

INVESTING
FOR MARYLAND'S
FUTURE

MARYLAND

STATE TREASURER'S ANNUAL REPORT 2018







TABLE OF CONTENTS

| | |
|---|----|
| Biography Of The Honorable Nancy K. Kopp | 2 |
| Historical Review..... | 3 |
| Maryland State Treasurers Of The Past..... | 4 |
| Maryland’s Board Of Public Works..... | 5 |
| Schedule Of Selected Financial Data | 8 |
| Executive Division | 9 |
| Budget And Financial Administration Division..... | 12 |
| Treasury Management Division..... | 15 |
| Debt Management Division | 21 |
| Insurance Division | 26 |
| Information Technology Division..... | 32 |
| Office Of The Attorney General – Legal Division | 34 |
| Appendix A – Investment Inventory..... | 35 |

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 College Savings 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 Maryland Small Business Retirement Savings Board, the Financial Education and Capability Commission, the Procurement Advisory Council, the Maryland Climate Change Commission, and the Coast Smart 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 of Delegates.

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 on the Council of State Governments/Eastern Regional Conference's Executive Committee, the National Association of State Treasurers' Legislative Committee, and the Federal Accounting Standards Advisory Board's Appointments Panel. In the past, she has also served as a member of the Executive Committee of the National Association of State Treasurers, as well as President of the National Association of State Auditors, Comptrollers and Treasurers.

In March 2012, Treasurer Kopp was inducted into the Maryland Women's Hall of Fame. A graduate of Wellesley College, Treasurer Kopp holds a master's degree in Government from the University of Chicago. Treasurer Kopp was selected to receive the Wellesley College Alumnae Achievement Award for 2015, 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 three 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.

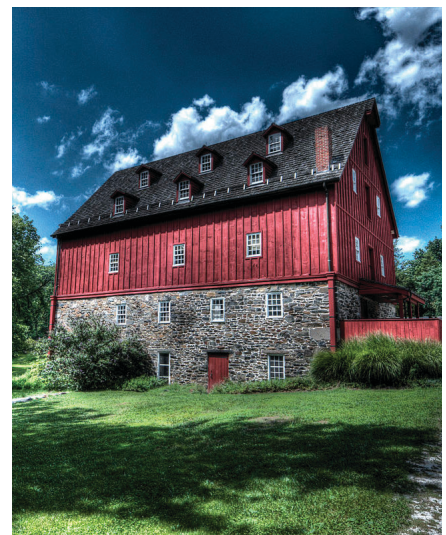
In addition to having authority over custody, safeguarding, investment and disbursement of State funds, the

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.



Frederick Douglass Statue, Easton



Jerusalem Mill, Kingsville

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

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;
- 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 are worthy of note among those taken during fiscal year 2018 (July 1, 2017 through June 30, 2018):

- Adopted resolutions authorizing the debt issuance and sale by the Maryland Department of Transportation (MDOT) for MDOT Consolidated Transportation Bonds, Series 2018, in an amount not to exceed \$150,000,000.
- Approval of the Maryland Stadium Authority's request to issue up to \$426,440,000 in Baltimore City Public Schools Construction and Revitalization Program Revenue Bonds, Series 2017, to finance the completion of the renovations or replacements of six of the 11 public school facilities for which the first series of bonds (2016 Series) was issued and to finance a portion of the costs to construct, renovate, replace, equip, and furnish 17 additional public school facilities under the Baltimore City 21st Century Public School Construction Initiative.



Prettyboy Reservoir

Flickr/Shyn Darkly

continued on page 6

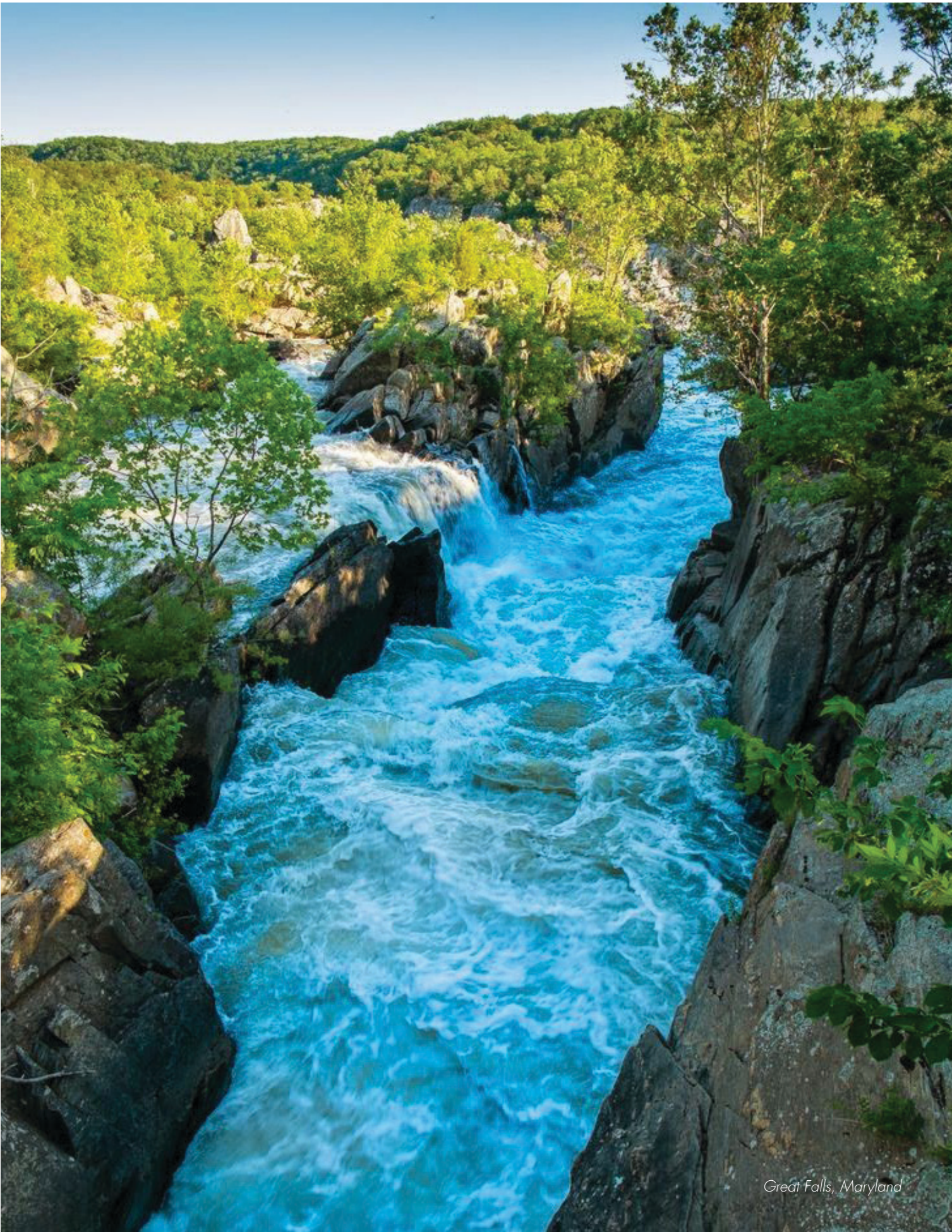
MARYLAND BOARD OF PUBLIC WORKS *continued from page 5*

- Set the State Real Property Tax Rate for fiscal year 2019 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 the Governor's request to reduce State General funds by \$60,978,555 and Special funds by \$1,950,000 for fiscal year 2018. The reductions will result in the elimination of 30 vacant positions at the University System of Maryland.
- Approval of an amendment to the Memorandum of Understanding between the Maryland Stadium Authority (MSA), the Interagency Committee on School Construction, the Baltimore City Board of School Commissioners, and the Mayor and City Council of Baltimore to formally recognize MSA as the manager of all projects in the Baltimore City 21st Century Public School Construction Initiative.
- Approval of a request from Maryland 529 (formerly College Savings Plan of Maryland) for approval of the State's participation in an intergovernmental cooperative purchasing agreement with the State of Oregon and to award a contract to Oregon's management services contractor to implement the Maryland ABLE Program.
- Approval of a request from the Maryland Aviation Administration (MAA) to allow AIRMALL, the BWI Marshall Airport's Concessionaire, to enter into seven new subleases and to modify three existing subleases so that all 10 subleases extend beyond the end date of AIRMALL's Lease and Concession contract (March 31, 2022) but do not go beyond December 31, 2025. After the expiration of the AIRMALL lease, the subleases will continue as direct leases with MAA.
- Approval of a request of the Maryland Department of Transportation (MDOT) to award a master contract for renewable energy development to six qualified contractors to design, construct, commission, finance, operate, and maintain renewable energy facilities at MDOT locations throughout the State.
- Approval of a request of the Maryland Transportation Authority to award two separate contracts (tolling system & services and customer service center services) to replace the State's current toll collection system with the Third Generation Electronic Toll Collection system.



University of Maryland, College Park

- Approval of a request of the Motor Vehicle Administration (MVA) to award a contract to provide Customer Connect, an integrated enterprise system that will modernize MVA's information technology infrastructure that supports customer services.
- Approval of a request of the Maryland Food Center Authority to lease 5.488 acres of undeveloped land in Jessup to BTS Biogas, LLC for 10 years with two 10-year renewal options. The tenant plans to construct an operational biogas plant capable of processing food production waste into electricity, natural gas, and organic fertilizer.
- Approval of a request of the University of Maryland, College Park (UMCP) to convey three properties, and conditionally convey seven properties in the future, to a newly created business entity, Terrapin Development Company, LLC (TDC). Through this conveyance, UMCP is making its first real property investment in TDC, a two-member limited liability company comprising UMCP and the University of Maryland College Park Foundation, Inc. TDC is intended to support UMCP's ongoing "Greater College Park" efforts to connect the University's academic mission with the surrounding community by focusing on economic development in the area. ■



Great Falls, Maryland

SCHEDULE OF SELECTED FINANCIAL DATA

COLLATERAL BALANCES AS OF JUNE 30, 2018

| | |
|-----------|---------------|
| Bank | \$521,130,795 |
| Insurance | \$118,771,481 |

TOTAL INVESTMENT PORTFOLIO COMPOSITION AS OF JUNE 30, 2018

| | |
|--------------------------|-----------------|
| Repurchase Agreements | \$1,021,527,740 |
| U.S. Treasuries | \$77,246,000 |
| U.S. Government Agencies | \$4,472,455,000 |
| Other Investments | \$1,585,870,133 |
| Total Portfolio | \$7,157,098,873 |

GENERAL OBLIGATION DEBT ACTIVITY AS OF JUNE 30, 2018

| | |
|---|-----------------|
| Tax Exempt General Bond Issuances | \$1,815,163,000 |
| Taxable General Obligation Bond Issuances | \$50,000,000 |
| Interest Payments | \$396,775,085 |
| Principal Payments | \$843,119,961 |

LOCAL GOVERNMENT INVESTMENT POOL FUND BALANCE AS OF JUNE 30, 2018

| | |
|-----------------------------|-----------------|
| Balance as of June 30, 2018 | \$5,251,410,838 |
|-----------------------------|-----------------|

STATE INSURANCE TRUST FUND BALANCE AS OF JUNE 30, 2018

| | |
|-------------------|----------------|
| Beginning Balance | \$32,930,403 |
| Transfers In | \$21,308,038 |
| Transfers Out | (\$20,517,473) |
| Ending Balance | \$33,720,968 |

EXECUTIVE DIVISION

BERNADETTE T. BENIK

Chief Deputy Treasurer
bbenik@treasurer.state.md.us

SUSANNE BROGAN

Deputy Treasurer for Public Policy
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WAYNE NELMS

Internal Auditor
wnelms@treasurer.state.md.us

THE EXECUTIVE DIVISION PROVIDES

direct support to the Treasurer in the execution of her wide-ranging Constitutional responsibilities. As the State's Chief Financial Officer, the Treasurer is responsible for receiving, depositing, investing and distributing State funds, as well as anticipating the monetary needs of the State. While these activities are delegated to various divisions, the Executive Division coordinates and manages the day-to-day operations of the Office to ensure that the activities remain effective and efficient. Additionally, on behalf of the Board of Public Works (BPW), the Treasurer conducts several bond sales

each year to ensure the State's ability to meet its fiscal obligations. The State Treasurer also provides lease-purchase financing of capital equipment and energy 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. 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 State Retirement & Pension Systems Board of Trustees, the Maryland 529 Board, Maryland Teachers & State Employees Supplemental Retirement Plan Board of Trustees, the Maryland Health and Higher Educational Facilities Authority and Maryland Commission on Climate Change, as well as in her participation with the National Association of State Treasurers.



Hagerstown, Maryland

continued on page 10

EXECUTIVE DIVISION *continued from page 9*

DEPUTY TREASURER FOR PUBLIC POLICY

The Deputy Treasurer for Public Policy serves as the Treasurer's primary liaison/advisor to the BPW, conducting extensive research (including site visits), preparing detailed analyses for the Treasurer for the bi-weekly meetings, and working closely with the Treasurer's counsel and representatives of the Governor, Cabinet members and their agencies, the Comptroller and the BPW Office. 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 to inform 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 represents the Treasurer on the Maryland Higher Education Committee when it prepares its State Plan for Higher Education every four years. This position also includes participation on legislatively created commissions and boards such as the Council for the Procurement of Health, Education and Social Services and the Maryland Small Business Retirement Savings Board.

Additional duties include: preparing news releases; responding to media

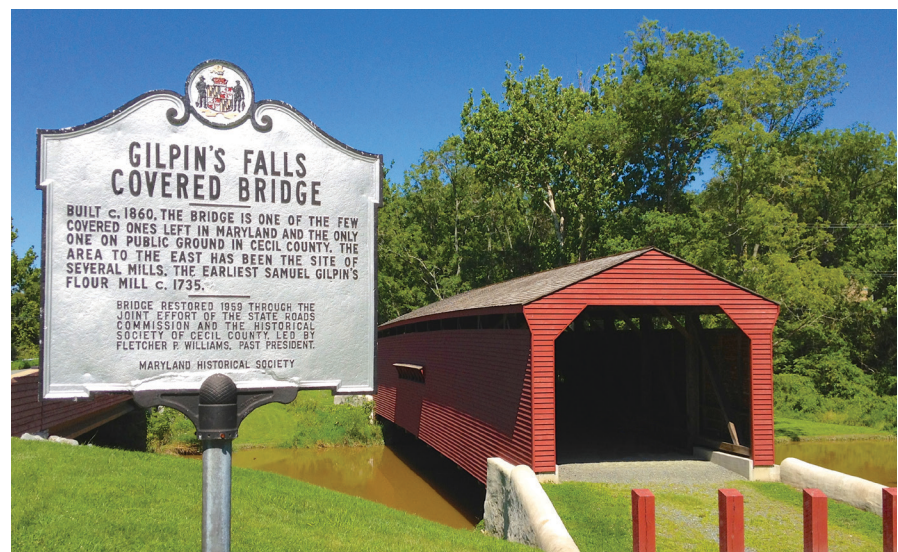
inquiries; writing speeches; monitoring various legislative committees, including the Spending Affordability Committee and the Joint Committee on Pensions; and representing the Treasurer at public events, as required.

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 to 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 independent 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.



Gilpin's Falls Covered Bridge, Ceicle County

EXECUTIVE DIVISION continued from page 10

OFFICE OF HUMAN RESOURCES AND PERSONNEL MANAGEMENT

The Office of Human Resources 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. Staff are routinely certified every six months, through the Department of Budget & Management, as part of the professional HR classification requirement. 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 personnel laws, regulations and guidelines.

Fiscal year 2018 saw unemployment continue to drop and the job market become more robust, making it more competitive for employers to hire. Even though recruitment efforts often resulted in declined offers, the Treasurer's Office was able to successfully hire ten new well-qualified employees in the course of the year. Treasury Human Resources also started participating in Statewide Government Agency Expos to personally interact with constituents in order to promote awareness of the State Treasurer's role, and advertise gateways for State employment in general. Additionally, in tandem with the social climate, agency EEO staff began intensive train-the-trainer sessions in anticipation of

providing updated sexual harassment training to all of its employees in 2019. This Statewide effort to enhance awareness is in response to new laws passed during the legislative session. Another significant highlight in fiscal year 2018 was the continuing development of the Statewide Personnel System. As Workday has changed to include more user interfacing with State employees, the responsibility of Treasury Human Resources has grown in its role for instruction and interaction with agency staff and managers. In preparation for Statewide health benefits go-live in January of 2019, the Treasurer's Office has maintained a perfect scorecard for all of the State's initiatives regarding data and protocol management. Lastly, the Treasurer's Office of Human Resources achieved passing grades on all audited programs, including EEO, recruitment, and health benefits.

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, 2018, 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



Maryland Dove, Historic St. Mary's City



Fort McHenry Flag, Baltimore

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. On behalf of the Board of Public Works, the Division also oversees the State's Workers' Compensation contract 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 2018 was almost \$42 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 Workday payroll system.

