed effective 10/13/2016-17 with property values up 6%, a rate reduction of 13.4%, resulting in a premium savings of \$18,249.
- Maryland Transportation Authority's terrorism insurance for property exposures renewed effective 10/13/2016-2017. With property values up 4.7%, and a rate reduction of 12.8%, we generated a premium savings of \$6,561.
- Maryland Transportation Authority's liability insurance for toll bridges, tunnels and the ICC renewed effective 10/17/2016-2017. Traffic is projected to decrease 6.6% and the number of officers is down 4.81%. The lead layer rate was down 6.9% and the excess layers rate was down 5.5%, with a net premium savings of \$24,677.
- Maryland Port Administration's crane insurance renewed effective

11/25/2016-2017. The values were down 54.8% because of some cranes being demolished, and the rate was down 15% resulting in a premium savings of \$42,853.

- Maryland Transportation Authority's property insurance for toll bridges and tunnels renewed effective 12/01/2016-17. Property values were down 4.8% and with a rate reduction of 9.9%, the premium savings was \$446,757.
- State-owned vessel's protection and indemnity (P&I) insurance, which is a liability coverage, renewed effective 1/1/2017-2018. The number of vessels were up from 1138 to 1190 (up 52). However, with a rate reduction of 20.4%, the premium savings were \$8,860.
- Maryland Port Administration's liability and terrorism insurance renewed effective 1/31/2017-2018. With revenue up by \$713,000, and a rate reduction of 11%, there was a resulting premium savings of \$64,955.
- Foster Parent liability insurance for DHR and DJS renewed effective 3/15/2017-2018, with the number of placements down by 160 (7440 down to 7280). The resulting premium savings was \$4,365.
- State of Maryland excess property insurance renewed effective 4/1/2017-2018 with values up approximately 6%. We negotiated a rate reduction of approximately 6.9% and this resulted in overall premium savings of \$67,338.
- The State of Maryland owned aircraft liability and hull insurance renewed effective 6/30/2017-2018. The incumbent offered significant

hull and liability rate reductions which resulted in overall premium reduction of approximately 23%. Overall premium savings were \$243,467.

- The Department of Commerce requested coverage for an additional exposure not currently addressed. Therefore, effective 5/1/2017-2018, we placed a new Foreign Liability insurance policy for Maryland Department of Commerce. The total cost for this new placement was \$7,500.

The Underwriting Unit continues to offer guidance on minimum insurance requirements for contracts and RFPs. This year, the unit worked with the Maryland Insurance Administration, the Department of Budget and Management, the Maryland Health Benefit Exchange, the Department of Natural Resources, the Department of Information Technology, the Department of Health and Mental Hygiene, and the State Highway Administration to name a few.

The Underwriting Unit also continued to conduct annual meetings with some larger State agencies, most for whom we buy commercial insurance policies, including the Maryland Port Administration, the Maryland Aviation Administration, the Maryland Transit Administration, and the Maryland State Police Aviation Command. Representatives from the insurance-broker and carrier were present, allowing us to discuss open claims, loss control needs, operational changes, and answer any questions the agencies might have about their coverage.

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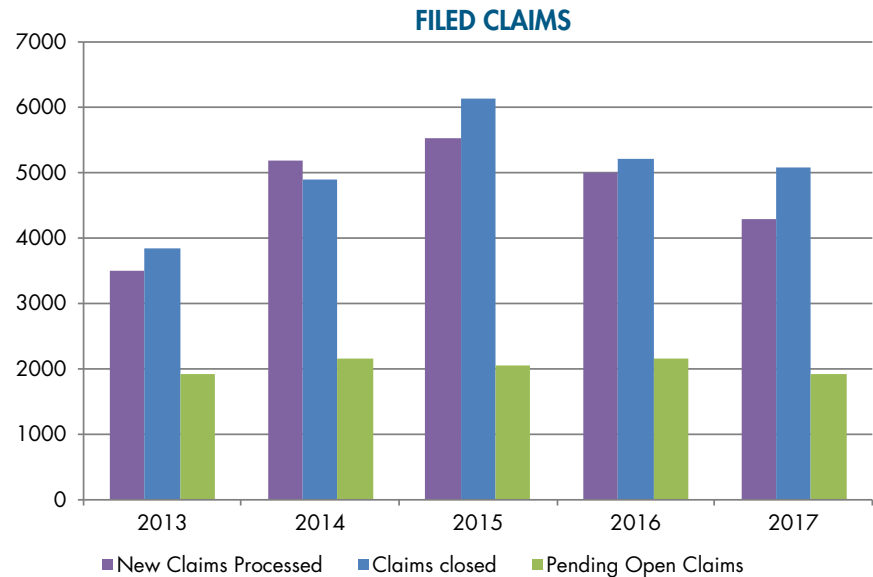
CLAIMS AND TORT LITIGATION:

The Insurance Division's Claims Unit investigates and resolves liability claims filed under the Maryland Tort Claims Act, MD State Gov't Code Ann. Section 12-101 *et seq.* 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, and a number of other perils such as fire, hail, lightning, and wind which may cause damage to State structures, equipment, and contents.

There were several major flash flood events from July through September 2016. Nonetheless, there were only minimal damages for flooding reported by University of Maryland College Park, Salisbury University and University of Maryland Baltimore. The Department of Natural Resources reported damage due to a lightning strike. Effective mitigating efforts continued to help prevent extensive damage to State owned property. Fortunately, there was also no State owned property significantly impacted from the severe flash flooding that occurred in the historic Old Town portion of Ellicott



Swallow Falls State Park, Garrett County



City, Maryland.

The State of Maryland incurred one large loss on April 17, 2017. The Mowatt substation on the campus of The University of Maryland, College Park sustained significant flooding which resulted in electrical damage to the building and equipment at the Toll Physics Building. The estimated damages are below the self-insured deductible of \$2.5 million.

The open and closed claims are tracked to gauge activity, inventory and to identify any loss trends. From July 1, 2016 through June 30, 2017, there were 4063 claims opened and 4419 claims were closed; which reflects a 1.09 open to close ratio.

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

Year-to-date subrogation recoveries for FY 2017 total \$1,791,469. The total subrogation recovery for FY 2016 was \$1,251,439. The current subrogation recoveries have exceeded the yearly targeted goal of \$1 million by 79%. This is a continued area of focus and is a priority within the Claims Unit.

TORT LITIGATION:

The Litigation Manager 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 \$200,000 effective October 1, 2015, the Litigation Manager briefs the Insurance Review Committee

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which is comprised of the Chief Deputy Treasurer, 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, upon resolution 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 145 open litigation claim files. The Litigation Manager actively monitors trial verdicts and appeals, while assessing the potential impact on the State Insurance Trust Fund. The Litigation Manager also analyzes the data in order to track the litigation outcomes.

In FY 2017, 115 new suits were received by the Tort Litigation unit. During FY 2017, 120 cases were resolved out of the

rolling docket of open litigation claim files; 40 were dismissed; 39 cases were settled; 22 were closed before trial; 8 were dismissed for no notice of claim; 6 resulted in a defendant's verdict (favorable to the State), 3 closed during trial; 1 closed following an appeal in the State's favor, and 1 suit resulted in a plaintiff's verdict (unfavorable to the State).

In an effort to more accurately reflect costs associated with the defense of a claim, tracking of expenses and litigation costs was initiated. In FY 2017, \$123,883.23 was paid in litigation expenses; total settlement payments were \$1,972,148.41, for a total of \$2,096,031.64. The average litigation cost per case was \$17,466.93. The Litigation Manager will continue to monitor these costs in an effort to effectively manage and mitigate total litigation expenses.

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 loss.

The Insurance Division tracks losses reported to the State Treasurer's Office. The practice has led to an increase in monthly and quarterly reporting, along with trending of claims. Monthly reports were provided to agencies and universities with high claim frequency. Quarterly comparisons of reported and potentially preventable losses were also provided for trending.

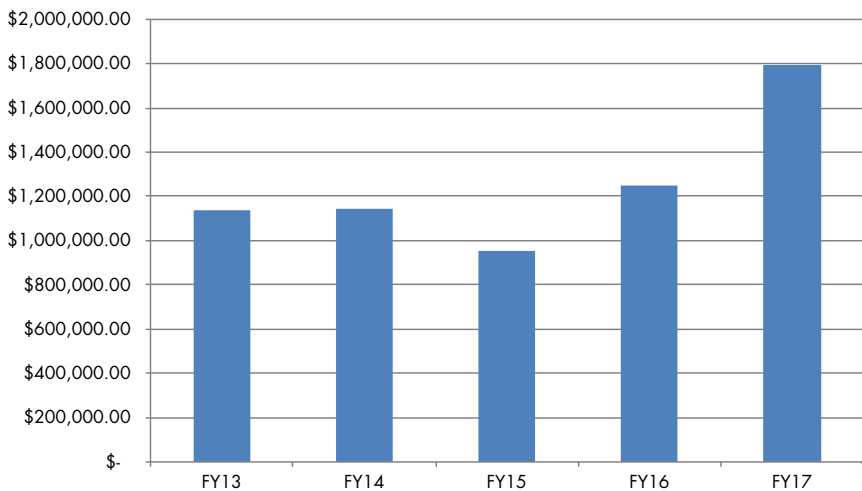
Pre-loss prevention and preventative maintenance strategies are provided to assist agencies and universities in advance of incidents or losses involving boiler maintenance. To ensure that agencies are adequately represented and informed, loss control recommendations are furnished to facility directors, insurance and fleet coordinators, safety officers, inventory control, and finance personnel. These efforts are expected to significantly reduce loss frequency and the severity of damage sustained by State-owned property.

Over the last several years, Loss Prevention participated in the Department of Natural Resource's (DNR) annual training for the Conservation Job Corps (CJC). This summer program hired temporary workers who must attend and successfully pass the mandatory drivers training program. This year, Loss Prevention's main focus was accident reporting, pre and post trip vehicle inspections, and preventable accidents.

