



# MARYLAND

STATE TREASURER'S ANNUAL REPORT 2019

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INVESTING FOR MARYLAND'S FUTURE

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



*Nancy K. Kopp, State Treasurer*

**ELECTED IN FEBRUARY 2002**, and re-elected to full four-year terms in 2003, 2007, 2011, 2015, and 2019, 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 both the Board of Trustees of the Maryland State Retirement and Pension Systems and the Maryland 529 College Savings Board, and is 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 Improvement 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 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, the Subcommittee on

Pensions, and the 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 ten most effective members of the House of Delegates.

Treasurer Kopp has been active in numerous national, regional, and state organizations and boards during her career, primarily focused on finance, education, and fiscal matters. Appointed by President Clinton to the National Assessment Governing Board, Treasurer Kopp also served as Treasurer of the Southern Regional Education Board, chairing its Commission on Educational Quality. She served on the Executive Committee of the National Conference of State Legislatures, chairing its Assembly on Legislative Issues and Committees on Federal Budget Issues, State Fiscal Issues, and Capital Budgeting Procedures. Treasurer Kopp also was Vice-Chair of the National Commission on State and Local Budget and Finance Procedures and served as President of the National Association of State Auditors, Comptrollers and Treasurers. A former Trustee of the Financial Accounting Foundation, Treasurer Kopp currently serves as co-chair of the National Association of State Treasurers' Banking Committee and on the National Association of State Auditors, Comptrollers and Treasurers' Membership Committee and Financial Management and Intergovernmental Affairs Committee.

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





## 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

*continued on page 6*



*Ponies, Assateague Maryland*



*MARYLAND BOARD OF PUBLIC WORKS continued from page 5*

following actions of the Board of Public Works are worthy of note among those taken during fiscal year 2019 (July 1, 2018 through June 30, 2019):

- Adopted resolutions authorizing the debt issuance and sale by the Maryland Department of Transportation of its Consolidated Transportation Bonds, Series 2018 Second Issue in an amount not to exceed \$675,000,000.
- Set the State Real Property Tax Rate for fiscal year 2020 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 Morgan State University (MSU)'s request to enter into two leases pertaining to the Northwood Commons project, located at the old Northwood Shopping Center in Baltimore. It will include a new Barnes and Noble bookstore and a newly-constructed public safety building for the University. In addition, approval to receive a \$25 million loan from the federal Historical Black Colleges and Universities Capital Financing Program for this project. The loan will also help with critical deferred campus maintenance projects at MSU.
- Approval of the Maryland Stadium Authority's request to award a contract for the Fair Hill Natural Resources Management Area (NRMA) Equine Improvements project, as well as the Department of Natural Resources' to transfer naming rights for improvements at the Fair Hill NRMA to the Fair Hill Foundation, in connection with the proposed Concours Complete International 5 (CCI5) Three-day Equine Event to be held at Fair Hill. Naming rights will be sold to raise money to defray a portion of the costs of the capital improvements required for this event.
- Approval of the Department of Public Safety and Correctional Services' request to award a contract to demolish 16 major structures and 23 minor structures in the Correctional Complex in Baltimore City. These are all of the vacant buildings that were part of the closed portion of the Baltimore City Detention Center as well as some buildings that were part of the Maryland Penitentiary. The Therapeutic Detention Center will be built on this site.
- Approval of the Comptroller's request to award a contract to supply, implement, and manage an on-line integrated tax system solution.
- Approval to increase the salaries of the Clerks of the twenty-four Circuit Courts as well as the salaries of the Registers of Wills of the State's twenty four subdivisions to become effective at the beginning of the next term of office for four years.
- Approval of the Maryland Department of the Environment (MDE)'s request to provide new grant and loan funding up to \$46,959,973 to the Washington Suburban Sanitary Commission (WSSC) for the Piscataway Wastewater Treatment Plant Bio-Energy project in Prince George's County. This project involves the design and construction



MARYLAND BOARD OF PUBLIC WORKS *continued from page 6*

- of bio-energy facilities at the existing plant that will receive sludge from other WSSC plants.
- Approval of the MDE's request to provide new loan funding up to \$60,619,600 to Montgomery County for the Montgomery County Municipal Separate Storm Sewer System Permit - Water Quality Restoration project. The goal of the project is to retrofit or install a best management practice that will help improve water quality in local watersheds and thereby the Chesapeake Bay.
  - Approval of Historic St. Mary's City's request to award a contract to replace the Maryland Dove, a reproduced seventeenth century sailing ship.
  - Approval of the Department of General Services (DGS)'s request to award a contract to design, fabricate, and erect bronze statues of Harriet Tubman and Frederick Douglass in the historic Old House of Delegates Chamber within the Maryland State House in Annapolis. The project includes structural and potential infrastructure modifications to accommodate the new statues.
  - Approval of DGS's request to award a contract to provide conceptual design services to reconstruct Lawyer's Mall, including the Thurgood Marshall Memorial Plaza, with all original artwork elements.
  - Approval of the Department of Information Technology (DoIT)'s request to award a contract to provide an enterprise-wide, multijurisdictional, self-supporting Procurement solution. This solution will also be available for use by any State, local, or Maryland public body. This solution is now Live and is called e-Maryland Marketplace Advantage (EMMA).
  - Approval of St. Mary's College of Maryland's request to award a contract to construct a Commemorative to Enslaved People of Southern Maryland. With this contract, the College is commissioning an artistic structure to denote the location of slave quarters found during the archeological phase of the Jamie L. Roberts Stadium project. This project will commemorate the lives of the enslaved people who lived there and throughout Southern Maryland.
  - Approval of the Maryland Aviation Administration (MAA)'s request to award two contracts for the A/B Connector and Baggage Handling System Improvement Project at Baltimore Washington International Thurgood Marshall Airport (BWI) to construct five new gates on Concourse A at BWI Thurgood Marshall Airport. This five-gate expansion is the first step towards consolidating Southwest Airlines' operations and renovating and expanding the A/B Connector and replacing the baggage handling system.
  - Approval of the MAA's Standard Use and Lease Agreement through 2026 for Southwest Airlines Co, as well as all other signature airlines at BWI. This is the primary contractual agreement offered to qualifying air carriers at BWI.
  - Approval of the Maryland Transportation Authority (MDTA)'s request to award three contracts to provide comprehensive construction management and inspection services at the New Governor Harry W. Nice/Senator Thomas "Mac" Middleton Memorial Bridge.
  - Approval of the Maryland Transit Administration (MTA)'s request to award a contract to operate Americans with Disabilities Act (ADA) paratransit services for the Mobility program, including transportation, monitoring services, and operations.
  - Approval of MTA's requests to award two contracts as part of the North Avenue Revitalization Project in Baltimore, including aesthetic and safety improvements to the Penn-North Metro SubwayLink station on North Avenue and improvements along the North Avenue bus stop corridor between Hilton Parkway and North Rose Street. This is part of a joint venture between the MTA and Baltimore City's Department of Transportation to increase transit and economic development opportunities.
  - Approval of the State Highway Administration (SHA)'s request to award a contract to provide comprehensive engineering and support services for the I-495 and I-270 P3 Program including: planning and development through solicitation, final design and construction. The Treasurer abstained on this vote ■



## SCHEDULE OF SELECTED FINANCIAL DATA

### COLLATERAL BALANCES AS OF JUNE 30, 2019

Bank	\$540,148,942
Insurance	\$118,315,544

### TOTAL INVESTMENT PORTFOLIO COMPOSITION AS OF JUNE 30, 2019

Repurchase Agreements	\$2,468,542,156
U.S. Treasuries	\$27,630,000
U.S. Government Agencies	\$4,297,992,000
Other Investments	\$1,948,659,147
Total Portfolio	\$8,742,823,303

### GENERAL OBLIGATION DEBT ACTIVITY AS OF JUNE 30, 2019

Tax Exempt General Bond Issuances	\$1,000,000,000
Taxable General Obligation Bond Issuances	\$0
Interest Payments	\$418,154,138
Principal Payments	\$880,163,368

### LOCAL GOVERNMENT INVESTMENT POOL FUND BALANCE AS OF JUNE 30, 2019

Balance as of June 30, 2019	\$6,050,482,834
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### STATE INSURANCE TRUST FUND BALANCE AS OF JUNE 30, 2019

Beginning Balance	\$33,720,968
Transfers In	\$23,199,167
Transfers Out	(\$23,702,134)
Ending Balance	\$ 33,218,001

# EXECUTIVE DIVISION

**BERNADETTE T. BENIK**  
 Chief Deputy Treasurer  
 bbenik@treasurer.state.md.us

**JOANNA KILLE**  
 Board of Public Works Liaison  
 jkille@treasurer.state.md.us

**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,

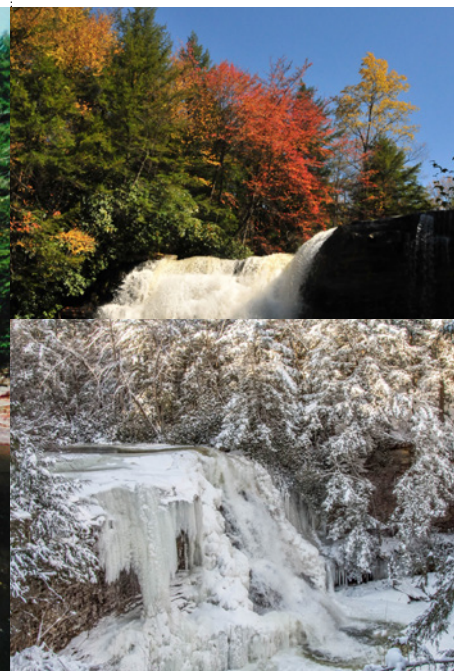
including the Budget and Financial Administration, Treasury Management, Debt Management, Insurance and Information Technology Divisions. The Chief Deputy Treasurer advises the Treasurer on matters regarding legislative policy, planning, new technologies and long-term operational challenges, opportunities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

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

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Swallow Falls State Park, Garrett County



*EXECUTIVE DIVISION continued from page 9*

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.

Additionally, The Chief Deputy Treasurer 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 and Revenue Bond Advisory Committee, as well as in her participation with the National Association of State Treasurers.

### **BOARD OF PUBLIC WORKS LIAISON**

The Board of Public Works (BPW) Liaison serves as the primary advisor to the Treasurer regarding BPW related activity. The Liaison conducts extensive research and works closely with the Treasurer's counsel and representatives of the Governor, Cabinet members and their agencies, the Comptroller, and the BPW Office in order to prepare a detailed analysis for the Treasurer for each meeting. The Liaison serves as the primary contact for members of the Maryland General Assembly for all issues related to the BPW and as such, informs State Legislators of upcoming Board actions that affect their districts

and provides a status update once the Board has rendered its final vote.

The BPW Liaison also monitors public policy issues and advises the Treasurer on topics as they arise. Additionally, this person represents the Treasurer on the Maryland Agricultural Land Preservation Foundation and the Green Purchasing Committee.

### **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.

### **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.

Recruitment in FY2019 proved to be challenging due to the unique professional skills required for Treasury positions, low unemployment, and disparity between State salaries compared to Federal and private industry. Using ever-creative recruitment strategies, the Treasurer's Office was able to successfully fill nine positions through the course of the year. Also in FY2019, the agency

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*EXECUTIVE DIVISION continued from page 10*

EEO Officer launched an agency-wide interactive sexual harassment training program after October 2018, as mandated by State law, to all of its employees. FY2019 also saw the implementation of the last phase of the Statewide Personnel System when online health benefits went live January 1, 2019. With regards to regularly audited State programs, the Treasurer's Human Resources Office continued to pass all audited programs, including PEP, recruitment, and health benefits, with no critical errors.

While turnover is a constant challenge in the operations of any agency, Treasury Human Resources continues to place emphasis on promoting fair and equal opportunity within the agency in order to maximize prospects. HR staff proffer accessible and reliable assistance to management so that they can effectively cultivate the workforce, as well as remedy staff issues.

As of June 30, 2019, 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





# BUDGET & FINANCIAL ADMINISTRATION DIVISION

## JESSICA PAPALEONTI

Director

[jpapaleonti@treasurer.state.md.us](mailto: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 2019 was almost \$47 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 2019, State debt and sinking fund payments totaling almost \$1.3 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 approximately \$21 million and Commercial Premium payments and recoveries in excess of \$13 million were completed. In addition, the Division processed the annual premiums for the Injured Workers' Insurance Fund totaling over \$84 million and related recoveries of these assessments from 180 State agencies and departments.

With assistance from the Treasury Management Division, over 2,000 requests for check reissues and agency recoveries from the Undeliverable and Unpresented Check Funds were processed, totaling over 3.3 million.

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

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:

**Energy Lease Financing** – In September, the Office awarded a contract to a financial institution 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 for the Department of Public Safety and Correctional Services. This Energy Lease provides financing for up to \$12,224,708.

**Depository Banking Services** – In October, the Office awarded a contract to a financial institution to provide state of the art banking and processing services for Statewide depository services.

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*BUDGET & FINANCIAL ADMINISTRATION DIVISION continued from page 12*

**Broker Services for Inland Marine and Ocean Marine** – The Office awarded a contract to an insurance broker services firm to market, manage and service insurance policies for Inland Marine and Ocean Marine coverages in October.

**Department of Labor, Licensing and Regulation** – The Office, on behalf of the Maryland Department of Labor, Licensing and Regulation, awarded a contract in October to a financial institution to provide benefit payment and escrow account services for the Division of Unemployment Insurance.

**Broker Services for Travel/Accident and Athletic Participants** – In May, the Office awarded a contract to an insurance broker services firm to market, manage and service insurance policies for Travel/Accident and Athletic Participants for the State.

**Merchant Services** - The Office awarded a contract to a financial institution in May to provide merchant and financial processing services for State agencies that accept payments for an array of services, fees, taxes and activities.

**Equipment Lease Financing** – In June, a contract was awarded to provide financing for certain equipment under a tax-exempt lease-purchase financing arrangement for five agencies in the amount of \$2,191,191.

## 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, Maryland State Police, Department of Agriculture, Department of Budget and Management, Morgan State University, University of Maryland Baltimore, Towson University, Salisbury University, Department of Health, Department of Legislative Services, Department of General Services, 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 WC 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. The training module has been provided to several Agencies.

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 Central Booking, Dorsey Run, Maryland Correctional Institute, North Branch Correctional Institute, Eastern Correctional Institute and Maryland Correctional Institute – Women. These inspections identify and document potential safety hazards in the workplace.

The statewide project to manage Accident Leave benefits in a coordinated effort with the Central Payroll Bureau and Department of Budget and Management is ongoing and continues to show significant improvements. The project is reducing the unauthorized use of Accident Leave and notifying Agencies when there are discrepancies or

*continued on page 14*



*BUDGET & FINANCIAL ADMINISTRATION DIVISION continued from page 13*

corrections needed for the use of appropriate leave when there is a work place injury. In conjunction with the Accident Leave project, Work Injury Leave reviews are completed and provided to the Department of Transportation.