Within the State Treasurer's Office, in fiscal year 2018, State debt and sinking fund payments totaling over \$1.2 billion and lease payments and agency recoveries of approximately \$22 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 \$20 million and Commercial Premium payments and recoveries in excess of \$12.3 million were completed. In addition, the Division processed the annual premiums for the Injured Workers' Insurance Fund totaling almost \$80.9 million and related recoveries of these assessments from 180 State agencies and departments.

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:

Broker Services for Auto Coverages – In November, the Office awarded a contract to an insurance broker services firm to market, manage and service insurance policies for automobile insurance coverages for the State.

Broker Services for Airport Coverages and Transit Coverages - The Office awarded a contract to an insurance broker service firm to market, manage and service insurance policies for (1) aviation exposures and (2) transit exposures for the State.

Energy Lease Financing – The Office awarded two contracts to financial institutions to provide, under a tax-exempt lease-purchase financing arrangement, for the acquisition and installation of certain energy efficiency equipment, facility energy improvements and maintenance services. Contracts were awarded for the following energy projects:

In August 2017 - for the Department of Health ("MDH"), (formerly Department of Health and Mental Hygiene ("DHMH")), for buildings at the Holly Center, Clifton T. Perkins Hospital and Thomas B. Finan Center. This Energy Lease provided financing for \$9,459,123 in equipment purchases and related energy improvements and installation at facilities.

continued on page 13

BUDGET & FINANCIAL ADMINISTRATION DIVISION continued from page 12

In March 2018 - the Maryland Department of Transportation (“MDOT”), Maryland Transit Administration (“MTA”), for a wayside energy storage system and implementation of LED lighting upgrades at various locations for MTA Bus, Light Rail, Metro and MARC facilities. This Energy Lease provided financing for \$5,250,281 in equipment purchases and related energy improvements and installation at facilities.

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 January, April and June of 2018.

WORKERS' COMPENSATION CONTRACT MANAGEMENT

The State Treasurer's Office is the contract administrator for the statewide workers' compensation contract between the Board of Public Works and IWIF. The Program Manager is responsible for the oversight of the 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. In addition, the Program Manager is a resource for State Agencies to utilize for process improvements, developing managed return to work programs, increasing communication, training and working as a liaison between the TPA and State Agencies.

In this past year the Workers' Compensation Program Manager met with many State Agencies including the Transportation Business Units of the Department of Transportation, Department of the Environment, Uninsured Employers Fund, Department of Budget and Management, and the Department of Public Safety and Correctional 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.

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.

Some of the more significant projects implemented this year are listed below:

- Health, Safety and Sanitation Inspections were completed with the Environmental Compliance, Safety and Emergency Operations personnel of the Department of Public Safety and Correctional Services (DPSCS) and IWIF Safety Services Consultant at several locations including: Western Correctional Institution, Baltimore Central Booking and Intake Center, Eastern Correctional Institution, Central Maryland Correctional Facility, Metropolitan Transition Center, Maryland Correctional Institute – Hagerstown, Brockbridge Correctional Facility, Baltimore City Correctional Center and the new Youth Detention Center. These inspections identify and document potential safety hazards in the workplace.
- A statewide project was initiated to manage Accident Leave benefits in a coordinated effort with the Central Payroll Bureau and Department of Budget and Management. The scope of the project was to reduce the occurrence of unauthorized usage of Accident Leave by educating agency timekeepers and key personnel and to implement a formal process to monitor Accident Leave paid against approved leave per IWIF, and to notify agencies when corrections are needed. In conjunction with the Accident Leave project, Work Injury Leave reviews are completed and provided to the Department of Transportation. This year the program will be expanded to include the University of Maryland System.
- Letters were sent to Agency fiscal officers from Agencies that had the highest percentage of increase in their FY19 workers' compensation assessment in an effort to help them identify resources, implement best practices, and to

continued on page 14

BUDGET & FINANCIAL ADMINISTRATION DIVISION continued from page 13

provide training and claim reviews to help them control their workers' compensation costs. This was a very successful outreach and will be an ongoing effort.

- A combined effort with the Department of Budget and Management project was initiated to end concurrent care for injured workers. The guidelines were established for all SPMS Agencies to take effect on 7/1/2018. These guidelines provide a framework for continuity of care and communication while reducing medical costs. Several training sessions for the guidelines was provided by the State Treasurer's Office, Department of Budget and Management, State Medical Director and IWIF.

The workers' compensation program includes monitoring legislation efforts that impact the State's program. There were several pieces of legislation introduced that would have had a significant impact on the State's current program. DPSCS will be significantly impacted by SB48 and HB205 which increase permanent partial disability benefit rates to second tier rates for State correctional officers for claims filed after 10/1/2018. The Workers' Compensation Program Manager was a featured speaker at the annual conference of the State Employees' Risk Management Administration (SERMA) presenting Maryland by the Numbers and as a panelist for Guidelines for Ending Concurrent Care. The conference had a record number of attendees and broader areas of focus to include Health & Medical, Human Resources and Safety & Risk Management.

Overall data on the workers' compensation program remains promising. The medical and indemnity costs have had downward trends in the last three years; FY16 \$74,290,372, FY17 \$72,022,100 and FY18 \$71,737,002. The indemnity costs in FY18 decreased by \$3,434,322 or 7.5%. The total number of First Report of Injury (FROI) was down from the prior year (7,174) with 7,076 FROI reported incidents. ■



Maryland State Flower, Blackeyed Susans



Maryland State Bird, Baltimore Oriole

TREASURY MANAGEMENT DIVISION

NANCY CLARK

Director

nclark@treasurer.state.md.us

THE TREASURY MANAGEMENT DIVISION is comprised of the Banking Services Department and the Investment Department. Collectively, the Division is responsible for managing all of the banking needs of the State regarding the deposit and disbursement of State funds, and managing daily cash flow needs to ensure sufficient funds are available to cover state disbursements while ensuring unexpended funds are appropriately invested.

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 working fund, trust, and escrow accounts; and
- All other Agency banking and financial needs.

- 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 services (credit, debit and payment card receipts);

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 2018, total cash receipts exceeded \$171 billion and total disbursements exceeded \$172 billion. The State's bank accounts are reconciled daily to the State's general ledger. Once again, there were no un-reconciled differences.



Fort Washington, Maryland

TREASURY MANAGEMENT DIVISION continued from page 15

BEGINNING CASH BALANCE OF FISCAL YEAR 2018

(2,344,249,515.71)

| RECEIPTS: | NET RECEIPTS | TRANSFERS | TOTAL | |
|--|---------------------------|--------------------------|---------------------------|---------------------------|
| July 17 | 8,569,758,731.68 | 3,681,599,695.88 | 12,251,358,427.56 | |
| August 17 | 7,424,342,406.16 | 5,111,008,080.01 | 12,535,350,486.17 | |
| September 17 | 10,952,843,608.70 | 4,637,109,209.61 | 15,589,952,818.31 | |
| October 17 | 10,073,508,661.65 | 4,530,453,521.47 | 14,603,962,183.12 | |
| November 17 | 7,467,483,622.14 | 3,065,374,530.14 | 10,532,858,152.28 | |
| December 17 | 11,550,089,916.71 | 3,982,237,675.97 | 15,532,327,592.68 | |
| January 18 | 12,721,335,379.75 | 5,510,542,782.69 | 18,231,878,162.44 | |
| February 18 | 7,790,318,261.93 | 3,370,535,182.74 | 11,160,853,444.67 | |
| March 18 | 9,874,894,497.15 | 4,881,169,292.88 | 14,756,063,790.03 | |
| April 18 | 8,766,618,233.92 | 4,879,409,348.48 | 13,646,027,582.40 | |
| May 18 | 13,165,534,518.07 | 4,764,970,928.38 | 17,930,505,446.45 | |
| June 18 | 10,967,413,541.61 | 4,016,132,329.40 | 14,983,545,871.01 | |
| Total Receipts Fiscal Year 2018 | 119,324,141,379.47 | 52,430,542,577.65 | 171,754,683,957.12 | 171,754,683,957.12 |

| DISBURSEMENTS: | NET DISBURSEMENTS | TRANSFERS | TOTAL | |
|---|-----------------------------|----------------------------|-----------------------------|-----------------------------|
| July 17 | (8,083,831,170.73) | (3,681,599,695.88) | (11,765,430,866.61) | |
| August 17 | (7,466,458,954.59) | (5,111,008,080.01) | (12,577,467,034.60) | |
| September 17 | (11,773,808,042.94) | (4,637,109,209.61) | (16,410,917,252.55) | |
| October 17 | (8,788,629,198.58) | (4,530,453,521.47) | (13,319,082,720.05) | |
| November 17 | (9,929,646,419.60) | (3,065,374,530.14) | (12,995,020,949.74) | |
| December 17 | (9,979,633,496.17) | (3,982,237,675.97) | (13,961,871,172.14) | |
| January 18 | (12,237,136,688.88) | (5,510,542,782.69) | (17,747,679,471.57) | |
| February 18 | (8,120,956,185.89) | (3,370,535,182.74) | (11,491,491,368.63) | |
| March 18 | (8,497,065,438.11) | (4,881,169,292.88) | (13,378,234,730.99) | |
| April 18 | (9,296,557,015.86) | (4,879,409,348.48) | (14,175,966,364.34) | |
| May 18 | (15,221,379,545.79) | (4,764,970,928.38) | (19,986,350,474.17) | |
| June 18 | (10,642,185,925.62) | (4,016,132,329.40) | (14,658,318,255.02) | |
| Total Disbursements Fiscal Year 2018 | (120,037,288,082.76) | (52,430,542,577.65) | (172,467,830,660.41) | (172,467,830,660.41) |

ENDING CASH BALANCE OF FISCAL YEAR 2018

(3,057,396,219.00)

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 Article of the Annotated Code of Maryland requires that State money on deposit with financial institutions must have collateral pledged to the State that equals or exceeds the amount on deposit not covered by the Federal Deposit Insurance Corporation. The collateral must be held by a third party custodian and be of the types enumerated in 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, 2018, was \$521,130,795.

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 DEPARTMENT

Fiscal Year 2018 was subject to further changes in the fixed income markets as the Federal Funds Rate continued to rise. The Federal Open Market Committee (FOMC) raised the Federal Funds Rate four times during fiscal year 2018. On June 15, 2017, there was an increase of 0.25%. On December 14, 2017, there was another increase of 0.25%, followed by successive 0.25% increases on both March 22, 2018 and June 14, 2018. The current Federal Funds Rate range is 1.75% - 2.00%.

While the current portfolio holdings may reflect lower market values due to the market rate increases, the holdings will mature at full par values. There are no recognized losses due to the interim market fluctuations that are reflected in the position valuations up until their maturity. In addition,

continued on page 18

TREASURY MANAGEMENT DIVISION continued from page 17

as these investments mature, future reinvestments will benefit from the rising rates.

The Investment Department of the State Treasurer’s Office continued to invest in accordance with established laws, policies and procedures throughout Fiscal Year 2018. 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 Investment Department 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 Department is also responsible for a number of longer-term investment activities associated with the purchase of 20-year development easements on agricultural land and the payment of lottery prizes. The Department manages the investment of General Obligation bond proceeds and also directs the short-term and long-term investments of a number of trustee accounts under State agency revenue bond indentures.

The Investment Department 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, 2018

| Investment Type | Dollar Amount | Percentage |
|--------------------------|------------------------|----------------|
| Repurchase Agreements | 1,021,527,740 | 14.27% |
| U.S. Treasuries | 77,246,000 | 1.08% |
| U.S. Government Agencies | 4,472,455,000 | 62.49% |
| Other Investments | 1,585,870,133 | 22.16% |
| Total Portfolio | \$7,157,098,873 | 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 Department and approved by the Treasurer, and (3) provide competitive bids to the Investment Department on a regular basis.

The Treasurer’s policy is to make sure that local, regional and minority firms have an opportunity to bid on a portion of the State’s investable funds. 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 so that funds are available to cover disbursements. During Fiscal Year 2018, the Investment Department invested in repurchase agreements with maturities of 90 days or less. These repurchase agreements were collateralized 102% by U.S. Treasuries and federal agency securities. The collateral provided safety, and the repurchase agreements had short duration and rates of return that were generally higher than individual Treasury and agency securities with comparable maturity dates.

continued on page 19

TREASURY MANAGEMENT DIVISION continued from page 18

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. For a complete list of the June 30, 2018 investment portfolio, please see appendix A.

On June 30, 2018, the total of all portfolios under the active management of the State Treasurer's Office was \$7,157,098,873. The General Fund portfolio was \$6,791,343,820.

PORTFOLIO BALANCES

| Fiscal Year | General Fund | Total Portfolio |
|-------------|---------------|-----------------|
| 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 |
| 2018 | 6,791,343,280 | 7,157,098,873 |

The average rate of return on the General Fund was 1.56%. The State Treasurer's investment program surpassed the benchmark three-month Constant Maturity Treasury Bill, which averaged 1.42% for the same time period.

AVERAGE ANNUAL INTEREST RATES

| Fiscal Year | General Fund | 3 Month Treasury Bill Rate |
|-------------|--------------|----------------------------|
| 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% |
| 2018 | 1.56% | 1.42% |

TOTAL INTEREST RECEIVED

| Fiscal Year | Net General Fund* | Allocated to State Agencies | Total |
|-------------|-------------------|-----------------------------|----------------|
| 2009 | 102,768,740.06 | 142,619,087.27 | 245,387,827.33 |
| 2010 | 44,190,425.30 | 87,921,654.00 | 132,112,079.30 |
| 2011 | 53,379,936.84 | 87,698,955.14 | 141,078,891.98 |
| 2012 | 23,207,534.91 | 48,647,953.56 | 71,855,488.47 |
| 2013 | 8,646,595.12 | 40,710,863.09 | 49,357,458.21 |
| 2014 | 19,232,799.33 | 52,602,770.79 | 71,835,570.12 |
| 2015 | 7,127,482.88 | 55,460,767.19 | 62,588,250.07 |
| 2016 | 15,915,627.41 | 60,075,482.99 | 75,991,110.40 |
| 2017 | 3,351,825.70 | 84,108,491.92 | 87,460,317.62 |
| 2018 | 20,963,584.77 | 94,860,659.60 | 115,824,244.37 |

* Revised to include MLGIP

continued on page 20

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 2018, there were 305 participants. The fund balance as of June 30, 2018, was \$5,251,410,838. The actual yield for Fiscal Year 2018 was 1.34% as compared to the benchmark S&P LGIP Index of 1.32%.

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 |
|-------------|----------------------------|------------------------|------------------------------|-------------------------|
| 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% |
| 2018 | 5,251,410,838 | 305 | 1.34% | 29.02% |



World Trade Center, Baltimore

DEBT MANAGEMENT DIVISION

CHRISTIAN LUND

Director

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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 twelve states in the nation to hold a Triple-A credit rating from all three major credit rating agencies during fiscal year 2018, attributable to Maryland's relatively strong financial and economic position during fiscal year 2018.



Maryland Crabcake

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 were two public General Obligation bond sale in Fiscal Year 2018 totaling \$1,860.3 million and one privately placed issuance of Qualified Zone Academy Bonds totaling \$4.8 million. During fiscal year 2018, 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 2018.