Throughout FY2017, the Insurance Division met with the following

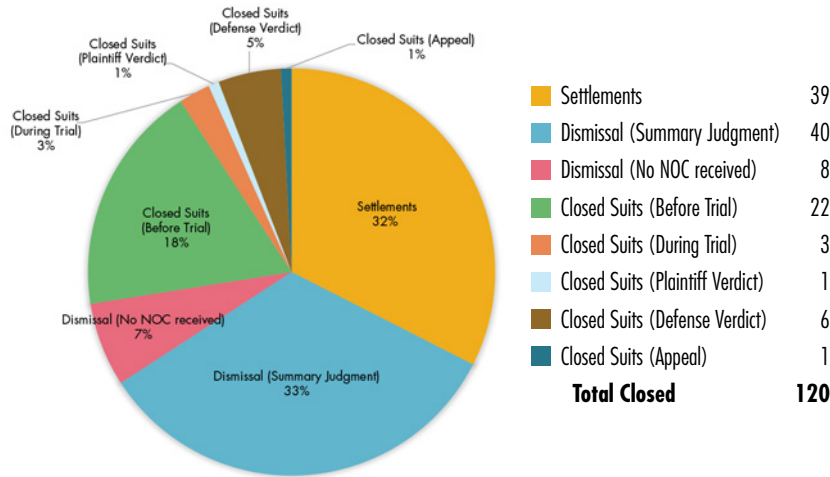
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SUBROGATION RECOVERIES



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TORT LITIGATION CASES RESOLVED IN FY 2017



State agencies and universities; Department of Public Safety and Correction Services, University of Maryland Eastern Shore, Department of Natural Resources, Maryland Port Administration, Maryland Public Television and State Highway Administration. Topics included preventive maintenance, pre and post loss activities and strategies aimed to prevent or mitigate property

damage losses caused by water (frozen and broken pipes), rain, snow and windstorms, auto accidents, extreme cold temperatures, claims reporting, communication and other insurance related topics and concerns.

Continental Assurance Company of North America (CNA) – Our commercial carrier’s Loss Control Specialist for the Boiler & Machinery



Lock #75 and Lockhouse on the C&O Canal Towpath Trail

policy continues to follow up with a number of agencies on maintenance issues that require updates and code compliance. There continues to be active follow up with agencies for proper and prompt response to loss control reports on violations and recommended measures. To date, recommendations and violations are being promptly addressed as agencies move towards resolution of all overdue items.

COLLABORATIVE UNIT EFFORTS UNDERWRITING, LOSS PREVENTION AND CLAIMS

The Insurance Division, our insurance broker and insurance carrier participated in the annual meeting held with the Maryland Port Administration on September 28, 2016, in Baltimore. We toured North and South Locust Points and the cruise terminal. Agenda topics discussed included open claims, changes in the Port in the past year, expected operational changes in the future, contract renewals, the recent berth rehab at Dundalk Marine Terminal, and loss control services the carrier can offer.

The Insurance Division and our insurance broker conducted an annual meeting with MTA in Baltimore on October 26, 2016. We discussed the rail car floater coverage first, followed by a discussion of the excess liability coverage. We explained the excess liability double aggregate on the first layer, and the difference between that and the reinstatement option on the remaining layers. We reviewed the standard loss reporting requirements

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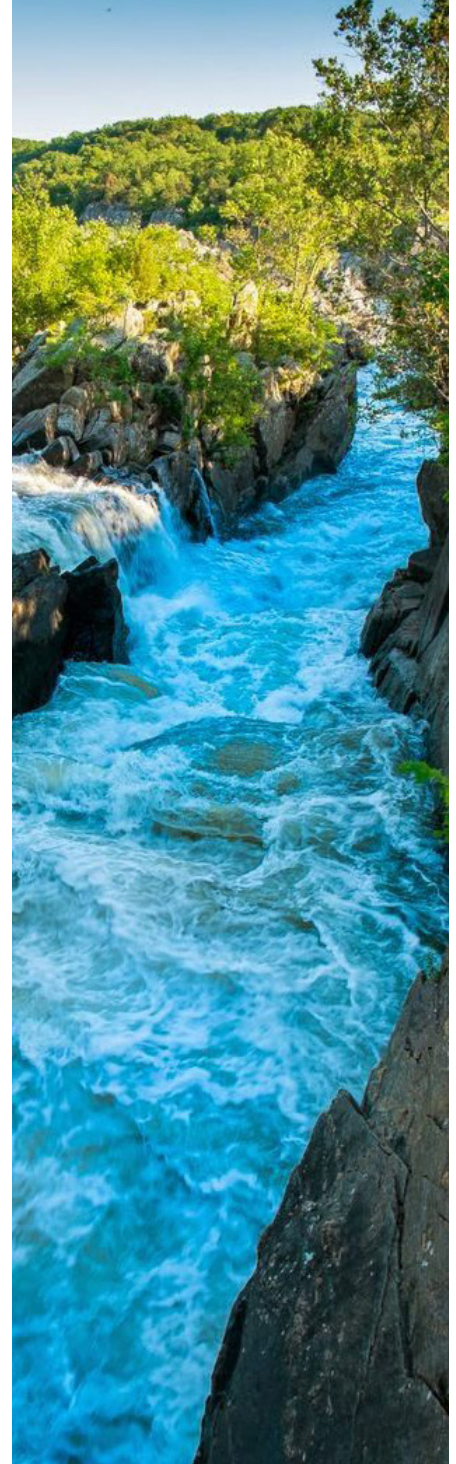
and the difference in the pollution loss reporting requirements. We discussed the status of the Baltimore Link, Purple Line, Positive Train Control (PTC), and confirmed there are no new "special trains". MTA updated us with completion dates on two new facilities being built on Kirk Avenue and Bush Street. We also advised MTA that as part of the insurance cost (premium), there are some risk control services available to them. MTA indicated they will consider taking advantage of those services in the future.

The Insurance Division conducted two meetings with the Department of Public Safety and Correctional Services (DPSCS), one in Towson on January 29, 2017, and another in Baltimore on March 2, 2017. Topics at the first meeting included preventive maintenance, pre-loss and post-loss activities and strategies aimed to prevent or mitigate property damage and liability losses. Items discussed at the second meeting were auto claims reporting, driver training for newly appointed drivers and actions to take after an accident. We also examined insurance coverage for the new DPSCS youth facility being built, with an expected completion date is in the summer of 2017. DPSCS provided us with a list of their contacts for claim related issues and offered feedback on better communication with the insurance coordinators. We also discussed the importance of loss mitigation and ongoing productive communication with the Insurance Division.

The Insurance Division, our insurance broker and insurance carrier participated in the annual meeting held

with Maryland State Police Aviation Command on Wednesday, May 3, 2017, at Martin State Airport. We met to discuss open claims, changes in the safety protocols in the past years, expected operational changes in the future, contract renewals, and the handling of the recent safety concerns with propellers. We toured the hangars and medical evacuation training pods, along with the new training center being constructed.

The Insurance Division met with the Department of Natural Resources on June 20, 2017, to discuss the role of the Maryland State Treasurer-Insurance Division, and loss reporting with DNR staff. We also attended the orientation and training of new drivers. DNR, in cooperation with the Insurance Division, successfully implemented a loss prevention program in which the drivers are educated with safe driving practices. The driving tests are vetted to ensure they are appropriate for the staff. These tests help address the issues with driving a larger van compared to a standard automobile. If a loss does occur, DNR and CJC staffs understand the importance of reporting the incident immediately. We expect the training to reduce the number of claims. ■



Great Falls, Maryland

INFORMATION TECHNOLOGY DIVISION

BRYAN HAYNES

Director

b.haynes@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, payee positive pay and account reconciliation process services for the Comptroller's General Accounting Division, Revenue Administration Division and Central Payroll Bureau, the State Retirement System, as well as the Department of Human Resources' Child Support & CARES.

Over the next year the STO IT Division in coordination with other STO divisions is working on a project to replace the current Treasury Management, Administration, and Insurance systems with a new state of the art system that will include the latest technologies for Bank Management, Cash Flow, Accounting, Accounts Payable, Reporting, and Customer Management. The new system will automate manual functions and create digital artifacts required for auditing. The solution will leverage a COTS ERP solution as well as on premise commodity servers supporting a virtual environment.

SYSTEMS AND SERVICES

The IT Division strives to support all enhancements to our in-house systems, as well as new services available from our business partners.

In an effort to ensure that new technology can more rapidly be introduced to STO, the IT Division has undergone significant datacenter upgrades that include complete virtualization of the server environment with high throughput backbone infrastructure.

ACH PROCESSING

The Office receives and processes daily ACH deposits and manual wire files that are transmitted via an automated fax to all State agencies. This process provides agencies with a report of the deposits, one day in advance of those deposits being posted to our State accounting system. The early notice helps streamline their disbursement, receipt and reconciliation processes. IT presently extracts and transmits a file of the deposit data for some of the larger State agencies.

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 to electronic funds transfer (EFT). The State Treasurer, however, is ultimately responsible for all disbursements made by the State and must transmit EFT's in a standard format. Payments are sent in these formats to the State's disbursement bank, which then forwards them to the Federal Reserve's Automated Clearing

House. The payments can then be deposited to any payee's bank account in the United States.

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, MICR encoding and the delivery of an electronic positive pay file to the State disbursement bank.

This past year the IT Division has been using a next generation check printer that has reduced or eliminated fees associated with bad checks, provides greater fraud protection, and enhanced check research capabilities.

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.

TECHNICAL SYSTEMS

The IT Division hosts and supports a wide variety of back office systems used for the productivity of the STO staff. Systems include Commercial off the Shelf (COTS), in-house developed and open source solutions that support

Treasury Management, Operations, Administration, and Insurance. Also maintained is a public facing website that provides constituents and partners with a portal to access information about the services provided by STO.

CONTINGENCY PLANNING

The IT Division has worked closely with internal divisions and external State and local Agencies to develop Disaster Recovery plans. Through the use of Memorandums of Agreement (MOA) the IT Division has secured locations in western Maryland to ensure

the operational capabilities of its high availability systems. The Office's plan is tested annually at an offsite location in the event of a catastrophic failure. Alternate hardware is available at the offsite location for recovery and resumption of critical daily processing such as the retrieval and processing of disbursement files from General Accounting, Payroll, Child Support, CARES and the State Retirement Agency. IT then transmits the test EFT files for these agencies to the State's disbursement bank. Check printing functions are tested and include a

transmission of a Payee Positive Pay file to the bank. These processes are deemed critical because they post deposits and payments to the State accounting system and generate payments to vendors and employees. ■



Cumberland_Station

OFFICE OF THE ATTORNEY GENERAL

– LEGAL DIVISION

CATE ALLEN

Director

callen@treasurer.state.md.us

While the entire Office of the Attorney General (OAG) serves as a resource to the Treasurer, four 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, raise any legal, procurement or funding issues to a Deputy Treasurer, and, if appropriate, attend Board of Public Works meetings to be available to the Treasurer for legal advice.