A Fiscal Officer project was initiated to connect with the Agencies that had the highest percentage of increase in their FY19 workers' compensation assessment. This project was an effort to help the Agencies identify resources, implement best practices, provide training and claim reviews to help them control their workers' compensation costs. This was a successful outreach and is an ongoing effort.

An initiative was started this year to connect with Agencies that have few or no claims in order to introduce the Program Manager as an accessible resource for them as well.

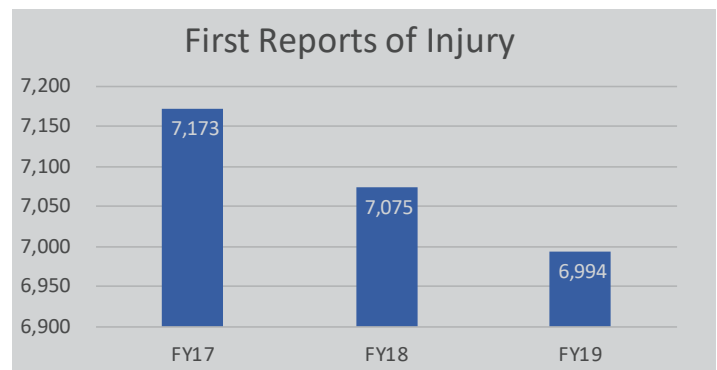
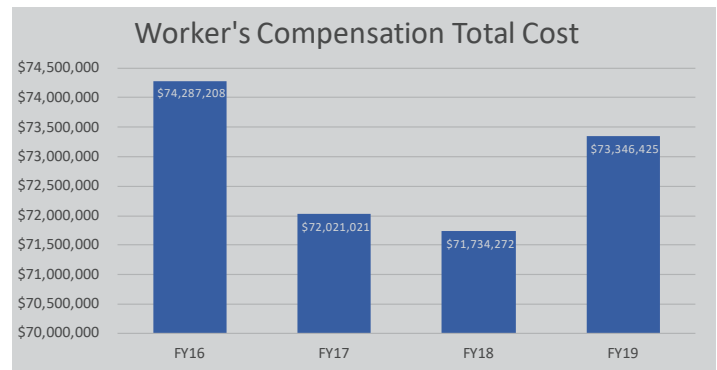
In partnership with the Department of Budget and Management, the practice of concurrent care was ended for all SPMS Agencies. This took effect on 7/1/2018 and these guidelines provide a framework for continuity of care and communication while reducing medical costs. We encourage those Agencies that still use concurrent care to consider ending the practice.

The workers' compensation program includes monitoring legislation efforts that impact the State's program. There were two bills that passed in the last legislative session that will have an impact on the State's current program. These bills include SB48 and HB205, which increased permanent partial disability benefit rates to second tier rates for State correctional officers for their claims filed after 10/1/2018.

The Workers' Compensation Program Manager is a committee member and was a speaker at the State Employees' Risk Management Administration (SERMA) 30th Anniversary conference presenting A Year in Review: Safety State of the State. The conference was attended by 17 State Agencies and areas of focus to include Health & Medical,

Human Resources and Safety & Risk Management. The conference included the following presentations: Civilian Response to Active Shooter Events (CRASE) by the Maryland State Police, Mold and Indoor Air Quality by Maryland Occupational Safety and Health (DLLR), Maryland Medical Cannabis by the Maryland Department of Health, Overview of Tick Borne Diseases in Maryland by the Maryland Department of Health Center for Zoonotic and Vector-borne Diseases and Weight Management and Aging by the Maryland Department of the Environment. The conference also included virtual reality safety training demonstrations and a mock Workers' Compensation Commission hearing.

Although the total number of First Reports of Injury (FROI) were down in FY19 the total workers' compensation cost was higher in FY19. The charts below show changes in cost and FROI. ■



# 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-specific depository accounts. Individual depository accounts are maintained for all State agencies,

- and balances are consolidated at the end of each day into the State's main depository account. This allows for accurate agency-level transaction reporting with automatic concentration of funds for cash management effectiveness;
- Disbursement accounts. Disbursement accounts are maintained for vendor payments, payroll, and income tax refunds;
- Lockbox account services;
- Merchant account services (credit, debit and payment card receipts);
- Agency working fund, trust, and escrow accounts; and
- All other Agency banking and financial needs.

Two primary responsibilities of the BSD are the accurate and timely recordation of State funds and the reconciliation of the State's bank accounts to the State's R\*STARS general ledger accounting system. The Department must account for the receipt of all warranted deposits and the disbursement of all warranted payments. To meet these responsibilities, the Department performs a comprehensive daily cash reconciliation, which allows the Treasurer's Office to be proactive in identifying and solving agency banking issues. Even as the volume of transactions has increased, the processes and controls developed by BSD continue to result in a timely, accurate, and completely documented reconciliation of the State's cash accounts. Maintaining pace with changes in the banking and financial environment also necessitates continual refinement of the reconciliation processes and ensures maximum efficiency in the balancing of bank information to the R\*STARS accounting system.

For fiscal year 2019, total cash receipts exceeded \$276 billion and total disbursements exceeded \$277 billion. The State's bank accounts are reconciled daily to the State's general ledger. Once again, there were no unreconciled differences.

*continued on page 16*



Fort McHenry, Baltimore



TREASURY MANAGEMENT DIVISION *continued from page 15***BEGINNING CASH BALANCE OF FISCAL YEAR 2019****(3,057,396,219.00)**

RECEIPTS:	NET RECEIPTS	TRANSFERS	TOTAL	
July 18	10,867,172,118.45	4,277,595,039.56	15,144,767,158.01	
August 18	9,975,196,145.73	4,473,126,820.04	14,448,322,965.77	
September 18	10,436,328,288.58	4,473,453,524.05	14,909,781,812.63	
October 18	18,748,405,143.65	5,448,993,956.74	24,197,399,100.39	
November 18	12,188,160,599.84	3,237,131,737.27	15,425,292,337.11	
December 18	16,486,355,704.60	4,211,940,660.93	20,698,296,365.53	
January 19	20,208,170,821.95	5,148,240,075.46	25,356,410,897.41	
February 19	17,073,687,987.72	3,370,032,630.44	20,443,720,618.16	
March 19	20,578,652,028.48	4,674,622,112.63	25,253,274,141.11	
April 19	18,223,582,367.51	6,559,299,644.89	24,782,882,012.40	
May 19	30,396,810,945.49	4,271,985,745.16	34,668,796,690.65	
June 19	36,228,290,386.48	4,640,426,063.37	40,868,716,449.85	
<b>Total Receipts Fiscal Year 2019</b>	<b>221,410,812,538.48</b>	<b>54,786,848,010.54</b>	<b>276,197,660,549.02</b>	<b>276,197,660,549.02</b>

DISBURSEMENTS:	NET DISBURSEMENTS	TRANSFERS	TOTAL	
July 18	(10,474,806,715.56)	(4,277,595,039.56)	(14,752,401,755.12)	
August 18	(9,339,828,371.19)	(4,473,126,820.04)	(13,812,955,191.23)	
September 18	(11,491,630,053.58)	(4,473,453,524.05)	(15,965,083,577.63)	
October 18	(16,881,572,629.74)	(5,448,993,956.74)	(22,330,566,586.48)	
November 18	(15,014,835,520.62)	(3,237,131,737.27)	(18,251,967,257.89)	
December 18	(15,748,431,906.10)	(4,211,940,660.93)	(19,960,372,567.03)	
January 19	(19,634,265,873.36)	(5,148,240,075.46)	(24,782,505,948.82)	
February 19	(18,172,304,979.57)	(3,370,032,630.44)	(21,542,337,610.01)	
March 19	(19,112,323,488.49)	(4,674,622,112.63)	(23,786,945,601.12)	
April 19	(18,407,540,597.21)	(6,559,299,644.89)	(24,966,840,242.10)	
May 19	(32,030,019,592.53)	(4,271,985,745.16)	(36,302,005,337.69)	
June 19	(35,965,421,654.51)	(4,640,426,063.37)	(40,605,847,717.88)	
<b>Total Disbursements Fiscal Year 2019</b>	<b>(222,272,981,382.46)</b>	<b>(54,786,848,010.54)</b>	<b>(277,059,829,393.00)</b>	<b>(277,059,829,393.00)</b>
<b>ENDING CASH BALANCE OF FISCAL YEAR 2019</b>			<b>(3,919,565,062.98)</b>	

*continued on page 17*

*TREASURY MANAGEMENT DIVISION continued from page 16*

On behalf of State agencies, the BSD performs daily 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 images 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 nearly 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, 2019, was \$540,148,942.

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 2019 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 two times during fiscal year 2019. On September 27, 2018, there was an increase of 0.25% followed by another increase of 0.25% on December 20, 2018. As of June 30, 2019, the current Federal Funds Rate range is 2.25% - 2.50%.

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 realized losses due to the interim market fluctuations that are reflected in the position valuations up until their maturity.

The Investment Department of the State Treasurer's Office continued to invest in accordance with established laws, policies and procedures throughout Fiscal Year 2019. Section

*continued on page 18*

*TREASURY MANAGEMENT DIVISION continued from page 17*

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 for all agencies, as other State agencies are responsible for specific funds. For example, 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, 2019**

Investment Type	Dollar Amount	Percentage
Repurchase Agreements	2,468,542,156	28.23%
U.S. Treasuries	27,630,000	0.32%
U.S. Government Agencies	4,297,992,000	49.16%
Other Investments	1,948,659,147	22.29%
<b>Total Portfolio</b>	<b>\$8,742,823,303</b>	<b>100.00%</b>

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

*continued on page 19*



Fort Washington, Maryland



TREASURY MANAGEMENT DIVISION *continued from page 18*

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 2019, 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. 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, 2019 investment portfolio, please see appendix A.

On June 30, 2019, the total of all portfolios under the active management of the State Treasurer's Office was \$8,742,823,302.67. The General Fund portfolio was \$8,404,280,099.56.

**PORTFOLIO BALANCES**

Fiscal Year	General Fund	Total Portfolio
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
2019	8,404,280,100	8,742,823,303

The average rate of return on the General Fund was 1.82%. The State Treasurer's investment program fell shy of the three-month Constant Maturity Treasury Bill benchmark, which averaged 2.29% for the same time period. This is primarily attributed to the long term holdings in the portfolio coupled with the rise in interest rates on the short end.

**AVERAGE ANNUAL INTEREST RATES**

Fiscal Year	General Fund	3 Month Treasury Bill Rate
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%
2019	1.82%	2.29%

**TOTAL INTEREST RECEIVED**

Fiscal Year	Net General Fund*	Allocated to State Agencies	Total
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
2019	34,438,222.00	116,577,195.00	151,015,417.00





Lock #75 on the C&O Canal Towpath Trail

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 2019, there were 305 participants. The fund balance as of June 30, 2019, was \$6,050,482,834.78. The actual yield for Fiscal Year 2019 was 2.2728% and surpassed the S&P LGIP Index benchmark of 2.2462%.

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
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%
2019	6,050,482,835	305	2.27%	15.22%

## DEBT MANAGEMENT DIVISION

### CHRISTIAN LUND

Director  
clund@treasurer.state.md.us

As a member of the Board of Public Works, the Treasurer has the lead role in the Board's activity relating to the issuance and oversight of State debt. Under Article VI, Section 3, of the State Constitution, the Treasurer 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 thirteen states in the nation to hold a Triple-A credit rating from all three major credit rating agencies, attributable to Maryland's relatively strong financial and economic position during fiscal year 2019.

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 2019 totaling \$1.0 billion. During fiscal year 2019, 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 2019.

*continued on page 22*



*Maryland Crabcake*

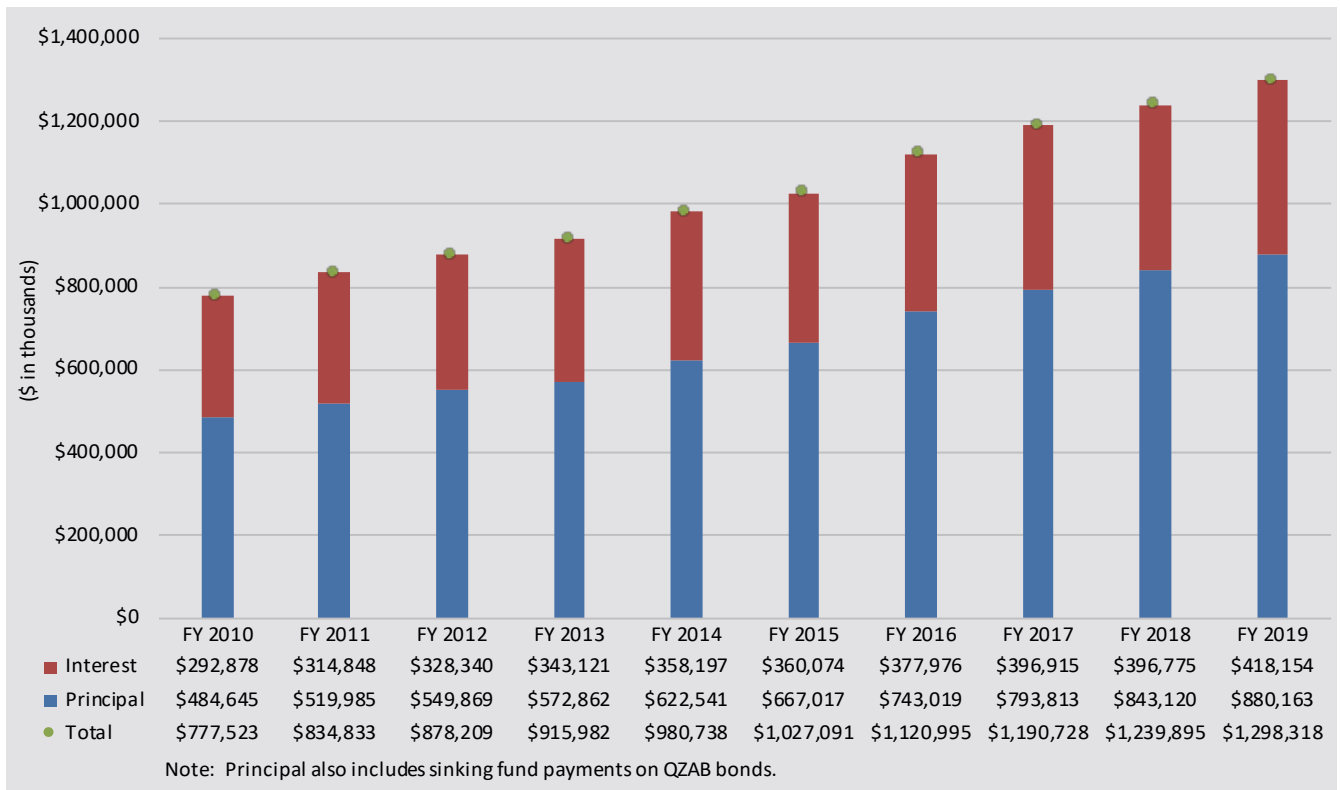
DEBT MANAGEMENT DIVISION continued from page 21