DEBT MANAGEMENT DIVISION continued from page 21

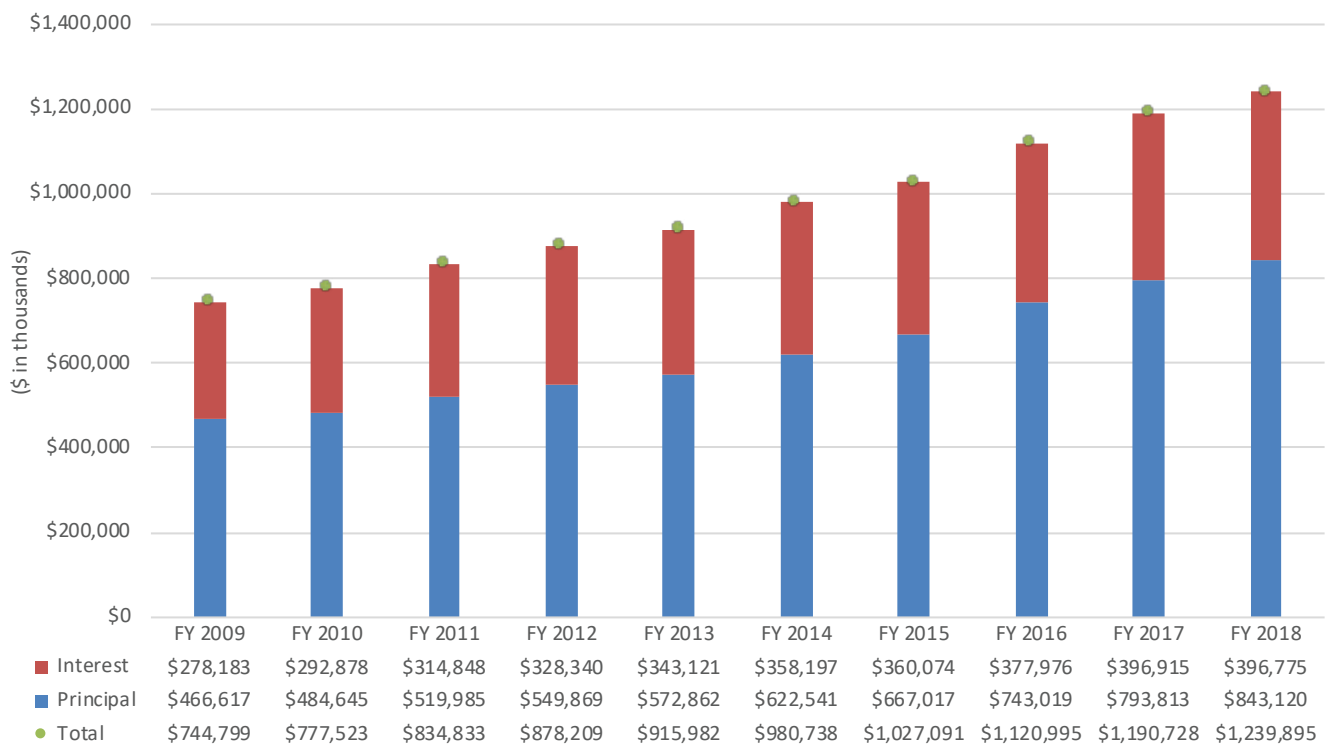
SUMMARY OF FISCAL YEAR 2017 GENERAL OBLIGATION BOND ISSUES (\$ IN MILLIONS)

| Series | Dates of Sales | Tax-Exempt Competitive | Tax-Exempt Negotiated | Taxable | Taxable Federal Tax Credit | Tax-Exempt Refunding | Overall TIC |
|--------------------|----------------|------------------------|-----------------------|---------|----------------------------|----------------------|-------------|
| 2017 Second Series | 08/16/17 | \$550.0 | | | | \$785.3 | 1.951% |
| 2017 QZAB | 12/15/17 | | | | \$4.8 | | NA (a) |
| 2018 First Series | 03/07/18 | \$475.0 | | \$50.0 | | | 2.824% |

(a) 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 2009-2018



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

continued on page 23

DEBT MANAGEMENT DIVISION continued from page 22

STATE OF MARYLAND ISSUANCES OF GENERAL OBLIGATION BONDS FISCAL YEARS 2009-2018



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 2018, State agencies financed \$5.6 million of equipment under various Lease–Purchase Agreements. Details on the Capital Lease-Purchase Program are depicted in the following charts.

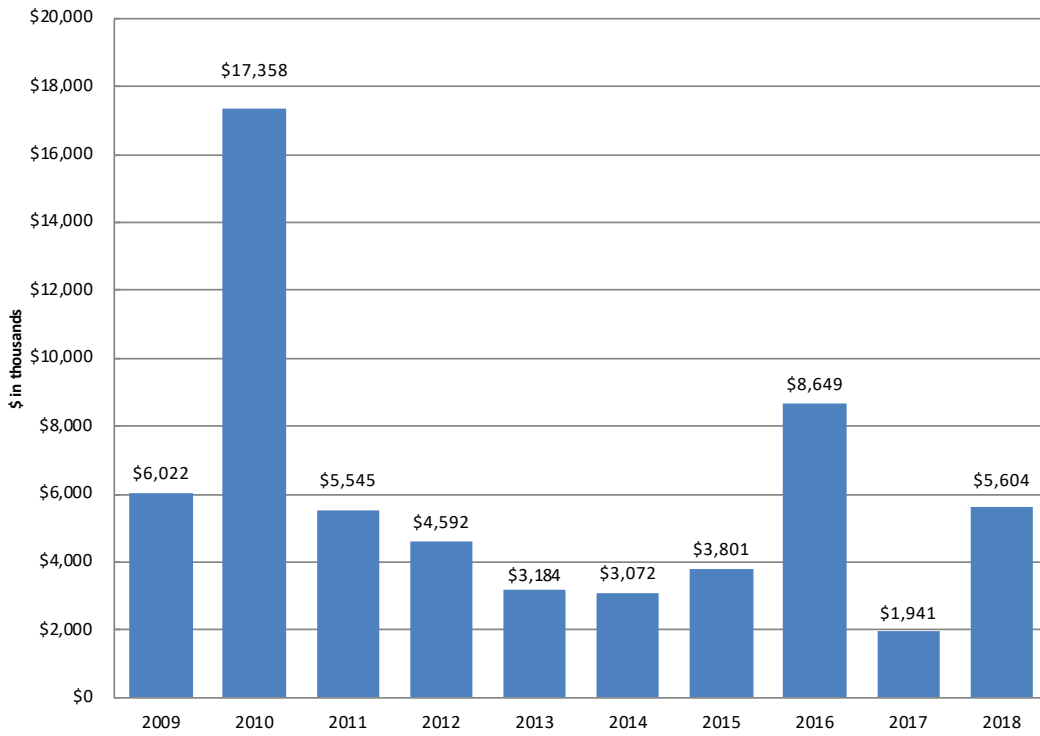


National Harbor, Oxon Hill

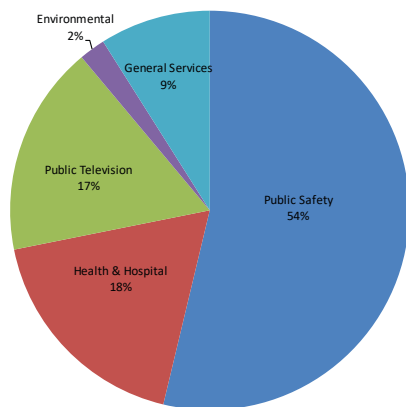
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DEBT MANAGEMENT DIVISION continued from page 23

EQUIPMENT LEASE – PURCHASE FINANCING HISTORY: FISCAL YEARS 2009-2018

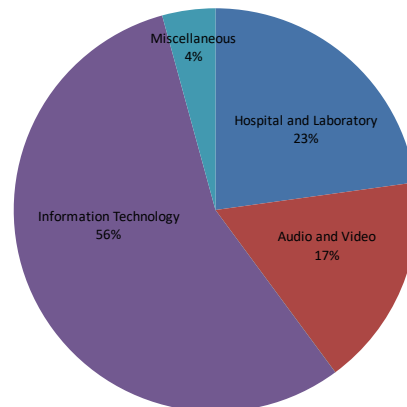


**GOVERNMENT USE – FISCAL YEAR 2018
EQUIPMENT LEASE-PURCHASE FINANCINGS**



| | | |
|-------------------|---------------------|-------------|
| Public Safety | 3,011,533.93 | 54% |
| Health & Hospital | 1,014,433.93 | 18% |
| Public Television | 956,252.10 | 17% |
| Environmental | 118,989.00 | 2% |
| General Services | 502,630.00 | 9% |
| Total | 5,603,838.96 | 100% |

**EQUIPMENT CLASSIFICATION – FISCAL YEAR 2018
EQUIPMENT LEASE-PURCHASE FINANCINGS**



| | | |
|-------------------------|---------------------|-------------|
| Hospital and Laboratory | 1,278,363.93 | 23% |
| Audio and Video | 956,252.10 | 17% |
| Marine | - | 0% |
| Information Technology | 3,130,522.93 | 56% |
| Miscellaneous | 238,700.00 | 4% |
| Transportation Related | - | 0% |
| Total | 5,603,838.96 | 100% |

continued on page 25

DEBT MANAGEMENT DIVISION continued from page 24

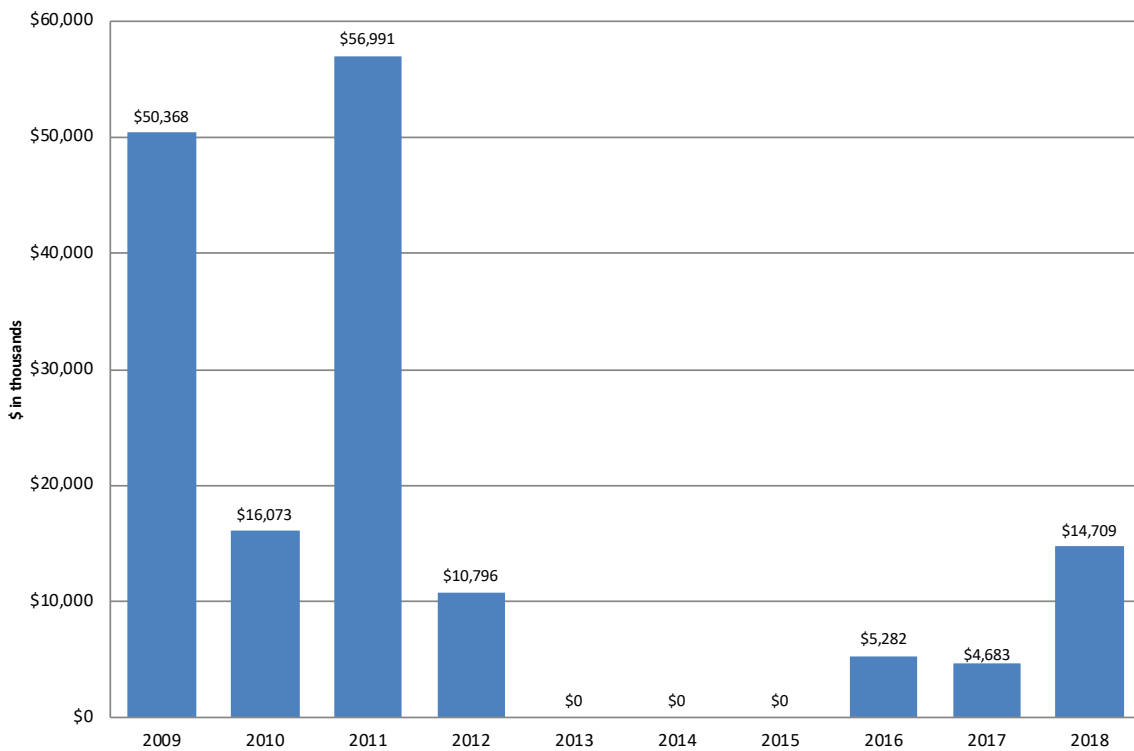
ENERGY LEASES

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 2018, State agencies financed \$14.7 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 2009 - 2018



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, 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 (BWI), Port of Baltimore, Maryland Transit Administration liability, assorted professional liability exposures and student athlete accident insurance. The commercial policies are listed on the Treasurer's website, www.Treasurer.state.md.us. 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).

COLLABORATIVE UNIT EFFORTS

UNDERWRITING, LOSS PREVENTION AND CLAIMS

On August 2, 2017, the Insurance Division, Agency insurance broker and insurance carrier participated in the annual meeting with Maryland Aviation Administration (MAA) staff and Assistant Attorneys General at BWI Airport. The group, which included the commercial carrier's claims manager and assigned adjuster, reviewed all open and closed claims for the calendar year. An open discussion and brain storming session provided direction and handling protocol for a number of open claims. The MAA staff provided a tour of the new Concourse E addition the International Concourse, and other newly constructed sections of the airport. There was a loss prevention discussion regarding incident reporting, the process for documenting and reporting such incidents. MAA provided a presentation of the safety improvements they have made in the past year at the airport and the insurance carrier discussed expectations for the upcoming renewal.

On May 3, 2018 and May 4, 2018, the Insurance Division, MAA and the insurance carrier conducted three half day training sessions at BWI. The Accident Investigation/Incident Report Training material was jointly developed between the Insurance Division Loss Control, MAA Office of Safety Management and Agency insurance carrier. The Maryland Aviation Administration's Assistant Attorney General and outside legal counsel were also present to answer legal questions. Approximately seventy (70) people attended the training sessions from the following agencies; Maryland State Police, Martin State Airport and Department of Natural Resources, and

Maryland Aviation Authority.

On August 30, 2017, several claims representatives attended one of the two meetings with State Highway Administration (SHA). The second meeting was held on September 14, 2017. The primary objective of both meetings was to discuss the process for responding to the claim division's inquiries about road hazard claims and the effective, efficient and comprehensive use of SHA's the electronic Customer Care Management System (CCMS) located on their website www.roads.Maryland.Gov. It was determined that CCMS would be the best way to help SHA employees respond to claim inquiries and help cut down on the overall response timeframes. On January 31, 2018, the Insurance Division attended a meeting with University of Maryland, College Park (UMCP). The primary objective of the meeting was to discuss several claims involving water losses resulting from frozen pipes due to inclement weather. After the meeting, inspections of the damages were completed by the CNA Risk Control Specialist, Vericlam Executive General Adjuster, UMCP Insurance Coordinator, STO Claims Adjuster, STO Loss Control Management Specialist and UMCP Facilities Electrical Services. The inspections are completed to determine the extent of the damages, monitor and verify that the repairs have been successfully completed, and invoices processed prior to the release of any funds.

On May 23, 2018, the STO's Loss Management Specialist and Claims Representative met with the Department of Natural Resources (DNR) Program Manager to discuss

continued on page 27

INSURANCE continued from page 26

and understand the Conservation Job Corps (CJC) Program, the role of the Maryland State Treasurer-Insurance Division, loss control and importance of prompt loss reporting. On June 19, 2018, Agency attended the CJC staff training and presented National Highway Traffic Safety Administration (NHTSA) statistics for the Baltimore and Washington DC metro area, Passenger Van Safety information, seatbelt and cell phone policy, claims, loss control information and insights. The presentations were interactive concluding with a discussion and question and answer session. DNR in cooperation with the Insurance Division updated the training information presented to staff. The Agency then attended the drivers' orientation and training on the passenger vans. Retired Maryland State Police officers and DNR staff educated the drivers on safe driving practices and conduct and observe the driving demonstrations. The expectation is that the training will reduce the number of claims.

On June 11, 2018, the Insurance Division, insurance broker and insurance carrier participated in the annual meeting held with the Maryland Port Administration (MPA), in Baltimore to discuss open claims, changes to the Port in the past year, expected operational changes in the future, contract renewals and loss control services the carrier offers. MPA agreed to participate in a Marine Loss Control Survey of terminal facilities. Initial discussions with completing the survey was scheduled for June 28, 2018. The focus of the meeting and survey were location, applicability, anticipated outcome (identification of any improvement recommendations that the MPA can work towards implementing) and scheduling. The

insurance carrier provides this value added service at no additional cost.

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 makes recommendations to the Treasurer the combination that best protects the State of Maryland's assets. The Underwriting Unit continues to serve as a resource to all State agencies for their insurance questions or concerns.

There were numerous commercial policies renewed during FY2018 and brief details are noted as follows:

Maryland Transit Administration (MTA) Excess Liability insurance renewed effective 07/01/2017-2018. The program structure remains \$500M total limits, \$200M of which is shared by MTA and MARC. All limits above \$200M are dedicated to MARC. To summarize, the agency's broker approached and received quotes from a total of 26 carriers to fill the numerous layers required to achieve the overall limit of liability. A double aggregate limit was maintained on Queens Island, which is first layer. The overall premium savings were \$94,746 or approximately 2% compared to expiring policy/term.

MTA's Rail Car Floater renewed effective 07/01/2017-2018 with total values slightly down. The incumbent carrier wanted to restructure valuations for railcars 10 years or older. The

agency broker was able to secure coverage with a different carrier who agreed to expiring terms and offered a 22% rate reduction. This generated overall savings of \$105,553 or approximately 17% compared to expiring policy/term.

MTA's Bus Fleet Physical Damage renewed effective 07/01/2017-2018 with values up approximately 16%. The incumbent carrier did not want to continue coverage, so the agency's broker approached 13 alternative markets and was able to secure 3 quotes. The most favorable alternate market offered comparable terms and conditions at the most favorable pricing. The premium increase was \$86,616 or approximately 60% compared to the expiring policy/term.

Athletic Participants basic coverage for 10 schools was renewed effective 08/01/2017-2018 with the total number of athletes slightly down. 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 rate increase of 5%. The overall premium increased by \$31,994 or approximately 3% compared to expiring policy/term.

MAA's airport liability insurance renewed effective 08/15/2017-2018 with the number of enplanements relatively stable. Likewise, the rate remained stable/ locked-in and coverage was renewed with same terms and pricing.

Allied Health professional liability coverage for various schools renewed effective 09/01/2017-2018 with the number of students up approximately

continued on page 28

INSURANCE continued from page 27

3%. Rates were increased by approximately 2%, resulting in a premium increase of \$2,350 or approximately 3% compared to expiring policy/term.

