MARYLAND STATE TREASURER'S

2009 Annual Report

Investing for Maryland's Future

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Biography of the Honorable Nancy K. Kopp

Nancy K. Kopp
State Treasurer

Elected in February 2002, and re-elected to full four-year terms in 2003 and 2007, 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 the only woman serving Maryland in a Constitutional Office. In addition to her responsibilities for managing the Office of State Treasurer and representing the General Assembly, the Treasurer holds positions of leadership on a number of key State financial planning committees.

Treasurer Kopp chairs both the Capital Debt Affordability Committee and the Commission on State Debt, and sits on Maryland's three-member Board of Revenue Estimates. She is the chief representative of the State dealing with financial rating agencies and investment banking firms. The Treasurer also serves as Chair of the Board of Trustees of the Maryland State Retirement and Pension Systems, as Chair of the College Savings Plans of Maryland and as a member of the Maryland Supplemental Retirement Board, the Maryland Health and Higher Education Financing Authority, the Maryland Agricultural Land Preservation Foundation Board, the Small Business Development Financing Authority and the Hall of Records Commission. 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 procurements and contracts of the State, ranging from wetlands licenses to construction projects.

Treasurer Kopp represented the Bethesda, Maryland, area in the Maryland House of Delegates for 27 years prior to her election as Treasurer. As a member of the House of Delegates, Treasurer Kopp chaired the Joint Committee on Spending Affordability, as well as the Appropriations Subcommittee on Education and Economic Development. She also served on the Capital Budget Subcommittee, Subcommittee on Pensions, and Joint Committee on Budget and Audits, and at various times as Deputy Majority Leader and Speaker Pro Tem. During her legislative career, Treasurer Kopp was named by her colleagues as the most effective woman legislator and one of the 10 most effective members of the House.

Treasurer Kopp has been active in numerous national, regional and state organizations and boards over the years, primarily focused on finance, budgeting and education. Appointed by President Clinton to the National Assessment Governing Board, which oversees the National Assessment of Educational Progress (the "Nation's Report Card"), Treasurer Kopp also served as Treasurer of the Southern Regional Education Board and chaired its Commission on Educational Quality. She served on the Executive Committee of the National Conference of State Legislatures and chaired its Assembly on Legislative Issues, and Committees on Federal Budget Issues, State Fiscal Issues and Capital Budgeting Procedures. Treasurer Kopp also was Vice-Chair of the National Commission on State and Local Budget and Finance Procedures. She is a member of the National Association of State Treasurers and First Vice President of the National Association of State Auditors, Comptrollers and Treasurers.

A graduate of Wellesley College, Treasurer Kopp holds a master's degree in Government from the University of Chicago. She also has received honorary doctorate degrees from Hood College, the University of Maryland at Baltimore, the University of Maryland University College and Towson University. She and her husband, Robert Kopp, live in Bethesda and have two adult children.

Treasurer's photograph by Chase Studios, Bethesda, Maryland State Treasurer's Office

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.

England's first official colony, settled in Jamestown, Virginia, in 1607 (the Jamestown Colony), included what we now know as Maryland.

Treasurer's of the Past

Treasurers of the Eastern Shore

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

Treasurers of the Western Shore

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

Maryland State Treasurers *(Beginning of single-Treasurer system)*

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

Maryland's Board of Public Works

As the State's ultimate policy-making and oversight board for State procurements, the Maryland Board of Public Works is an entity with wide-ranging jurisdiction over nearly every facet of State government. It comprises the Governor, the Treasurer and the Comptroller.

On any given agenda, the Board might review and approve 80 to 100-plus procurements, which also may include land acquisitions and easements, space leases for State agencies, wastewater grants, ground leases, purchase of new cars for the Amtrak service, architectural/engineering contracts for new construction and renovation at universities, sales of General Obligation bonds, energy performance contracts and wetlands licenses.

For the fiscal year 2009, beginning July 1, 2008 and ending June 30, 2009, the Board acted on 1,896 transactions totaling $10,351,991,385.76.

the tone of a hearing. Proponents and opponents get equal time before the Board. While members normally vote on all issues on the agenda before it, the Board sometimes decides to defer an item for further study.

An overriding theme for the Board of Public Works during the past 12 months has been the State's fiscal condition resulting primarily from a national recession. In response to the need to balance the State budget through cuts, the Board cut $348 million in October 2008, $1.7 million in November 2008, and $82 million in February 2009.

As might be expected, the meetings at which cuts are made are dominated by discussion and questions by Board members about the proposed reductions, presentations by the Governor's cabinet secretaries and public input.

The Board of Public Works, the only constitutionally mandated government body of its type in the nation, provides a public setting for an open, well-publicized review of procurement actions.

The Board of Public Works, the only constitutionally mandated government body of its type in the nation, provides a public setting for an open, well-publicized review of procurement actions. The result is transparency and accountability. In most other states, such decisions are made within executive departments and agencies, away from public scrutiny.

This public review ensures that the procurement process, one sometimes entailing large, expensive contracts with five to 15-year terms, is fair, open, honest and competitive. The procurement process is intended to produce the delivery of projects and services in a cost-effective manner. Board decisions often can hinge on complicated policy and legal considerations.