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. The Director researches and drafts bond counsel opinions for joint signature with the Attorney General.

Ongoing legal advice concerning federal tax code restrictions on use of bond proceeds and the proposed use of tax-exempt bond money for capital projects is provided, as needed, to various State agencies. 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 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 given to Assistant Attorney Generals throughout State agencies including the preparation 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.

Miscellaneous

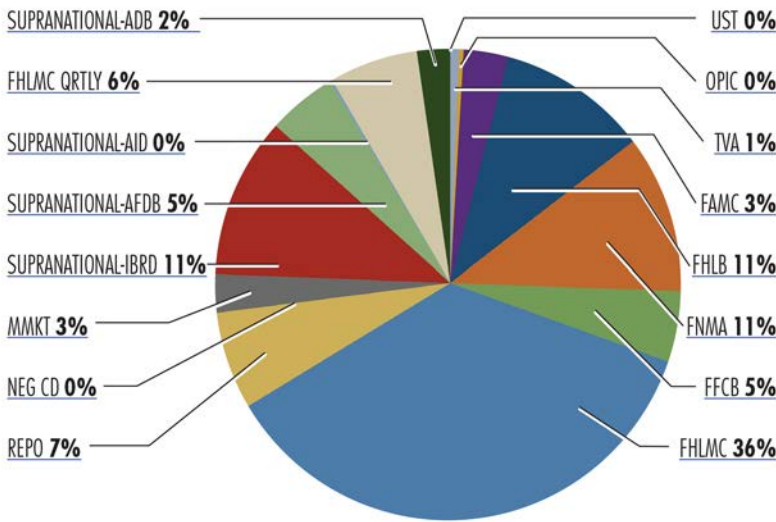
The Legal Division advises the Treasurer and Office staff on a variety of issues affecting the Office and its interaction with federal, State and local government agencies, contractors and the public. Advice, counsel and legal analysis on matters before various boards and commissions on which the Treasurer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

APPENDIX A – INVESTMENT INVENTORY

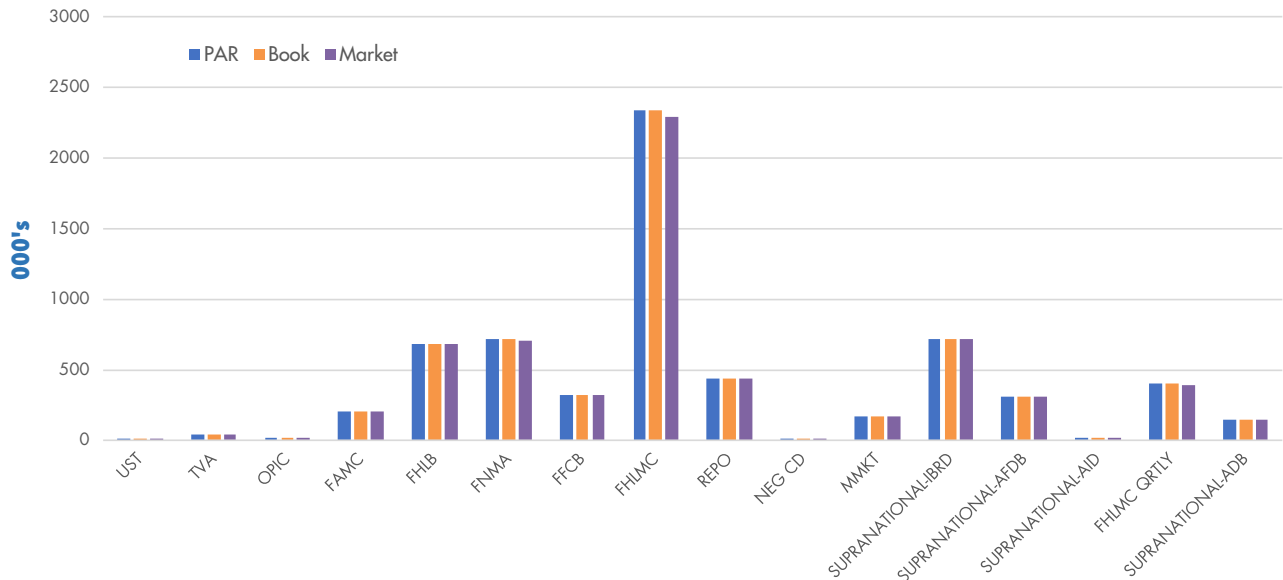
STATE OF MARYLAND INVENTORY BY MARKET VALUE

AS OF DATE: 06/30/2017 •DATE BASIS: SETTLEMENT •RUN: 07/15/2017 07:14:24 AM REPORTING CURRENCY: LOCAL

ASSET ALLOCATION



Assets (000's)	CURRENT PAR	CURRENT Book	Market	UN Gain/Loss
UST	895	886	1,085	199
TVA	40,000	39,810	39,810	0
OPIC	19,900	19,900	19,900	0
FAMC	203,275	203,236	203,099	-136
FHLB	686,700	686,517	678,694	-7,823
FNMA	721,205	720,696	708,096	-12,873
FFCB	323,975	323,903	316,738	-7,164
FHLMC	2,341,390	2,341,238	2,289,214	-52,024
REPO	437,241	437,241	437,241	0
NEG CD	1,351	1,351	1,351	0
MMKT	170,841	170,841	170,841	0
SUPRANATIONAL-IBRD	722,000	721,011	713,411	-7,600
SUPRANATIONAL-AFDB	312,000	311,588	311,669	81
SUPRANATIONAL-AID	12,070	12,053	11,801	-252
FHLMC QRTL	400,000	399,985	387,799	-12,187
SUPRANATIONAL-ADB	150,000	150,000	150,000	0
Totals	6,542,843	6,540,528	6,440,750	-99,778



STATE OF MARYLAND INVENTORY BY MARKET VALUE

AS OF DATE: 06/30/2017 •DATE BASIS: SETTLEMENT •RUN: 07/15/2017 07:14:24 AM REPORTING CURRENCY: LOCAL

Inv. No.	Description	CUSIP	Purchase Maturity	Coupon YTM TR	Current Par/Share Current Book	Market Value Market Price	Curr Accr Int Price Source	Unrealized Gain Unrealized Loss	
FUND: 2 GENERAL FUND									
18241	AID	903724BL5	11/14/2016	1.471000	12,070,000.00	11,801,321.80	45,373.81	0.00	
			09/29/2021	1.500150	12,053,464.10	97.774000	IDC-FIS	-252,142.30	
Inv Type: 21 SUPRANATIONALS-AID-30/360 SA					1.471000	12,070,000.00	11,801,321.80	45,373.81	0.00
					1.500150	12,053,464.10	97.774000	-252,142.30	
18369	ADB	045167DWO	01/30/2017	2.150000	50,000,000.00	50,000,000.00	450,902.78	0.00	
			01/30/2022	2.150000	50,000,000.00	100.000000	BOOK	0.00	
18370	ADB	045167DWO	01/30/2017	2.150000	50,000,000.00	50,000,000.00	450,902.78	0.00	
			01/30/2022	2.150000	50,000,000.00	100.000000	BOOK	0.00	
18371	ADB	045167DWO	01/30/2017	2.150000	50,000,000.00	50,000,000.00	450,902.78	0.00	
			01/30/2022	2.150000	50,000,000.00	100.000000	BOOK	0.00	
Inv Type: 22 SUPRANATIONALS-ADB-30/360 SA					2.150000	150,000,000.00	150,000,000.00	1,352,708.34	0.00
					2.150000	150,000,000.00	100.000000	0.00	
18112	IBRD	45905UYF5	10/05/2016	1.625000	45,000,000.00	44,062,200.00	231,562.50	0.00	
			09/07/2021	1.635522	44,977,500.00	97.916000	IDC-FIS	-915,300.00	
18152	IBRD	45905UZHO	10/27/2016	1.750000	100,000,000.00	98,196,000.00	311,111.11	0.00	
			10/27/2021	1.750000	100,000,000.00	98.196000	IDC-FIS	-1,804,000.00	
18153	IBRD	459058FR9	10/27/2016	1.650000	100,000,000.00	100,000,000.00	293,333.33	0.00	
			10/27/2021	1.650000	100,000,000.00	100.000000	BOOK	0.00	
18206	IBRD	45905UZR8	11/23/2016	1.750000	100,000,000.00	98,350,000.00	184,722.22	0.00	
			11/23/2021	1.750000	100,000,000.00	98.350000	IDC-FIS	-1,650,000.00	
18215	IBRD (Quoted rate o	459058FP3	10/31/2016	1.376000	50,000,000.00	48,776,000.00	191,111.10	0.00	
			09/20/2021	1.500066	49,708,565.50	97.552000	IDC-FIS	-932,565.50	
18216	IBRD	45905UZT4	11/22/2016	1.750000	250,000,000.00	247,510,000.00	473,958.33	0.00	
			11/22/2021	1.750000	250,000,000.00	99.004000	IDC-FIS	-2,490,000.00	
18294	IBRD	45905UZJ6	12/21/2016	1.300000	25,000,000.00	24,758,500.00	59,583.33	96,000.00	
			10/25/2019	1.788680	24,662,500.00	99.034000	IDC-FIS	0.00	
18295	IBRD	45905UZJ6	12/21/2016	1.300000	25,000,000.00	24,758,500.00	59,583.33	96,000.00	
			10/25/2019	1.788680	24,662,500.00	99.034000	IDC-FIS	0.00	
18447	IBRD	45905UE67	04/04/2017	2.500000	27,000,000.00	27,000,270.00	163,125.00	270.00	
			04/04/2022	2.500000	27,000,000.00	100.001000	IDC-FIS	0.00	
Inv Type: 23 SUPRANATIONALS-IBRD-30/360 SA					1.699849	722,000,000.00	713,411,470.00	1,968,090.25	192,270.00
					1.742490	721,011,065.50	98.810453	-7,791,865.50	
18200	AFDB	00828EBU2	10/31/2016	1.500000	100,000,000.00	100,000,000.00	254,166.67	0.00	
			10/31/2021	1.500000	100,000,000.00	100.000000	BOOK	0.00	
18201	AFDB	00828EBU2	10/31/2016	1.500000	50,000,000.00	50,000,000.00	127,083.33	0.00	
			10/31/2021	1.500000	50,000,000.00	100.000000	BOOK	0.00	
18202	AFDB	00828EBU2	10/31/2016	1.500000	50,000,000.00	50,000,000.00	127,083.33	0.00	
			10/31/2021	1.500000	50,000,000.00	100.000000	BOOK	0.00	
18277	AFDB	00828EBP3	12/09/2016	1.250000	12,000,000.00	11,669,280.00	64,583.33	81,120.00	
			07/26/2021	2.030161	11,588,160.00	97.244000	IDC-FIS	0.00	
18617	AFDB	00828EBV0	02/01/2017	2.180000	100,000,000.00	100,000,000.00	908,333.33	0.00	
			02/01/2022	2.180000	100,000,000.00	100.000000	BOOK	0.00	
Inv Type: 24 SUPRATIONALS-AFDB-30/360 SA					1.708939	312,000,000.00	311,669,280.00	1,481,249.99	81,120.00
					1.737954	311,588,160.00	99.894000	0.00	
16182	TVA	880591EQ1	09/27/2013	1.750000	40,000,000.00	39,809,600.00	147,777.78	0.00	
			10/15/2018	1.849070	39,809,600.00	99.524000	BOOK	0.00	
Inv Type: 25 TVA					1.750000	40,000,000.00	39,809,600.00	147,777.78	0.00