The Blanket Boiler & Machinery coverage for the State renewed effective 9/30/2017-2018. The State's overall values were up by 5.7%. Due to frequency of water damage losses the incumbent initially proposed to renew with a \$2.5M water damage deductible for all locations along with a 27% rate increase. Following negotiations, the incumbent agreed to amend the water damage deductible to \$1M for all State Universities and \$250,000 for all others. The coverage for "all other perils" remains a \$250,000 deductible for all locations. The overall premium increase was \$148,256 or approximately 36% compared to expiring policy/term.

State of Maryland's blanket terrorism coverage for property exposures renewed effective 10/13/2017-2018 with property values up 3% and a rate reduction of approximately 19%. The terrorism policy limit was increased from \$100M to \$300M for all State property and this eliminated need for a separate excess policy that covered Maryland Transportation Authority (MDTA) only. The overall premium savings were \$18,592 or approximately 6.5% compared to expiring policy/term.

State of Maryland's blanket terrorism coverage for Chemical, Biological, Nuclear and/or Radiological (CBNR) Insurance was renewed effective 10/13/2017-2018 with policy limit the same as expiring, but overall rate reduction of approximately 3%. The overall premium savings were \$2,500

or approximately 6% compared to expiring policy/term.

The MDTA Bridges & Tunnels Liability coverage renewed effective 10/17/2017-2018. The program structure remains layered with 5 carrier participants; however, due to pricing increases from 2 carriers, alternative carriers were utilized and this resulted on overall premium cost savings of \$14,107 or approximately 3% compared to expiring policy/term.

The MPA Cranes coverage was renewed effective 11/25/2017-2018. Due to overall 5 year loss ratio, the incumbent proposed to increase premium by approximately 8% (or \$4,981). The broker obtained alternative quotes resulting in overall premium increase of less than 1% (or \$400). This is an overall premium savings of approximately 7% when comparing the two renewal quotes. The coverage terms and conditions were comparable.

MTA's property insurance for toll bridges and tunnels renewed effective 12/01/2017-2018. With property values up approximately 15% the coverage limit increased from \$300M to \$350M. This resulted in overall cost increase of \$327,940 or approximately 12% compared to expiring policy/term.

State-owned vessel's Protection and Indemnity (P&I) liability coverage, was renewed effective 1/1/2018-2019. The number of vessels were slightly down and this along with a rate reduction of approximately 25% offered by a competitive market, the premium savings were \$14,699 or approximately 27% savings compared to expiring policy/term.

MPA'S commercial auto coverage was renewed effective 1/1/2018-2019 as a first placement for newly awarded contract to Willis of Maryland, Inc. The broker approached three markets but was only able to obtain one quote via the incumbent. Since stand-alone automobile coverage is difficult to place, this was not surprising. The incumbent offered renewal pricing at increased rates. Compared to the expiring costs, the renewal pricing was up from \$65,887 to \$74,118. An overall increase of \$8,231 or approximately 12% compared to expiring policy/term.

Foster Parent liability for Department of Homeland Security (DHS) and Department of Juvenile Services (DJS) was renewed effective 3/15/2018-2019. The estimated number of foster care placements increased from 7,280 to 7,305. This along with the recently awarded broker services contract and associated fee for this placement resulted in an overall increase of \$12,372. While the premium increase was less than 1%, the broker fee increased by 200% (from \$5,000 to \$15,000) compared to expiring policy/term.

State of Maryland's Excess Property insurance renewed effective 4/1/2018-2019 with values up approximately 6% and overall rates were up with all incumbent markets. While maintaining incumbent lead, some carriers were added and limits of coverage level participation were adjusted. This resulted in overall cost savings of \$8,575 or less than 1% compared to expiring policy/term.

Maryland Department of Commerce's Foreign Liability insurance was renewed

continued on page 29

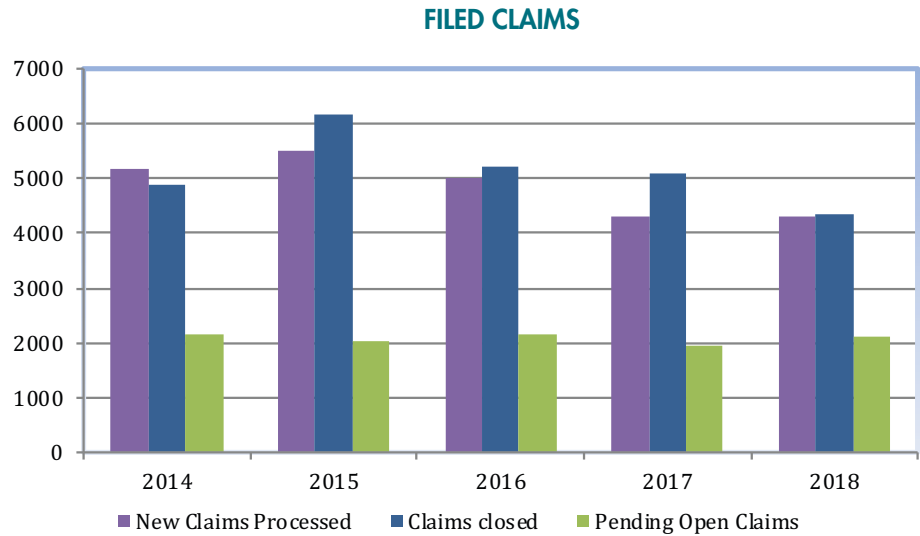
INSURANCE continued from page 28

effective 5/1/2018-2019. Although the agency's broker sought competitive renewal quotes from three different companies, only the incumbent offered pricing with terms and conditions similar to the expiring policy.

The State of Maryland owned aircraft liability and hull coverage renewed effective 6/30/2018-2019. The agency's broker marketed to various insurance companies, the incumbent offered the most favorable and consistent coverage at same pricing as expired.

The Underwriting Unit responded to various insurance inquires, provided Certificates of Insurance (COIs) and offered guidance on minimum insurance recommendations for contracts and RFPs. State agencies that were provided the information included Department of Budget and Management, Maryland Public Television, Morgan State University, University of Maryland, College Park, Maryland Energy Administration, and Towson University.

The Underwriting Unit also continue to conduct annual meetings with some larger State agencies required to maintain commercial policies such as Maryland Port Administration, Maryland Aviation Administration, Maryland Transit Administration, and Maryland State Police Aviation Command. These meetings are generally attended by representatives from various units within the Insurance Division of the Treasurer's Office as well as commercial insurance company representatives. General topics of concern may include discussions of open claims, loss control needs, operational changes, and answers to



questions agencies might have about their coverage.

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.

The open and closed claims are tracked to gauge activity, inventory and to identify any trends. From July 1, 2017 through June 30, 2018, there were 4,307 claims opened and 4,354 claims were closed, reflecting a 1.01 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 FY2018 total \$1,186,755. The current subrogation recoveries have exceeded the yearly targeted goal of \$1 million by 19%. The total subrogation recovery for FY2017 was \$1,791,469. 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

continued on page 30

INSURANCE continued from page 29

cases valued over \$200,000 effective October 1, 2015, the Litigation Manager briefs the Insurance Review Committee 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 during the discovery process to help improve the adjusters' investigative skills and develop strategies for future claims handling.

The Tort Unit handles a rolling docket of approximately 110 to 140 open litigation claim files. The Litigation Manager actively monitors trial verdicts and appeals to and assess the potential impact on the State Insurance Trust Fund. The Litigation Manager also analyzes the data in order to track the litigation outcomes.

In FY2018, 134 new suits were received by the Tort Litigation Unit. During FY2018, 125 cases were resolved out of the rolling docket of open litigation claim files; 60 were dismissed by summary judgment; 14 cases were settled; 31 closed before trial; 5 were dismissed for no notice of claim; 4 resulted in a defendant's verdict (favorable to the State), 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 what costs are associated with the defense of a case, tracking of expenses and litigation costs was initiated. In FY2018, \$66,394.28 was paid in litigation expenses; total settlement payments were \$811,314.75, for a total of \$877,709.03. The average litigation cost per case in FY2018 was \$7,021.67, representing a decrease from FY2017 when the total costs were \$17,466.93. The Litigation Manager will continue to monitor these costs in an effort to effectively manage and mitigate total litigation expenses and payments.

LOSS PREVENTION:

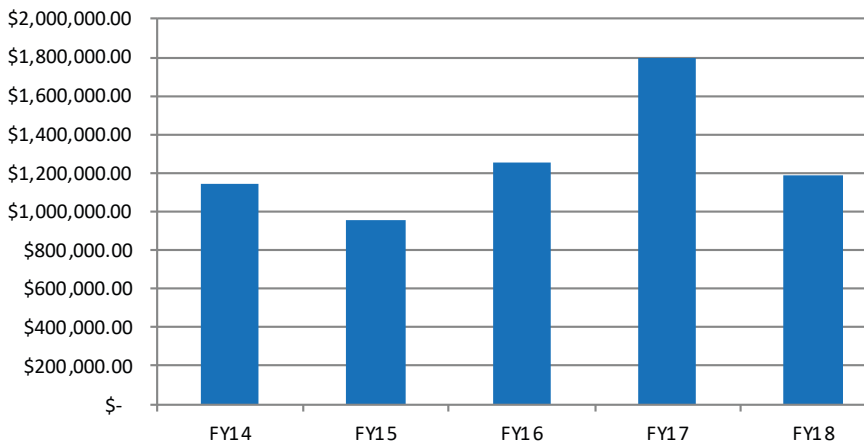
The goal of the Loss Prevention Unit is to help State agencies develop specific action plans and safety practices to mitigate or eliminate the most frequent or severe sources of preventable losses.

The Insurance Division tracks losses reported to the State Treasurer's Office. This practice involves quarterly reporting and trending of claims. Reports have been and will continue to be provided to State agencies and universities with a high frequency of reported losses.

Inspections, pre-loss prevention and preventative maintenance strategies are provided to assist agencies and universities in advance of incidents or losses involving property and boiler maintenance. To ensure agencies are adequately represented and informed, loss control recommendations are provided to facility CEO's, directors and managers, maintenance personnel, insurance and fleet coordinators, risk and safety officers and finance personnel. Continued follow-up on recommendations and updating programs are conducted with all agencies and universities. These efforts are expected to significantly reduce loss frequency and the severity of damage sustained by State-owned property.

Loss Prevention participated in the Department of Natural Resource's (DNR) annual training for the Conservation Job Corps (CJC) Program. This summer program hired temporary workers who must attend DNR's Training Academy and successfully pass the mandatory drivers

SUBROGATION RECOVERIES



continued on page 31

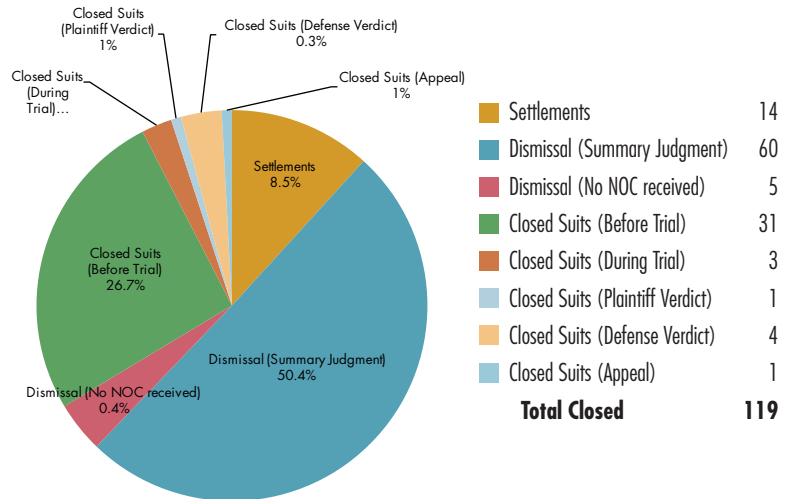
INSURANCE continued from page 30

training program. This year, Loss Prevention’s main focus was prompt accident reporting, orienting staff on driving passenger vans, updating staff and drivers license information, coordinating vehicle inspections at program check in and check out, driver and passenger safety and preventable accidents.

Throughout FY2018, the Insurance Division met with the following State agencies and universities; the Department of Labor, Licensing and Regulation, Department of General Services, Maryland Aviation Administration, Maryland Port Administration, Department of Natural Resources, Maryland Stadium Authority, Department of Public Safety and Correctional Services, State of Maryland Military Department, Towson University, University of Maryland Baltimore City, University of Maryland Unviersity College, University of Maryland College Park, University of Maryland at Baltimore and Maryland Aviation Administration.

Meetings included providing reports and communications regarding such topics as; 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. In addition discussions were held regarding developing management programs and supporting documentation for Flood Preparation, Hot Work, Planned Preventive Maintenance, Fire and Security Programs.

TORT LITIGATION CASES RESOLVED IN FY 2018



The Loss Management Specialist and Boiler & Machinery, Loss Control Specialist for the commercial carrier {Continental Assurance Company of North America (CNA)} continue to follow up with all State agencies and universities on required maintenance updates and code compliance issues. The Loss Management Specialist sends monthly reports and updates to all agencies and universities whose boiler certificates are in violation; either due to certification expiration or maintenance. Loss Management continuously follows up for proper and prompt response to loss control reports on violations and recommended measures. To date, recommendations and violations are trending towards resolution, open violations have decreased 58% from a high of 163 violations to 69 open violatons as of June 1, 2018.

The Loss Management Specialist and Property Risk Engineers for the commercial carrier {The American International Group, Inc., (AIG)}, completed 12 facility and/or property inspections. At least two to four weeks prior to the property inspections the Loss Management Specialist

scheduled property pre-inspection meetings with various State agencies and universities to orient them on the process, expectations and documentation required during the property inspection. The property pre-inspection includes initial reviews of; building condition and maintenance, boiler and fire pump condition, fire safety and security. As needed, the property inspection meetings are attended by facility and maintenance directors, managers and engineers, safety, health and risk managers, administrative officers and assistant secretaries.

The Property Risk Engineers completed the following reports: Construction, Occupancy, Protection and Exposure (COPE) Report, Property Risk Improvement Report and the Loss Estimate Report. The reports are reviewed by the Insurance Division and then forwarded to the respective agency’s facility and the property managers. Open recommendations are tracked and followed up by Loss Management and then forwarded to the insurance carrier, as required. ■

INFORMATION TECHNOLOGY DIVISION

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.

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 Microsoft Dynamics 365 Enterprise suite was selected to replace the IBM i5 AS/400 legacy financial and insurance claims management software. Programmers and developers will conduct the design and implementation phase throughout FY2019, with an estimated go live date in early FY2020.

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.