SUMMARY OF FISCAL YEAR 2019 GENERAL OBLIGATION BOND ISSUES (\$ IN MILLIONS)

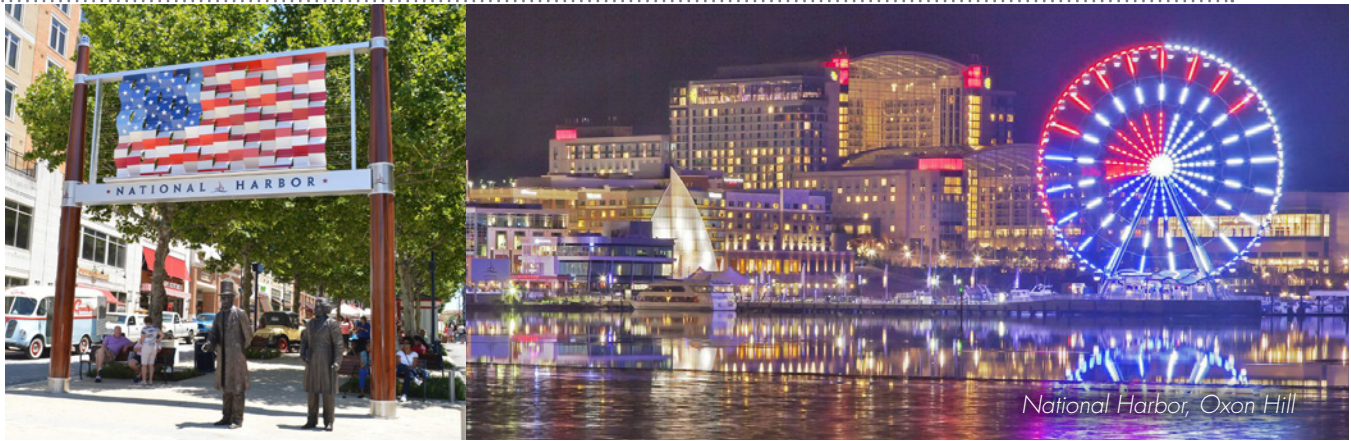
Series	Dates of Sales	Tax-Exempt Competitive	Tax-Exempt Negotiated	Taxable	Taxable Federal Tax Credit	Tax-Exempt Refunding	Overall TIC
2018 Second Series	08/01/18	\$510.0					2.814%
2019 First Series	03/26/19	\$490.0					2.344%

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 2010-2019

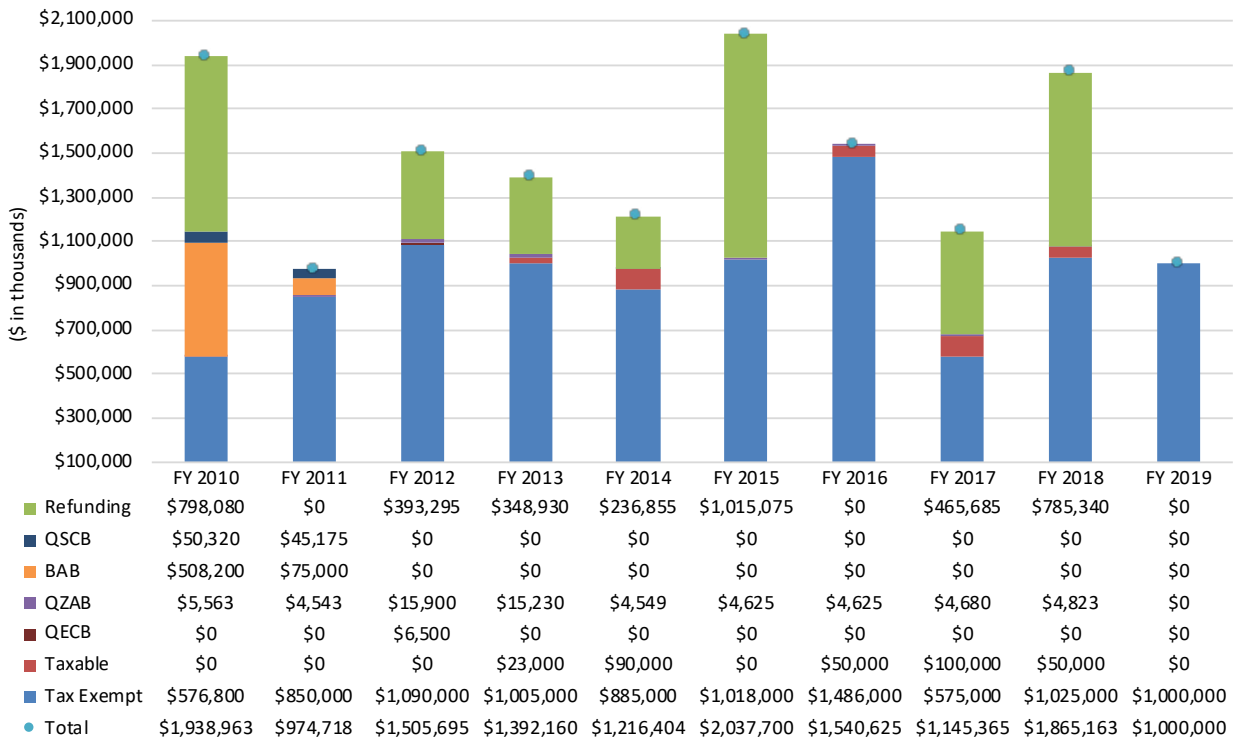






DEBT MANAGEMENT DIVISION continued from page 22

STATE OF MARYLAND ISSUANCES OF GENERAL OBLIGATION BONDS FISCAL YEARS 2010-2019



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

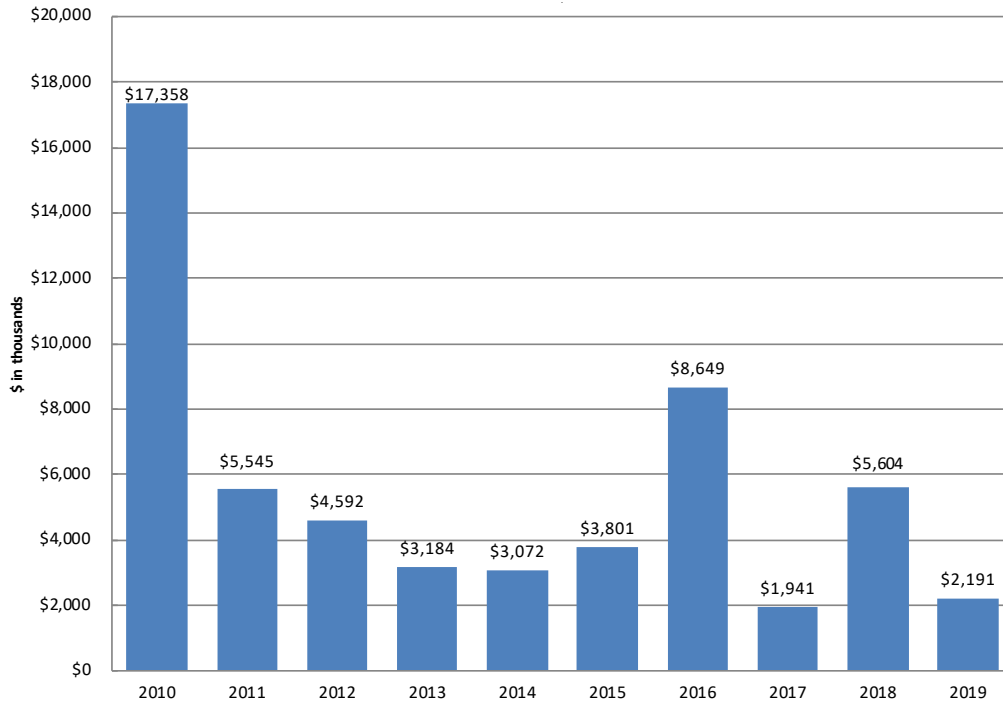
transferred at the beginning of each fiscal year to the State Treasurer’s Office from the respective State entities that have financed assets through the lease program.

During fiscal year 2019, State agencies financed \$2.2 million of equipment under Lease–Purchase Agreements. Details on the Capital Lease-Purchase Program, including the history of the program for the last ten years, are depicted in the following charts.

continued on page 24

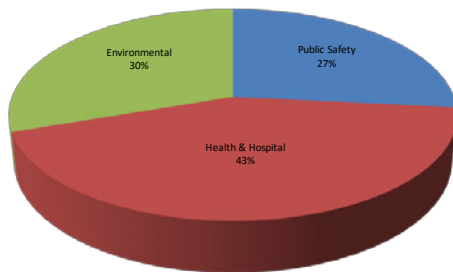
DEBT MANAGEMENT DIVISION continued from page 23

EQUIPMENT LEASE – PURCHASE FINANCING HISTORY: FISCAL YEARS 2010-2019



GOVERNMENT USE  
FISCAL YEAR 2019

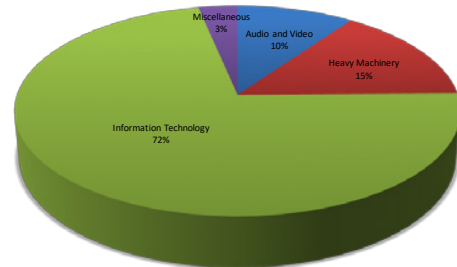
EQUIPMENT LEASE-PURCHASE FINANCINGS



Public Safety	582,754.35	27%
Health & Hospital	945,596.52	43%
Public Television	-	0%
Environmental	662,840.44	30%
General Services	-	0%
<b>Total</b>	<b>2,191,191.31</b>	<b>100%</b>

EQUIPMENT CLASSIFICATION  
FISCAL YEAR 2019

EQUIPMENT LEASE-PURCHASE FINANCINGS



Hospital and Laboratory	-	0%
Audio and Video	215,430.72	10%
Heavy Machinery	327,125.00	15%
Information Technology	1,576,818.09	72%
Miscellaneous	71,817.50	3%
Transportation Related	-	0%
<b>Total</b>	<b>2,191,191.31</b>	<b>100%</b>

continued on page 25

DEBT MANAGEMENT DIVISION continued from page 24

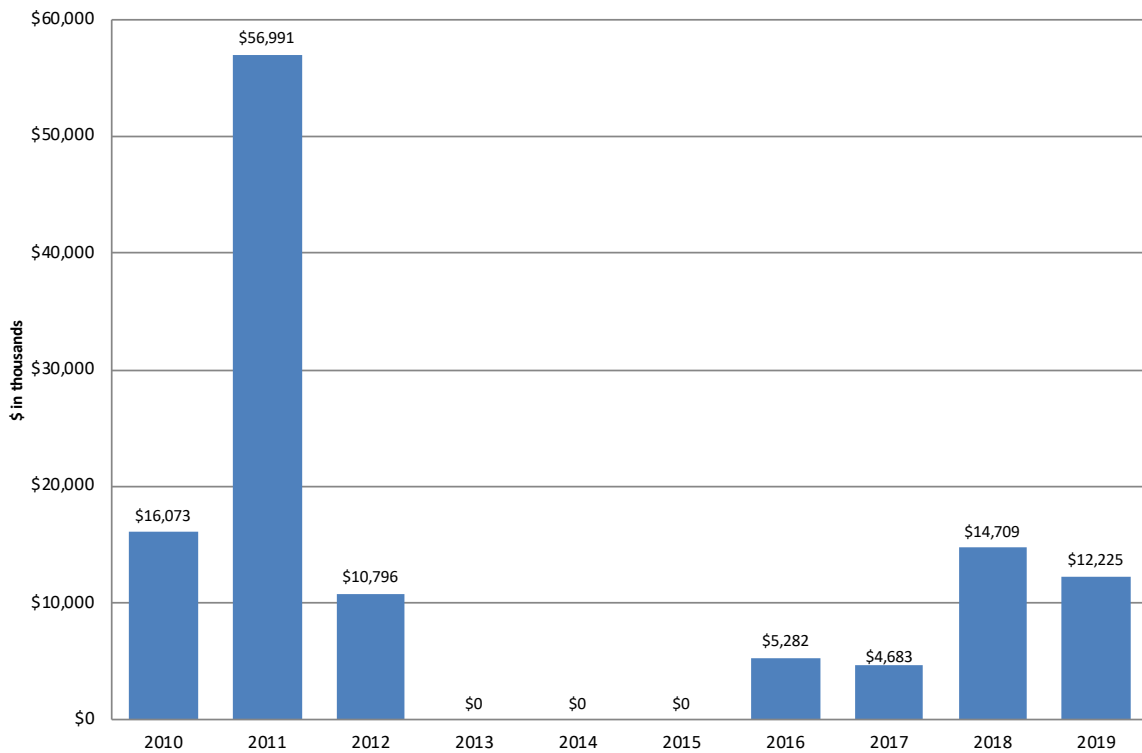
**ENERGY LEASES**

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 2019, State agencies financed \$12.2 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 2010 - 2019**





## INSURANCE DIVISION

### JOYCE MILLER

Director

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#### 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](http://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 October 4, 2018, two claims representatives attended the State Highway Administration (SHA) Highway Maintenance Seminar at the Wisp Resort in McHenry, Maryland. The purpose of attending the seminar was to provide an overview of the Insurance Division and its units, present claims information on reporting, process and timelines. Claims notification, liability and denial procedures were discussed. SHA claims information was provided. The importance of effective communication between SHA and the Insurance Division being essential for customer service was discussed.

On January 29, 2019, the Insurance Division and the newly assigned Broker participated in the annual meeting with Maryland Transit Administration (MTA). The purpose of the meeting was a meet and greet, discuss the upcoming changes in the market, review current contract requirements, updates, identify potential coverage gaps, and identify any changes or updates to MTA's operations.

On February 26, 2019, a meeting was held at Maryland State Police Aviation Command (MSPAC) at its main facility in Baltimore. MSPAC provided a PowerPoint presentation for representatives of the newly assigned Broker and provided an overview of its operations. Other topics discussed included current changes in the market conditions that could result in increased premiums for the aviation industry, even a low loss rate, as well as the establishment of underwriting relationships with potential insurance

carriers. Discussions included the suggestion of a follow up meeting to involve several potential insurance companies' underwriters, inviting them to see the Insurance Division's operations closely and in person. This was deemed an important way of providing an opportunity to potential insurance companies' representatives to see the operations rather than relying solely on the application and the required supports.