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Inv. No.	Description	CUSIP	Purchase Maturity	Coupon YTM TR	Current Par/Share Current Book	Market Value Market Price	Curr Accr Int Price Source	Unrealized Gain Unrealized Loss
				1.849070	39,809,600.00	99.524000		0.00
18020	OPIC	690353Q26	08/29/2016	.000000	19,900,000.00	19,900,000.00	0.00	0.00
			01/26/2021	.000000	19,900,000.00	100.000000	BOOK	0.00
Inv Type: 26 OPIC				.000000	19,900,000.00	19,900,000.00	0.00	0.00
				.000000	19,900,000.00	100.000000		0.00
15693	FAMC	31315PNZ8	01/30/2013	1.050000	22,800,000.00	22,793,160.00	100,415.00	0.00
			01/30/2018	1.055146	22,794,300.00	99.970000	IDC-FIS	-1,140.00
16031	FAMC	31315PM48	06/27/2013	1.300000	23,000,000.00	22,994,020.00	3,322.22	0.00
			06/27/2018	1.300000	23,000,000.00	99.974000	IDC-FIS	-5,980.00
16170	FAMC	31315P3U1	09/18/2013	2.000000	10,000,000.00	10,081,300.00	56,958.22	83,800.00
			09/18/2018	2.005280	9,997,500.00	100.813000	IDC-FIS	0.00
17762	FAMC	3132X0GW5	06/07/2016	1.460000	11,000,000.00	10,792,320.00	10,706.67	0.00
			06/07/2021	1.464163	10,997,800.00	98.112000	IDC-FIS	-205,480.00
18269	FAMCA	3132X0LW9	12/02/2016	1.000000	23,079,000.00	23,055,921.00	67,954.83	0.00
			03/15/2018	1.000000	23,079,000.00	99.900000	IDC-FIS	-23,079.00
18293	FAMCA	3132X0ML2	12/22/2016	2.370000	10,000,000.00	10,004,900.00	5,925.00	4,900.00
			12/22/2021	2.370000	10,000,000.00	100.049000	IDC-FIS	0.00
18322	FAMCA	3132X0MY4	01/06/2017	2.100000	31,000,000.00	31,146,630.00	316,458.33	149,730.00
			01/06/2022	2.102117	30,996,900.00	100.473000	IDC-FIS	0.00
18350	FAMCA	3132X0NM9	01/13/2017	2.000000	13,000,000.00	13,007,410.00	121,333.33	13,910.00
			01/13/2022	2.010561	12,993,500.00	100.057000	IDC-FIS	0.00
18388	FAMCA	3132X0NZ0	01/30/2017	2.100000	15,000,000.00	15,036,150.00	132,125.00	43,650.00
			01/03/2022	2.110892	14,992,500.00	100.241000	IDC-FIS	0.00
18389	FAMCA	3132X0NZ0	01/30/2017	2.100000	15,000,000.00	15,036,150.00	132,125.00	43,650.00
			01/03/2022	2.110892	14,992,500.00	100.241000	IDC-FIS	0.00
18431	FAMCA	3132X0QB0	02/23/2017	2.280000	8,475,000.00	8,464,999.50	68,704.00	0.00
			02/23/2022	2.280000	8,475,000.00	99.882000	IDC-FIS	-10,000.50
18433	FAMCA	3132X0QB0	02/23/2017	2.280000	10,000,000.00	9,988,200.00	81,066.67	0.00
			02/23/2022	2.280000	10,000,000.00	99.882000	IDC-FIS	-11,800.00
18517	FAMCA	3132X0KX8	11/01/2016	1.540000	9,000,000.00	8,779,140.00	23,100.00	0.00
			11/01/2021	1.550431	8,995,500.00	97.546000	IDC-FIS	-216,360.00
Inv Type: 31 FAMC				1.722131	201,354,000.00	201,180,300.50	1,120,194.27	339,640.00
				1.726299	201,314,500.00	99.913734		-473,839.50
15923	FHLB	3133833W9	06/06/2013	1.100000	50,000,000.00	49,717,500.00	38,194.44	0.00
			06/06/2018	1.100000	50,000,000.00	99.435000	IDC-FIS	-282,500.00
17390	FHLB	3130A6Y43	12/30/2015	2.000000	50,000,000.00	50,042,500.00	2,777.78	42,500.00
			12/30/2020	2.000000	50,000,000.00	100.085000	IDC-FIS	0.00
17391	FHLB	3130A6Y43	12/30/2015	2.000000	50,000,000.00	50,042,500.00	2,777.78	42,500.00
			12/30/2020	2.000000	50,000,000.00	100.085000	IDC-FIS	0.00
17486	FHLB	3130A7BT1	02/26/2016	1.730000	275,000.00	272,819.25	1,651.91	0.00
			02/26/2021	1.730000	275,000.00	99.207000	IDC-FIS	-2,180.75
17742	FHLB	3130A8AH6	06/22/2016	1.500000	50,000,000.00	49,267,500.00	18,750.00	0.00
			06/22/2021	1.500000	50,000,000.00	98.535000	IDC-FIS	-732,500.00
17747	FHLB	3130A8AH6	06/22/2016	1.500000	50,000,000.00	49,267,500.00	18,750.00	0.00
			06/22/2021	1.500000	50,000,000.00	98.535000	IDC-FIS	-732,500.00
17748	FHLB	3130A8AH6	06/22/2016	1.500000	50,000,000.00	49,267,500.00	18,750.00	0.00
			06/22/2021	1.500000	50,000,000.00	98.535000	IDC-FIS	-732,500.00
17749	FHLB	3130A8AH6	06/22/2016	1.500000	50,000,000.00	49,267,500.00	18,750.00	0.00
			06/22/2021	1.500000	50,000,000.00	98.535000	IDC-FIS	-732,500.00