Many contracts and wetlands licenses can be contentious, creating a situation whereby the meeting takes on

The Treasurer's participation on the Board ensures that the General Assembly has a voice throughout the year in the post-appropriations management of public funds. This "voice" is important to legislators, who frequently express their positions to the Treasurer on Board agenda items.

During the past fiscal year, the following issues, in addition to the budget cuts, were among many that came before the Board of Public Works and generated much discussion:

- Construction of a new residence hall (Oakland Hall) at the University of Maryland College Park
- Construction of the new Rockville District Court House

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Public Works continued from page 5

- Modification of the lease between the Maryland Stadium Authority and the Babe Ruth Birthplace and Sports Legends Museum in Baltimore
- Comprehensive inspection of both spans of the Chesapeake Bay Bridge
- Wetlands license for Fox Creek dredging in Anne Arundel County
- Financial restructuring of the ground lease for Rocky Gap Hotel complex near Cumberland in Allegany County

The Constitutional Convention of 1864 created the Board of Public Works based on predecessor boards dating back to 1825.

- Renovation of Pocomoke and St. Martin resident halls at Salisbury University
- Purchase of the 4,700-acre Foster property in Worcester County
- Purchase of nearly 4,500 acres from the Jesuits in Southern Maryland and Cecil County
- Construction of an Oyster Cultivation Lab at the University of Maryland Center for Environmental Science's Horn Point Lab outside Cambridge in Dorchester County
- Approval of $266.7 million in public school construction
- Approval of a new Administrative Services Organization Contract for the State's Mental Health Administration
- Twenty-year license for operation of a solar farm at the University of Maryland Eastern Shore in Princess Anne in Somerset County
- $4 billion State employee health benefits program

The Constitutional Convention of 1864 created the Board of Public Works based on predecessor boards dating back to 1825. In the mid-19th century, the Board mainly oversaw public work activities such as railroads, canal and bridge companies in which the State had an interest as a stockholder or creditor. Over the years, the Board's duties have expanded as the legislature has increased this unique organization's responsibilities and autonomy.

In a State with a strong governor who proposes the budget and hence sets policy priorities, the legislature can only cut, not increase the budget. The Board of Public Works thus provides a valuable check on executive actions by making sure that final decisions on procurements are transparent and open to public discussion.

Schedule of Selected Financial Data

Collateral Balances as of June 30, 2009

Bank	$455,839,862
Insurance	$109,943,513

Total Investment Portfolio Composition as of June 30, 2009

Repurchase Agreements	$468,549,491
U.S. Treasuries	$895,000
U.S. Government Agencies	$4,208,522,000
Other Investments	$410,866,782
Total Portfolio	$5,088,853,273

Securities Lending Program Activity for the 2009 Fiscal Year

Gross Income	$507,068
Net Income	$380,301

General Obligation Debt Activity for the 2009 Fiscal Year

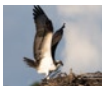
Tax Exempt General Obligation Bond Issuances	$911,363,000
Interest Payments	$278,183,000
Principal Payments	$466,617,000

Local Government Investment Pool Fund

Balance as of June 30, 2009:	$2,759,769,583

State Insurance Trust Fund Balance as of June 30, 2009

Beginning Balance	$35,908,655
Transfers In	$19,048,405
Transfers Out	$(13,672,331)
Less Operating Transfer to General Fund	$(10,000,000)
Ending Balance	$31,284,729



Executive Division

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

- **HOWARD FREEDLANDER**
  Deputy Treasurer for External Affairs
  hfreedlander@treasurer.state.md.us

- **MELISSA MOYE**
  Deputy Treasurer for Financial Policy
  mmoye@treasurer.state.md.us

- **CHARLES STEVENSON**
  Internal Auditor
  cstevenson@treasurer.state.md.us

The Executive Division provides direct support to the Treasurer in the execution of her wide-ranging Constitutional responsibilities. The State Treasurer is responsible for receiving, depositing, investing and distributing State funds, anticipating the monetary needs of the State and, on behalf of the Board of Public Works, conducting bond sales twice a year to ensure the State's financial ability to meet its fiscal obligations. The State Treasurer also provides lease-purchase financing of capital equipment for Stage agencies and handles insurance needs for State government.

The Treasurer serves, along with the Governor and the Comptroller, on the Board of Public Works and as Chair of the State Retirement and Pension System's Board of Trustees, Chair of the Maryland College Savings programs and as a member of the Board of Trustees of the Maryland Supplemental Retirement System. The Treasurer sits on task forces as directed by the General Assembly.

The Executive Division coordinates legislation within the Office, reviewing bills, preparing fiscal notes and written testimony and following the course of bills through the legislative process. The Division is responsible for coordinating any draft legislation to be introduced to the General Assembly with the Legal and Division Directors of the State Treasurer's Office. Each proposed bill requires extensive preparation including a determination of the fiscal and economic impact to the Office, the State and private industry.

Chief Deputy Treasurer

The Chief Deputy Treasurer coordinates and leads the operations of the State Treasurer's Office, including the Banking Services, Debt Management, Insurance, Investment, Information Technology and Administration Divisions. The Chief Deputy Treasurer advises the Treasurer on matters regarding legislative policy, planning, new technologies and long-term operational challenges, opportunities and strategies. Coordination of the State Treasurer's operational functions with other agencies, such as the Comptroller and the Department of Budget and Management, is another responsibility of the Chief Deputy Treasurer.