The IT Division uses 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. ■



Maryland Heights Trail Overlooking Harper's Ferry

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

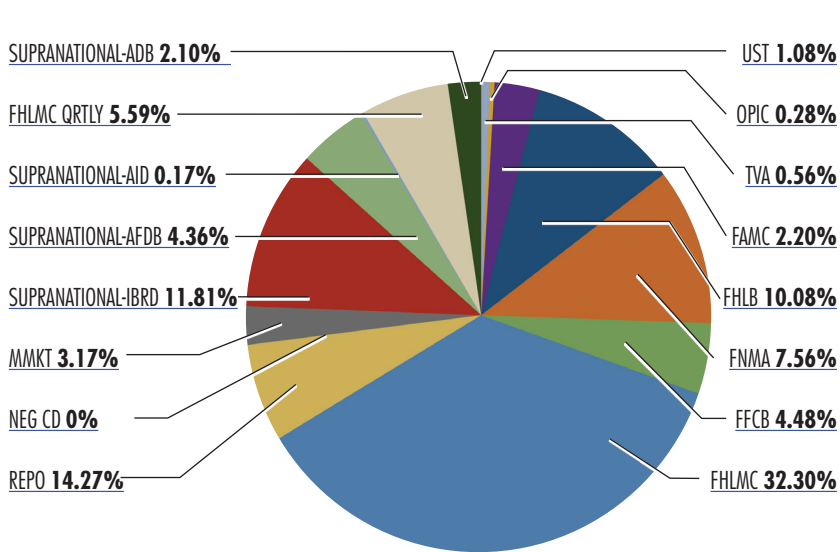
The Legal Division advises the Treasurer and Office staff on a variety of issues affecting the Office and its interaction with federal, State and local government agencies, contractors and the public. Advice, counsel and legal analysis on matters before various boards and commissions on which the Treasurer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

APPENDIX A – INVESTMENT INVENTORY

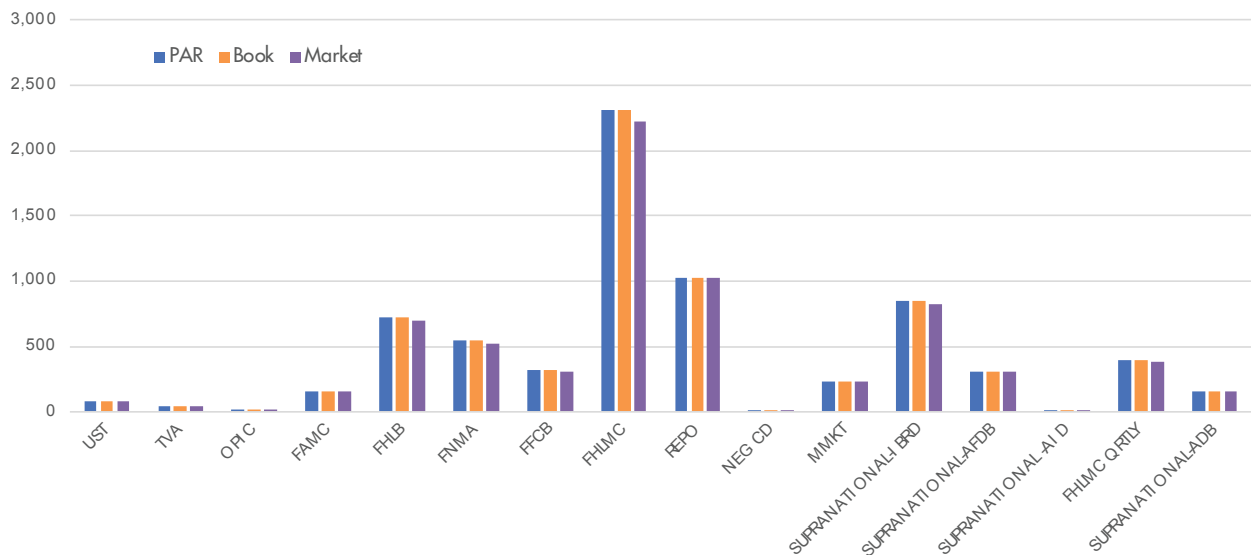
STATE OF MARYLAND INVENTORY BY MARKET VALUE

AS OF DATE: 06/30/2018 •DATE BASIS: SETTLEMENT •RUN: 08/14/2018 07:33:08 AM REPORTING CURRENCY: LOCAL

ASSET ALLOCATION



| Assets (000's) | CURRENT PAR | CURRENT Book | Market | UN Gain/Loss |
|----------------------|------------------|------------------|------------------|-----------------|
| UST | 77,246 | 76,869 | 76,522 | -347 |
| TVA | 40,000 | 39,810 | 39,810 | 0 |
| OPI C | 19,900 | 19,900 | 19,900 | 0 |
| FAMC | 157,475 | 157,441 | 154,654 | -2,788 |
| FHLB | 721,585 | 721,417 | 703,384 | -18,032 |
| FNMA | 541,125 | 541,110 | 520,596 | -20,513 |
| FCCB | 320,475 | 320,403 | 311,279 | -9,123 |
| FHLMC | 2,311,895 | 2,311,755 | 2,218,172 | -93,583 |
| REPO | 1,021,528 | 1,021,528 | 1,021,528 | 0 |
| NEG CD | 23 | 23 | 23 | 0 |
| MMKT | 226,777 | 226,777 | 226,777 | 0 |
| SUPRANATI ONAL-I BRD | 845,000 | 843,699 | 823,136 | -20,563 |
| SUPRANATI ONAL-AFDB | 312,000 | 311,588 | 311,445 | -144 |
| SUPRANATI ONAL-AI D | 12,070 | 12,053 | 11,587 | -467 |
| FHLMC QRTLY | 400,000 | 399,985 | 380,165 | -19,821 |
| SUPRANATI ONAL-ADB | 150,000 | 150,000 | 150,000 | 0 |
| Totals(000's) | 7,157,099 | 7,154,357 | 6,968,977 | -185,380 |



STATE OF MARYLAND INVENTORY BY MARKET VALUE

AS OF DATE: 06/30/2018 •DATE BASIS: SETTLEMENT •RUN: 08/14/2018 07:33:08 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 | | | | | | | | |
| 18846 | UST | 912828G61 | 12/11/2017 | 1.500000 | 25,000,000.00 | 24,663,000.00 | 31,762.30 | 0.00 |
| | | | 11/30/2019 | 1.808090 | 24,851,562.50 | 98.652000 | IDC-FIS | -188,562.50 |
| 18868 | Treasury Note | 912828WL0 | 12/21/2017 | 1.500000 | 50,000,000.00 | 49,623,000.00 | 63,524.59 | 0.00 |
| | | | 05/31/2019 | 1.800297 | 49,787,000.00 | 99.246000 | IDC-FIS | -164,000.00 |
| Inv Type: 12 TREASURY NOTES | | | | 1.500000 | 75,000,000.00 | 74,286,000.00 | 95,286.89 | 0.00 |
| | | | | 1.802892 | 74,638,562.50 | 99.048000 | | -352,562.50 |
| 18241 | AID | 903724BL5 | 11/14/2016 | 1.471000 | 12,070,000.00 | 11,586,958.60 | 45,373.81 | 0.00 |
| | | | 09/29/2021 | 1.500150 | 12,053,464.10 | 95.998000 | IDC-FIS | -466,505.50 |
| Inv Type: 21 SUPRANATIONALS-AID-30/360 SA | | | | 1.471000 | 12,070,000.00 | 11,586,958.60 | 45,373.81 | 0.00 |
| | | | | 1.500150 | 12,053,464.10 | 95.998000 | | -466,505.50 |
| 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 | 43,390,800.00 | 231,562.50 | 0.00 |
| | | | 09/07/2021 | 1.635522 | 44,977,500.00 | 96.424000 | IDC-FIS | -1,586,700.00 |
| 18152 | IBRD | 45905UZHO | 10/27/2016 | 1.750000 | 100,000,000.00 | 96,517,000.00 | 311,111.11 | 0.00 |
| | | | 10/27/2021 | 1.750000 | 100,000,000.00 | 96.517000 | IDC-FIS | -3,483,000.00 |
| 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 | 96,694,000.00 | 184,722.22 | 0.00 |
| | | | 11/23/2021 | 1.750000 | 100,000,000.00 | 96.694000 | IDC-FIS | -3,306,000.00 |
| 18215 | IBRD (Quoted rate o | 459058FP3 | 10/31/2016 | 1.376000 | 50,000,000.00 | 47,810,000.00 | 191,111.10 | 0.00 |
| | | | 09/20/2021 | 1.500066 | 49,708,565.50 | 95.620000 | IDC-FIS | -1,898,565.50 |
| 18216 | IBRD | 45905UZT4 | 11/22/2016 | 1.750000 | 250,000,000.00 | 241,345,000.00 | 473,958.33 | 0.00 |
| | | | 11/22/2021 | 1.750000 | 250,000,000.00 | 96.538000 | IDC-FIS | -8,655,000.00 |
| 18294 | IBRD | 45905UZJ6 | 12/21/2016 | 1.300000 | 25,000,000.00 | 24,563,500.00 | 59,583.33 | 0.00 |
| | | | 10/25/2019 | 1.788680 | 24,662,500.00 | 98.254000 | IDC-FIS | -99,000.00 |
| 18295 | IBRD | 45905UZJ6 | 12/21/2016 | 1.300000 | 25,000,000.00 | 24,563,500.00 | 59,583.33 | 0.00 |
| | | | 10/25/2019 | 1.788680 | 24,662,500.00 | 98.254000 | IDC-FIS | -99,000.00 |
| 18795 | IBRD | 45905UQ31 | 10/24/2017 | 1.551219 | 25,000,000.00 | 24,873,500.00 | 133,577.23 | 0.00 |
| | | | 02/27/2019 | 1.551219 | 25,000,000.00 | 99.494000 | IDC-FIS | -126,500.00 |
| 18847 | IBRD | 45905UQ80 | 12/12/2017 | 1.950000 | 25,000,000.00 | 24,540,500.00 | 70,416.67 | 0.00 |
| | | | 11/09/2020 | 2.038708 | 24,937,500.00 | 98.162000 | IDC-FIS | -397,000.00 |
| 18872 | IBRD | 45905UQ80 | 12/22/2017 | 1.950000 | 50,000,000.00 | 49,081,000.00 | 140,833.33 | 0.00 |
| | | | 11/09/2020 | 2.129541 | 49,750,000.00 | 98.162000 | IDC-FIS | -669,000.00 |
| 18943 | IBRD | 45905US62 | 02/15/2018 | 2.750000 | 50,000,000.00 | 49,757,000.00 | 519,444.44 | 0.00 |
| | | | 02/15/2023 | 2.750000 | 50,000,000.00 | 99.514000 | IDC-FIS | -243,000.00 |
| Inv Type: 23 SUPRANATIONALS-IBRD-30/360 SA | | | | 1.754218 | 845,000,000.00 | 823,135,800.00 | 2,669,236.92 | 0.00 |
| | | | | 1.803867 | 843,698,565.50 | 97.412521 | | -20,562,765.50 |
| 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 |

STATE OF MARYLAND INVENTORY BY MARKET VALUE

AS OF DATE: 06/30/2018 •DATE BASIS: SETTLEMENT •RUN: 08/14/2018 07:33:08 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 | |
|---|-------------|-----------|-------------------|---------------|--------------------------------|---------------------------|----------------------------|---------------------------------|-----------|
| 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 | 11,444,640.00 | 64,583.33 | 0.00 | |
| | | | 07/26/2021 | 2.030161 | 11,588,160.00 | 95.372000 | IDC-FIS | -143,520.00 | |
| 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 | 311,444,640.00 | 1,481,249.99 | 0.00 |
| | | | | | 1.737954 | 311,588,160.00 | 99.822000 | -143,520.00 | |
| 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 |
| | | | | | 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 | |
| 16170 | FAMC | 31315P3U1 | 09/18/2013 | 2.000000 | 10,000,000.00 | 10,004,200.00 | 56,958.22 | 6,700.00 | |
| | | | 09/18/2018 | 2.005280 | 9,997,500.00 | 100.042000 | IDC-FIS | 0.00 | |
| 17762 | FAMC | 3132X0GW5 | 06/07/2016 | 1.460000 | 11,000,000.00 | 10,613,680.00 | 10,706.67 | 0.00 | |
| | | | 06/07/2021 | 1.464163 | 10,997,800.00 | 96.488000 | IDC-FIS | -384,120.00 | |
| 18293 | FAMCA | 3132X0ML2 | 12/22/2016 | 2.370000 | 10,000,000.00 | 9,864,900.00 | 5,925.00 | 0.00 | |
| | | | 12/22/2021 | 2.370000 | 10,000,000.00 | 98.649000 | IDC-FIS | -135,100.00 | |
| 18322 | FAMCA | 3132X0MY4 | 01/06/2017 | 2.100000 | 31,000,000.00 | 30,326,060.00 | 316,458.33 | 0.00 | |
| | | | 01/06/2022 | 2.102117 | 30,996,900.00 | 97.826000 | IDC-FIS | -670,840.00 | |
| 18350 | FAMCA | 3132X0NM9 | 01/13/2017 | 2.000000 | 9,988,000.00 | 9,735,703.12 | 93,221.33 | 0.00 | |
| | | | 01/13/2022 | 2.010561 | 9,983,006.00 | 97.474000 | IDC-FIS | -247,302.88 | |
| 18388 | FAMCA | 3132X0NZ0 | 01/30/2017 | 2.100000 | 15,000,000.00 | 14,675,400.00 | 155,750.00 | 0.00 | |
| | | | 01/03/2022 | 2.110892 | 14,992,500.00 | 97.836000 | IDC-FIS | -317,100.00 | |
| 18389 | FAMCA | 3132X0NZ0 | 01/30/2017 | 2.100000 | 15,000,000.00 | 14,675,400.00 | 155,750.00 | 0.00 | |
| | | | 01/03/2022 | 2.110892 | 14,992,500.00 | 97.836000 | IDC-FIS | -317,100.00 | |
| 18431 | FAMCA | 3132X0QB0 | 02/23/2017 | 2.280000 | 8,475,000.00 | 8,330,755.50 | 68,704.00 | 0.00 | |
| | | | 02/23/2022 | 2.280000 | 8,475,000.00 | 98.298000 | IDC-FIS | -144,244.50 | |
| 18433 | FAMCA | 3132X0QB0 | 02/23/2017 | 2.280000 | 10,000,000.00 | 9,829,800.00 | 81,066.67 | 0.00 | |
| | | | 02/23/2022 | 2.280000 | 10,000,000.00 | 98.298000 | IDC-FIS | -170,200.00 | |
| 18517 | FAMCA | 3132X0KX8 | 11/01/2016 | 1.540000 | 9,000,000.00 | 8,646,300.00 | 23,100.00 | 0.00 | |
| | | | 11/01/2021 | 1.550431 | 8,995,500.00 | 96.070000 | IDC-FIS | -349,200.00 | |
| 19042 | FAMCA | 3132X0S69 | 05/02/2018 | 3.030000 | 25,000,000.00 | 25,015,500.00 | 124,145.83 | 15,500.00 | |
| | | | 05/02/2023 | 3.030000 | 25,000,000.00 | 100.062000 | IDC-FIS | 0.00 | |
| Inv Type: 31 FAMC | | | | | 2.198435 | 154,463,000.00 | 151,717,698.62 | 1,091,786.05 | 22,200.00 |
| | | | | | 2.202903 | 154,430,706.00 | 98.222680 | -2,735,207.38 | |
| 17486 | FHLB | 3130A7BT1 | 02/26/2016 | 1.730000 | 275,000.00 | 267,773.00 | 1,651.91 | 0.00 | |
| | | | 02/26/2021 | 1.730000 | 275,000.00 | 97.372000 | IDC-FIS | -7,227.00 | |
| 17742 | FHLB | 3130A8AH6 | 06/22/2016 | 1.500000 | 50,000,000.00 | 48,402,000.00 | 18,750.00 | 0.00 | |
| | | | 06/22/2021 | 1.500000 | 50,000,000.00 | 96.804000 | IDC-FIS | -1,598,000.00 | |
| 17747 | FHLB | 3130A8AH6 | 06/22/2016 | 1.500000 | 50,000,000.00 | 48,402,000.00 | 18,750.00 | 0.00 | |
| | | | 06/22/2021 | 1.500000 | 50,000,000.00 | 96.804000 | IDC-FIS | -1,598,000.00 | |