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Inv. No.	Description	CUSIP	Purchase Maturity	Coupon YTM TR	Current Par/Share Current Book	Market Value Market Price	Curr Accr Int Price Source	Unrealized Gain Unrealized Loss	
17805	FHLB	3130A8J20	06/28/2016	1.650000	63,035,000.00	62,118,471.10	8,667.31	0.00	
			06/28/2021	1.651046	63,031,848.25	98.546000	IDC-FIS	-913,377.15	
17857	FHLB	3130A8HR7	06/28/2016	1.540000	9,750,000.00	9,573,135.00	1,251.25	0.00	
			12/28/2020	1.545772	9,747,562.50	98.186000	IDC-FIS	-174,427.50	
18057	FHLB	3130A9GS4	10/12/2016	1.700000	10,000,000.00	9,797,000.00	37,305.56	0.00	
			10/12/2021	1.700000	10,000,000.00	97.970000	IDC-FIS	-203,000.00	
18058	FHLB	3130A9GS4	10/12/2016	1.700000	19,500,000.00	19,104,150.00	72,745.83	0.00	
			10/12/2021	1.700000	19,500,000.00	97.970000	IDC-FIS	-395,850.00	
18059	FHLB	3130A9GS4	10/12/2016	1.700000	13,000,000.00	12,736,100.00	48,497.22	0.00	
			10/12/2021	1.700000	13,000,000.00	97.970000	IDC-FIS	-263,900.00	
18066	FHLB	3130A9HN4	10/27/2016	1.750000	40,000,000.00	38,974,000.00	124,444.44	0.00	
			10/27/2021	1.750000	40,000,000.00	97.435000	IDC-FIS	-1,026,000.00	
18067	FHLB	3130A9HN4	10/27/2016	1.750000	48,000,000.00	46,768,800.00	149,333.33	0.00	
			10/27/2021	1.750000	48,000,000.00	97.435000	IDC-FIS	-1,231,200.00	
18139	FHLB	3130A9GS4	10/12/2016	1.700000	14,250,000.00	13,960,725.00	53,160.42	0.00	
			10/12/2021	1.700000	14,250,000.00	97.970000	IDC-FIS	-289,275.00	
18207	FHLB	3130A9WU1	11/17/2016	1.625000	10,000,000.00	9,776,900.00	19,861.11	0.00	
			11/17/2021	1.625000	10,000,000.00	97.769000	IDC-FIS	-223,100.00	
18267	FHLB	3130AABG2	11/30/2016	1.875000	35,000,000.00	35,073,500.00	58,333.33	226,800.00	
			11/29/2021	1.967463	34,846,700.00	100.210000	IDC-FIS	0.00	
18275	FHLB	3130AADR6	12/21/2016	2.200000	10,000,000.00	9,986,100.00	6,111.11	0.00	
			12/21/2021	2.210618	9,995,000.00	99.861000	IDC-FIS	-8,900.00	
18387	FHLB	3130AAMS4	01/27/2017	2.220000	14,235,000.00	14,179,198.80	135,185.05	0.00	
			01/27/2022	2.241253	14,220,765.00	99.608000	IDC-FIS	-41,566.20	
18393	FHLB	3130AAPN2	02/02/2017	2.300000	13,050,000.00	13,047,912.00	124,228.75	0.00	
			02/02/2022	2.300000	13,050,000.00	99.984000	IDC-FIS	-2,088.00	
18419	FHLB	3130AAMS4	02/09/2017	2.220000	12,830,000.00	12,779,706.40	121,842.23	0.00	
			01/27/2022	2.220000	12,830,000.00	99.608000	IDC-FIS	-50,293.60	
18446	FHLB	3130AAWE4	03/08/2017	2.220000	9,050,000.00	9,065,113.50	63,063.42	19,638.50	
			03/08/2022	2.230624	9,045,475.00	100.167000	IDC-FIS	0.00	
Inv Type: 32 FHLB					1.695003	671,975,000.00	664,086,131.05	1,144,432.27	331,438.50
					1.700732	671,792,350.75	98.826017		-8,037,658.20
15656	FNMA	3136G1BK4	02/05/2013	1.000000	16,500,000.00	16,456,440.00	66,916.67	0.00	
			02/05/2018	1.004111	16,496,700.00	99.736000	IDC-FIS	-40,260.00	
15735	FNMA	3136G1EN5	03/13/2013	1.100000	50,000,000.00	49,969,500.00	165,000.00	0.00	
			03/13/2018	1.103092	49,992,500.00	99.939000	IDC-FIS	-23,000.00	
15807	FNMA	3136G1EN5	03/13/2013	1.100000	14,330,000.00	14,321,258.70	47,289.00	0.00	
			03/13/2018	1.102061	14,328,567.00	99.939000	IDC-FIS	-7,308.30	
15922	FNMA	3135GOWM1	05/08/2013	1.000000	50,000,000.00	49,860,000.00	84,722.22	0.00	
			04/30/2018	1.000000	50,000,000.00	99.720000	IDC-FIS	-140,000.00	
15970	FNMA	3135G0XG3	05/23/2013	1.000000	50,000,000.00	49,887,500.00	55,555.56	88,000.00	
			05/21/2018	1.082694	49,799,500.00	99.775000	IDC-FIS	0.00	
17489	FNMA	3136G2YK7	02/26/2016	1.350000	7,000,000.00	6,916,840.00	32,812.50	0.00	
			08/26/2019	1.350000	7,000,000.00	98.812000	IDC-FIS	-83,160.00	
17523	FNMA	3136G2YK7	02/26/2016	1.350000	5,650,000.00	5,582,878.00	26,484.38	0.00	
			08/26/2019	1.350000	5,650,000.00	98.812000	IDC-FIS	-67,122.00	
17967	FNMA	3136G3R80	07/28/2016	1.700000	50,000,000.00	48,506,000.00	361,250.00	0.00	
			07/28/2021	1.700000	50,000,000.00	97.012000	IDC-FIS	-1,494,000.00	
17968	FNMA	3136G3R80	07/28/2016	1.700000	50,000,000.00	48,506,000.00	361,250.00	0.00	

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Inv. No.	Description	CUSIP	Purchase Maturity	Coupon YTM TR	Current Par/Share Current Book	Market Value Market Price	Curr Accr Int Price Source	Unrealized Gain Unrealized Loss	
17969	FNMA	3136G3R80	07/28/2021	1.700000	50,000,000.00	97.012000	IDC-FIS	-1,494,000.00	
			07/28/2016	1.700000	50,000,000.00	48,506,000.00	361,250.00	0.00	
			07/28/2021	1.700000	50,000,000.00	97.012000	IDC-FIS	-1,494,000.00	
18002	FNMA	3136G3U45	08/16/2016	1.500000	9,395,000.00	9,216,119.20	55,195.63	0.00	
			08/10/2021	1.500000	9,395,000.00	98.096000	IDC-FIS	-178,880.80	
18042	FNMA	3136G37G4	09/30/2016	1.600000	25,000,000.00	24,346,000.00	101,111.11	0.00	
			09/30/2021	1.600000	25,000,000.00	97.384000	IDC-FIS	-654,000.00	
18043	FNMA	3136G36T7	09/28/2016	1.600000	10,000,000.00	9,769,300.00	41,333.33	0.00	
			09/28/2021	1.600000	10,000,000.00	97.693000	IDC-FIS	-230,700.00	
18044	FNMA	3136G37G4	09/30/2016	1.600000	25,000,000.00	24,346,000.00	101,111.11	0.00	
			09/30/2021	1.600000	25,000,000.00	97.384000	IDC-FIS	-654,000.00	
18081	FNMA	3136G4CR2	10/21/2016	1.600000	8,945,000.00	8,666,989.40	27,828.89	0.00	
			10/21/2021	1.600000	8,945,000.00	96.892000	IDC-FIS	-278,010.60	
18094	FNMA	3136G4CY7	09/30/2016	1.500000	50,000,000.00	48,582,500.00	189,583.33	0.00	
			09/30/2021	1.504167	49,990,000.00	97.165000	IDC-FIS	-1,407,500.00	
18129	FNMA	3136G4EN9	10/27/2016	1.500000	10,000,000.00	9,717,100.00	26,666.67	0.00	
			10/27/2021	1.500000	10,000,000.00	97.171000	IDC-FIS	-282,900.00	
18132	FNMA	3136G4EV1	10/28/2016	1.625000	50,000,000.00	48,758,000.00	142,187.50	0.00	
			10/28/2021	1.625000	50,000,000.00	97.516000	IDC-FIS	-1,242,000.00	
18133	FNMA	3136G4EV1	10/28/2016	1.625000	50,000,000.00	48,758,000.00	142,187.50	0.00	
			10/28/2021	1.625000	50,000,000.00	97.516000	IDC-FIS	-1,242,000.00	
18134	FNMA	3136G4FA6	10/28/2016	1.625000	10,000,000.00	9,738,000.00	28,437.50	0.00	
			10/28/2021	1.625000	10,000,000.00	97.380000	IDC-FIS	-262,000.00	
18172	FNMA	3136G4FS7	10/27/2016	1.500000	11,000,000.00	10,667,360.00	29,333.33	0.00	
			10/27/2021	1.510420	10,994,500.00	96.976000	IDC-FIS	-327,140.00	
18198	FNMA	3136G4EV1	10/28/2016	1.625000	54,885,000.00	53,521,656.60	156,079.22	0.00	
			10/28/2021	1.625000	54,885,000.00	97.516000	IDC-FIS	-1,363,343.40	
18412	FNMA	3136G4KY8	02/24/2017	2.000000	8,050,000.00	8,050,241.50	56,797.22	241.50	
			11/24/2020	2.000000	8,050,000.00	100.003000	IDC-FIS	0.00	
18414	FNMA	3136G4KX0	02/23/2017	2.250000	14,250,000.00	14,243,730.00	114,000.00	0.00	
			02/23/2022	2.250000	14,250,000.00	99.956000	IDC-FIS	-6,270.00	
18437	FNMA	3136G4LC5	02/23/2017	2.300000	41,200,000.00	41,202,472.00	397,465.55	10,712.00	
			01/31/2022	2.304152	41,191,760.00	100.006000	IDC-FIS	0.00	
Inv Type: 34 FNMA					1.526904	721,205,000.00	708,095,885.40	3,171,848.22	98,953.50
					1.533650	720,968,527.00	98.182332		-12,971,595.10
17487	FFCB	3133EFZU4	02/16/2016	1.350000	14,700,000.00	14,527,863.00	74,418.75	0.00	
			08/16/2019	1.350000	14,700,000.00	98.829000	IDC-FIS	-172,137.00	
17488	FFCB	3133EFZU4	02/16/2016	1.350000	35,300,000.00	34,886,637.00	178,706.25	0.00	
			08/16/2019	1.350000	35,300,000.00	98.829000	IDC-FIS	-413,363.00	
17804	FFCB	3133EGEV3	06/17/2016	1.620000	50,900,000.00	50,171,112.00	38,938.50	0.00	
			06/14/2021	1.620000	50,900,000.00	98.568000	IDC-FIS	-728,888.00	
17806	FFCB	3133EGHC2	06/23/2016	1.600000	55,000,000.00	53,358,250.00	19,555.56	0.00	
			06/23/2021	1.610448	54,972,500.00	97.015000	IDC-FIS	-1,614,250.00	
17841	FFCB	3133EGGY5	06/23/2016	1.490000	14,700,000.00	14,354,256.00	60,841.67	0.00	
			09/21/2020	1.504808	14,691,180.00	97.648000	IDC-FIS	-336,924.00	
17901	FFCB	3133EGLG8	07/13/2016	1.370000	25,000,000.00	24,326,250.00	74,208.33	0.00	
			10/13/2020	1.370000	25,000,000.00	97.305000	IDC-FIS	-673,750.00	
17902	FFCB	3133EGLG8	07/13/2016	1.370000	25,000,000.00	24,326,250.00	74,208.33	0.00	
			10/13/2020	1.370000	25,000,000.00	97.305000	IDC-FIS	-673,750.00	
17903	FFCB	3133EGLG8	07/13/2016	1.370000	25,000,000.00	24,326,250.00	74,208.33	0.00	