On April 25, 2019, a follow up meeting was held at MSPAC at their main facilities in Baltimore. Several of insurance companies' representatives received a PowerPoint presentation by MSPAC and were able to tour the premises to observe the operations closely. Opportunities were available for insurance companies' representatives to ask detailed questions to get better understanding of MSPAC operations. Overall, the meeting was deemed a success. In conjunction with these meetings, the Insurance Division renewed the Aviation Hull & Liability insurance program.

On May 2, 2019, a meeting was held with Maryland Aviation Administration (MAA) at BWI/ Thurgood Marshall Airport. MAA provided an overview of operations. Representatives from the newly assigned broker and the current carrier were present. Discussions included an overview of claims activity and status updates provided by the insurance company representative. The Insurance Division also discussed lessons learned and actions taken to mitigate and/or lessen likelihood of similar incidents in the future. The meeting was followed up by a tour of facilities for the benefit of the newly assigned broker and the current

*continued on page 27*

*INSURANCE continued from page 26*

insurance carrier. This meeting in conjunction with the Broker's marketing efforts should assist with the renewal process.

On May 9, 2019, STO Claims and Loss Control were invited to attend the Department of General Services' (DGS) Quarterly Superintendents Meeting. It was explained how to file claims and the need to report claims as quickly as possible. The claim process, prompt reporting, the need for agency proof of payment and the claim handling timelines were also discussed. STO Claims and Loss Control explained the State of Maryland's annual property inspection process, reports, and follow-up. The DGS Assistant Secretary and Chief Financial Officer requested that they be added to the property inspection report distribution list, along with the Superintendents and Building Managers. Prior procedure required reports to be sent to building managers and attendees. The meeting concluded with a discussion of property claims, infrared and oil gas transformer testing, and boiler and machinery certifications and violations.

On June 25, 2019, STO Claims and Loss Control participated in the Department of Natural Resources' (DNR) Maryland Conservation Job Corps (CJC) 2019 Academy annual training. STO Claims and Loss Control discussed safe driving and risk management. Topics focused on driving safely, accident prevention, and accident reporting. Information was presented from the National Highway Traffic Safety Administration (NHTSA) statistics for the Baltimore and Washington DC metro area, passenger van safety information, seatbelt, cell phone policy, claims, loss control information, and insights. 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, conduct, and observed the driving demonstrations. The expectation is that the training will reduce the number of claims. The CJC summer program hires temporary workers who must attend DNR's Training Academy and successfully pass the mandatory drivers training program. This year, Loss Prevention's main focus was prompt accident reporting, training staff on driving passenger vans, updating staff and driver's license information, coordinating vehicle inspections at program check in and check out, driver and passenger safety, and preventable accidents.

#### 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 as to 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.

#### CURRENT MARKET CONDITIONS

As a result of a recent series of catastrophic events and a litigious legal environment the capacity of insurance carriers to write new policies has been reduced, resulting in a hardening market. Since the market is

hardening, insurers are tightening their underwriting standards, some coverages are difficult to secure and fewer insurers are competing to write policies even for low risk insureds. Premiums have been increasing in the low single-digit to low double-digit ranges and insurers have been disinclined to negotiate terms. Broad coverage may now be costly or unavailable, but some coverage extensions are only available for an additional premium.

As of June 2019, the State has seen higher rate increases than predicted in numerous renewals due to stricter underwriting discipline and a hardening market. Due to the reduced markets, the loss history the State has experienced, total values and numerous property exposures located in windstorm, flood and fire prone areas, carriers are reluctant to write the risks. This limits the markets from which the State can obtain coverage, therefore the State can expect future significant rate increases in premiums.

There were numerous commercial policies renewed during FY2019 and the significant changes are noted as follows:

Maryland Transit Administration Excess Liability insurance renewed effective 07/01/2018-2019. The double aggregate limit on the lead layer was retained. The overall pricing was down from \$4,678,219 to \$4,637,224, which is an overall savings of \$40,995 or approximately 1% when compared to the expiring policy/term.

Maryland Transit Administration Rail Car Floater renewed effective 7/1/2018-2019. The broker approached eleven (11) markets and was able to obtain

*continued on page 28*

*INSURANCE continued from page 27*

six (6) quotes; however, the incumbent carrier offered the best pricing, terms, and conditions. Even though overall values had increased by 4.9%, the overall pricing was down from \$521,000 to \$501,000, which is an overall savings of \$20,000 or approximately 4% when compared to the expiring policy/term.

Maryland Transit Administration Bus Fleet Physical Damage renewed effective 7/1/2018-2019 with values up approximately 3%. The incumbent carrier offered an overall rate reduction of approximately 9%. The pricing was down from \$231,625 to \$222,727, which is an overall savings of \$8,898 or approximately 4% when compared to the expiring policy/term.

Athletic Participants basic coverage for ten (10) schools was renewed effective 08/01/2018-2019 with exposures down by approximately 2%. The coverage terms and conditions were comparable with expiring. The individual pricing varied by school based on the sports offered, respective loss experience, and the overall trend of medical costs. The pricing was down from \$1,134,198 to \$1,070,446, which is an overall savings of \$63,952 or approximately 6% when compared to the expiring policy/term.

Blanket Boiler & Machinery coverage for the State renewed effective 9/30/2018-2019. The State's overall values were up by 6.5%. Due to frequency of water damage losses the incumbent carrier (CNA) opted not to renew coverage, so after aggressive marketing Insurance Division were able to renew with Travelers Insurance Company with an overall rate reduction of 9.6%. They agreed to provide coverage with water damage deductible of \$1,000,000 for all State Universities

and \$250,000 for all other agencies. The coverage for "all other perils" remains with a \$250,000 deductible for all locations. The pricing was down from \$560,000 to \$539,221, which is an overall savings of \$20,779 or approximately 4% when compared to the expiring policy/term.

Blanket Terrorism coverage for property exposures renewed effective 10/13/2018-2019. It is noted that State-owned property values were up by approximately 6.1%. The terrorism occurrence limit remains \$300,000,000 in excess of \$100,000. While the \$1,000,000 occurrence limit for Chemical, Biological, Nuclear, Radiological (CBNR) used to be via a separate policy, this coverage are now incorporated under one policy and is in excess of \$10,000. In addition, coverage now includes a provision for Malicious Acts with an occurrence limit of \$5,000,000 and is in excess of \$25,000. The overall pricing is down from \$292,544 to \$223,563, which is an overall savings of \$68,982 or approximately 24% when compared to the expiring policy/term.

Maryland Port Administration's crane insurance renewed effective 11/25/2018-2019. The incumbent carrier maintained renewal pricing of \$81,365 even though the overall crane values had increased from \$25,497,402 to \$26,120,569, or approximately 2%. The incumbent carrier applied a 2% rate decrease so that pricing did not increase, which maintained the premium at \$66,365.

MDTA's Bridges & Tunnels Property coverage renewed effective 12/01/2018-2019. Although the total insured values were up from \$11,693,040,044 to

\$11,747,542,670, or approximately less than 1% the overall pricing was down from \$3,036,786 to \$2,813,750, which is an overall savings of \$223,036 or approximately 8% when compared to the expiring policy/term.

Due to the hardening market, specific risks, and loss history the following policies' premiums have been impacted:

MAA's airport liability insurance renewed effective 08/15/2018-2019 with the number of enplanements relatively stable. Likewise, the rate remained stable. The pricing was up from \$276,000 to \$279,200, which is an overall increase of \$3,200 or approximately 1% when compared to the expiring policy/term.

MDTA's Bridges & Tunnels Liability coverage renewed effective 10/17/2018-2019. The Coverage and limits required several carriers' participation due to reduced capacity for some carriers. Because of this, the limits offered by some participating carriers had to be adjusted. This resulted in an overall increase in premium from \$476,075 to \$477,477, which is an overall increase of \$1,402, which is less than 1% when compared to the expiring policy/term.

State-owned vessel's Protection and Indemnity (P&I) was renewed effective 1/1/2019-2020. The pricing was up from \$39,500 to \$40,905, which is an overall increase of \$1,405 or approximately 3% when compared to the expiring policy/term.

Maryland Port Administration's commercial automobile coverage renewed effective 1/1/2019-2020 with a slight increase in the number of vehicles. There are a limited number



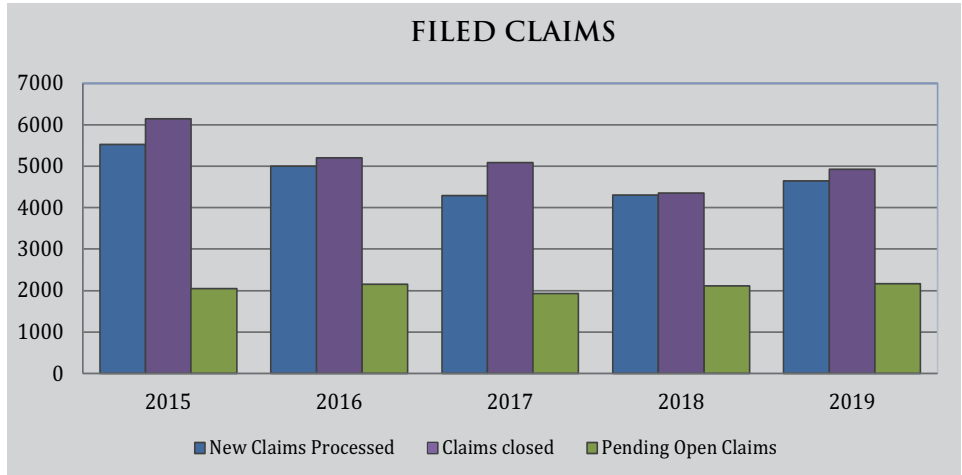
*INSURANCE continued from page 28*

of insurance companies who will offer this type of insurance with no collateral business. The overall pricing was up from \$74,118 to \$74,276, which is an increase of \$158 or less than 1% when compared to the expiring policy/term.

Foster Parent liability coverage for Maryland Department of Human Services and Maryland Department of Juvenile Services was renewed effective 3/15/2019-2020. There were industry wide insurance cost increases for social service type of risks. In our case, there was an overall net rate increase of 4% for general liability and a 5% increase for sexual physical abuse for this class of business. As a result, the overall pricing was up from \$260,793 to \$271,288, which is an increase of \$10,495 or approximately 4% when compared to the expiring policy/term.

State Blanket Excess Property insurance renewed effective 4/1/2019-2020. Overall property values increased by 4%. By restructuring some layers of coverage with various additional carriers, The Underwriting Unit was able to maintain as the primary lead carrier and the benefits associated with their engineering services. Unfortunately, the overall pricing was up from \$5,174,950 to \$6,502,283, which is an increase of \$1,327,333 or approximately 20% when compared to the expiring policy/term.

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 continues 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:**

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, 2018 through June 30, 2019, there were 4,646 claims opened and 4,829 claims were closed, reflecting a 1.04 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 focused on increasing subrogation recoveries by designating specific claims personnel to pursue these debts.

*INSURANCE continued from page 29*

Year-to-date subrogation recoveries for FY2019 total \$1,422,613. The current subrogation recoveries have exceeded the yearly targeted goal of \$1 million by 42%. The total subrogation recovery for FY2018 was \$1,186,755. This is a continued area of focus and is a priority within the Claims Unit.

**TORT LITIGATION:**

The Litigation Manager works closely with the Office of the Attorney General to proactively resolve cases in litigation. The Litigation Manager investigates, evaluates, and extends settlement authority to the Assistant Attorneys General on behalf of the Treasurer. In cases valued over \$200,000, effective October 1, 2015, the Litigation Manager briefs the Insurance Review Committee, 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 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 FY2019, 150 new suits were received by the Tort Litigation Unit. During FY2019, 151 cases were resolved out of the rolling docket of open litigation claim files; 68 were dismissed by summary judgment; 37 cases were settled; 32 closed before trial; 1 was dismissed for no notice of claim; 5 resulted in a defendant's verdict (favorable to the State), 6 closed following an appeal in the State's favor, and 2 suits 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 FY2019, \$76,595 was paid in litigation expenses; total settlement payments were \$1,831,306, for a total of \$1,907,901. The average litigation cost per case in FY2019 was \$12,635, representing an increase from FY2018 when the total costs were \$877,709. The Litigation Manager will continue to monitor these costs in an effort to effectively manage and mitigate total litigation expenses and payments.

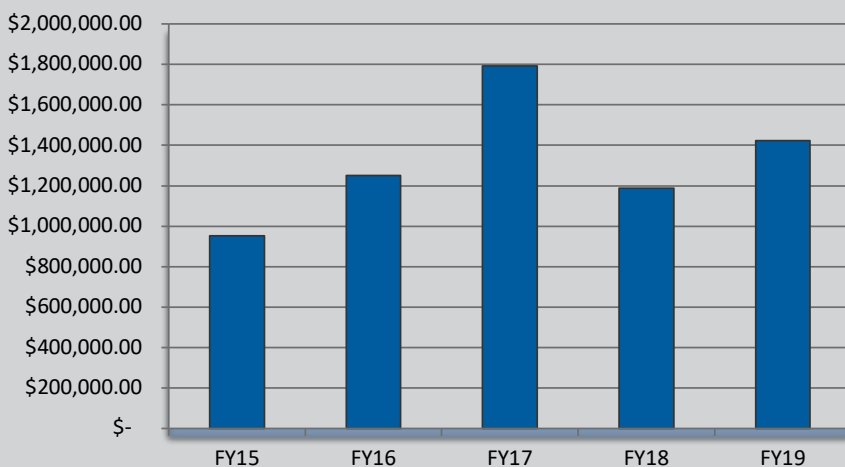
**LOSS PREVENTION:**

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

**SUBROGATION RECOVERIES**



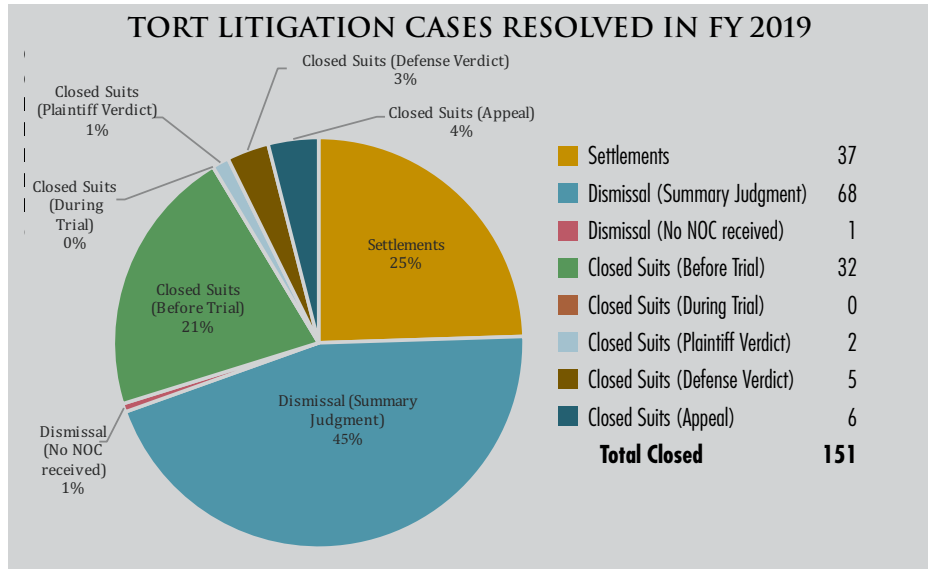
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agencies and universities. These efforts are expected to significantly reduce loss frequency and the severity of damage sustained by State-owned property.