The Chief Deputy Treasurer works closely with members of the General Assembly and its Standing Committees such as Senate Budget & Taxation and House Appropriations regarding the Office's budget. The Chief Deputy also prepares reports and updates of the Office's progress throughout the year for the Statutory Committees of the House and Senate. These Committees include Spending Affordability, Joint Committee on the Management of Public Funds, Legislative Policy Committee and the Joint Audit Committee; as well as serving as the Treasurer's designee on Task Forces, Commissions and other Committees of the Gereral Assembly as required.

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Deputy Treasurer for External Affairs

The Deputy Treasurer for External Affairs serves as the Treasurer's primary liaison/adviser to the Board of Public Works (BPW), conducting extensive research (including site visits), preparing detailed analyses for the Treasurer for the bi-weekly meetings, working closely with the Treasurer's counsel, representatives of the Governor's, Comptroller's and the Board of Public Works offices and State agency secretaries. As part of the BPW preparation process, the Deputy serves as the primary Legislative Liaison operating a constituent outreach program, sending numerous email notifications to State legislators about upcoming Board actions in their districts, as well as the final decisions.

This position involves representing the Treasurer as a voting designee on the Procurement Advisory Council, the State Retirement and Pension System's administrative committee, the Maryland Agricultural Land Preservation Foundation's Board of Trustees and the Hall of Records Commission. As might be expected, these activities require participation in subcommittees generated by subjects raised on these boards and councils.

Also, the external affairs deputy represents the Treasurer on the Maryland Higher Education Committee when it prepares its State Plan for Higher Education every four years. This position also entails participation on legislative task forces related to procurement, such as the Task Force to Study the procurement of Health and Social Services.

In addition, duties including serving as the Office's public information officer, preparing news releases, responding to queries sent to the Office's website and writing speeches. Public information efforts are particularly active before and after the twice-yearly bond sales.

Deputy Treasurer for Financial Policy

The Deputy Treasurer for Financial Policy provides analysis and advice to the Treasurer in the areas of economics and finance, including the development of best practices in retirement and other benefit financing, business development and analysis of regional and macroeconomic trends in financial markets. Analyses of investment portfolio holdings are completed regularly. The Deputy Treasurer for Financial Policy also analyzes and advises on emerging financial issues, such as clean energy investing, regional and macroeconomics, short- and long-term development in the financial markets and financial literacy and access.

The Deputy Treasurer for Financial Policy supports the Treasurer in her service on State boards and commissions, such as the State Retirement and Pension System Board, Supplemental Retirement Plans Board and their investment-related committees, the General Assembly's Blue Ribbon Commission to Study Health Care Funding (OPEB) and related issues, the Maryland College Savings Plan Board and the Small Business Development Financing Authority. The Deputy Treasurer for Financial Policy also represents the Treasurer at finance-related public events, as required, and on the Financial Literacy Task Force.

Internal Auditor

The Internal Auditor plans, controls, directs and implements a comprehensive annual audit designed to evaluate internal controls, add value, improve operations and minimize risk at the State Treasurer's Office. The Auditor reviews programs, operations, and conducts special projects in accordance with generally accepted auditing standards and all legal statutory requirements. The Auditor helps safeguard assets by minimizing risk and ensuring that the mission, objectives, and key goals of the Office are carried out. The Auditor directs systematic, periodic examinations of the accounts and records of the State Treasurer's Office to provide assurance that appropriate policies and procedures are in place and functioning as intended.

The Internal Auditor also serves as the focal point for all financial, productivity, and compliance audit activities and is the liaison between the State Treasurer's Office and the external auditors, legislative auditors, and federal auditors. The Internal Auditor is responsible for coordinating the response to all audit findings. The Auditor evaluates and monitors the corrective action plans taken to ensure that they are sufficient to resolve the findings and reviews potential problem areas to prevent future audit deficiencies.

Administration Division

JESSICA PAPALEONTI
Director of Budget Management & Accounting
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The primary function of the Administration Division is to supply efficient daily operational and support services to the State Treasurer's Office. The Division is comprised of four Units: Budget Management and Accounting, Human Resources, Procurement and Office Administration.

Budget Management and Accounting

The Budget and Accounting Unit performs all budgeting and accounting functions essential to the daily operation and management of the Sate Treasurer's Office. This Unit is responsible for the formulation, justification and execution of the Office's annual operating budget. As part of the annual budget process, the Unit also calculates and prepares State Insurance Trust Fund annual premiums for all State agencies to be included in the Department of Budget and Management's annual budget instructions.

The general accounting functions of the Unit include the approval and processing of vendor invoices, cash receipt deposits, payroll processing, maintenance of all financial records, fund balance reconciliations, preparation of year-end closing records and the development and implementation of all accounting controls and procedures. In addition, this Unit is responsible for managing the general office supply inventories on behalf of the agency, including centralized ordering and tracking of supplies, ensuring cost efficient purchasing, and providing oversight over supply requests as they relate to necessity and budget availability.