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Inv. No.	Description	CUSIP	Purchase Maturity	Coupon YTM TR	Current Par/Share Current Book	Market Value Market Price	Curr Accr Int Price Source	Unrealized Gain Unrealized Loss	
			10/13/2020	1.370000	25,000,000.00	97.305000	IDC-FIS	-673,750.00	
17917	FFCB	3133EGLH6	07/12/2016	1.420000	25,000,000.00	24,417,500.00	166,652.78	0.00	
			01/12/2021	1.431513	24,987,500.00	97.670000	IDC-FIS	-570,000.00	
17918	FFCB	3133EGLH6	07/12/2016	1.420000	25,000,000.00	24,417,500.00	166,652.78	0.00	
			01/12/2021	1.431513	24,987,500.00	97.670000	IDC-FIS	-570,000.00	
17925	FFCB	3133EGLG8	07/14/2016	1.370000	10,950,000.00	10,654,897.50	32,503.25	0.00	
			10/13/2020	1.382302	10,944,525.00	97.305000	IDC-FIS	-289,627.50	
17926	FFCB	3133EGLG8	07/14/2016	1.370000	10,925,000.00	10,630,571.25	32,429.04	0.00	
			10/13/2020	1.382302	10,919,537.50	97.305000	IDC-FIS	-288,966.25	
Inv Type: 36 FFCB					1.460202	317,475,000.00	310,397,336.75	993,323.57	0.00
				1.465357	317,402,742.50	97.770639		-7,005,405.75	
15219	FHLMC	3134G3YY0	07/25/2012	1.000000	3,300,000.00	3,299,967.00	14,300.00	1,617.00	
			07/25/2017	1.010280	3,298,350.00	99.999000	IDC-FIS	0.00	
15349	FHLMC	3134G3H94	09/20/2012	1.000000	40,000,000.00	40,027,600.00	112,222.22	37,600.00	
			09/20/2017	1.005139	39,990,000.00	100.069000	IDC-FIS	0.00	
17764	FHLMC	3134G9QA8	06/30/2016	1.800000	6,600,000.00	6,495,720.00	330.00	0.00	
			06/30/2021	1.810505	6,596,700.00	98.420000	IDC-FIS	-100,980.00	
17779	FHLMC	3134G9NE3	06/14/2016	1.200000	20,100,000.00	19,868,850.00	11,390.00	0.00	
			06/14/2019	1.200000	20,100,000.00	98.850000	IDC-FIS	-231,150.00	
17780	FHLMC	3134G9LD7	06/09/2016	1.250000	29,445,000.00	29,319,564.30	37,828.65	0.00	
			05/24/2019	1.250000	29,445,000.00	99.574000	IDC-FIS	-125,435.70	
17781	FHLMC	3134G9LD7	06/09/2016	1.250000	30,000,000.00	29,872,200.00	38,541.67	0.00	
			05/24/2019	1.250000	30,000,000.00	99.574000	IDC-FIS	-127,800.00	
17818	FHLMC	3134G9XP7	06/30/2016	2.000000	50,000,000.00	48,579,000.00	2,777.78	0.00	
			06/30/2021	2.000000	50,000,000.00	97.158000	IDC-FIS	-1,421,000.00	
17821	FHLMC	3134G9XF9	06/30/2016	1.375000	100,000,000.00	97,077,000.00	3,819.44	0.00	
			06/30/2021	1.375000	100,000,000.00	97.077000	IDC-FIS	-2,923,000.00	
17822	FHLMC	3134G9XE2	06/30/2016	1.500000	100,000,000.00	97,103,000.00	4,166.67	0.00	
			06/30/2021	1.500000	100,000,000.00	97.103000	IDC-FIS	-2,897,000.00	
17824	FHLMC	3134G9XV4	06/30/2016	1.375000	100,000,000.00	96,925,000.00	3,819.44	0.00	
			06/30/2021	1.378867	99,985,000.00	96.925000	IDC-FIS	-3,060,000.00	
17825	FHLMC	3134G9XX0	06/30/2016	1.500000	100,000,000.00	97,246,000.00	4,166.67	0.00	
			06/30/2021	1.500000	100,000,000.00	97.246000	IDC-FIS	-2,754,000.00	
17850	FHLMC	3134G9Z59	06/30/2016	1.200000	100,000,000.00	97,309,000.00	3,333.33	0.00	
			06/30/2021	1.200000	100,000,000.00	97.309000	IDC-FIS	-2,691,000.00	
17871	FHLMC	3134G9D61	06/30/2016	1.250000	100,000,000.00	96,295,000.00	3,472.22	0.00	
			06/30/2021	1.250000	100,000,000.00	96.295000	IDC-FIS	-3,705,000.00	
17872	FHLMC	3134G9E29	06/30/2016	1.200000	100,000,000.00	96,270,000.00	3,333.33	0.00	
			06/30/2021	1.200000	100,000,000.00	96.270000	IDC-FIS	-3,730,000.00	
17873	FHLMC	3134G9E37	06/30/2016	1.250000	100,000,000.00	96,289,000.00	3,472.22	0.00	
			06/30/2021	1.253857	99,985,000.00	96.289000	IDC-FIS	-3,696,000.00	
17927	FHLMC	3134G9Q75	07/26/2016	1.250000	50,000,000.00	49,703,500.00	269,097.22	0.00	
			07/26/2019	1.250000	50,000,000.00	99.407000	IDC-FIS	-296,500.00	
17942	FHLMC	3134G9Q75	07/26/2016	1.250000	100,000,000.00	99,407,000.00	538,194.44	0.00	
			07/26/2019	1.278971	99,915,000.00	99.407000	IDC-FIS	-508,000.00	
17983	FHLMC	3134G9U47	08/25/2016	1.500000	13,250,000.00	13,096,300.00	69,562.50	0.00	
			08/25/2021	1.500000	13,250,000.00	98.840000	IDC-FIS	-153,700.00	
17984	FHLMC	3134G9U47	08/25/2016	1.500000	11,000,000.00	10,872,400.00	57,750.00	0.00	
			08/25/2021	1.500000	11,000,000.00	98.840000	IDC-FIS	-127,600.00	

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Inv. No.	Description	CUSIP	Purchase Maturity	Coupon YTM TR	Current Par/Share Current Book	Market Value Market Price	Curr Accr Int Price Source	Unrealized Gain Unrealized Loss
17985	FHLMC	3134G9U47	08/25/2016	1.50000	11,000,000.00	10,872,400.00	57,750.00	0.00
			08/25/2021	1.50000	11,000,000.00	98.840000	IDC-FIS	-127,600.00
17986	FHLMC	3134G96X0	08/25/2016	1.62500	11,988,000.00	11,648,859.48	68,181.75	0.00
			08/25/2021	1.62500	11,988,000.00	97.171000	IDC-FIS	-339,140.52
17988	FHLMC	3134G92E6	08/30/2016	1.75000	50,000,000.00	48,548,000.00	306,250.00	0.00
			08/25/2021	1.75000	50,000,000.00	97.096000	IDC-FIS	-1,452,000.00
17989	FHLMC	3134G92E6	08/30/2016	1.75000	50,000,000.00	48,548,000.00	306,250.00	0.00
			08/25/2021	1.75000	50,000,000.00	97.096000	IDC-FIS	-1,452,000.00
17990	FHLMC	3134G92E6	08/30/2016	1.75000	50,000,000.00	48,548,000.00	306,250.00	0.00
			08/25/2021	1.75000	50,000,000.00	97.096000	IDC-FIS	-1,452,000.00
17993	FHLMC	3134G97H4	09/30/2016	1.75000	100,000,000.00	97,086,000.00	442,361.11	0.00
			09/30/2021	1.75000	100,000,000.00	97.086000	IDC-FIS	-2,914,000.00
18010	FHLMC	3134G97G6	08/25/2016	1.25000	12,500,000.00	12,331,000.00	54,687.50	0.00
			08/25/2020	1.255142	12,497,500.00	98.648000	IDC-FIS	-166,500.00
18024	FHLMC	3134GAJPO	09/30/2016	1.75000	50,000,000.00	49,912,500.00	221,180.56	0.00
			09/30/2021	1.75000	50,000,000.00	99.825000	IDC-FIS	-87,500.00
18025	FHLMC	3134GAJPO	09/30/2016	1.75000	50,000,000.00	49,912,500.00	221,180.56	0.00
			09/30/2021	1.75000	50,000,000.00	99.825000	IDC-FIS	-87,500.00
18026	FHLMC	3134GAJPO	09/30/2016	1.75000	50,000,000.00	49,912,500.00	221,180.56	0.00
			09/30/2021	1.75000	50,000,000.00	99.825000	IDC-FIS	-87,500.00
18027	FHLMC	3134GAJPO	09/30/2016	1.75000	50,000,000.00	49,912,500.00	221,180.56	0.00
			09/30/2021	1.75000	50,000,000.00	99.825000	IDC-FIS	-87,500.00
18028	FHLMC	3134GAJPO	09/30/2016	1.75000	50,000,000.00	49,912,500.00	221,180.56	0.00
			09/30/2021	1.75000	50,000,000.00	99.825000	IDC-FIS	-87,500.00
18072	FHLMC	3134GAEF7	09/29/2016	1.65000	10,000,000.00	9,899,700.00	42,166.67	0.00
			09/29/2021	1.65000	10,000,000.00	98.997000	IDC-FIS	-100,300.00
18075	FHLMC	3134GAPL2	10/27/2016	1.70000	9,250,000.00	8,983,230.00	27,955.56	0.00
			10/27/2021	1.70000	9,250,000.00	97.116000	IDC-FIS	-266,770.00
18082	FHLMC	3134GAQC1	09/30/2016	1.75000	100,000,000.00	96,565,000.00	442,361.11	0.00
			09/30/2021	1.75000	100,000,000.00	96.565000	IDC-FIS	-3,435,000.00
18083	FHLMC	3134GAQE7	09/30/2016	1.75000	100,000,000.00	96,701,000.00	442,361.11	0.00
			09/30/2021	1.75000	100,000,000.00	96.701000	IDC-FIS	-3,299,000.00
18124	FHLMC	3134GARB2	10/27/2016	1.60000	50,000,000.00	48,656,000.00	142,222.22	0.00
			10/27/2021	1.60000	50,000,000.00	97.312000	IDC-FIS	-1,344,000.00
18125	FHLMC	3134GARB2	10/27/2016	1.60000	50,000,000.00	48,656,000.00	142,222.22	0.00
			10/27/2021	1.60000	50,000,000.00	97.312000	IDC-FIS	-1,344,000.00
18126	FHLMC	3134GARB2	10/27/2016	1.60000	50,000,000.00	48,656,000.00	142,222.22	0.00
			10/27/2021	1.60000	50,000,000.00	97.312000	IDC-FIS	-1,344,000.00
18127	FHLMC	3134GARB2	10/27/2016	1.60000	10,000,000.00	9,731,200.00	28,444.44	0.00
			10/27/2021	1.60000	10,000,000.00	97.312000	IDC-FIS	-268,800.00
18128	FHLMC	3134GARB2	10/27/2016	1.60000	30,000,000.00	29,193,600.00	85,333.33	0.00
			10/27/2021	1.60000	30,000,000.00	97.312000	IDC-FIS	-806,400.00
18130	FHLMC	3134GARB2	10/27/2016	1.60000	40,000,000.00	38,924,800.00	113,777.78	0.00
			10/27/2021	1.605223	39,990,000.00	97.312000	IDC-FIS	-1,065,200.00
18131	FHLMC	3134GASJ4	10/27/2016	1.70000	50,000,000.00	48,739,000.00	151,111.11	0.00
			10/27/2021	1.70000	50,000,000.00	97.478000	IDC-FIS	-1,261,000.00
18409	FHLMC	3134GAZ80	02/24/2017	2.30000	8,535,000.00	8,535,682.80	69,252.04	682.80
			02/24/2022	2.30000	8,535,000.00	100.008000	IDC-FIS	0.00
18410	FHLMC	3134GAZ80	02/24/2017	2.30000	8,535,000.00	8,535,682.80	69,252.04	682.80