Throughout FY2019, the Insurance Division met with the following State agencies and universities: Baltimore City Community College; Department of General Services; Department of Natural Resources; Department of Public Safety and Correctional Services; Maryland Aviation Administration; Maryland Department of Health; Maryland Institute of Emergency Medical Services Systems; Maryland Port Administration; Maryland Stadium Authority; Maryland State Police; Morgan State University; Salisbury University; State Highway Administration; State of Maryland Military Department; University of Maryland at Baltimore; University of Maryland College Park; and University of Maryland Eastern Shore.

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 impairment procedures, flood preparation, hot work, planned preventive maintenance, and fire and security programs.

The Loss Management Specialist and Boiler & Machinery Loss Control Specialist for the commercial carrier,



Travelers Insurance Company, 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 recommendations not completed. Loss Management conducted three (3) boiler and machinery inspections and held meetings with the Department of Public Safety and Correctional Services, the Maryland State Police, and the State of Maryland Military Department regarding overdue boiler violations.

Loss Management continuously follows up for proper and prompt response to loss control reports on violations and recommended measures. To date, recommendations and violations continues to trend towards resolution, open violations have decreased 67% from 163 violations to 53, as of July 1, 2019.

The Loss Management Specialist and Property Risk Engineers for the commercial carrier, The American International Group, Inc. (AIG),

completed 22 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. Property pre-inspections include: 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, and 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

## CHARLES SIMPSON

Director

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### 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 Department also provides service to the State Retirement Agency, and the Department of Human Resources' Child Support & CARES.

The STO IT Division, in coordination with other STO divisions, is completing 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 have conducted the design and programming of the initial phases and the rollout of the new applications is scheduled for mid FY2020.

### SYSTEMS AND SERVICES

The IT Division strives to support all enhancements as well as new services available from our business partners.

In an effort to ensure that STO users will be able to take advantage of the new application, the IT Division is in the process of undergoing a significant refresh of all desktop and laptops to include Windows 10 and the usage of Microsoft O365 in the cloud.

### 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. STO plans to upgrade its public facing website that provides constituents and partners with a portal to access information about the services provided by STO in FY2020.

*continued on page 33*



*INFORMATION TECHNOLOGY DIVISION continued from page 32*

### 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.

STO looks to take advantage of the conversion to Microsoft Azure Cloud services to take advantage of the scalable and redundant features for real time backup and disaster Recovery in FY 2020. This will provide 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. 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. ■



# OFFICE OF THE ATTORNEY GENERAL

## – LEGAL DIVISION

### CATE ALLEN

Director

[callen@treasurer.state.md.us](mailto: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. ■

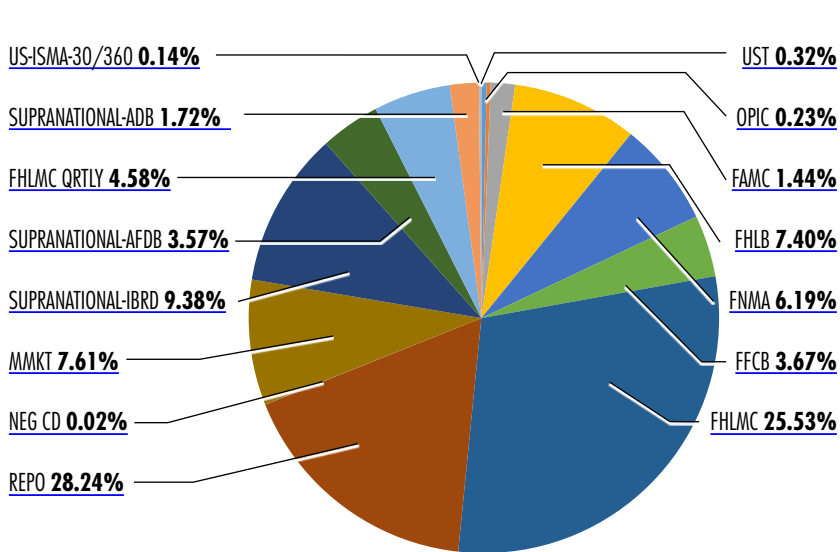


# APPENDIX A – INVESTMENT INVENTORY

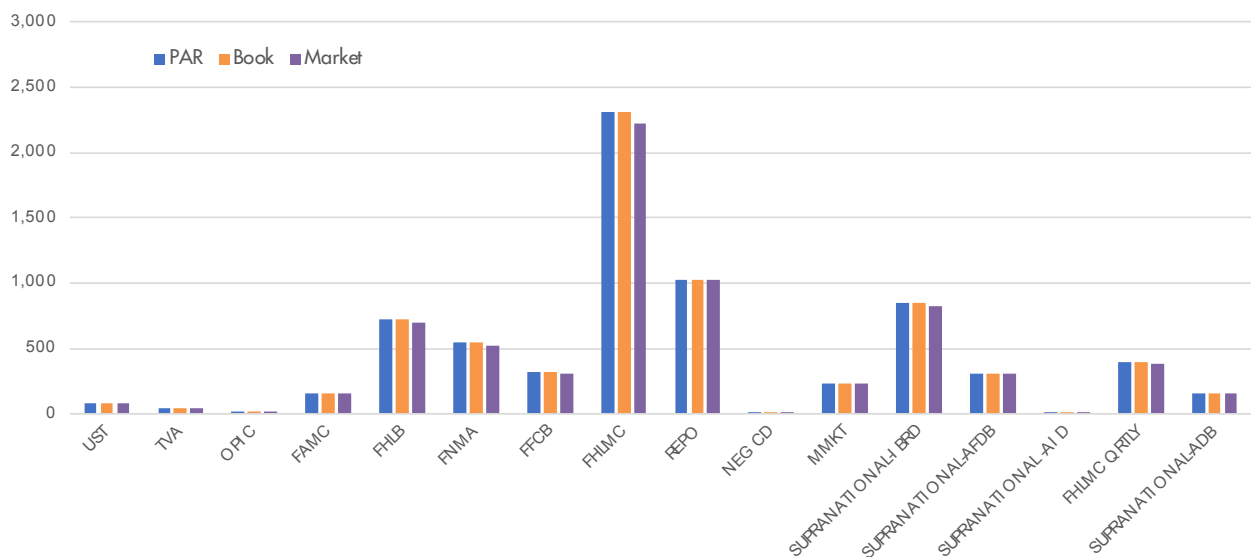
## STATE OF MARYLAND INVENTORY BY MARKET VALUE

AS OF DATE: 06/30/2019 • DATE BASIS: SETTLEMENT • RUN: 10/02/2019 09:37:50 AM REPORTING CURRENCY: LOCAL

### ASSET ALLOCATION



Assets (000's)	CURRENT PAR	CURRENT Book	Market	UN Gain/Loss
UST	27,630	27,411	27,542	131
OPIC	19,900	19,900	19,900	0
FAMC	125,487	125,456	125,447	-9
FHLB	646,585	646,417	644,605	-1,812
FNMA	541,125	541,110	539,543	-1,567
FCCB	320,475	320,403	318,917	-1,485
FHLMC	2,232,350	2,232,210	2,210,594	-21,616
REPO	2,468,542	2,468,542	2,468,542	0
NEG CD	1,659	1,659	1,659	0
MMKT	665,000	665,000	665,000	0
SUPRANATIONAL-IBRD	820,000	818,699	817,103	-1,595
SUPRANATIONAL-AFDB	312,000	311,588	311,861	273
FHLMC QRTLY	400,000	399,985	393,020	-6,965
SUPRANATIONAL-ADB	150,000	150,000	150,000	0
US-ISMA-30/360	12,070	12,053	11,979	-74
<b>Totals(000's)</b>	<b>8,742,823</b>	<b>8,740,432</b>	<b>8,705,713</b>	<b>-34,719</b>



## STATE OF MARYLAND INVENTORY BY MARKET VALUE

AS OF DATE: 06/30/2019 • DATE BASIS: SETTLEMENT • RUN: 10/02/2019 09:37:50 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	
<b>FUND: 2 GENERAL FUND</b>									
18846	UST	912828G61	12/11/2017	1.500000	25,000,000.00	24,935,500.00	31,762.30	83,937.50	
			11/30/2019	1.808090	24,851,562.50	99.742000	IDC-FIS	0.00	
<b>Inv Type: 12 TREASURY NOTES</b>					1.500000	25,000,000.00	24,935,500.00	31,762.30	83,937.50
				1.808090	24,851,562.50	99.742000		0.00	
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	
<b>Inv Type: 22 SUPRANATIONALS-ADB-30/360 SA</b>					2.150000	150,000,000.00	150,000,000.00	1,352,708.34	0.00
				2.150000	150,000,000.00	100.000000		0.00	
18112	IBRD	45905UYF5	10/05/2016	1.625000	45,000,000.00	44,713,350.00	231,562.50	0.00	
			09/07/2021	1.635522	44,977,500.00	99.363000	IDC-FIS	-264,150.00	
18152	IBRD	45905UZHO	10/27/2016	1.750000	100,000,000.00	99,560,000.00	311,111.11	0.00	
			10/27/2021	1.750000	100,000,000.00	99.560000	IDC-FIS	-440,000.00	
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	99,515,000.00	184,722.22	0.00	
			11/23/2021	1.750000	100,000,000.00	99.515000	IDC-FIS	-485,000.00	
18215	IBRD (Quoted rate o	459058FP3	10/31/2016	1.376000	50,000,000.00	49,503,500.00	191,111.10	0.00	
			09/20/2021	1.500066	49,708,565.50	99.007000	IDC-FIS	-205,065.50	
18216	IBRD	45905UZT4	11/22/2016	1.750000	250,000,000.00	248,965,000.00	473,958.33	0.00	
			11/22/2021	1.750000	250,000,000.00	99.586000	IDC-FIS	-1,035,000.00	
18294	IBRD	45905UZJ6	12/21/2016	1.300000	25,000,000.00	24,918,750.00	59,583.33	256,250.00	
			10/25/2019	1.788680	24,662,500.00	99.675000	IDC-FIS	0.00	
18295	IBRD	45905UZJ6	12/21/2016	1.300000	25,000,000.00	24,918,750.00	59,583.33	256,250.00	
			10/25/2019	1.788680	24,662,500.00	99.675000	IDC-FIS	0.00	
18847	IBRD	45905UQ80	12/12/2017	1.950000	25,000,000.00	24,985,500.00	70,416.67	48,000.00	
			11/09/2020	2.038708	24,937,500.00	99.942000	IDC-FIS	0.00	
18872	BRD	45905UQ80	12/22/2017	1.950000	50,000,000.00	49,971,000.00	140,833.33	221,000.00	
			11/09/2020	2.129541	49,750,000.00	99.942000	IDC-FIS	0.00	
18943	BRD	45905US62	02/15/2018	2.750000	50,000,000.00	50,052,500.00	519,444.44	52,500.00	
			02/15/2023	2.750000	50,000,000.00	100.105000	IDC-FIS	0.00	
<b>Inv Type: 23 SUPRANATIONALS-IBRD-30/360 SA</b>					1.760417	820,000,000.00	817,103,350.00	2,535,659.69	834,000.00
				1.811582	818,698,565.50	99.646750		-2,429,215.50	
18200	AFDB	00828EBU2	10/31/2016	1.500000	100,000,000.00	100,000,000.00	254,166.67	0.00	
			10/31/2021	1.500000	100,000,000.00	100.000000	BOOK	0.00	
18201	AFDB	00828EBU2	10/31/2016	1.500000	50,000,000.00	50,000,000.00	127,083.33	0.00	
			10/31/2021	1.500000	50,000,000.00	100.000000	BOOK	0.00	
18202	AFDB	00828EBU2	10/31/2016	1.500000	50,000,000.00	50,000,000.00	127,083.33	0.00	
			10/31/2021	1.500000	50,000,000.00	100.000000	BOOK	0.00	
18277	AFDB	00828EBP3	12/09/2016	1.250000	12,000,000.00	11,861,400.00	64,583.33	273,240.00	
			07/26/2021	2.030161	11,588,160.00	98.845000	IDC-FIS	0.00	
18617	AFDB	00828EBV0	02/01/2017	2.180000	100,000,000.00	100,000,000.00	908,333.33	0.00	
			02/01/2022	2.180000	100,000,000.00	100.000000	BOOK	0.00	