This Unit also carries out essential accounting functions on behalf of the State, including processing timely payments of State debt and quarterly payments under financial agreements related to the Master Lease programs and the Injured Workers' Insurance Fund (IWIF). This includes collection of the yearly IWIF assessments and the transfer of funds from over 150 State agencies and departments. Accounting also collects insurance premiums from all State agencies to fund the State Insurance Trust Fund (SITF) and to cover the purchase of agency specific insurance policies. In addition, this Unit processes all disbursements out of the SITF in the form of agency reimbursements and settlement payments to claimants as requested by the Insurance Division or the Board of Public Works. Finally, working collaboratively with the Banking Services Division, this Unit is responsible for processing agency requests for check reissues, stop payments and recoveries from the State's Unpresented and Undeliverable funds.

Human Resources

The Human Resources (HR) and Personnel Management Unit is an imperative component of the Administration Division. HR is charged with the responsibility of recruitment, classification and compensation, benefits administration, employee relations, personnel database management, State pension and supplemental retirement benefits, performance evaluation, leave accounting, and staff development, all while upholding the State's personnel policies and procedures. In addition to the tasks previously listed, the Unit is also responsible for overseeing compliance with the Americans with Disabilities Act and Maryland's Equal Employment Opportunity law. We work in a dynamic environment where, as the State continues to change, personnel must evolve. These changes bring challenges in the area of staffing. With a limited economy, the Unit manages to attain the highest quality workforce possible, consistently and creatively. We are a staff dedicated to maintaining the integrity of the State Treasurer's Office while

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Administration Division continued from page 10

committed to being a source of information to fulfill the ever-changing needs of our employees.

We are a staff dedicated to maintaining the integrity of the State Treasurer's Office while committed to being a source of information to fulfill the ever-changing needs of our employees.

The State Treasurer's Office retained 63 permanent positions at the end of fiscal year 2009, assigned as follows:

- Executive Division – 7
- Administration Division – 8
- Banking Services Division – 14
- Debt Management – 3
- Information Technology Division – 7
- Insurance Division – 13
- Investment Division – 2
- Legal Division – 9

Procurement

Section 12-107(b)(1) of the State Finance and Procurement Article, Annotated Code of Maryland, designates the Treasurer as the primary procurement authority for all banking and financial services and insurance services. A wide range of financial services are procured for the Office, as well as for State agencies, including banking services, financial advisors, electronic bidding, underwriters, arbitrage rebate compliance consultants, lease financing firms, and broker services for insurance coverages.

The Office solicited financial institutions and received six responses in July to participate in a Linked Deposit program with the intended purpose of stimulating opportunities for certified minority business enterprises by providing these businesses with discounted interest rate loans from participating financial institutions through the Maryland Department of Housing and Community Development.

Throughout the year, eight Broker Services Contracts were awarded to supply the State with insurance coverage to provide marketing of the accounts, present the Office with competitive quotes and recommendations, place coverage, and service the policies during the year. In August 2008, the Office awarded Agency Bank Account Contracts to 20 national and regional banks for banking services for agency operating accounts located throughout Maryland. Five underwriting firms received awards to act as senior managers to rotate services as book running senior manager and to six additional underwriting firms to act in the capacity as co-managers to assist the Office and its financing team in negotiating the sale and issuance of General Obligation bonds to retail investors. A contract award in May, 2009 will provide investment and administrative services for participants of the Maryland Local Government Investment Pool ("MLGIP"). The MLGIP consists of the aggregate of all funds from local governments that are placed in the custody of the State and any funds of the State that are placed in the MLGIP by the Treasurer, for investment and reinvestment.

Banking Services Division

GREGORY P. SABA
Director
gsaba@treasurer.state.md.us

The Treasurer's authority as the Constitutional Officer responsible for the deposit and disbursement of State funds is found under 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.

The Banking Services Division (BSD) is directly responsible for managing the banking needs for all agencies of the State. 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 for vendor payments, payroll, and income tax refunds. The BSD strongly encourages the use of electronic transactions to increase efficiencies in the payment processes.
- Lockbox services
- Merchant account services (credit and debit card receipts)
- Contracts for agency working fund, trust, and escrow accounts
- Procurement and contracts for all other agency banking needs

A key responsibility of the Banking Services Division of the Maryland State Treasurer's Office is the accurate and timely recordation of State funds, and the reconciliation of the State's bank accounts to the State's R*STARS accounting system. The Division must account for the receipt of all warranted deposits and the disbursement of all warranted payments. The Division's comprehensive daily cash reconciliation allows the Treasurer's Office to be proactive in identifying and solving agency banking issues. As volume and transaction numbers increase, the processes and controls developed by the Banking Division continue to result in a timely, accurate, and completely documented reconciliation of the State's cash accounts. Maintaining pace with changes in the banking environment also necessitates continual refinement of the reconciliation processes and ensures maximum efficiency in the balancing of bank information and the R*STARS accounting system.