STATE OF MARYLAND INVENTORY BY MARKET VALUE

AS OF DATE: 06/30/2018 •DATE BASIS: SETTLEMENT •RUN: 08/14/2018 07:33:08 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 | |
|--------------------------|-------------|-----------|-------------------|---------------|--------------------------------|---------------------------|----------------------------|---------------------------------|----------------|
| 17748 | FHLB | 3130A8AH6 | 06/22/2016 | 1.500000 | 50,000,000.00 | 48,402,000.00 | 18,750.00 | 0.00 | |
| | | | 06/22/2021 | 1.500000 | 50,000,000.00 | 96.804000 | IDC-FIS | -1,598,000.00 | |
| 17749 | FHLB | 3130A8AH6 | 06/22/2016 | 1.500000 | 50,000,000.00 | 48,402,000.00 | 18,750.00 | 0.00 | |
| | | | 06/22/2021 | 1.500000 | 50,000,000.00 | 96.804000 | IDC-FIS | -1,598,000.00 | |
| 17805 | FHLB | 3130A8J20 | 06/28/2016 | 1.650000 | 63,035,000.00 | 60,903,156.30 | 8,667.31 | 0.00 | |
| | | | 06/28/2021 | 1.651046 | 63,031,848.25 | 96.618000 | IDC-FIS | -2,128,691.95 | |
| 17857 | FHLB | 3130A8HR7 | 06/28/2016 | 1.540000 | 9,750,000.00 | 9,415,087.50 | 1,251.25 | 0.00 | |
| | | | 12/28/2020 | 1.545772 | 9,747,562.50 | 96.565000 | IDC-FIS | -332,475.00 | |
| 18057 | FHLB | 3130A9GS4 | 10/12/2016 | 1.700000 | 10,000,000.00 | 9,643,000.00 | 37,305.56 | 0.00 | |
| | | | 10/12/2021 | 1.700000 | 10,000,000.00 | 96.430000 | IDC-FIS | -357,000.00 | |
| 18058 | FHLB | 3130A9GS4 | 10/12/2016 | 1.700000 | 19,500,000.00 | 18,803,850.00 | 72,745.83 | 0.00 | |
| | | | 10/12/2021 | 1.700000 | 19,500,000.00 | 96.430000 | IDC-FIS | -696,150.00 | |
| 18059 | FHLB | 3130A9GS4 | 10/12/2016 | 1.700000 | 13,000,000.00 | 12,535,900.00 | 48,497.22 | 0.00 | |
| | | | 10/12/2021 | 1.700000 | 13,000,000.00 | 96.430000 | IDC-FIS | -464,100.00 | |
| 18066 | FHLB | 3130A9HN4 | 10/27/2016 | 1.750000 | 40,000,000.00 | 38,597,200.00 | 124,444.44 | 0.00 | |
| | | | 10/27/2021 | 1.750000 | 40,000,000.00 | 96.493000 | IDC-FIS | -1,402,800.00 | |
| 18067 | FHLB | 3130A9HN4 | 10/27/2016 | 1.750000 | 48,000,000.00 | 46,316,640.00 | 149,333.33 | 0.00 | |
| | | | 10/27/2021 | 1.750000 | 48,000,000.00 | 96.493000 | IDC-FIS | -1,683,360.00 | |
| 18139 | FHLB | 3130A9GS4 | 10/12/2016 | 1.700000 | 14,250,000.00 | 13,741,275.00 | 53,160.42 | 0.00 | |
| | | | 10/12/2021 | 1.700000 | 14,250,000.00 | 96.430000 | IDC-FIS | -508,725.00 | |
| 18207 | FHLB | 3130A9WU1 | 11/17/2016 | 1.625000 | 10,000,000.00 | 9,578,000.00 | 19,861.11 | 0.00 | |
| | | | 11/17/2021 | 1.625000 | 10,000,000.00 | 95.780000 | IDC-FIS | -422,000.00 | |
| 18267 | FHLB | 3130AABG2 | 11/30/2016 | 1.875000 | 35,000,000.00 | 34,052,550.00 | 58,333.33 | 0.00 | |
| | | | 11/29/2021 | 1.967463 | 34,846,700.00 | 97.293000 | IDC-FIS | -794,150.00 | |
| 18275 | FHLB | 3130AADR6 | 12/21/2016 | 2.200000 | 10,000,000.00 | 9,729,200.00 | 6,111.11 | 0.00 | |
| | | | 12/21/2021 | 2.210618 | 9,995,000.00 | 97.292000 | IDC-FIS | -265,800.00 | |
| 18446 | FHLB | 3130AAWE4 | 03/08/2017 | 2.220000 | 9,050,000.00 | 8,852,891.00 | 63,063.42 | 0.00 | |
| | | | 03/08/2022 | 2.230624 | 9,045,475.00 | 97.822000 | IDC-FIS | -192,584.00 | |
| 18758 | FHLB | 3130ACJS4 | 10/13/2017 | 1.600000 | 25,000,000.00 | 24,680,500.00 | 37,777.78 | 0.00 | |
| | | | 11/27/2019 | 1.600000 | 25,000,000.00 | 98.722000 | IDC-FIS | -319,500.00 | |
| 18759 | FHLB | 3130ACK60 | 10/16/2017 | 1.500000 | 25,000,000.00 | 24,837,000.00 | 78,125.00 | 0.00 | |
| | | | 11/27/2019 | 1.500000 | 25,000,000.00 | 99.348000 | IDC-FIS | -163,000.00 | |
| 18918 | FHLB | 3130ADFY3 | 01/30/2018 | 2.200000 | 50,000,000.00 | 49,456,000.00 | 186,388.89 | 0.00 | |
| | | | 10/30/2020 | 2.200000 | 50,000,000.00 | 98.912000 | IDC-FIS | -544,000.00 | |
| 18921 | FHLB | 3130ADGH9 | 01/30/2018 | 2.180000 | 50,000,000.00 | 49,534,500.00 | 457,194.44 | 0.00 | |
| | | | 07/30/2020 | 2.180000 | 50,000,000.00 | 99.069000 | IDC-FIS | -465,500.00 | |
| 19021 | FHLB | 3130ADXH0 | 04/27/2018 | 3.000000 | 50,000,000.00 | 49,654,000.00 | 266,666.67 | 0.00 | |
| | | | 04/27/2023 | 3.000000 | 50,000,000.00 | 99.308000 | IDC-FIS | -346,000.00 | |
| 19023 | FHLB | 3130ADY55 | 05/02/2018 | 3.050000 | 25,000,000.00 | 24,839,750.00 | 124,965.28 | 0.00 | |
| | | | 05/02/2023 | 3.050000 | 25,000,000.00 | 99.359000 | IDC-FIS | -160,250.00 | |
| Inv Type: 32 FHLB | | | | | 1.862725 | 706,860,000.00 | 689,046,272.80 | 1,870,544.30 | 0.00 |
| | | | | | 1.867743 | 706,691,585.75 | 97.479879 | | -17,645,312.95 |
| 17489 | FNMA | 3136G2YK7 | 02/26/2016 | 1.350000 | 7,000,000.00 | 6,914,110.00 | 32,812.50 | 0.00 | |
| | | | 08/26/2019 | 1.350000 | 7,000,000.00 | 98.773000 | IDC-FIS | -85,890.00 | |
| 17523 | FNMA | 3136G2YK7 | 02/26/2016 | 1.350000 | 5,650,000.00 | 5,580,674.50 | 26,484.38 | 0.00 | |
| | | | 08/26/2019 | 1.350000 | 5,650,000.00 | 98.773000 | IDC-FIS | -69,325.50 | |
| 17967 | FNMA | 3136G3R80 | 07/28/2016 | 1.700000 | 50,000,000.00 | 48,027,000.00 | 361,250.00 | 0.00 | |
| | | | 07/28/2021 | 1.700000 | 50,000,000.00 | 96.054000 | IDC-FIS | -1,973,000.00 | |

STATE OF MARYLAND INVENTORY BY MARKET VALUE

AS OF DATE: 06/30/2018 •DATE BASIS: SETTLEMENT •RUN: 08/14/2018 07:33:08 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 | |
|--------------------------|-------------|-----------|-------------------|---------------|--------------------------------|---------------------------|----------------------------|---------------------------------|------|
| 17968 | FNMA | 3136G3R80 | 07/28/2016 | 1.700000 | 50,000,000.00 | 48,027,000.00 | 361,250.00 | 0.00 | |
| | | | 07/28/2021 | 1.700000 | 50,000,000.00 | 96.054000 | IDC-FIS | -1,973,000.00 | |
| 17969 | FNMA | 3136G3R80 | 07/28/2016 | 1.700000 | 50,000,000.00 | 48,027,000.00 | 361,250.00 | 0.00 | |
| | | | 07/28/2021 | 1.700000 | 50,000,000.00 | 96.054000 | IDC-FIS | -1,973,000.00 | |
| 18002 | FNMA | 3136G3U45 | 08/16/2016 | 1.500000 | 9,395,000.00 | 9,011,590.05 | 55,195.63 | 0.00 | |
| | | | 08/10/2021 | 1.500000 | 9,395,000.00 | 95.919000 | IDC-FIS | -383,409.95 | |
| 18042 | FNMA | 3136G37G4 | 09/30/2016 | 1.600000 | 25,000,000.00 | 24,018,500.00 | 101,111.11 | 0.00 | |
| | | | 09/30/2021 | 1.600000 | 25,000,000.00 | 96.074000 | IDC-FIS | -981,500.00 | |
| 18043 | FNMA | 3136G36T7 | 09/28/2016 | 1.600000 | 10,000,000.00 | 9,568,900.00 | 41,333.33 | 0.00 | |
| | | | 09/28/2021 | 1.600000 | 10,000,000.00 | 95.689000 | IDC-FIS | -431,100.00 | |
| 18044 | FNMA | 3136G37G4 | 09/30/2016 | 1.600000 | 25,000,000.00 | 24,018,500.00 | 101,111.11 | 0.00 | |
| | | | 09/30/2021 | 1.600000 | 25,000,000.00 | 96.074000 | IDC-FIS | -981,500.00 | |
| 18081 | FNMA | 3136G4CR2 | 10/21/2016 | 1.600000 | 8,945,000.00 | 8,503,117.00 | 27,828.89 | 0.00 | |
| | | | 10/21/2021 | 1.600000 | 8,945,000.00 | 95.060000 | IDC-FIS | -441,883.00 | |
| 18094 | FNMA | 3136G4CY7 | 09/30/2016 | 1.500000 | 50,000,000.00 | 47,936,000.00 | 189,583.33 | 0.00 | |
| | | | 09/30/2021 | 1.504167 | 49,990,000.00 | 95.872000 | IDC-FIS | -2,054,000.00 | |
| 18129 | FNMA | 3136G4EN9 | 10/27/2016 | 1.500000 | 10,000,000.00 | 9,517,600.00 | 26,666.67 | 0.00 | |
| | | | 10/27/2021 | 1.500000 | 10,000,000.00 | 95.176000 | IDC-FIS | -482,400.00 | |
| 18132 | FNMA | 3136G4EV1 | 10/28/2016 | 1.625000 | 50,000,000.00 | 47,751,000.00 | 142,187.50 | 0.00 | |
| | | | 10/28/2021 | 1.625000 | 50,000,000.00 | 95.502000 | IDC-FIS | -2,249,000.00 | |
| 18133 | FNMA | 3136G4EV1 | 10/28/2016 | 1.625000 | 50,000,000.00 | 47,751,000.00 | 142,187.50 | 0.00 | |
| | | | 10/28/2021 | 1.625000 | 50,000,000.00 | 95.502000 | IDC-FIS | -2,249,000.00 | |
| 18134 | FNMA | 3136G4FA6 | 10/28/2016 | 1.625000 | 10,000,000.00 | 9,539,600.00 | 28,437.50 | 0.00 | |
| | | | 10/28/2021 | 1.625000 | 10,000,000.00 | 95.396000 | IDC-FIS | -460,400.00 | |
| 18172 | FNMA | 3136G4FS7 | 10/27/2016 | 1.500000 | 11,000,000.00 | 10,453,300.00 | 29,333.33 | 0.00 | |
| | | | 10/27/2021 | 1.510420 | 10,994,500.00 | 95.030000 | IDC-FIS | -541,200.00 | |
| 18198 | FNMA | 3136G4EV1 | 10/28/2016 | 1.625000 | 54,885,000.00 | 52,416,272.70 | 156,079.22 | 0.00 | |
| | | | 10/28/2021 | 1.625000 | 54,885,000.00 | 95.502000 | IDC-FIS | -2,468,727.30 | |
| 18414 | FNMA | 3136G4KX0 | 02/23/2017 | 2.250000 | 14,250,000.00 | 13,866,817.50 | 114,000.00 | 0.00 | |
| | | | 02/23/2022 | 2.250000 | 14,250,000.00 | 97.311000 | IDC-FIS | -383,182.50 | |
| 19022 | FNMA | 3136G4RW5 | 04/26/2018 | 2.900000 | 50,000,000.00 | 49,668,500.00 | 261,805.56 | 0.00 | |
| | | | 04/26/2023 | 2.900000 | 50,000,000.00 | 99.337000 | IDC-FIS | -331,500.00 | |
| Inv Type: 34 FNMA | | | | | 1.751881 | 541,125,000.00 | 520,596,481.75 | 2,559,907.56 | 0.00 |
| | | | | | 1.752478 | 541,109,500.00 | 96.206326 | -20,513,018.25 | |
| 17487 | FFCB | 3133EFZU4 | 02/16/2016 | 1.350000 | 14,700,000.00 | 14,499,051.00 | 74,418.75 | 0.00 | |
| | | | 08/16/2019 | 1.350000 | 14,700,000.00 | 98.633000 | IDC-FIS | -200,949.00 | |
| 17488 | FFCB | 3133EFZU4 | 02/16/2016 | 1.350000 | 35,300,000.00 | 34,817,449.00 | 178,706.25 | 0.00 | |
| | | | 08/16/2019 | 1.350000 | 35,300,000.00 | 98.633000 | IDC-FIS | -482,551.00 | |
| 17804 | FFCB | 3133EGEV3 | 06/17/2016 | 1.620000 | 50,900,000.00 | 49,251,349.00 | 38,938.50 | 0.00 | |
| | | | 06/14/2021 | 1.620000 | 50,900,000.00 | 96.761000 | IDC-FIS | -1,648,651.00 | |
| 17806 | FFCB | 3133EGHC2 | 06/23/2016 | 1.600000 | 55,000,000.00 | 53,144,300.00 | 19,555.56 | 0.00 | |
| | | | 06/23/2021 | 1.610448 | 54,972,500.00 | 96.626000 | IDC-FIS | -1,828,200.00 | |
| 17841 | FFCB | 3133EGGY5 | 06/23/2016 | 1.490000 | 14,700,000.00 | 14,262,969.00 | 60,841.67 | 0.00 | |
| | | | 09/21/2020 | 1.504808 | 14,691,180.00 | 97.027000 | IDC-FIS | -428,211.00 | |
| 17901 | FFCB | 3133EGLG8 | 07/13/2016 | 1.370000 | 25,000,000.00 | 24,289,250.00 | 74,208.33 | 0.00 | |
| | | | 10/13/2020 | 1.370000 | 25,000,000.00 | 97.157000 | IDC-FIS | -710,750.00 | |
| 17902 | FFCB | 3133EGLG8 | 07/13/2016 | 1.370000 | 25,000,000.00 | 24,289,250.00 | 74,208.33 | 0.00 | |
| | | | 10/13/2020 | 1.370000 | 25,000,000.00 | 97.157000 | IDC-FIS | -710,750.00 | |
| 17903 | FFCB | 3133EGLG8 | 07/13/2016 | 1.370000 | 25,000,000.00 | 24,289,250.00 | 74,208.33 | 0.00 | |
| | | | 10/13/2020 | 1.370000 | 25,000,000.00 | 97.157000 | IDC-FIS | -710,750.00 | |