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<b>Inv Type: 24 SUPRATIONALS-AFDB-30/360 SA</b>				1.708939	312,000,000.00	311,861,400.00	1,481,249.99	273,240.00	
				1.737954	311,588,160.00	99.955577		0.00	
18020	OPIC	690353Q26	08/29/2016	.000000	19,900,000.00	19,900,000.00	0.00	0.00	
					.000000	19,900,000.00	100.000000	BOOK	0.00
<b>Inv Type: 26 OPIC</b>				.000000	19,900,000.00	19,900,000.00	0.00	0.00	
				.000000	19,900,000.00	100.000000		0.00	
18241	AID	903724BL5	11/14/2016	1.471000	12,070,000.00	11,978,992.20	45,373.81	0.00	
				1.500150	12,053,464.10	99.246000	IDC-FIS	-74,471.90	
<b>Inv Type: 27 US-ISMA-30/360-FXD</b>				1.471000	12,070,000.00	11,978,992.20	45,373.81	0.00	
				1.500150	12,053,464.10	99.246000		-74,471.90	
17762	FAMC	3132X0GW5	06/07/2016	1.460000	11,000,000.00	10,857,330.00	10,706.67	0.00	
				1.464163	10,997,800.00	98.703000	IDC-FIS	-140,470.00	
18293	FAMCA	3132X0ML2	12/22/2016	2.370000	10,000,000.00	10,023,100.00	5,925.00	23,100.00	
				2.370000	10,000,000.00	100.231000	IDC-FIS	0.00	
18322	FAMCA	3132X0MY4	01/06/2017	2.100000	31,000,000.00	31,066,340.00	316,458.33	69,440.00	
				2.102117	30,996,900.00	100.214000	IDC-FIS	0.00	
18350	FAMCA	3132X0NM9	01/13/2017	2.000000	9,988,000.00	9,985,902.52	93,221.33	2,896.52	
				2.010561	9,983,006.00	99.979000	IDC-FIS	0.00	
18388	FAMCA	3132X0NZ0	01/30/2017	2.100000	15,000,000.00	15,031,500.00	155,750.00	39,000.00	
				2.110892	14,992,500.00	100.210000	IDC-FIS	0.00	
18389	FAMCA	3132X0NZ0	01/30/2017	2.100000	15,000,000.00	15,031,500.00	155,750.00	39,000.00	
				2.110892	14,992,500.00	100.210000	IDC-FIS	0.00	
18431	FAMCA	3132X0QB0	02/23/2017	2.280000	8,475,000.00	8,480,678.25	68,704.00	5,678.25	
				2.280000	8,475,000.00	100.067000	IDC-FIS	0.00	
18433	FAMCA	3132X0QB0	02/23/2017	2.280000	10,000,000.00	10,006,700.00	81,066.67	6,700.00	
				2.280000	10,000,000.00	100.067000	IDC-FIS	0.00	
18517	FAMCA	3132X0KX8	11/01/2016	1.540000	9,000,000.00	8,938,080.00	23,100.00	0.00	
				1.550431	8,995,500.00	99.312000	IDC-FIS	-57,420.00	
<b>Inv Type: 31 FAMC</b>				2.040981	119,463,000.00	119,421,130.77	910,682.00	185,814.77	
				2.046316	119,433,206.00	99.964952		-197,890.00	
17486	FHLB	3130A7BT1	02/26/2016	1.730000	275,000.00	273,297.75	1,651.91	0.00	
				1.730000	275,000.00	99.381000	IDC-FIS	-1,702.25	
17742	FHLB	3130A8AH6	06/22/2016	1.500000	50,000,000.00	49,701,500.00	18,750.00	0.00	
				1.500000	50,000,000.00	99.403000	IDC-FIS	-298,500.00	
17747	FHLB	3130A8AH6	06/22/2016	1.500000	50,000,000.00	49,701,500.00	18,750.00	0.00	
				1.500000	50,000,000.00	99.403000	IDC-FIS	-298,500.00	
17748	FHLB	3130A8AH6	06/22/2016	1.500000	50,000,000.00	49,701,500.00	18,750.00	0.00	
				1.500000	50,000,000.00	99.403000	IDC-FIS	-298,500.00	
17749	FHLB	3130A8AH6	06/22/2016	1.500000	50,000,000.00	49,701,500.00	18,750.00	0.00	
				1.500000	50,000,000.00	99.403000	IDC-FIS	-298,500.00	
17805	FHLB	3130A8J20	06/28/2016	1.650000	63,035,000.00	62,787,902.80	8,667.31	0.00	
				1.651046	63,031,848.25	99.608000	IDC-FIS	-243,945.45	
17857	FHLB	3130A8HR7	06/28/2016	1.540000	9,750,000.00	9,699,007.50	1,251.25	0.00	
				1.545772	9,747,562.50	99.477000	IDC-FIS	-48,555.00	
18057	FHLB	3130A9GS4	10/12/2016	1.700000	10,000,000.00	9,968,000.00	37,305.56	0.00	
				1.700000	10,000,000.00	99.680000	IDC-FIS	-32,000.00	
18058	FHLB	3130A9GS4	10/12/2016	1.700000	19,500,000.00	19,437,600.00	72,745.83	0.00	

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			10/12/2021	1.700000	19,500,000.00	99.680000	IDC-FIS	-62,400.00	
18059	FHLB	3130A9GS4	10/12/2016	1.700000	13,000,000.00	12,958,400.00	48,497.22	0.00	
			10/12/2021	1.700000	13,000,000.00	99.680000	IDC-FIS	-41,600.00	
18066	FHLB	3130A9HN4	10/27/2016	1.750000	40,000,000.00	39,910,800.00	124,444.44	0.00	
			10/27/2021	1.750000	40,000,000.00	99.777000	IDC-FIS	-89,200.00	
18067	FHLB	3130A9HN4	10/27/2016	1.750000	48,000,000.00	47,892,960.00	149,333.33	0.00	
			10/27/2021	1.750000	48,000,000.00	99.777000	IDC-FIS	-107,040.00	
18139	FHLB	3130A9GS4	10/12/2016	1.700000	14,250,000.00	14,204,400.00	53,160.42	0.00	
			10/12/2021	1.700000	14,250,000.00	99.680000	IDC-FIS	-45,600.00	
18207	FHLB	3130A9WU1	11/17/2016	1.625000	10,000,000.00	9,947,800.00	19,861.11	0.00	
			11/17/2021	1.625000	10,000,000.00	99.478000	IDC-FIS	-52,200.00	
18267	FHLB	3130AABG2	11/30/2016	1.875000	35,000,000.00	35,073,850.00	58,333.33	227,150.00	
			11/29/2021	1.967463	34,846,700.00	100.211000	IDC-FIS	0.00	
18275	FHLB	3130AADR6	12/21/2016	2.200000	10,000,000.00	10,000,200.00	6,111.11	5,200.00	
			12/21/2021	2.210618	9,995,000.00	100.002000	IDC-FIS	0.00	
18446	FHLB	3130AAWE4	03/08/2017	2.220000	9,050,000.00	9,050,181.00	63,063.42	4,706.00	
			03/08/2022	2.230624	9,045,475.00	100.002000	IDC-FIS	0.00	
18758	FHLB	3130ACJS4	10/13/2017	1.600000	25,000,000.00	24,942,250.00	37,777.78	0.00	
			11/27/2019	1.600000	25,000,000.00	99.769000	IDC-FIS	-57,750.00	
18759	FHLB	3130ACK60	10/16/2017	1.900000	25,000,000.00	25,000,250.00	98,958.33	250.00	
			11/27/2019	1.900000	25,000,000.00	100.001000	IDC-FIS	0.00	
18918	FHLB	3130ADFY3	01/30/2018	2.200000	50,000,000.00	50,009,000.00	186,388.89	9,000.00	
			10/30/2020	2.200000	50,000,000.00	100.018000	IDC-FIS	0.00	
18921	FHLB	3130ADGH9	01/30/2018	2.180000	50,000,000.00	50,009,000.00	457,194.44	9,000.00	
			07/30/2020	2.180000	50,000,000.00	100.018000	IDC-FIS	0.00	
<b>Inv Type: 32 FHLB</b>					1.741549	631,860,000.00	629,970,899.05	1,499,745.68	255,306.00
					1.747164	631,691,585.75	99.701025		-1,975,992.70
17489	FNMA	3136G2YK7	02/26/2016	1.350000	7,000,000.00	6,989,990.00	32,812.50	0.00	
			08/26/2019	1.350000	7,000,000.00	99.857000	IDC-FIS	-10,010.00	
17523	FNMA	3136G2YK7	02/26/2016	1.350000	5,650,000.00	5,641,920.50	26,484.38	0.00	
			08/26/2019	1.350000	5,650,000.00	99.857000	IDC-FIS	-8,079.50	
17967	FNMA	3136G3R80	07/28/2016	1.700000	50,000,000.00	49,938,500.00	361,250.00	0.00	
			07/28/2021	1.700000	50,000,000.00	99.877000	IDC-FIS	-61,500.00	
17968	FNMA	3136G3R80	07/28/2016	1.700000	50,000,000.00	49,938,500.00	361,250.00	0.00	
			07/28/2021	1.700000	50,000,000.00	99.877000	IDC-FIS	-61,500.00	
17969	FNMA	3136G3R80	07/28/2016	1.700000	50,000,000.00	49,938,500.00	361,250.00	0.00	
			07/28/2021	1.700000	50,000,000.00	99.877000	IDC-FIS	-61,500.00	
18002	FNMA	3136G3U45	08/16/2016	1.500000	9,395,000.00	9,345,864.15	55,195.63	0.00	
			08/10/2021	1.500000	9,395,000.00	99.477000	IDC-FIS	-49,135.85	
18042	FNMA	3136G37G4	09/30/2016	1.600000	25,000,000.00	24,890,750.00	101,111.11	0.00	
			09/30/2021	1.600000	25,000,000.00	99.563000	IDC-FIS	-109,250.00	
18043	FNMA	3136G36T7	09/28/2016	1.600000	10,000,000.00	9,956,800.00	41,333.33	0.00	
			09/28/2021	1.600000	10,000,000.00	99.568000	IDC-FIS	-43,200.00	
18044	FNMA	3136G37G4	09/30/2016	1.600000	25,000,000.00	24,890,750.00	101,111.11	0.00	
			09/30/2021	1.600000	25,000,000.00	99.563000	IDC-FIS	-109,250.00	
18081	FNMA	3136G4CR2	10/21/2016	1.600000	8,945,000.00	8,907,878.25	27,828.89	0.00	
			10/21/2021	1.600000	8,945,000.00	99.585000	IDC-FIS	-37,121.75	
18094	FNMA	3136G4CY7	09/30/2016	1.500000	50,000,000.00	49,675,500.00	189,583.33	0.00	



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			09/30/2021	1.504167	49,990,000.00	99.351000	IDC-FIS	-314,500.00	
18129	FNMA	3136G4EN9	10/27/2016	1.500000	10,000,000.00	9,935,500.00	26,666.67	0.00	
			10/27/2021	1.500000	10,000,000.00	99.355000	IDC-FIS	-64,500.00	
18132	FNMA	3136G4EV1	10/28/2016	1.625000	50,000,000.00	49,816,000.00	142,187.50	0.00	
			10/28/2021	1.625000	50,000,000.00	99.632000	IDC-FIS	-184,000.00	
18133	FNMA	3136G4EV1	10/28/2016	1.625000	50,000,000.00	49,816,000.00	142,187.50	0.00	
			10/28/2021	1.625000	50,000,000.00	99.632000	IDC-FIS	-184,000.00	
18134	FNMA	3136G4FA6	10/28/2016	1.625000	10,000,000.00	9,963,200.00	28,437.50	0.00	
			10/28/2021	1.625000	10,000,000.00	99.632000	IDC-FIS	-36,800.00	
18172	FNMA	3136G4FS7	10/27/2016	1.500000	11,000,000.00	10,929,380.00	29,333.33	0.00	
			10/27/2021	1.510420	10,994,500.00	99.358000	IDC-FIS	-65,120.00	
18198	FNMA	3136G4EV1	10/28/2016	1.625000	54,885,000.00	54,683,023.20	156,079.22	0.00	
			10/28/2021	1.625000	54,885,000.00	99.632000	IDC-FIS	-201,976.80	
18414	FNMA	3136G4KX0	02/23/2017	2.250000	14,250,000.00	14,253,847.50	114,000.00	3,847.50	
			02/23/2022	2.250000	14,250,000.00	100.027000	IDC-FIS	0.00	
19022	FNMA	3136G4RW5	04/26/2018	2.900000	50,000,000.00	50,031,000.00	261,805.56	31,000.00	
			04/26/2023	2.900000	50,000,000.00	100.062000	IDC-FIS	0.00	
<b>Inv Type: 34 FNMA</b>					1.751881	541,125,000.00	539,542,903.60	2,559,907.56	34,847.50
					1.752478	541,109,500.00	99.707628		-1,601,443.90
17487	FFCB	3133EFZU4	02/16/2016	1.350000	14,700,000.00	14,686,329.00	74,418.75	0.00	
			08/16/2019	1.350000	14,700,000.00	99.907000	IDC-FIS	-13,671.00	
17488	FFCB	3133EFZU4	02/16/2016	1.350000	35,300,000.00	35,267,171.00	178,706.25	0.00	
			08/16/2019	1.350000	35,300,000.00	99.907000	IDC-FIS	-32,829.00	
17804	FFCB	3133EGEV3	06/17/2016	1.620000	50,900,000.00	50,595,109.00	38,938.50	0.00	
			06/14/2021	1.620000	50,900,000.00	99.401000	IDC-FIS	-304,891.00	
17806	FFCB	3133EGHC2	06/23/2016	1.600000	55,000,000.00	54,766,250.00	19,555.56	0.00	
			06/23/2021	1.610448	54,972,500.00	99.575000	IDC-FIS	-206,250.00	
17841	FFCB	3133EGGY5	06/23/2016	1.490000	14,700,000.00	14,637,084.00	60,841.67	0.00	
			09/21/2020	1.504808	14,691,180.00	99.572000	IDC-FIS	-54,096.00	
17901	FFCB	3133EGLG8	07/13/2016	1.370000	25,000,000.00	24,850,750.00	74,208.33	0.00	
			10/13/2020	1.370000	25,000,000.00	99.403000	IDC-FIS	-149,250.00	
17902	FFCB	3133EGLG8	07/13/2016	1.370000	25,000,000.00	24,850,750.00	74,208.33	0.00	
			10/13/2020	1.370000	25,000,000.00	99.403000	IDC-FIS	-149,250.00	
17903	FFCB	3133EGLG8	07/13/2016	1.370000	25,000,000.00	24,850,750.00	74,208.33	0.00	
			10/13/2020	1.370000	25,000,000.00	99.403000	IDC-FIS	-149,250.00	
17917	FFCB	3133EGLH6	07/12/2016	1.420000	25,000,000.00	24,844,500.00	166,652.78	0.00	
			01/12/2021	1.431513	24,987,500.00	99.378000	IDC-FIS	-143,000.00	
17918	FFCB	3133EGLH6	07/12/2016	1.420000	25,000,000.00	24,844,500.00	166,652.78	0.00	
			01/12/2021	1.431513	24,987,500.00	99.378000	IDC-FIS	-143,000.00	
17925	FFCB	3133EGLG8	07/14/2016	1.370000	10,950,000.00	10,884,628.50	32,503.25	0.00	
			10/13/2020	1.382302	10,944,525.00	99.403000	IDC-FIS	-59,896.50	
17926	FFCB	3133EGLG8	07/14/2016	1.370000	10,925,000.00	10,859,777.75	32,429.04	0.00	
			10/13/2020	1.382302	10,919,537.50	99.403000	IDC-FIS	-59,759.75	
<b>Inv Type: 36 FFCB</b>					1.460202	317,475,000.00	315,937,599.25	993,323.57	0.00
					1.465357	317,402,742.50	99.515741		-1,465,143.25
17764	FHLMC	3134G9QA8	06/30/2016	1.800000	6,600,000.00	6,590,760.00	330.00	0.00	
			06/30/2021	1.810505	6,596,700.00	99.860000	IDC-FIS	-5,940.00	
17818	FHLMC	3134G9XP7	06/30/2016	1.250000	50,000,000.00	49,149,500.00	1,736.11	0.00	
			06/30/2021	1.250000	50,000,000.00	98.299000	IDC-FIS	-850,500.00	
17821	FHLMC	3134G9XF9	06/30/2016	1.375000	100,000,000.00	98,350,000.00	3,819.44	0.00	