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			02/24/2022	2.300000	8,535,000.00	100.008000	IDC-FIS	0.00	
18432	FHLMC	3134GA5V2	03/14/2017	2.375000	9,590,000.00	9,592,013.90	67,696.08	2,013.90	
			03/14/2022	2.375000	9,590,000.00	100.021000	IDC-FIS	0.00	
18455	FHLMC	3134GBBH4	03/29/2017	2.300000	6,875,000.00	6,884,693.75	40,409.72	14,506.25	
			03/29/2022	2.314907	6,870,187.50	100.141000	IDC-FIS	0.00	
18456	FHLMC	3134GBBH4	03/29/2017	2.300000	6,875,000.00	6,884,693.75	40,409.72	14,506.25	
			03/29/2022	2.314907	6,870,187.50	100.141000	IDC-FIS	0.00	
18457	FHLMC	3134GBBG6	03/29/2017	2.000000	4,700,000.00	4,701,410.00	24,022.22	1,410.00	
			09/29/2020	2.000000	4,700,000.00	100.030000	IDC-FIS	0.00	
18458	FHLMC	3134GBBG6	03/29/2017	2.000000	4,835,000.00	4,836,450.50	24,712.22	1,450.50	
			09/29/2020	2.000000	4,835,000.00	100.030000	IDC-FIS	0.00	
18505	FHLMC	3134GBLJ9	05/17/2017	2.000000	50,000,000.00	49,673,000.00	122,222.22	0.00	
			05/17/2022	2.000000	50,000,000.00	99.346000	IDC-FIS	-327,000.00	
18506	FHLMC	3134GBLK6	05/25/2017	2.100000	25,000,000.00	24,867,750.00	52,500.00	0.00	
			05/25/2022	2.100000	25,000,000.00	99.471000	IDC-FIS	-132,250.00	
18555	FHLMC	3134GBRF1	06/29/2017	2.100000	12,500,000.00	12,434,875.00	1,458.33	0.00	
			06/29/2022	2.100000	12,500,000.00	99.479000	IDC-FIS	-65,125.00	
18556	FHLMC	3134GBRF1	06/29/2017	2.100000	12,500,000.00	12,434,875.00	1,458.33	0.00	
			06/29/2022	2.100000	12,500,000.00	99.479000	IDC-FIS	-65,125.00	
Inv Type: 37 FHLMC					1.548969	2,338,378,000.00	2,286,287,518.28	6,102,781.65	74,469.50
				1.550874	2,338,225,925.00	97.772367		-52,012,876.22	
17817	FHLMC	3134G9XQ5	06/30/2016	1.500000	50,000,000.00	48,502,000.00	2,083.33	0.00	
			06/30/2021	1.502581	49,995,000.00	97.004000	IDC-FIS	-1,493,000.00	
17819	FHLMC	3134G9XM4	06/30/2016	1.500000	50,000,000.00	48,594,500.00	2,083.33	0.00	
			06/30/2021	1.500000	50,000,000.00	97.189000	IDC-FIS	-1,405,500.00	
17820	FHLMC	3134G9XL6	06/29/2016	2.000000	100,000,000.00	97,031,000.00	11,111.11	0.00	
			06/29/2021	2.002107	99,990,000.00	97.031000	IDC-FIS	-2,959,000.00	
17823	FHLMC	3134G9XT9	06/30/2016	1.450000	100,000,000.00	97,061,000.00	4,027.78	0.00	
			06/30/2021	1.450000	100,000,000.00	97.061000	IDC-FIS	-2,939,000.00	
18093	FHLMC	3134GAQK3	09/30/2016	1.700000	100,000,000.00	96,610,000.00	4,722.22	0.00	
			09/30/2021	1.700000	100,000,000.00	96.610000	IDC-FIS	-3,390,000.00	
Inv Type: 40 FHLMC QRTLY					1.662494	400,000,000.00	387,798,500.00	24,027.77	0.00
				1.663343	399,985,000.00	96.949625		-12,186,500.00	
18615	Overnight		06/30/2017	1.550000	100,000,000.00	100,000,000.00	4,305.56	0.00	
			07/03/2017	1.550000	100,000,000.00	100.000000	BOOK	0.00	
18616	Overnight		06/30/2017	1.500000	82,116,000.00	82,116,000.00	3,421.50	0.00	
			07/03/2017	1.500000	82,116,000.00	100.000000	BOOK	0.00	
Inv Type: 60 REPO OPEN ACT-360					1.527455	182,116,000.00	182,116,000.00	7,727.06	0.00
				1.527455	182,116,000.00	100.000000		0.00	
11456	MLGIP		06/30/2008	.899119	131,236,820.73	131,236,820.73	1.34	0.00	
			07/01/2017	.899119	131,236,820.73	100.000000	BOOK	0.00	
Inv Type: 98 MONEY MARKET FUNDS					.899119	131,236,820.73	131,236,820.73	1.34	0.00
				.899119	131,236,820.73	100.000000		0.00	
Subtotal					1.592413	6,219,709,820.73	6,117,790,164.51	17,559,536.32	1,117,891.50
					1.602074	6,217,404,155.58	98.361344		-100,731,882.57

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FUND: 8 CONSOLIDATED TRANS. BONDS S/F									
12228	CTRB 2009 Debt Serv		06/19/2009	.716801	11,875.60	11,875.60	1.85	0.00	
			07/01/2017	.716801	11,875.60	100.000000	BOOK	0.00	
12229	CTRB 2009 Reserve		06/19/2009	.788438	4,292,589.92	4,292,589.92	0.00	0.00	
			07/01/2017	.788438	4,292,589.92	100.000000	BOOK	0.00	
Inv Type: 98 MONEY MARKET FUNDS					.788240	4,304,465.52	4,304,465.52	1.85	0.00
					.788240	4,304,465.52	100.000000	0.00	
			Subtotal	.788240	4,304,465.52	4,304,465.52	1.85	0.00	
				.788240	4,304,465.52	100.000000		0.00	
FUND: 11 COUNTY TRANS. REVENUE BOND									
11458	Balt C BP 2004 Rese		06/30/2008	.000000	0.00	0.00	0.00	0.00	
			07/01/2017	.000000	0.00	.000000	BOOK	0.00	
11461	CTRB 2007 Reserve		06/30/2008	.723621	0.00	0.00	2.95	0.00	
			07/01/2017	.723621	0.00	.000000	BOOK	0.00	
11462	CTRB 2007 Debt Serv		06/30/2008	.725379	0.00	0.00	4.23	0.00	
			07/01/2017	.725379	0.00	.000000	BOOK	0.00	
12197	CTRB 2009 Proceeds		06/05/2009	.010158	0.00	0.00	2.37	0.00	
			07/01/2017	.010158	0.00	.000000	BOOK	0.00	
Inv Type: 98 MONEY MARKET FUNDS					.000000	0.00	0.00	9.55	0.00
					.000000	0.00	.000000	0.00	
			Subtotal	.000000	0.00	0.00	9.55	0.00	
				.000000	0.00	.000000		0.00	
FUND: 14 BC 2012 CRTB BOND PROCEEDS									
15392	CTRB 2012 BC Bond P		09/20/2012	.788485	473,748.84	473,748.84	4.16	0.00	
			09/19/2027	.788485	473,748.84	100.000000	BOOK	0.00	
Inv Type: 98 MONEY MARKET FUNDS					.788485	473,748.84	473,748.84	4.16	0.00
					.788485	473,748.84	100.000000	0.00	
			Subtotal	.788485	473,748.84	473,748.84	4.16	0.00	
				.788485	473,748.84	100.000000		0.00	
FUND: 15 BC 2012 CTRB DEBT SERVICE									
15473	CTRB 2012 BC Debt S		10/25/2012	.826174	1,119.95	1,119.95	3.12	0.00	
			09/20/2027	.826174	1,119.95	100.000000	BOOK	0.00	
Inv Type: 98 MONEY MARKET FUNDS					.826174	1,119.95	1,119.95	3.12	0.00
					.826174	1,119.95	100.000000	0.00	
			Subtotal	.826174	1,119.95	1,119.95	3.12	0.00	
				.826174	1,119.95	100.000000		0.00	