In addition, the BSD performs daily operation functions on behalf of State agencies critical to the movement of funds into and out of the State's bank accounts. These include:

- Processing the drawdown of funds from Federal programs and grants
- Initiating FedWire payments
- Initiating and managing foreign currency transactions
- Processing check stop payments, cancellations, and reissues as well as requests for photocopies of paid checks
- Providing transaction research assistance to State agencies
- Managing the Unpresented Check Fund and the Undeliverable Check Fund
- Processing of all bank adjustments

Collateralization

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

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Banking Services Division continued from page 12

TOTAL RECEIPTS AND DISBURSEMENTS FISCAL YEAR 2009

Receipts:		Disbursements:	
July-08	$8,254,964,822.24	July-08	$8,851,526,902.25
August-08	$7,601,214,505.60	August-08	$6,578,457,456.23
September-08	$9,000,142,775.95	September-08	$9,960,410,622.67
October-08	$9,343,311,356.48	October-08	$8,537,462,570.51
November-08	$6,503,380,673.74	November-08	$8,732,885,348.51
December-08	$13,447,891,944.00	December-08	$11,225,814,203.86
January-09	$10,004,264,401.16	January-09	$11,069,423,702.00
February-09	$10,956,021,624.91	February-09	$11,013,843,952.54
March-09	$11,240,849,656.58	March-09	$10,751,909,210.43
April-09	$9,480,301,396.23	April-09	$9,138,353,718.54
May-09	$8,414,624,540.31	May-09	$9,774,705,876.68
June-09	$11,752,308,888.07	June-09	$10,086,696,638.34
Total Receipts Fiscal Year 2009	**$115,999,276,585.27**	**Total Disbursements** Fiscal Year 2009	**$115,721,490,202.56**

must have collateral pledged to the State that equals or exceeds the amount on deposit not covered by the Federal Deposit Insurance Corporation. A third party custodian must hold the posted collateral. All pledged collateral must be approved by the Treasurer.

The Banking Services Division is responsible for monitoring collateralization for the State's main depository and disbursement accounts as well as over 1200 registered agency working fund accounts, many of which are used for trust and escrow account services. Financial institutions must submit a monthly report to the Treasurer noting the highest collected balance in each State account, describing the collateral posted and the name of the custodian holding the collateral. Custodians are also required to report the name of the institution for which the collateral is being held and the amount. The reported data is entered into an automated collateral monitoring system, which is audited to ensure that the pledged collateral is sufficient to cover the applicable bank balances. If the collateral is insufficient, the institution is required to increase the collateral. The collateral reported by the custodian must match the collateral reported by the financial institution.

Whenever an institution deposits, substitutes or withdraws pledged collateral, it must submit a written request for approval by the State Treasurer's Office. The State then prices all of the collateral in question, and if the collateral is sufficient to cover the account balances, approves the transaction.

The collateral balance for all State bank accounts on June 30, 2009, was $455,839,862.

Automation

The Treasurer's Office strongly encourages State agencies to accept electronic payments and continues to work with agencies expressing interest in the use of these payment methods. The Internet purchase of goods and services provided by State agencies is also increasing. We continue to be actively involved in enhancing the revenue collection process in many agencies, including credit card acceptance for several Boards within the Department of Health and Mental Hygiene (DHMH) as well as for parking fee collection by The Maryland Port Authority at the cruise ship terminals. We also worked with DHMH

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Banking Division continued from page 13

to create an efficient method of collecting nursing home assessments through the use of lockbox services.

The Banking Division worked with Towson University to implement the use of student ID's for off campus purchasing from local merchants. We also worked jointly with the Department of Labor Licensing and Regulation for the procurement of stored value cards for unemployment benefits. Unemployment checks were replaced with prepaid cards beginning last fall, at no cost to the State. The cards reduce the inefficiencies inherent with check issuance and provide unemployment recipients with a quick, secure and convenient method to access their benefits. We remain committed to enthusiastically working with agencies to develop and strengthen their internal processes.

Mission of the Banking Services Division

- Manage and control banking relationships for all banking needs for the State of Maryland;
- Anticipate agency needs and respond timely to agency requests;
- Ensure the accurate, timely, and fully documented reconciliation of the State's bank accounts to the State's R*STARS accounting system;
- Ensure the accurate and timely processing of agency monetary transactions and their recordation in the State's R*STARS general ledger;
- Ensure protection of State funds on deposit through monitoring of account and collateral balances;
- Serve as the State's authority for the development, control, and maintenance of Statewide policies and procedures for banking products and services.

It is the overall mission of the Banking Services Division to provide efficient, accurate, and timely banking services to all State agencies and external customers.

Long Term Strategy

Banking Services has been enhancing current processes to standardize data repository and reconciliation information to ensure maximum flexibility and control in the event of a disaster or change in bank vendors.

The Banking Services Division strives to remain at the forefront of the constant changes in banking products and services offered. The Division will continue to explore new financial products and improved data delivery methods that will increase its capabilities to provide efficient cost-saving banking services to State agencies in response to operating agency and taxpayer needs. In addition, the Division must anticipate the State's future banking needs to maintain its capacity to contain costs while accommodating for the growth, diversity, and complexity of banking transactions.

Debt Management Division

PATTI KONRAD
Director
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As a member of the Board of Public Works, the Treasurer has the lead role in the Board's activities relating to the issuance and oversight of State debt and 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

General Obligation debt, which has the pledge of the full faith and credit of 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. 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.