STATE OF MARYLAND INVENTORY BY MARKET VALUE

AS OF DATE: 06/30/2018 •DATE BASIS: SETTLEMENT •RUN: 08/14/2018 07:33:08 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 | |
|--------------------------|-------------|-----------|-------------------|---------------|--------------------------------|---------------------------|----------------------------|---------------------------------|------|
| 17917 | FFCB | 3133EGLH6 | 07/12/2016 | 1.420000 | 25,000,000.00 | 24,200,500.00 | 166,652.78 | 0.00 | |
| | | | 01/12/2021 | 1.431513 | 24,987,500.00 | 96.802000 | IDC-FIS | -787,000.00 | |
| 17918 | FFCB | 3133EGLH6 | 07/12/2016 | 1.420000 | 25,000,000.00 | 24,200,500.00 | 166,652.78 | 0.00 | |
| | | | 01/12/2021 | 1.431513 | 24,987,500.00 | 96.802000 | IDC-FIS | -787,000.00 | |
| 17925 | FFCB | 3133EGLG8 | 07/14/2016 | 1.370000 | 10,950,000.00 | 10,638,691.50 | 32,503.25 | 0.00 | |
| | | | 10/13/2020 | 1.382302 | 10,944,525.00 | 97.157000 | IDC-FIS | -305,833.50 | |
| 17926 | FFCB | 3133EGLG8 | 07/14/2016 | 1.370000 | 10,925,000.00 | 10,614,402.25 | 32,429.04 | 0.00 | |
| | | | 10/13/2020 | 1.382302 | 10,919,537.50 | 97.157000 | IDC-FIS | -305,135.25 | |
| Inv Type: 36 FFCB | | | | | 1.460202 | 317,475,000.00 | 308,496,961.75 | 993,323.57 | 0.00 |
| | | | | 1.465357 | 317,402,742.50 | 97.172049 | | -8,905,780.75 | |
| 17764 | FHLMC | 3134G9QA8 | 06/30/2016 | 1.800000 | 6,600,000.00 | 6,362,400.00 | 330.00 | 0.00 | |
| | | | 06/30/2021 | 1.810505 | 6,596,700.00 | 96.400000 | IDC-FIS | -234,300.00 | |
| 17779 | FHLMC | 3134G9NE3 | 06/14/2016 | 1.200000 | 20,100,000.00 | 19,879,101.00 | 11,390.00 | 0.00 | |
| | | | 06/14/2019 | 1.200000 | 20,100,000.00 | 98.901000 | IDC-FIS | -220,899.00 | |
| 17780 | FHLMC | 3134G9LD7 | 06/09/2016 | 1.250000 | 29,445,000.00 | 29,140,538.70 | 37,828.65 | 0.00 | |
| | | | 05/24/2019 | 1.250000 | 29,445,000.00 | 98.966000 | IDC-FIS | -304,461.30 | |
| 17781 | FHLMC | 3134G9LD7 | 06/09/2016 | 1.250000 | 30,000,000.00 | 29,689,800.00 | 38,541.67 | 0.00 | |
| | | | 05/24/2019 | 1.250000 | 30,000,000.00 | 98.966000 | IDC-FIS | -310,200.00 | |
| 17818 | FHLMC | 3134G9XP7 | 06/30/2016 | 1.250000 | 50,000,000.00 | 47,564,500.00 | 1,736.11 | 0.00 | |
| | | | 06/30/2021 | 1.250000 | 50,000,000.00 | 95.129000 | IDC-FIS | -2,435,500.00 | |
| 17821 | FHLMC | 3134G9XF9 | 06/30/2016 | 1.375000 | 100,000,000.00 | 95,284,000.00 | 3,819.44 | 0.00 | |
| | | | 06/30/2021 | 1.375000 | 100,000,000.00 | 95.284000 | IDC-FIS | -4,716,000.00 | |
| 17822 | FHLMC | 3134G9XE2 | 06/30/2016 | 1.250000 | 100,000,000.00 | 95,132,000.00 | 3,472.22 | 0.00 | |
| | | | 06/30/2021 | 1.250000 | 100,000,000.00 | 95.132000 | IDC-FIS | -4,868,000.00 | |
| 17824 | FHLMC | 3134G9XV4 | 06/30/2016 | 1.250000 | 100,000,000.00 | 95,080,000.00 | 3,472.22 | 0.00 | |
| | | | 06/30/2021 | 1.255110 | 99,985,000.00 | 95.080000 | IDC-FIS | -4,905,000.00 | |
| 17825 | FHLMC | 3134G9XX0 | 06/30/2016 | 1.500000 | 100,000,000.00 | 95,398,000.00 | 4,166.67 | 0.00 | |
| | | | 06/30/2021 | 1.500000 | 100,000,000.00 | 95.398000 | IDC-FIS | -4,602,000.00 | |
| 17850 | FHLMC | 3134G9Z59 | 06/30/2016 | 1.200000 | 100,000,000.00 | 95,551,000.00 | 3,333.33 | 0.00 | |
| | | | 06/30/2021 | 1.200000 | 100,000,000.00 | 95.551000 | IDC-FIS | -4,449,000.00 | |
| 17871 | FHLMC | 3134G9D61 | 06/30/2016 | 1.250000 | 100,000,000.00 | 94,717,000.00 | 3,472.22 | 0.00 | |
| | | | 06/30/2021 | 1.250000 | 100,000,000.00 | 94.717000 | IDC-FIS | -5,283,000.00 | |
| 17872 | FHLMC | 3134G9E29 | 06/30/2016 | 1.200000 | 100,000,000.00 | 94,728,000.00 | 3,333.33 | 0.00 | |
| | | | 06/30/2021 | 1.200000 | 100,000,000.00 | 94.728000 | IDC-FIS | -5,272,000.00 | |
| 17873 | FHLMC | 3134G9E37 | 06/30/2016 | 1.250000 | 100,000,000.00 | 94,702,000.00 | 3,472.22 | 0.00 | |
| | | | 06/30/2021 | 1.253857 | 99,985,000.00 | 94.702000 | IDC-FIS | -5,283,000.00 | |
| 17927 | FHLMC | 3134G9Q75 | 07/26/2016 | 1.250000 | 50,000,000.00 | 49,374,000.00 | 269,097.22 | 0.00 | |
| | | | 07/26/2019 | 1.250000 | 50,000,000.00 | 98.748000 | IDC-FIS | -626,000.00 | |
| 17942 | FHLMC | 3134G9Q75 | 07/26/2016 | 1.250000 | 100,000,000.00 | 98,748,000.00 | 538,194.44 | 0.00 | |
| | | | 07/26/2019 | 1.278971 | 99,915,000.00 | 98.748000 | IDC-FIS | -1,167,000.00 | |
| 17983 | FHLMC | 3134G9U47 | 08/25/2016 | 1.500000 | 13,250,000.00 | 12,807,052.50 | 69,562.50 | 0.00 | |
| | | | 08/25/2021 | 1.500000 | 13,250,000.00 | 96.657000 | IDC-FIS | -442,947.50 | |
| 17984 | FHLMC | 3134G9U47 | 08/25/2016 | 1.500000 | 11,000,000.00 | 10,632,270.00 | 57,750.00 | 0.00 | |
| | | | 08/25/2021 | 1.500000 | 11,000,000.00 | 96.657000 | IDC-FIS | -367,730.00 | |
| 17985 | FHLMC | 3134G9U47 | 08/25/2016 | 1.500000 | 11,000,000.00 | 10,632,270.00 | 57,750.00 | 0.00 | |
| | | | 08/25/2021 | 1.500000 | 11,000,000.00 | 96.657000 | IDC-FIS | -367,730.00 | |
| 17986 | FHLMC | 3134G96X0 | 08/25/2016 | 1.625000 | 11,988,000.00 | 11,434,034.52 | 68,181.75 | 0.00 | |
| | | | 08/25/2021 | 1.625000 | 11,988,000.00 | 95.379000 | IDC-FIS | -553,965.48 | |
| 17988 | FHLMC | 3134G92E6 | 08/30/2016 | 1.750000 | 50,000,000.00 | 47,632,500.00 | 306,250.00 | 0.00 | |
| | | | 08/25/2021 | 1.750000 | 50,000,000.00 | 95.265000 | IDC-FIS | -2,367,500.00 | |

STATE OF MARYLAND INVENTORY BY MARKET VALUE

AS OF DATE: 06/30/2018 •DATE BASIS: SETTLEMENT •RUN: 08/14/2018 07:33:08 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 |
|----------|-------------|-----------|-------------------|---------------|--------------------------------|---------------------------|----------------------------|---------------------------------|
| 17989 | FHLMC | 3134G92E6 | 08/30/2016 | 1.750000 | 50,000,000.00 | 47,632,500.00 | 306,250.00 | 0.00 |
| | | | 08/25/2021 | 1.750000 | 50,000,000.00 | 95.265000 | IDC-FIS | -2,367,500.00 |
| 17990 | FHLMC | 3134G92E6 | 08/30/2016 | 1.750000 | 50,000,000.00 | 47,632,500.00 | 306,250.00 | 0.00 |
| | | | 08/25/2021 | 1.750000 | 50,000,000.00 | 95.265000 | IDC-FIS | -2,367,500.00 |
| 17993 | FHLMC | 3134G97H4 | 09/30/2016 | 1.750000 | 100,000,000.00 | 95,316,000.00 | 442,361.11 | 0.00 |
| | | | 09/30/2021 | 1.750000 | 100,000,000.00 | 95.316000 | IDC-FIS | -4,684,000.00 |
| 18010 | FHLMC | 3134G97G6 | 08/25/2016 | 1.250000 | 12,500,000.00 | 12,231,250.00 | 54,687.50 | 0.00 |
| | | | 08/25/2020 | 1.255142 | 12,497,500.00 | 97.850000 | IDC-FIS | -266,250.00 |
| 18024 | FHLMC | 3134GAJPO | 09/30/2016 | 1.750000 | 50,000,000.00 | 48,704,000.00 | 221,180.56 | 0.00 |
| | | | 09/30/2021 | 1.750000 | 50,000,000.00 | 97.408000 | IDC-FIS | -1,296,000.00 |
| 18025 | FHLMC | 3134GAJPO | 09/30/2016 | 1.750000 | 50,000,000.00 | 48,704,000.00 | 221,180.56 | 0.00 |
| | | | 09/30/2021 | 1.750000 | 50,000,000.00 | 97.408000 | IDC-FIS | -1,296,000.00 |
| 18026 | FHLMC | 3134GAJPO | 09/30/2016 | 1.750000 | 50,000,000.00 | 48,704,000.00 | 221,180.56 | 0.00 |
| | | | 09/30/2021 | 1.750000 | 50,000,000.00 | 97.408000 | IDC-FIS | -1,296,000.00 |
| 18027 | FHLMC | 3134GAJPO | 09/30/2016 | 1.750000 | 50,000,000.00 | 48,704,000.00 | 221,180.56 | 0.00 |
| | | | 09/30/2021 | 1.750000 | 50,000,000.00 | 97.408000 | IDC-FIS | -1,296,000.00 |
| 18028 | FHLMC | 3134GAJPO | 09/30/2016 | 1.750000 | 50,000,000.00 | 48,704,000.00 | 221,180.56 | 0.00 |
| | | | 09/30/2021 | 1.750000 | 50,000,000.00 | 97.408000 | IDC-FIS | -1,296,000.00 |
| 18072 | FHLMC | 3134GAEF7 | 09/29/2016 | 1.650000 | 10,000,000.00 | 9,670,200.00 | 42,166.67 | 0.00 |
| | | | 09/29/2021 | 1.650000 | 10,000,000.00 | 96.702000 | IDC-FIS | -329,800.00 |
| 18075 | FHLMC | 3134GAPL2 | 10/27/2016 | 1.700000 | 9,250,000.00 | 8,807,017.50 | 27,955.56 | 0.00 |
| | | | 10/27/2021 | 1.700000 | 9,250,000.00 | 95.211000 | IDC-FIS | -442,982.50 |
| 18082 | FHLMC | 3134GAQC1 | 09/30/2016 | 1.250000 | 100,000,000.00 | 94,662,000.00 | 315,972.22 | 0.00 |
| | | | 09/30/2021 | 1.250000 | 100,000,000.00 | 94.662000 | IDC-FIS | -5,338,000.00 |
| 18083 | FHLMC | 3134GAQE7 | 09/30/2016 | 1.375000 | 100,000,000.00 | 94,678,000.00 | 347,569.44 | 0.00 |
| | | | 09/30/2021 | 1.375000 | 100,000,000.00 | 94.678000 | IDC-FIS | -5,322,000.00 |
| 18124 | FHLMC | 3134GARB2 | 10/27/2016 | 1.600000 | 50,000,000.00 | 47,681,000.00 | 142,222.22 | 0.00 |
| | | | 10/27/2021 | 1.600000 | 50,000,000.00 | 95.362000 | IDC-FIS | -2,319,000.00 |
| 18125 | FHLMC | 3134GARB2 | 10/27/2016 | 1.600000 | 50,000,000.00 | 47,681,000.00 | 142,222.22 | 0.00 |
| | | | 10/27/2021 | 1.600000 | 50,000,000.00 | 95.362000 | IDC-FIS | -2,319,000.00 |
| 18126 | FHLMC | 3134GARB2 | 10/27/2016 | 1.600000 | 50,000,000.00 | 47,681,000.00 | 142,222.22 | 0.00 |
| | | | 10/27/2021 | 1.600000 | 50,000,000.00 | 95.362000 | IDC-FIS | -2,319,000.00 |
| 18127 | FHLMC | 3134GARB2 | 10/27/2016 | 1.600000 | 10,000,000.00 | 9,536,200.00 | 28,444.44 | 0.00 |
| | | | 10/27/2021 | 1.600000 | 10,000,000.00 | 95.362000 | IDC-FIS | -463,800.00 |
| 18128 | FHLMC | 3134GARB2 | 10/27/2016 | 1.600000 | 30,000,000.00 | 28,608,600.00 | 85,333.33 | 0.00 |
| | | | 10/27/2021 | 1.600000 | 30,000,000.00 | 95.362000 | IDC-FIS | -1,391,400.00 |
| 18130 | FHLMC | 3134GARB2 | 10/27/2016 | 1.600000 | 40,000,000.00 | 38,144,800.00 | 113,777.78 | 0.00 |
| | | | 10/27/2021 | 1.605223 | 39,990,000.00 | 95.362000 | IDC-FIS | -1,845,200.00 |
| 18131 | FHLMC | 3134GASJ4 | 10/27/2016 | 1.700000 | 50,000,000.00 | 47,745,000.00 | 151,111.11 | 0.00 |
| | | | 10/27/2021 | 1.700000 | 50,000,000.00 | 95.490000 | IDC-FIS | -2,255,000.00 |
| 18455 | FHLMC | 3134GBBH4 | 03/29/2017 | 2.300000 | 6,875,000.00 | 6,745,268.75 | 40,409.72 | 0.00 |
| | | | 03/29/2022 | 2.314907 | 6,870,187.50 | 98.113000 | IDC-FIS | -124,918.75 |
| 18456 | FHLMC | 3134GBBH4 | 03/29/2017 | 2.300000 | 6,875,000.00 | 6,745,268.75 | 40,409.72 | 0.00 |
| | | | 03/29/2022 | 2.314907 | 6,870,187.50 | 98.113000 | IDC-FIS | -124,918.75 |
| 18505 | FHLMC | 3134GBLJ9 | 05/17/2017 | 2.000000 | 50,000,000.00 | 48,301,000.00 | 122,222.22 | 0.00 |
| | | | 05/17/2022 | 2.000000 | 50,000,000.00 | 96.602000 | IDC-FIS | -1,699,000.00 |
| 18506 | FHLMC | 3134GBLK6 | 05/25/2017 | 2.100000 | 25,000,000.00 | 24,216,000.00 | 52,500.00 | 0.00 |
| | | | 05/25/2022 | 2.100000 | 25,000,000.00 | 96.864000 | IDC-FIS | -784,000.00 |
| 18555 | FHLMC | 3134GBRF1 | 06/29/2017 | 2.100000 | 12,500,000.00 | 12,106,375.00 | 1,458.33 | 0.00 |
| | | | 06/29/2022 | 2.100000 | 12,500,000.00 | 96.851000 | IDC-FIS | -393,625.00 |

STATE OF MARYLAND INVENTORY BY MARKET VALUE

AS OF DATE: 06/30/2018 •DATE BASIS: SETTLEMENT •RUN: 08/14/2018 07:33:08 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 | |
|--|-------------|-----------|-------------------|-----------------|--------------------------------|---------------------------|----------------------------|---------------------------------|------|
| 18556 | FHLMC | 3134GBRF1 | 06/29/2017 | 2.100000 | 12,500,000.00 | 12,106,375.00 | 1,458.33 | 0.00 | |
| | | | 06/29/2022 | 2.100000 | 12,500,000.00 | 96.851000 | IDC-FIS | -393,625.00 | |
| 18764 | FHLMC | 3134GBP97 | 10/16/2017 | 1.610000 | 50,000,000.00 | 49,363,000.00 | 71,555.56 | 0.00 | |
| | | | 11/29/2019 | 1.610000 | 50,000,000.00 | 98.726000 | IDC-FIS | -637,000.00 | |
| Inv Type: 37 FHLMC | | | | | 1.479353 | 2,308,883,000.00 | 2,215,298,821.72 | 5,569,616.49 | 0.00 |
| | | | | 1.481232 | 2,308,742,575.00 | 95.946777 | | -93,443,753.28 | |
| 17817 | FHLMC | 3134G9XQ5 | 06/30/2016 | 1.250000 | 50,000,000.00 | 47,526,500.00 | 1,736.11 | 0.00 | |
| | | | 06/30/2021 | 1.253402 | 49,995,000.00 | 95.053000 | IDC-FIS | -2,468,500.00 | |
| 17819 | FHLMC | 3134G9XM4 | 06/30/2016 | 1.250000 | 50,000,000.00 | 47,592,000.00 | 1,736.11 | 0.00 | |
| | | | 06/30/2021 | 1.250000 | 50,000,000.00 | 95.184000 | IDC-FIS | -2,408,000.00 | |
| 17820 | FHLMC | 3134G9XL6 | 06/29/2016 | 1.300000 | 100,000,000.00 | 95,113,000.00 | 7,222.22 | 0.00 | |
| | | | 06/29/2021 | 1.302737 | 99,990,000.00 | 95.113000 | IDC-FIS | -4,877,000.00 | |
| 17823 | FHLMC | 3134G9XT9 | 06/30/2016 | 1.400000 | 100,000,000.00 | 95,233,000.00 | 3,888.89 | 0.00 | |
| | | | 06/30/2021 | 1.400000 | 100,000,000.00 | 95.233000 | IDC-FIS | -4,767,000.00 | |
| 18093 | FHLMC | 3134GAQK3 | 09/30/2016 | 1.200000 | 100,000,000.00 | 94,700,000.00 | 3,333.33 | 0.00 | |
| | | | 09/30/2021 | 1.200000 | 100,000,000.00 | 94.700000 | IDC-FIS | -5,300,000.00 | |
| Inv Type: 40 FHLMC QRTLY | | | | | 1.287500 | 400,000,000.00 | 380,164,500.00 | 17,916.66 | 0.00 |
| | | | | 1.288610 | 399,985,000.00 | 95.041125 | | -19,820,500.00 | |
| 19169 | Overnight | | 06/29/2018 | 2.250001 | 400,000,000.00 | 400,000,000.00 | 50,000.01 | 0.00 | |
| | | | 07/02/2018 | 2.250001 | 400,000,000.00 | 100.000000 | BOOK | 0.00 | |
| 19170 | Overnight | | 06/29/2018 | 2.250000 | 100,000,000.00 | 100,000,000.00 | 12,500.00 | 0.00 | |
| | | | 07/02/2018 | 2.250000 | 100,000,000.00 | 100.000000 | BOOK | 0.00 | |
| 19171 | Overnight | | 06/29/2018 | 2.220000 | 206,896,000.00 | 206,896,000.00 | 25,517.17 | 0.00 | |
| | | | 07/02/2018 | 2.220000 | 206,896,000.00 | 100.000000 | BOOK | 0.00 | |
| Inv Type: 60 REPO OPEN ACT-360 | | | | | 2.241220 | 706,896,000.00 | 706,896,000.00 | 88,017.18 | 0.00 |
| | | | | 2.241220 | 706,896,000.00 | 100.000000 | | 0.00 | |
| 11456 | MLGIP | | 06/30/2008 | 1.852591 | 201,671,279.94 | 201,671,279.94 | 1.32 | 0.00 | |
| | | | 07/01/2018 | 1.852591 | 201,671,279.94 | 100.000000 | BOOK | 0.00 | |
| Inv Type: 98 MONEY MARKET FUNDS | | | | | 1.852591 | 201,671,279.94 | 201,671,279.94 | 1.32 | 0.00 |
| | | | | 1.852591 | 201,671,279.94 | 100.000000 | | 0.00 | |
| Subtotal | | | | 1.692544 | 6,791,343,279.94 | 6,604,051,015.18 | 17,982,746.86 | 22,200.00 | |
| | | | | 1.705626 | 6,788,617,741.29 | 97.242191 | | -184,588,926.11 | |