STATE OF MARYLAND INVENTORY BY MARKET VALUE

AS OF DATE: 06/30/2017 •DATE BASIS: SETTLEMENT •RUN: 07/15/2017 07:14:24 AM REPORTING CURRENCY: LOCAL

Inv. No.	Description	CUSIP	Purchase Maturity	Coupon YTM TR	Current Par/Share Current Book	Market Value Market Price	Curr Accr Int Price Source	Unrealized Gain Unrealized Loss
FUND: 16 BC 2012 CTRB RESERVE								
15472	CTRB 2012 BC Reserv		10/25/2012	.788440	5,187,009.08	5,187,009.08	0.00	0.00
			09/20/2027	.788440	5,187,009.08	100.000000	BOOK	0.00
Inv Type: 98 MONEY MARKET FUNDS				.788440	5,187,009.08	5,187,009.08	0.00	0.00
				.788440	5,187,009.08	100.000000		0.00
			Subtotal	.788440	5,187,009.08	5,187,009.08	0.00	0.00
				.788440	5,187,009.08	100.000000		0.00
FUND: 18 2016 CTRB PROCEEDS								
17568	2016 CTRB PROCEEDS		03/30/2016	.787190	23,187,844.63	23,187,844.63	0.00	0.00
			03/29/2033	.787190	23,187,844.63	100.000000	BOOK	0.00
Inv Type: 98 MONEY MARKET FUNDS				.787190	23,187,844.63	23,187,844.63	0.00	0.00
				.787190	23,187,844.63	100.000000		0.00
			Subtotal	.787190	23,187,844.63	23,187,844.63	0.00	0.00
				.787190	23,187,844.63	100.000000		0.00
FUND: 19 2016 CTRB RESERVE								
17626	2016 CTRB RESERVE		04/20/2016	.788439	6,442,478.09	6,442,478.09	0.00	0.00
			04/20/2033	.788439	6,442,478.09	100.000000	BOOK	0.00
Inv Type: 98 MONEY MARKET FUNDS				.788439	6,442,478.09	6,442,478.09	0.00	0.00
				.788439	6,442,478.09	100.000000		0.00
			Subtotal	.788439	6,442,478.09	6,442,478.09	0.00	0.00
				.788439	6,442,478.09	100.000000		0.00
FUND: 21 2016 CTRB DEBT SERVICE								
17625	2016 CTRB DEBT SERV		04/20/2016	.794964	7,167.11	7,167.11	0.00	0.00
			04/20/2033	.794964	7,167.11	100.000000	BOOK	0.00
Inv Type: 98 MONEY MARKET FUNDS				.794964	7,167.11	7,167.11	0.00	0.00
				.794964	7,167.11	100.000000		0.00
			Subtotal	.794964	7,167.11	7,167.11	0.00	0.00
				.794964	7,167.11	100.000000		0.00
FUND: 69 DHCD LINK DEPOSIT								
12258	LD-004-01		06/10/2009	.250000	332,425.58	332,425.58	-4.77	0.00
			06/10/2019	.250000	332,425.58	100.000000	BOOK	0.00
12259	LD-004-02		06/10/2009	.250000	190,648.28	190,648.28	-2.99	0.00
			06/10/2019	.250000	190,648.28	100.000000	BOOK	0.00
12260	LD-004-03		06/10/2009	.250000	74,759.14	74,759.14	0.00	0.00
			06/10/2019	.250000	74,759.14	100.000000	BOOK	0.00
13122	LD-082-01		02/19/2010	.480000	719,851.14	719,851.14	-23.97	0.00
			02/19/2020	.480000	719,851.14	100.000000	BOOK	0.00
13912	LD-0122-01		12/06/2010	.250000	33,222.12	33,222.12	0.00	0.00
			09/17/2020	.250000	33,222.12	100.000000	BOOK	0.00
Inv Type: 75 NEG CD COMP ACT/365-6				.372559	1,350,906.26	1,350,906.26	-31.73	0.00
				.372559	1,350,906.26	100.000000		0.00
			Subtotal	.372559	1,350,906.26	1,350,906.26	-31.73	0.00
				.372559	1,350,906.26	100.000000		0.00

STATE OF MARYLAND INVENTORY BY MARKET VALUE

AS OF DATE: 06/30/2017 •DATE BASIS: SETTLEMENT •RUN: 07/15/2017 07:14:24 AM REPORTING CURRENCY: LOCAL

Inv. No.	Description	CUSIP	Purchase Maturity	Coupon YTM TR	Current Par/Share Current Book	Market Value Market Price	Curr Accr Int Price Source	Unrealized Gain Unrealized Loss	
FUND: 74 MD WATER REVOLVING LOAN FUND									
11344	FFCB - WQFA	31331GBA6	09/09/2008	4.782000	3,500,000.00	3,500,000.00	69,737.50	0.00	
			02/01/2018	4.782000	3,500,000.00	100.000000	BOOK	0.00	
18078	FFCB - WQFA	3133EGWB7	09/23/2016	2.020000	3,000,000.00	2,840,910.00	25,250.00	0.00	
			02/01/2026	2.020000	3,000,000.00	94.697000	IDC-FIS	-159,090.00	
Inv Type: 36 FFCB					3.507231	6,500,000.00	6,340,910.00	94,987.50	0.00
				3.507231	6,500,000.00	97.552462		-159,090.00	
			Subtotal	3.507231	6,500,000.00	6,340,910.00	94,987.50	0.00	
				3.507231	6,500,000.00	97.552462		-159,090.00	
FUND: 634 RENTAL HOUSING CAPITAL APP.									
152	UST	912810EE4	03/19/1990	8.500000	540,000.00	637,621.20	17,244.20	99,983.70	
			02/15/2020	8.539499	537,637.50	118.078000	IDC-FIS	0.00	
153	UST	912810EM6	08/25/1992	7.250000	355,000.00	447,189.95	9,669.34	99,178.96	
			08/15/2022	7.414245	348,010.99	125.969000	IDC-FIS	0.00	
Inv Type: 12 TREASURY NOTES					8.008819	895,000.00	1,084,811.15	26,913.54	199,162.66
				8.097336	885,648.49	121.207950		0.00	
			Subtotal	8.008819	895,000.00	1,084,811.15	26,913.54	199,162.66	
				8.097336	885,648.49	121.207950		0.00	
FUND: 2010 2010 QSCB SINKING FUND 080411									
17485	FHLB	3130A7BT1	02/26/2016	1.730000	14,725,000.00	14,608,230.75	88,452.26	0.00	
			02/26/2021	1.730000	14,725,000.00	99.207000	IDC-FIS	-116,769.25	
Inv Type: 32 FHLB					1.730000	14,725,000.00	14,608,230.75	88,452.26	0.00
				1.730000	14,725,000.00	99.207000		-116,769.25	
17987	FHLMC	3134696X0	08/25/2016	1.625000	3,012,000.00	2,926,790.52	17,130.75	0.00	
			08/25/2021	1.625000	3,012,000.00	97.171000	IDC-FIS	-85,209.48	
Inv Type: 37 FHLMC					1.625000	3,012,000.00	2,926,790.52	17,130.75	0.00
				1.625000	3,012,000.00	97.171000		-85,209.48	
			Subtotal	1.712169	17,737,000.00	17,535,021.27	105,583.01	0.00	
				1.712169	17,737,000.00	98.861258		-201,978.73	
FUND: 2011 2010 QZAB SPECIAL SINKING FUND									
18268	FAMCA	3132X0LW9	12/02/2016	1.000000	1,921,000.00	1,919,079.00	5,656.28	0.00	
			03/15/2018	1.000000	1,921,000.00	99.900000	IDC-FIS	-1,921.00	
Inv Type: 31 FAMC					1.000000	1,921,000.00	1,919,079.00	5,656.28	0.00
				1.000000	1,921,000.00	99.900000		-1,921.00	
			Subtotal	1.000000	1,921,000.00	1,919,079.00	5,656.28	0.00	
				1.000000	1,921,000.00	99.900000		-1,921.00	
FUND: 2107 2014 3RD QZAB									
18591	2014 3rd Qzab Repo		06/14/2017	1.270000	310,084.00	310,084.00	185.96	0.00	
			07/12/2017	1.270000	310,084.00	100.000000	BOOK	0.00	
Inv Type: 60 REPO OPEN ACT-360					1.270000	310,084.00	310,084.00	185.96	0.00
				1.270000	310,084.00	100.000000		0.00	
			Subtotal	1.270000	310,084.00	310,084.00	185.96	0.00	
				1.270000	310,084.00	100.000000		0.00	

STATE OF MARYLAND INVENTORY BY MARKET VALUE

AS OF DATE: 06/30/2017 • DATE BASIS: SETTLEMENT • RUN: 07/15/2017 07:14:24 AM REPORTING CURRENCY: LOCAL

Inv. No.	Description	CUSIP	Purchase Maturity	Coupon YTM TR	Current Par/Share Current Book	Market Value Market Price	Curr Accr Int Price Source	Unrealized Gain Unrealized Loss
FUND: 2111 2015 - 3RD QZAB								
18593	2015 3rd Qzab Repo		06/14/2017	1.270000	1,486,998.00	1,486,998.00	891.79	0.00
			07/12/2017	1.270000	1,486,998.00	100.000000	BOOK	0.00
Inv Type: 60 REPO OPEN ACT-360				1.270000	1,486,998.00	1,486,998.00	891.79	0.00
				1.270000	1,486,998.00	100.000000		0.00
			Subtotal	1.270000	1,486,998.00	1,486,998.00	891.79	0.00
				1.270000	1,486,998.00	100.000000		0.00
FUND: 2113 QZAB BONDS 2016								
18592	2016 Qzab Repo		06/14/2017	1.270000	3,686,306.00	3,686,306.00	2,210.76	0.00
			07/12/2017	1.270000	3,686,306.00	100.000000	BOOK	0.00
Inv Type: 60 REPO OPEN ACT-360				1.270000	3,686,306.00	3,686,306.00	2,210.76	0.00
				1.270000	3,686,306.00	100.000000		0.00
			Subtotal	1.270000	3,686,306.00	3,686,306.00	2,210.76	0.00
				1.270000	3,686,306.00	100.000000		0.00
FUND: 2114 2017 1ST A TAX EXEMPT								
18589	2017 1st A Tax Exem		06/14/2017	1.270000	241,043,044.00	241,043,044.00	144,558.87	0.00
			07/12/2017	1.270000	241,043,044.00	100.000000	BOOK	0.00
Inv Type: 60 REPO OPEN ACT-360				1.270000	241,043,044.00	241,043,044.00	144,558.87	0.00
				1.270000	241,043,044.00	100.000000		0.00
			Subtotal	1.270000	241,043,044.00	241,043,044.00	144,558.87	0.00
				1.270000	241,043,044.00	100.000000		0.00
FUND: 2115 2017 - 1ST B TAXABLE								
18590	2017 1st B Taxable		06/14/2017	1.270000	8,598,879.00	8,598,879.00	5,156.94	0.00
			07/12/2017	1.270000	8,598,879.00	100.000000	BOOK	0.00
Inv Type: 60 REPO OPEN ACT-360				1.270000	8,598,879.00	8,598,879.00	5,156.94	0.00
				1.270000	8,598,879.00	100.000000		0.00
			Subtotal	1.270000	8,598,879.00	8,598,879.00	5,156.94	0.00
				1.270000	8,598,879.00	100.000000		0.00
GRAND TOTAL			Count 183	1.577635	6,542,842,871.21	6,440,750,036.41	17,945,667.92	1,317,054.16
				1.586830	6,540,527,854.55	98.439626		-101,094,872.30

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