The State's General Obligation bonds have been assigned the highest credit rating by Moody's Investors Service, Inc. (Aaa), Standard and Poor's (AAA) and Fitch Ratings, Inc. (AAA). One of only seven states in the nation to hold a Triple-A credit rating from all three major credit rating agencies, Maryland's low interest rates are attributable to these superior ratings.

The Treasurer recommends the size, timing, and terms of sale of General Obligation bonds. This entails periodic analysis and surveys to determine the monthly cash balances of bond proceeds and to project anticipated cash needs of State agencies and grantees for authorized capital projects. In recent years, the State has held sales semi-annually. 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 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 Treasurer's Office. Final pricing is incorporated in the Bond Purchase Agreement which must also be approved at a Board of Public Works meeting.

The State's General Obligation bonds have been assigned the highest credit rating by Moody's Investors Service, Inc. (Aaa), Standard and Poor's (AAA) and Fitch Ratings, Inc. (AAA).

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.

General Obligation Bond Issues in Fiscal Year 2009

There were three General Obligation bond sales in fiscal year 2009 totaling $911.4 million. The 2008 Second

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Debt Management Division continued from page 15

Series sale was a competitive sale totaling $415.0 million held on July 16, 2008. Qualified Zone Academy Bonds (QZAB) in the amount of $5.6 million sold on December 1, 2008.

The third and final sale in fiscal year 2009 occurred in late February and early March 2009, when the State sold $490.8 million of 2009 First Series Bonds. The State accessed the retail market for the first time when it sold the 2009 First Series A & B bonds in a negotiated sale.

Traditionally the State had sold its bonds in competitive sales and the winning bidders primarily sold the bonds to large institutional buyers such as mutual funds and insurance companies. Consequently, there were very few bonds that were available to Maryland citizens.

In the 2009 First Series sale, the State offered first priority to Maryland citizens by having a negotiated sale with a retail order period prior to a competitive sale. Retail customers are defined as individuals, bank trust departments, or investment advisors. To notify the retail market of the sale, the State developed a website (www.buymarylandbonds.com) and placed newspaper ads.

Market conditions were very favorable for high quality and highly rated bonds like Maryland General Obligation bonds throughout fiscal year 2009, especially for the 2009 First Series Bonds. The overall TIC of 3.523% on the 2009 First Series A & C bonds was the lowest on new money issues in at least twenty years. The TIC of 1.507% on the 2009 First Series B refunding bonds was quite low because these refunding bonds fully mature in fiscal years 2011 and 2012 while Series A and Series C have maturities from 2012 through 2024. When the State refunded higher rate bonds in the Series B refunding, it realized $2.9 million in present value debt service savings.

SUMMARY OF FISCAL YEAR 2009 ISSUES

New Money Issuances				
Series	**Dates of Sales**	**Tax-Eempt Competitive** *(Institutional)*	**Tax-Exempt Negotiated** *(Retail)*	**Overall Tax-Exempt TIC**
2008 Second Series	07/16/2008	$415.0 million		3.857%
2008 QZAB	12/01/2008	$5.6 million		*
2009 First Series A&C	02/27/2009 03/02/2009 03/04/2009	$199.2 million	$225.8 million	3.523%
Refunding Bonds				
2009 First Series B	2/27/2009 03/02/2009		$65.8 million	1.507%

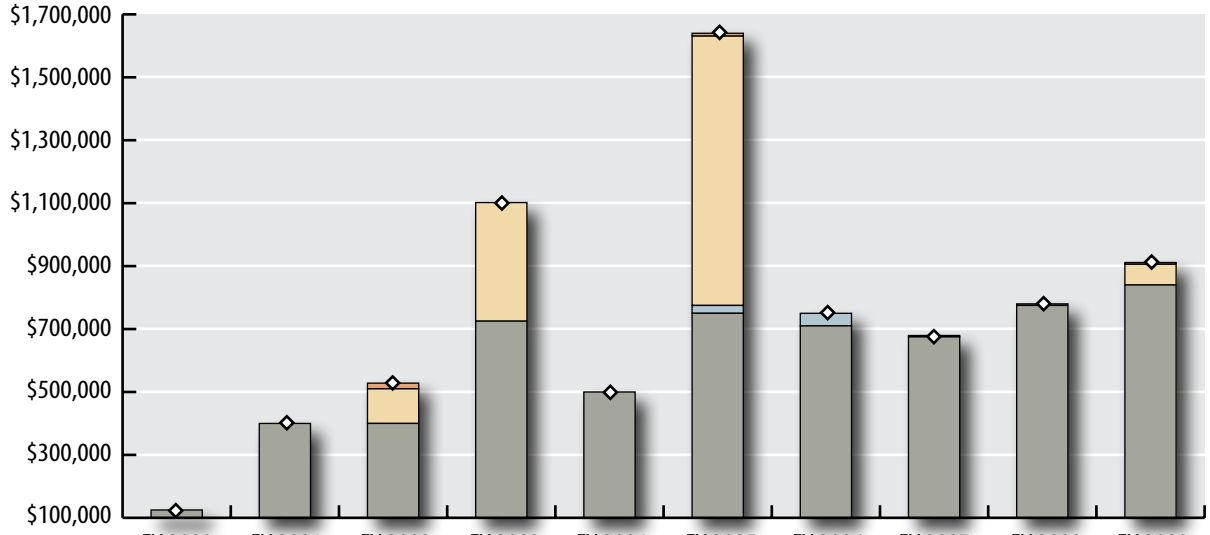
* *The 2008 Qualified Zone Academy Bonds (QZAB) are special, federally-authorized tax-credit bonds which allow QZAB purchasers to receive federal income tax credits. In addition, the State will pay the purchaser a 1.6% supplemental coupon.*

