

## 17. Deferred Compensation Plan:

The State offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all State employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the State subject only to the claims of the government's general creditors. Participants' rights under the plan are equal to those of general creditor of the State in an amount equal to the fair market value of the deferred account for each participant.

It is the opinion of the government's legal counsel that the government has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The government believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

Investments are managed by the plan's trustee under one of several investment options, or a combination thereof. The choice of the investment option(s) is made by the participants.

## 18. Commitments:

The State leases office space under various agreements that are accounted for as operating leases. Many of the agreements contain rent escalation clauses and renewal options. Rent expenditures for fiscal year 1990 were approximately \$26,573,000. Future lease expense commitments under these agreements at June 30, 1990 are as follows (amounts expressed in thousands):

Years Ending June 30,	Amounts
1991 .....	\$ 43,663
1992 .....	38,048
1993 .....	28,692
1994 .....	22,691
1995 .....	15,610
1996 and thereafter .....	9,767
	<u>\$158,471</u>

At June 30, 1990, the Department of Transportation and Maryland Transportation Authority had commitments of approximately \$899,991,000 and \$39,000,000, respectively, for construction of highway and mass transit facilities. Approximately 41% of future expenditures related to the Department of Transportation commitments are expected to be reimbursed from proceeds of approved federal grants when the actual costs are incurred. The remaining portion will be funded by other financial resources of the Department.

The Department of Transportation, as lessor, leases terminal space at various marine terminals, airport facilities and office space pursuant to various operating leases. Minimum future rental revenues are as follows (amounts expressed in thousands):

Years Ending June 30,	Noncancellable Operating Leases Minimum Future Rentals
1991 .....	\$ 34,721
1992 .....	28,109
1993 .....	20,647
1994 .....	17,885
1995 .....	17,241
1996 and thereafter .....	41,749
	<u>\$160,352</u>

Total minimum future rental revenues do not include contingent rentals that may be received under certain concession leases on the basis of a percentage of the concessionaire's gross revenue in excess of stipulated minimums. Rent revenue was approximately \$57,358,000 for the year ended June 30, 1990, including contingent rentals of approximately \$19,327,000. Assets of the Department of Transportation subject to such operating lease agreements are included in the general fixed assets account group. The cost of these assets was approximately \$363,353,000 at June 30, 1990.