STATE OF MARYLAND INVENTORY BY MARKET VALUE

AS OF DATE: 06/30/2018 •DATE BASIS: SETTLEMENT •RUN: 08/14/2018 07:33:08 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: 8 CONSOLIDATED TRANS. BONDS S/F | | | | | | | | |
| 12228 | CTRB 2009 Debt Serv | | 06/19/2009 | 1.659674 | 33,614.70 | 33,614.70 | 2.36 | 0.00 |
| | | | 07/01/2018 | 1.659674 | 33,614.70 | 100.000000 | BOOK | 0.00 |
| 12229 | CTRB 2009 Reserve | | 06/19/2009 | 1.712255 | 4,360,481.28 | 4,360,481.28 | 0.00 | 0.00 |
| | | | 07/01/2018 | 1.712255 | 4,360,481.28 | 100.000000 | BOOK | 0.00 |
| Inv Type: 98 MONEY MARKET FUNDS | | | | 1.711853 | 4,394,095.98 | 4,394,095.98 | 2.36 | 0.00 |
| | | | | 1.711853 | 4,394,095.98 | 100.000000 | | 0.00 |
| | | | Subtotal | 1.711853 | 4,394,095.98 | 4,394,095.98 | 2.36 | 0.00 |
| | | | | 1.711853 | 4,394,095.98 | 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 |
| | | | 07/01/2018 | .000000 | 0.00 | .000000 | BOOK | 0.00 |
| 11461 | CTRB 2007 Reserve | | 06/30/2008 | .723621 | 0.00 | 0.00 | 2.95 | 0.00 |
| | | | 07/01/2018 | .723621 | 0.00 | .000000 | BOOK | 0.00 |
| 11462 | CTRB 2007 Debt Serv | | 06/30/2008 | .725379 | 0.00 | 0.00 | 4.23 | 0.00 |
| | | | 07/01/2018 | .725379 | 0.00 | .000000 | BOOK | 0.00 |
| 12197 | CTRB 2009 Proceeds | | 06/05/2009 | .010158 | 0.00 | 0.00 | 2.37 | 0.00 |
| | | | 07/01/2018 | .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: 15 BC 2012 CTRB DEBT SERVICE | | | | | | | | |
| 15473 | CTRB 2012 BC Debt S | | 10/25/2012 | 1.712320 | 392,344.56 | 392,344.56 | 5.05 | 0.00 |
| | | | 09/20/2027 | 1.712320 | 392,344.56 | 100.000000 | BOOK | 0.00 |
| Inv Type: 98 MONEY MARKET FUNDS | | | | 1.712320 | 392,344.56 | 392,344.56 | 5.05 | 0.00 |
| | | | | 1.712320 | 392,344.56 | 100.000000 | | 0.00 |
| | | | Subtotal | 1.712320 | 392,344.56 | 392,344.56 | 5.05 | 0.00 |
| | | | | 1.712320 | 392,344.56 | 100.000000 | | 0.00 |
| FUND: 16 BC 2012 CTRB RESERVE | | | | | | | | |
| 15472 | CTRB 2012 BC Reserv | | 10/25/2012 | 1.712255 | 5,245,340.78 | 5,245,340.78 | 0.00 | 0.00 |
| | | | 09/20/2027 | 1.712255 | 5,245,340.78 | 100.000000 | BOOK | 0.00 |
| Inv Type: 98 MONEY MARKET FUNDS | | | | 1.712255 | 5,245,340.78 | 5,245,340.78 | 0.00 | 0.00 |
| | | | | 1.712255 | 5,245,340.78 | 100.000000 | | 0.00 |
| | | | Subtotal | 1.712255 | 5,245,340.78 | 5,245,340.78 | 0.00 | 0.00 |
| | | | | 1.712255 | 5,245,340.78 | 100.000000 | | 0.00 |
| FUND: 18 2016 CTRB PROCEEDS | | | | | | | | |
| 17568 | 2016 CTRB PROCEEDS | | 03/30/2016 | 1.712253 | 8,525,519.49 | 8,525,519.49 | 0.00 | 0.00 |
| | | | 03/29/2033 | 1.712253 | 8,525,519.49 | 100.000000 | BOOK | 0.00 |
| Inv Type: 98 MONEY MARKET FUNDS | | | | 1.712253 | 8,525,519.49 | 8,525,519.49 | 0.00 | 0.00 |
| | | | | 1.712253 | 8,525,519.49 | 100.000000 | | 0.00 |
| | | | Subtotal | 1.712253 | 8,525,519.49 | 8,525,519.49 | 0.00 | 0.00 |
| | | | | 1.712253 | 8,525,519.49 | 100.000000 | | 0.00 |

STATE OF MARYLAND INVENTORY BY MARKET VALUE

AS OF DATE: 06/30/2018 •DATE BASIS: SETTLEMENT •RUN: 08/14/2018 07:33:08 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: 19 2016 CTRB RESERVE | | | | | | | | |
| 17626 | 2016 CTRB RESERVE | | 04/20/2016 | 1.712253 | 6,513,129.44 | 6,513,129.44 | 0.00 | 0.00 |
| | | | 04/20/2033 | 1.712253 | 6,513,129.44 | 100.000000 | BOOK | 0.00 |
| Inv Type: 98 MONEY MARKET FUNDS | | | | 1.712253 | 6,513,129.44 | 6,513,129.44 | 0.00 | 0.00 |
| | | | | 1.712253 | 6,513,129.44 | 100.000000 | | 0.00 |
| | | | Subtotal | 1.712253 | 6,513,129.44 | 6,513,129.44 | 0.00 | 0.00 |
| | | | | 1.712253 | 6,513,129.44 | 100.000000 | | 0.00 |
| FUND: 21 2016 CTRB DEBT SERVICE | | | | | | | | |
| 17625 | 2016 CTRB DEBT SERV | | 04/20/2016 | 1.713268 | 35,143.08 | 35,143.08 | 1.58 | 0.00 |
| | | | 04/20/2033 | 1.713268 | 35,143.08 | 100.000000 | BOOK | 0.00 |
| Inv Type: 98 MONEY MARKET FUNDS | | | | 1.713268 | 35,143.08 | 35,143.08 | 1.58 | 0.00 |
| | | | | 1.713268 | 35,143.08 | 100.000000 | | 0.00 |
| | | | Subtotal | 1.713268 | 35,143.08 | 35,143.08 | 1.58 | 0.00 |
| | | | | 1.713268 | 35,143.08 | 100.000000 | | 0.00 |
| FUND: 69 DHCD LINK DEPOSIT | | | | | | | | |
| 13912 | LD-0122-01 | | 12/06/2010 | .250000 | 23,279.43 | 23,279.43 | 0.00 | 0.00 |
| | | | 09/17/2020 | .250000 | 23,279.43 | 100.000000 | BOOK | 0.00 |
| Inv Type: 75 NEG CD COMP ACT/365-6 | | | | .250000 | 23,279.43 | 23,279.43 | 0.00 | 0.00 |
| | | | | .250000 | 23,279.43 | 100.000000 | | 0.00 |
| | | | Subtotal | .250000 | 23,279.43 | 23,279.43 | 0.00 | 0.00 |
| | | | | .250000 | 23,279.43 | 100.000000 | | 0.00 |
| FUND: 74 MD WATER REVOLVING LOAN FUND | | | | | | | | |
| 18078 | FFCB - WQFA | 3133EGWB7 | 09/23/2016 | 2.020000 | 3,000,000.00 | 2,782,320.00 | 25,250.00 | 0.00 |
| | | | 02/01/2026 | 2.020000 | 3,000,000.00 | 92.744000 | IDC-FIS | -217,680.00 |
| Inv Type: 36 FFCB | | | | 2.020000 | 3,000,000.00 | 2,782,320.00 | 25,250.00 | 0.00 |
| | | | | 2.020000 | 3,000,000.00 | 92.744000 | | -217,680.00 |
| | | | Subtotal | 2.020000 | 3,000,000.00 | 2,782,320.00 | 25,250.00 | 0.00 |
| | | | | 2.020000 | 3,000,000.00 | 92.744000 | | -217,680.00 |
| FUND: 2010 2010 QSCB SINKING FUND 080411 | | | | | | | | |
| 18676 | FAMCA | 3132XONM9 | 08/17/2017 | 2.000000 | 3,012,000.00 | 2,935,916.88 | 28,112.00 | 0.00 |
| | | | 01/13/2022 | 2.010324 | 3,010,672.15 | 97.474000 | IDC-FIS | -74,755.27 |
| Inv Type: 31 FAMC | | | | 2.000000 | 3,012,000.00 | 2,935,916.88 | 28,112.00 | 0.00 |
| | | | | 2.010324 | 3,010,672.15 | 97.474000 | | -74,755.27 |
| 17485 | FHLB | 3130A7BT1 | 02/26/2016 | 1.730000 | 14,725,000.00 | 14,338,027.00 | 88,452.26 | 0.00 |
| | | | 02/26/2021 | 1.730000 | 14,725,000.00 | 97.372000 | IDC-FIS | -386,973.00 |
| Inv Type: 32 FHLB | | | | 1.730000 | 14,725,000.00 | 14,338,027.00 | 88,452.26 | 0.00 |
| | | | | 1.730000 | 14,725,000.00 | 97.372000 | | -386,973.00 |
| 17987 | FHLMC | 3134G96X0 | 08/25/2016 | 1.625000 | 3,012,000.00 | 2,872,815.48 | 17,130.75 | 0.00 |
| | | | 08/25/2021 | 1.625000 | 3,012,000.00 | 95.379000 | IDC-FIS | -139,184.52 |
| Inv Type: 37 FHLMC | | | | 1.625000 | 3,012,000.00 | 2,872,815.48 | 17,130.75 | 0.00 |
| | | | | 1.625000 | 3,012,000.00 | 95.379000 | | -139,184.52 |
| | | | Subtotal | 1.753936 | 20,749,000.00 | 20,146,759.36 | 133,695.01 | 0.00 |
| | | | | 1.755434 | 20,747,672.15 | 97.097496 | | -600,912.79 |

STATE OF MARYLAND INVENTORY BY MARKET VALUE

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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 |
|--|---------------------|-----------|-------------------|-----------------|--------------------------------|---------------------------|----------------------------|---------------------------------|
| FUND: 2011 2010 QZAB SPECIAL SINKING FUND | | | | | | | | |
| 18983 | UST NOTE | 912828U40 | 03/15/2018 | 1.000000 | 2,246,000.00 | 2,236,005.30 | 1,902.35 | 5,446.55 |
| | | | 11/30/2018 | 1.976941 | 2,230,558.75 | 99.555000 | IDC-FIS | 0.00 |
| Inv Type: 12 TREASURY NOTES | | | | 1.000000 | 2,246,000.00 | 2,236,005.30 | 1,902.35 | 5,446.55 |
| | | | | 1.976941 | 2,230,558.75 | 99.555000 | | 0.00 |
| | | | Subtotal | 1.000000 | 2,246,000.00 | 2,236,005.30 | 1,902.35 | 5,446.55 |
| | | | | 1.976941 | 2,230,558.75 | 99.555000 | | 0.00 |
| FUND: 2111 2015 - 3RD QZAB | | | | | | | | |
| 19140 | 2015 3rd Qzab Repo | | 06/14/2018 | 2.059070 | 905,902.00 | 905,902.00 | 880.84 | 0.00 |
| | | | 07/17/2018 | 2.059070 | 905,902.00 | 100.000000 | BOOK | 0.00 |
| Inv Type: 60 REPO OPEN ACT-360 | | | | 2.059070 | 905,902.00 | 905,902.00 | 880.84 | 0.00 |
| | | | | 2.059070 | 905,902.00 | 100.000000 | | 0.00 |
| | | | Subtotal | 2.059070 | 905,902.00 | 905,902.00 | 880.84 | 0.00 |
| | | | | 2.059070 | 905,902.00 | 100.000000 | | 0.00 |
| FUND: 2113 QZAB BONDS 2016 | | | | | | | | |
| 19138 | 2016 Qzab Repo | | 06/14/2018 | 2.059070 | 1,371,193.00 | 1,371,193.00 | 1,333.26 | 0.00 |
| | | | 07/17/2018 | 2.059070 | 1,371,193.00 | 100.000000 | BOOK | 0.00 |
| Inv Type: 60 REPO OPEN ACT-360 | | | | 2.059070 | 1,371,193.00 | 1,371,193.00 | 1,333.26 | 0.00 |
| | | | | 2.059070 | 1,371,193.00 | 100.000000 | | 0.00 |
| | | | Subtotal | 2.059070 | 1,371,193.00 | 1,371,193.00 | 1,333.26 | 0.00 |
| | | | | 2.059070 | 1,371,193.00 | 100.000000 | | 0.00 |
| FUND: 2117 QZAB 2017 | | | | | | | | |
| 19139 | 2017 QZAB Repo | | 06/14/2018 | 2.059070 | 2,986,249.00 | 2,986,249.00 | 2,903.65 | 0.00 |
| | | | 07/17/2018 | 2.059070 | 2,986,249.00 | 100.000000 | BOOK | 0.00 |
| Inv Type: 60 REPO OPEN ACT-360 | | | | 2.059070 | 2,986,249.00 | 2,986,249.00 | 2,903.65 | 0.00 |
| | | | | 2.059070 | 2,986,249.00 | 100.000000 | | 0.00 |
| | | | Subtotal | 2.059070 | 2,986,249.00 | 2,986,249.00 | 2,903.65 | 0.00 |
| | | | | 2.059070 | 2,986,249.00 | 100.000000 | | 0.00 |
| FUND: 2118 2018 - 1ST A TAX EXEMPT GO | | | | | | | | |
| 19137 | 2018 1st A Tax Exem | | 06/14/2018 | 2.059070 | 109,368,396.00 | 109,368,396.00 | 106,343.11 | 0.00 |
| | | | 07/17/2018 | 2.059070 | 109,368,396.00 | 100.000000 | BOOK | 0.00 |
| 19141 | 2018 1st A Tax Exem | | 06/14/2018 | 2.059070 | 163,563,973.00 | 163,563,973.00 | 159,039.56 | 0.00 |
| | | | 07/17/2018 | 2.059070 | 163,563,973.00 | 100.000000 | BOOK | 0.00 |
| Inv Type: 60 REPO OPEN ACT-360 | | | | 2.059070 | 272,932,369.00 | 272,932,369.00 | 265,382.67 | 0.00 |
| | | | | 2.059070 | 272,932,369.00 | 100.000000 | | 0.00 |
| | | | Subtotal | 2.059070 | 272,932,369.00 | 272,932,369.00 | 265,382.67 | 0.00 |
| | | | | 2.059070 | 272,932,369.00 | 100.000000 | | 0.00 |

STATE OF MARYLAND INVENTORY BY MARKET VALUE

AS OF DATE: 06/30/2018 •DATE BASIS: SETTLEMENT •RUN: 08/14/2018 07:33:08 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: 2119 2018 - 1ST B TAXABLE GO | | | | | | | | |
| 19142 | 2018 1st B Taxable | | 06/14/2018 | 2.059070 | 36,436,027.00 | 36,436,027.00 | 35,428.15 | 0.00 |
| | | | 07/17/2018 | 2.059070 | 36,436,027.00 | 100.000000 | BOOK | 0.00 |
| | Inv Type: 60 REPO OPEN ACT-360 | | | 2.059070 | 36,436,027.00 | 36,436,027.00 | 35,428.15 | 0.00 |
| | | | | 2.059070 | 36,436,027.00 | 100.000000 | | 0.00 |
| | | | Subtotal | 2.059070 | 36,436,027.00 | 36,436,027.00 | 35,428.15 | 0.00 |
| | | | | 2.059070 | 36,436,027.00 | 100.000000 | | 0.00 |
| GRAND TOTAL | | | Count 169 | 1.708826 | 7,157,098,872.70 | 6,968,976,692.60 | 18,449,541.33 | 27,646.55 |
| | | | | 1.721549 | 7,154,356,564.95 | 97.371530 | | -185,407,518.90 |

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Maryland Statehouse, Annapolis

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