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Inv. No.	Description	CUSIP	Purchase Maturity	Coupon YTM TR	Current Par/Share Current Book	Market Value Market Price	Curr Accr Int Price Source	Unrealized Gain Unrealized Loss
			06/30/2021	1.375000	100,000,000.00	98.350000	IDC-FIS	-1,650,000.00
17822	FHLMC	3134G9XE2	06/30/2016	1.125000	100,000,000.00	98,299,000.00	3,125.00	0.00
			06/30/2021	1.125000	100,000,000.00	98.299000	IDC-FIS	-1,701,000.00
17824	FHLMC	3134G9XV4	06/30/2016	1.125000	100,000,000.00	98,268,000.00	3,125.00	0.00
			06/30/2021	1.132606	99,985,000.00	98.268000	IDC-FIS	-1,717,000.00
17825	FHLMC	3134G9XX0	06/30/2016	1.500000	100,000,000.00	98,393,000.00	4,166.67	0.00
			06/30/2021	1.500000	100,000,000.00	98.393000	IDC-FIS	-1,607,000.00
17850	FHLMC	3134G9Z59	06/30/2016	1.200000	100,000,000.00	98,701,000.00	3,333.33	0.00
			06/30/2021	1.200000	100,000,000.00	98.701000	IDC-FIS	-1,299,000.00
17871	FHLMC	3134G9D61	06/30/2016	1.125000	100,000,000.00	97,961,000.00	3,125.00	0.00
			06/30/2021	1.125000	100,000,000.00	97.961000	IDC-FIS	-2,039,000.00
17872	FHLMC	3134G9E29	06/30/2016	1.100000	100,000,000.00	98,049,000.00	3,055.56	0.00
			06/30/2021	1.100000	100,000,000.00	98.049000	IDC-FIS	-1,951,000.00
17873	FHLMC	3134G9E37	06/30/2016	1.125000	100,000,000.00	97,963,000.00	3,125.00	0.00
			06/30/2021	1.132606	99,985,000.00	97.963000	IDC-FIS	-2,022,000.00
17927	FHLMC	3134G9Q75	07/26/2016	1.250000	50,000,000.00	49,965,500.00	269,097.22	0.00
			07/26/2019	1.250000	50,000,000.00	99.931000	IDC-FIS	-34,500.00
17942	FHLMC	3134G9Q75	07/26/2016	1.250000	100,000,000.00	99,931,000.00	538,194.44	16,000.00
			07/26/2019	1.278971	99,915,000.00	99.931000	IDC-FIS	0.00
17983	FHLMC	3134G9U47	08/25/2016	1.625000	13,250,000.00	13,204,287.50	69,562.50	0.00
			08/25/2021	1.625000	13,250,000.00	99.655000	IDC-FIS	-45,712.50
17984	FHLMC	3134G9U47	08/25/2016	1.625000	11,000,000.00	10,962,050.00	57,750.00	0.00
			08/25/2021	1.625000	11,000,000.00	99.655000	IDC-FIS	-37,950.00
17985	FHLMC	3134G9U47	08/25/2016	1.625000	11,000,000.00	10,962,050.00	57,750.00	0.00
			08/25/2021	1.625000	11,000,000.00	99.655000	IDC-FIS	-37,950.00
17986	FHLMC	3134G96X0	08/25/2016	1.625000	11,988,000.00	11,929,738.32	68,181.75	0.00
			08/25/2021	1.625000	11,988,000.00	99.514000	IDC-FIS	-58,261.68
17988	FHLMC	3134G92E6	08/30/2016	1.750000	50,000,000.00	49,880,000.00	306,250.00	0.00
			08/25/2021	1.750000	50,000,000.00	99.760000	IDC-FIS	-120,000.00
17989	FHLMC	3134G92E6	08/30/2016	1.750000	50,000,000.00	49,880,000.00	306,250.00	0.00
			08/25/2021	1.750000	50,000,000.00	99.760000	IDC-FIS	-120,000.00
17990	FHLMC	3134G92E6	08/30/2016	1.750000	50,000,000.00	49,880,000.00	306,250.00	0.00
			08/25/2021	1.750000	50,000,000.00	99.760000	IDC-FIS	-120,000.00
17993	FHLMC	3134G97H4	09/30/2016	1.750000	100,000,000.00	99,745,000.00	442,361.11	0.00
			09/30/2021	1.750000	100,000,000.00	99.745000	IDC-FIS	-255,000.00
18010	FHLMC	3134G97G6	08/25/2016	1.500000	12,500,000.00	12,467,875.00	65,625.00	0.00
			08/25/2020	1.510189	12,497,500.00	99.743000	IDC-FIS	-29,625.00
18024	FHLMC	3134GAJPO	09/30/2016	1.750000	50,000,000.00	49,874,500.00	221,180.56	0.00
			09/30/2021	1.750000	50,000,000.00	99.749000	IDC-FIS	-125,500.00
18025	FHLMC	3134GAJPO	09/30/2016	1.750000	50,000,000.00	49,874,500.00	221,180.56	0.00
			09/30/2021	1.750000	50,000,000.00	99.749000	IDC-FIS	-125,500.00
18026	FHLMC	3134GAJPO	09/30/2016	1.750000	50,000,000.00	49,874,500.00	221,180.56	0.00
			09/30/2021	1.750000	50,000,000.00	99.749000	IDC-FIS	-125,500.00
18027	FHLMC	3134GAJPO	09/30/2016	1.750000	50,000,000.00	49,874,500.00	221,180.56	0.00
			09/30/2021	1.750000	50,000,000.00	99.749000	IDC-FIS	-125,500.00
18028	FHLMC	3134GAJPO	09/30/2016	1.750000	50,000,000.00	49,874,500.00	221,180.56	0.00
			09/30/2021	1.750000	50,000,000.00	99.749000	IDC-FIS	-125,500.00
18072	FHLMC	3134GAEF7	09/29/2016	1.650000	10,000,000.00	9,953,600.00	42,166.67	0.00
			09/29/2021	1.650000	10,000,000.00	99.536000	IDC-FIS	-46,400.00
18075	FHLMC	3134GAPL2	10/27/2016	1.700000	9,250,000.00	9,215,960.00	27,955.56	0.00

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Inv. No.	Description	CUSIP	Purchase Maturity	Coupon YTM TR	Current Par/Share Current Book	Market Value Market Price	Curr Accr Int Price Source	Unrealized Gain Unrealized Loss	
			10/27/2021	1.700000	9,250,000.00	99.632000	IDC-FIS	-34,040.00	
18082	FHLMC	3134GAQC1	09/30/2016	1.150000	100,000,000.00	98,085,000.00	290,694.44	0.00	
			09/30/2021	1.150000	100,000,000.00	98.085000	IDC-FIS	-1,915,000.00	
18083	FHLMC	3134GAQE7	09/30/2016	1.250000	100,000,000.00	97,986,000.00	315,972.22	0.00	
			09/30/2021	1.250000	100,000,000.00	97.986000	IDC-FIS	-2,014,000.00	
18124	FHLMC	3134GARB2	10/27/2016	1.600000	50,000,000.00	49,695,000.00	142,222.22	0.00	
			10/27/2021	1.600000	50,000,000.00	99.390000	IDC-FIS	-305,000.00	
18125	FHLMC	3134GARB2	10/27/2016	1.600000	50,000,000.00	49,695,000.00	142,222.22	0.00	
			10/27/2021	1.600000	50,000,000.00	99.390000	IDC-FIS	-305,000.00	
18126	FHLMC	3134GARB2	10/27/2016	1.600000	50,000,000.00	49,695,000.00	142,222.22	0.00	
			10/27/2021	1.600000	50,000,000.00	99.390000	IDC-FIS	-305,000.00	
18127	FHLMC	3134GARB2	10/27/2016	1.600000	10,000,000.00	9,939,000.00	28,444.44	0.00	
			10/27/2021	1.600000	10,000,000.00	99.390000	IDC-FIS	-61,000.00	
18128	FHLMC	3134GARB2	10/27/2016	1.600000	30,000,000.00	29,817,000.00	85,333.33	0.00	
			10/27/2021	1.600000	30,000,000.00	99.390000	IDC-FIS	-183,000.00	
18130	FHLMC	3134GARB2	10/27/2016	1.600000	40,000,000.00	39,756,000.00	113,777.78	0.00	
			10/27/2021	1.605223	39,990,000.00	99.390000	IDC-FIS	-234,000.00	
18131	FHLMC	3134GASJ4	10/27/2016	1.700000	50,000,000.00	49,816,000.00	151,111.11	0.00	
			10/27/2021	1.700000	50,000,000.00	99.632000	IDC-FIS	-184,000.00	
18455	FHLMC	3134GBBH4	03/29/2017	2.300000	6,875,000.00	6,882,287.50	40,409.72	12,100.00	
			03/29/2022	2.314907	6,870,187.50	100.106000	IDC-FIS	0.00	
18456	FHLMC	3134GBBH4	03/29/2017	2.300000	6,875,000.00	6,882,287.50	40,409.72	12,100.00	
			03/29/2022	2.314907	6,870,187.50	100.106000	IDC-FIS	0.00	
18505	FHLMC	3134GBLJ9	05/17/2017	2.000000	50,000,000.00	50,333,000.00	122,222.22	333,000.00	
			05/17/2022	2.000000	50,000,000.00	100.666000	IDC-FIS	0.00	
18506	FHLMC	3134GBLK6	05/25/2017	2.100000	25,000,000.00	25,009,250.00	52,500.00	9,250.00	
			05/25/2022	2.100000	25,000,000.00	100.037000	IDC-FIS	0.00	
18555	FHLMC	3134GBRF1	06/29/2017	2.100000	12,500,000.00	12,508,000.00	1,458.33	8,000.00	
			06/29/2022	2.100000	12,500,000.00	100.064000	IDC-FIS	0.00	
18556	FHLMC	3134GBRF1	06/29/2017	2.100000	12,500,000.00	12,508,000.00	1,458.33	8,000.00	
			06/29/2022	2.100000	12,500,000.00	100.064000	IDC-FIS	0.00	
18764	FHLMC	3134GBP97	10/16/2017	1.610000	50,000,000.00	49,915,500.00	71,555.56	0.00	
			11/29/2019	1.610000	50,000,000.00	99.831000	IDC-FIS	-84,500.00	
<b>Inv Type: 37 FHLMC</b>					1.452383	2,229,338,000.00	2,207,596,145.82	5,434,252.02	398,450.00
					1.454637	2,229,197,575.00	99.024739	-21,999,879.18	
17817	FHLMC	3134G9XQ5	06/30/2016	1.125000	50,000,000.00	49,125,500.00	1,562.50	0.00	
			06/30/2021	1.130064	49,995,000.00	98.251000	IDC-FIS	-869,500.00	
17819	FHLMC	3134G9XM4	06/30/2016	1.125000	50,000,000.00	49,160,500.00	1,562.50	0.00	
			06/30/2021	1.125000	50,000,000.00	98.321000	IDC-FIS	-839,500.00	
17820	FHLMC	3134G9XL6	06/29/2016	1.300000	100,000,000.00	98,226,000.00	7,222.22	0.00	
			06/29/2021	1.302737	99,990,000.00	98.226000	IDC-FIS	-1,764,000.00	
17823	FHLMC	3134G9XT9	06/30/2016	1.400000	100,000,000.00	98,336,000.00	3,888.89	0.00	
			06/30/2021	1.400000	100,000,000.00	98.336000	IDC-FIS	-1,664,000.00	
18093	FHLMC	3134GAQK3	09/30/2016	1.125000	100,000,000.00	98,172,000.00	3,125.00	0.00	
			09/30/2021	1.125000	100,000,000.00	98.172000	IDC-FIS	-1,828,000.00	
<b>Inv Type: 40 FHLMC QRTL</b>					1.237500	400,000,000.00	393,020,000.00	17,361.11	0.00
					1.238817	399,985,000.00	98.255000	-6,965,000.00	
19924	Overnight		06/28/2019	2.500000	500,000,000.00	500,000,000.00	104,166.67	0.00	
			07/01/2019	2.500000	500,000,000.00	100.000000	BOOK	0.00	
19925	Overnight		06/28/2019	2.500000	415,210,000.00	415,210,000.00	86,502.08	0.00	

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19926	Overnight		07/01/2019	2.500000	415,210,000.00	100.000000	BOOK	0.00	
			06/28/2019	2.550000	300,000,000.00	300,000,000.00	63,750.00	0.00	
			07/01/2019	2.550000	300,000,000.00	100.000000	BOOK	0.00	
19927	Overnight		06/28/2019	2.500000	100,000,000.00	100,000,000.00	20,833.33	0.00	
			07/01/2019	2.500000	100,000,000.00	100.000000	BOOK	0.00	
<b>Inv Type: 60 REPO OPEN ACT-360</b>					2.511405	1,315,210,000.00	1,315,210,000.00	275,252.08	0.00
					2.511405	1,315,210,000.00	100.000000	0.00	
19916	Term Repo		06/27/2019	2.500000	250,000,000.00	250,000,000.00	69,444.44	0.00	
			07/31/2019	2.500000	250,000,000.00	100.000000	BOOK	0.00	
19917	Term Repo		06/27/2019	2.500000	250,000,000.00	250,000,000.00	69,444.44	0.00	
			07/31/2019	2.500000	250,000,000.00	100.000000	BOOK	0.00	
19923	Term Repo		06/28/2019	2.490000	400,000,000.00	400,000,000.00	83,000.00	0.00	
			07/31/2019	2.490000	400,000,000.00	100.000000	BOOK	0.00	
<b>Inv Type: 61 REPO TERM ACT-360</b>					2.495556	900,000,000.00	900,000,000.00	221,888.88	0.00
					2.495556	900,000,000.00	100.000000	0.00	
11456	MLGIP		06/30/2008	2.211131	560,524,984.64	560,524,984.64	945,932.54	0.00	
			07/01/2019	2.211131	560,524,984.64	100.000000	BOOK	0.00	
19552	Fidelity Investmetn		01/30/2019	2.292289	50,314,114.92	50,314,114.92	0.00	0.00	
			12/31/2040	2.292289	50,314,114.92	100.000000	BOOK	0.00	
<b>Inv Type: 98 MONEY MARKET FUNDS</b>					2.217816	610,839,099.56	610,839,099.56	945,932.54	0.00
					2.217816	610,839,099.56	100.000000	0.00	
			<b>Subtotal</b>	<b>1.873722</b>	<b>8,404,280,099.56</b>	<b>8,367,317,020.25</b>	<b>18,305,099.57</b>	<b>2,065,595.77</b>	
				<b>1.882129</b>	<b>8,401,960,460.91</b>	<b>99.560187</b>		<b>-36,709,036.43</b>	

