

**16. Deferred Compensation Plan (Plan):**

The State offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Sections 457, 403(b), and 401(k). The Plan, available to eligible State employees, permits participants 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 assets of the Plan are held in a trust, custodial account or annuity contract for the exclusive benefit of employees and beneficiaries.

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

**17. 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 1999 were approximately \$49,647,000. Future lease commitments under these agreements as of June 30, 1999, are as follows (amounts expressed in thousands).

Years ending June 30,	Amounts
2000 .....	\$ 38,872
2001 .....	31,337
2002 .....	25,767
2003 .....	21,153
2004 .....	16,151
2005 and thereafter .....	65,547
	<u>\$198,827</u>

As of June 30, 1999, the State had commitments of approximately \$164,128,000 for the completion of projects under construction.

As of June 30, 1999, the Department of Transportation and Maryland Transportation Authority had commitments of approximately \$1,668,626,000 and \$86,000,000 respectively, for construction of highway and mass transit facilities.

Approximately 30% 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 of Transportation.

The Department of Transportation, as lessor, leases 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,	Non-cancelable Operating Leases Minimum Future Rentals
2000.....	\$ 64,598
2001.....	58,479
2002.....	39,867
2003.....	17,768
2004.....	12,933
2005 and thereafter .....	55,180
	<u>\$248,825</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. Rental revenue was approximately \$99,655,000 for the year ended June 30, 1999, including contingent rentals of approximately \$24,462,000.

As of June 30, 1999, the Maryland State Lottery Agency had commitments of approximately \$77,822,000 for services to be rendered relating principally to the operation of the lottery game.

As of June 30, 1999, several enterprise fund loan programs within the Department of Business and Economic Development had committed to lend a total of \$30,709,000 in additional loans (Maryland Economic Development Opportunity Program Fund \$24,509,000; Maryland Industrial and Commercial Redevelopment Fund \$4,200,000; Maryland Industrial Loan Fund \$2,000,000). Also, the Community Development Administration, an enterprise fund loan program, has \$91,750,000 of revenue bonds outstanding that are not included in the financial statements of the Administration. The revenue bonds are secured solely by the individual multi-family project properties, related revenues and applicable credit enhancements.