Continued on page 17

Debt Management Division continued from page 16

STATE OF MARYLAND ISSUANCES OF GENERAL OBLIGATION BONDS

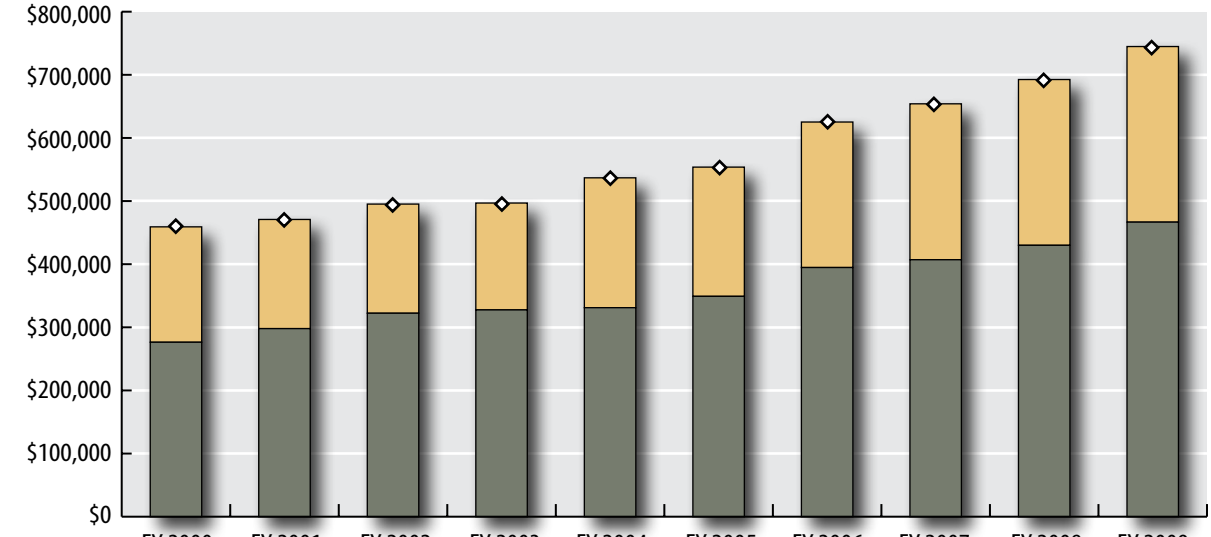
Fiscal Years 2000-2009



	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
QZAB			$18,098			$9,043		$4,378	$4,986	$5,563
Refunding			$109,935	$376,950		$855,840				$65,800
Taxable						$25,000	$40,000			
Tax Exempt	$125,000	$400,000	$400,000	$725,000	$500,000	$750,000	$710,000	$675,000	$775,000	$840,000
TOTAL	$125,000	$400,000	$528,033	$1,101,950	$500,000	$1,639,883	$750,000	$679,378	$779,986	$911,363

STATE OF MARYLAND GENERAL OBLIGATION BONDS DEBT SERVICE

Fiscal Years 2000-2009



	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Interest	$182,803	$172,901	$172,897	$169,287	$205,716	$204,715	$230,474	$246,981	$262,610	$278,183
Principal	$276,354	$297,966	$322,320	$327,583	$331,103	$349,068	$394,733	$407,073	$429,929	$466,617
TOTAL	$459,156	$470,868	$495,217	$496,870	$536,819	$553,783	$625,208	$654,055	$692,539	$744,799

Note: Debt Service also includes sinking fund payments on QZAB bonds.

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Debt Management Division continued from page 17