## FUND: 8 CONSOLIDATED TRANS. BONDS S/F

12228	CTRB 2009 Debt Serv		06/19/2009	2.294340	62,998.24	62,998.24	7,751.38	0.00	
			07/01/2019	2.294340	62,998.24	100.000000	BOOK	0.00	
12229	CTRB 2009 Reserve		06/19/2009	2.281563	4,432,197.59	4,432,197.59	219,572.50	0.00	
			07/01/2019	2.281563	4,432,197.59	100.000000	BOOK	0.00	
<b>Inv Type: 98 MONEY MARKET FUNDS</b>					2.281742	4,495,195.83	4,495,195.83	227,323.88	0.00
					2.281742	4,495,195.83	100.000000	0.00	
			<b>Subtotal</b>	<b>2.281742</b>	<b>4,495,195.83</b>	<b>4,495,195.83</b>	<b>227,323.88</b>	<b>0.00</b>	
				<b>2.281742</b>	<b>4,495,195.83</b>	<b>100.000000</b>		<b>0.00</b>	

## FUND: 11 COUNTY TRANS. REVENUE BOND

11458	Balt C BP 2004 Rese		06/30/2008	.000000	0.00	0.00	0.00	0.00	
			07/01/2019	.000000	0.00	.000000	BOOK	0.00	
11461	CTRB 2007 Reserve		06/30/2008	.723621	0.00	0.00	2.95	0.00	
			07/01/2019	.723621	0.00	.000000	BOOK	0.00	
11462	CTRB 2007 Debt Serv		06/30/2008	.725379	0.00	0.00	4.23	0.00	
			07/01/2019	.725379	0.00	.000000	BOOK	0.00	
12197	CTRB 2009 Proceeds		06/05/2009	.010158	0.00	0.00	2.37	0.00	
			07/01/2019	.010158	0.00	.000000	BOOK	0.00	
19425	2018 CTRB Proceeds		11/28/2018	2.281567	30,918,858.39	30,918,858.39	0.00	0.00	
			12/31/2035	2.281567	30,918,858.39	100.000000	BOOK	0.00	
<b>Inv Type: 98 MONEY MARKET FUNDS</b>					2.281567	30,918,858.39	30,918,858.39	9.55	0.00
					2.281567	30,918,858.39	100.000000	0.00	
			<b>Subtotal</b>	<b>2.281567</b>	<b>30,918,858.39</b>	<b>30,918,858.39</b>	<b>9.55</b>	<b>0.00</b>	
				<b>2.281567</b>	<b>30,918,858.39</b>	<b>100.000000</b>		<b>0.00</b>	



## STATE OF MARYLAND INVENTORY BY MARKET VALUE

AS OF DATE: 06/30/2019 • DATE BASIS: SETTLEMENT • RUN: 10/02/2019 09:37:50 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	
<b>FUND: 15 BC CTRB DEBT SERVICE</b>									
15473	CTRB 2012 BC Debt S		10/25/2012	2.279088	14,990.61	14,990.61	705.58	0.00	
			07/01/2019	2.279088	14,990.61	100.000000	BOOK	0.00	
19508	2018 CTRB DEBT SERV		01/10/2019	2.287099	7,178.65	7,178.65	1.14	0.00	
			12/31/2035	2.287099	7,178.65	100.000000	BOOK	0.00	
<b>Inv Type: 98 MONEY MARKET FUNDS</b>					2.281682	22,169.26	22,169.26	706.72	0.00
					2.281682	22,169.26	100.000000	0.00	
			<b>Subtotal</b>	<b>2.281682</b>	<b>22,169.26</b>	<b>22,169.26</b>	<b>706.72</b>	<b>0.00</b>	
				<b>2.281682</b>	<b>22,169.26</b>	<b>100.000000</b>		<b>0.00</b>	
<b>FUND: 16 BC CTRB RESERVE</b>									
15472	CTRB 2012 BC Reserv		10/25/2012	2.281564	5,318,813.39	5,318,813.39	0.00	0.00	
			07/01/2019	2.281564	5,318,813.39	100.000000	BOOK	0.00	
19509	2018 CTRB RESERVE		01/10/2019	2.281555	3,996,207.84	3,996,207.84	0.00	0.00	
			12/31/2035	2.281555	3,996,207.84	100.000000	BOOK	0.00	
<b>Inv Type: 98 MONEY MARKET FUNDS</b>					2.281560	9,315,021.23	9,315,021.23	0.00	0.00
					2.281560	9,315,021.23	100.000000	0.00	
			<b>Subtotal</b>	<b>2.281560</b>	<b>9,315,021.23</b>	<b>9,315,021.23</b>	<b>0.00</b>	<b>0.00</b>	
				<b>2.281560</b>	<b>9,315,021.23</b>	<b>100.000000</b>		<b>0.00</b>	
<b>FUND: 18 2016 CTRB PROCEEDS</b>									
17568	2016 CTRB PROCEEDS		03/30/2016	2.281560	1,103,644.88	1,103,644.88	0.00	0.00	
			07/01/2019	2.281560	1,103,644.88	100.000000	BOOK	0.00	
<b>Inv Type: 98 MONEY MARKET FUNDS</b>					2.281560	1,103,644.88	1,103,644.88	0.00	0.00
					2.281560	1,103,644.88	100.000000	0.00	
			<b>Subtotal</b>	<b>2.281560</b>	<b>1,103,644.88</b>	<b>1,103,644.88</b>	<b>0.00</b>	<b>0.00</b>	
				<b>2.281560</b>	<b>1,103,644.88</b>	<b>100.000000</b>		<b>0.00</b>	
<b>FUND: 19 2016 CTRB RESERVE</b>									
17626	2016 CTRB RESERVE		04/20/2016	2.281565	8,237,114.49	8,237,114.49	0.00	0.00	
			07/01/2019	2.281565	8,237,114.49	100.000000	BOOK	0.00	
<b>Inv Type: 98 MONEY MARKET FUNDS</b>					2.281565	8,237,114.49	8,237,114.49	0.00	0.00
					2.281565	8,237,114.49	100.000000	0.00	
			<b>Subtotal</b>	<b>2.281565</b>	<b>8,237,114.49</b>	<b>8,237,114.49</b>	<b>0.00</b>	<b>0.00</b>	
				<b>2.281565</b>	<b>8,237,114.49</b>	<b>100.000000</b>		<b>0.00</b>	
<b>FUND: 21 2016 CTRB DEBT SERVICE</b>									
17625	2016 CTRB DEBT SERV		04/20/2016	2.280968	69,141.60	69,141.60	1.63	0.00	
			07/01/2019	2.280968	69,141.60	100.000000	BOOK	0.00	
<b>Inv Type: 98 MONEY MARKET FUNDS</b>					2.280968	69,141.60	69,141.60	1.63	0.00
					2.280968	69,141.60	100.000000	0.00	
			<b>Subtotal</b>	<b>2.280968</b>	<b>69,141.60</b>	<b>69,141.60</b>	<b>1.63</b>	<b>0.00</b>	
				<b>2.280968</b>	<b>69,141.60</b>	<b>100.000000</b>		<b>0.00</b>	

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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
<b>FUND: 69 DHCD LINK DEPOSIT</b>								
13912	LD-0122-01		12/06/2010	.250000	12,901.43	12,901.43	0.00	0.00
			09/17/2020	.250000	12,901.43	100.000000	BOOK	0.00
Inv Type: 75 NEG CD COMP ACT/365-6				.250000	12,901.43	12,901.43	0.00	0.00
				.250000	12,901.43	100.000000		0.00
			<b>Subtotal</b>	<b>.250000</b>	<b>12,901.43</b>	<b>12,901.43</b>	<b>0.00</b>	<b>0.00</b>
				<b>.250000</b>	<b>12,901.43</b>	<b>100.000000</b>		<b>0.00</b>
<b>FUND: 74 MD WATER REVOLVING LOAN FUND</b>								
18078	FFCB - WQFA	3133EGWB7	09/23/2016	2.020000	3,000,000.00	2,979,840.00	25,250.00	0.00
			02/01/2026	2.020000	3,000,000.00	99.328000	IDC-FIS	-20,160.00
Inv Type: 36 FFCB				2.020000	3,000,000.00	2,979,840.00	25,250.00	0.00
				2.020000	3,000,000.00	99.328000		-20,160.00
19451	WQFA Linked CD		12/12/2018	1.000000	1,646,000.00	1,646,000.00	9,064.27	0.00
			12/12/2028	1.000000	1,646,000.00	100.000000	BOOK	0.00
Inv Type: 75 NEG CD COMP ACT/365-6				1.000000	1,646,000.00	1,646,000.00	9,064.27	0.00
				1.000000	1,646,000.00	100.000000		0.00
			<b>Subtotal</b>	<b>1.658631</b>	<b>4,646,000.00</b>	<b>4,625,840.00</b>	<b>34,314.27</b>	<b>0.00</b>
				<b>1.658631</b>	<b>4,646,000.00</b>	<b>99.566078</b>		<b>-20,160.00</b>
<b>FUND: 2010 2010 QSCB SINKING FUND 080411</b>								
18676	FAMCA	3132XONM9	08/17/2017	2.000000	3,012,000.00	3,011,367.48	28,112.00	695.33
			01/13/2022	2.010324	3,010,672.15	99.979000	IDC-FIS	0.00
19223	FAMCA	3132X04C2	08/01/2018	3.270000	3,012,000.00	3,014,801.16	41,038.50	2,801.16
			08/01/2023	3.270000	3,012,000.00	100.093000	IDC-FIS	0.00
Inv Type: 31 FAMC				2.635140	6,024,000.00	6,026,168.64	69,150.50	3,496.49
				2.640301	6,022,672.15	100.036000		0.00
17485	FHLB	3130A7BT1	02/26/2016	1.730000	14,725,000.00	14,633,852.25	88,452.26	0.00
			02/26/2021	1.730000	14,725,000.00	99.381000	IDC-FIS	-91,147.75
Inv Type: 32 FHLB				1.730000	14,725,000.00	14,633,852.25	88,452.26	0.00
				1.730000	14,725,000.00	99.381000		-91,147.75
17987	FHLMC	3134G96X0	08/25/2016	1.625000	3,012,000.00	2,997,361.68	17,130.75	0.00
			08/25/2021	1.625000	3,012,000.00	99.514000	IDC-FIS	-14,638.32
Inv Type: 37 FHLMC				1.625000	3,012,000.00	2,997,361.68	17,130.75	0.00
				1.625000	3,012,000.00	99.514000		-14,638.32
			<b>Subtotal</b>	<b>1.946127</b>	<b>23,761,000.00</b>	<b>23,657,382.57</b>	<b>174,733.51</b>	<b>3,496.49</b>
				<b>1.947435</b>	<b>23,759,672.15</b>	<b>99.563918</b>		<b>-105,786.07</b>
<b>FUND: 2011 2010 QZAB SPECIAL SINKING FUND</b>								
19439	UST NOTE	313384PZ6	12/04/2018	.000000	2,630,000.00	2,606,724.50	0.00	47,265.49
			12/02/2019	2.752584	2,559,459.01	99.115000	IDC-FIS	0.00
Inv Type: 12 TREASURY NOTES				.000000	2,630,000.00	2,606,724.50	0.00	47,265.49
				2.752584	2,559,459.01	99.115000		0.00
			<b>Subtotal</b>	<b>.000000</b>	<b>2,630,000.00</b>	<b>2,606,724.50</b>	<b>0.00</b>	<b>47,265.49</b>
				<b>2.752584</b>	<b>2,559,459.01</b>	<b>99.115000</b>		<b>0.00</b>

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<b>FUND: 2021 2019 - 1ST TAX EXEMPT</b>								
19879	2019 - 1st Tax Exem		06/18/2019	2.520000	226,043,239.00	226,043,239.00	205,699.35	0.00
			07/18/2019	2.520000	226,043,239.00	100.000000	BOOK	0.00
<b>Inv Type: 61 REPO TERM ACT-360</b>				2.520000	226,043,239.00	226,043,239.00	205,699.35	0.00
				2.520000	226,043,239.00	100.000000		0.00
			<b>Subtotal</b>	<b>2.520000</b>	<b>226,043,239.00</b>	<b>226,043,239.00</b>	<b>205,699.35</b>	<b>0.00</b>
				<b>2.520000</b>	<b>226,043,239.00</b>	<b>100.000000</b>		<b>0.00</b>
<b>FUND: 2113 QZAB BONDS 2016</b>								
19880	2016 Qzab Repo		06/18/2019	2.520000	612,479.00	612,479.00	557.36	0.00
			07/18/2019	2.520000	612,479.00	100.000000	BOOK	0.00
<b>Inv Type: 61 REPO TERM ACT-360</b>				2.520000	612,479.00	612,479.00	557.36	0.00
				2.520000	612,479.00	100.000000		0.00
			<b>Subtotal</b>	<b>2.520000</b>	<b>612,479.00</b>	<b>612,479.00</b>	<b>557.36</b>	<b>0.00</b>
				<b>2.520000</b>	<b>612,479.00</b>	<b>100.000000</b>		<b>0.00</b>
<b>FUND: 2117 QZAB 2017</b>								
19881	2017 QZAB Repo		06/18/2019	2.520000	2,327,887.00	2,327,887.00	2,118.38	0.00
			07/18/2019	2.520000	2,327,887.00	100.000000	BOOK	0.00
<b>Inv Type: 61 REPO TERM ACT-360</b>				2.520000	2,327,887.00	2,327,887.00	2,118.38	0.00
				2.520000	2,327,887.00	100.000000		0.00
			<b>Subtotal</b>	<b>2.520000</b>	<b>2,327,887.00</b>	<b>2,327,887.00</b>	<b>2,118.38</b>	<b>0.00</b>
				<b>2.520000</b>	<b>2,327,887.00</b>	<b>100.000000</b>		<b>0.00</b>
<b>FUND: 2119 2018 - 1ST B TAXABLE GO</b>								
19878	2018 1st B Taxable		06/18/2019	2.520000	24,348,551.00	24,348,551.00	22,157.18	0.00
			07/18/2019	2.520000	24,348,551.00	100.000000	BOOK	0.00
<b>Inv Type: 61 REPO TERM ACT-360</b>				2.520000	24,348,551.00	24,348,551.00	22,157.18	0.00
				2.520000	24,348,551.00	100.000000		0.00
			<b>Subtotal</b>	<b>2.520000</b>	<b>24,348,551.00</b>	<b>24,348,551.00</b>	<b>22,157.18</b>	<b>0.00</b>
				<b>2.520000</b>	<b>24,348,551.00</b>	<b>100.000000</b>		<b>0.00</b>
<b>GRAND TOTAL</b>			<b>COUNT 167</b>	<b>1.894513</b>	<b>8,742,823,302.67</b>	<b>8,705,713,170.43</b>	<b>18,972,721.40</b>	<b>2,116,357.75</b>
				<b>1.903404</b>	<b>8,740,431,795.18</b>	<b>99.575536</b>		<b>-36,834,982.50</b>

## ACKNOWLEDGEMENTS

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