Capital Lease Financing

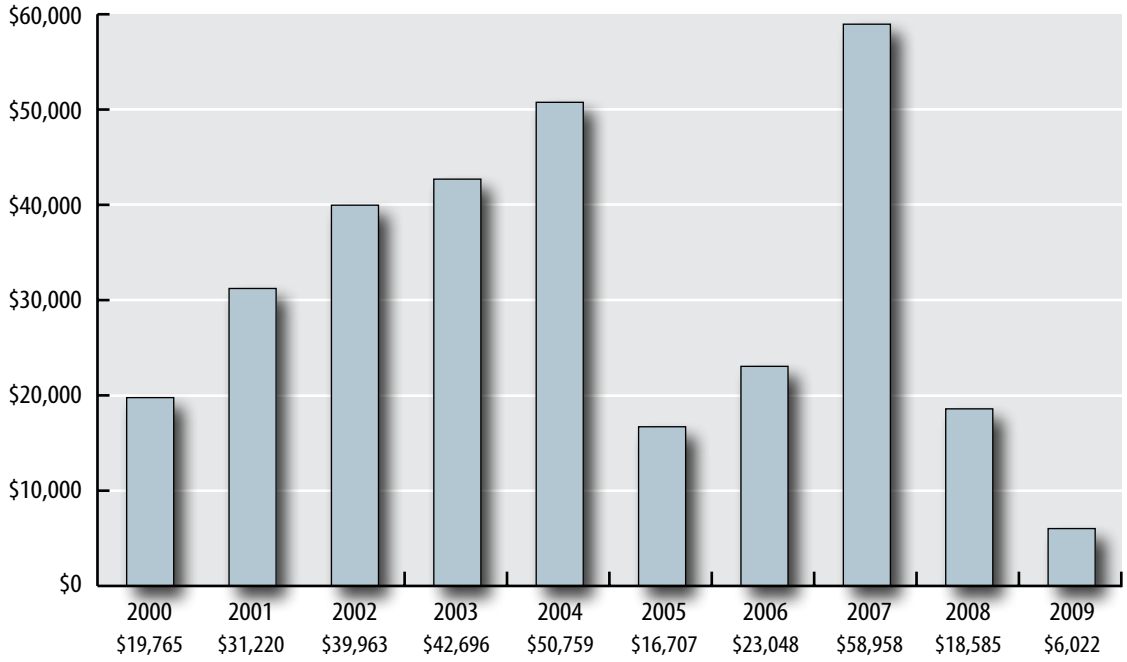
Equipment Leases

The State Treasurer's Office provides financing for equipment, generally for terms of three or five years, for State agencies using the Capital Lease-Purchase Program. Periodically the Office procures a Lessor, who finances equipment monthly that meets the Lease Purchase Financing Guidelines established by the Office. The Lessor is paid semi-annually (January 1 and July 1) from funds transferred at the beginning of each fiscal year from the using agencies.

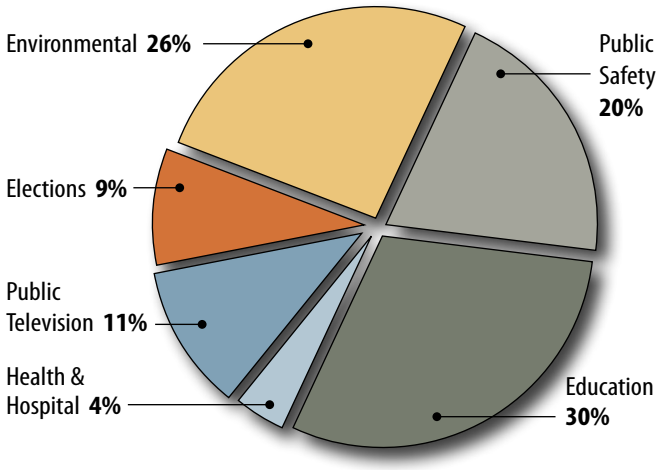
During fiscal year 2009, State agencies financed $6.0 million of equipment under various Master Lease–Purchase Agreements (See the following charts).

MASTER EQUIPMENT LEASE – PURCHASE FINANCING HISTORY

Fiscal Years 2000-2009

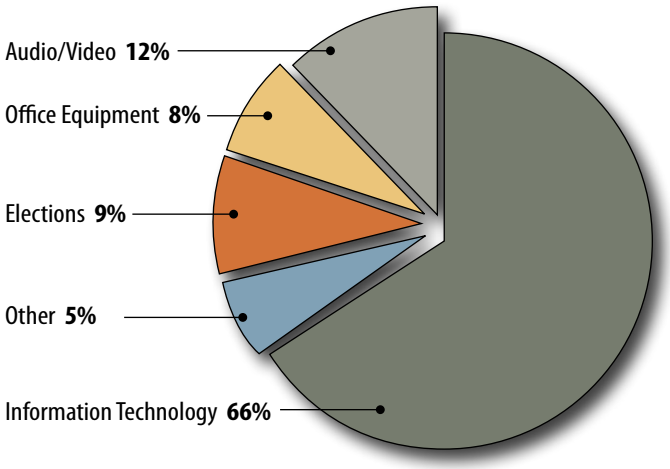


GOVERNMENT USE – FISCAL 2009



EQUIPMENT CLASSIFICATION – FISCAL 2009

Master Equipment Lease-Purchase Financing



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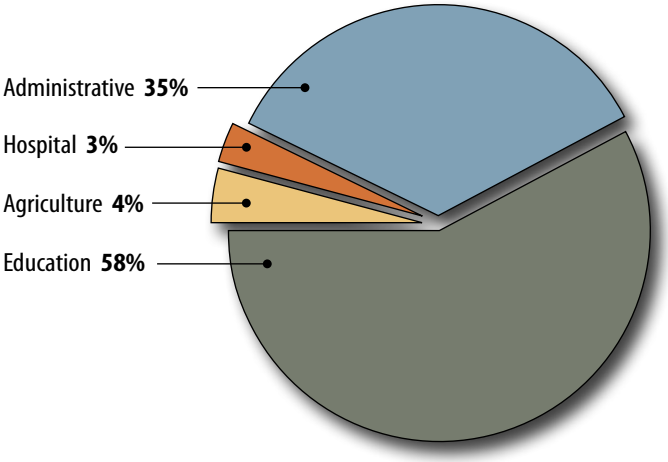
Debt Management Division continued from page 18

Energy Leases

The Office provides financing for energy efficiencies, generally for terms of 13, 14 or 15 years, for State agencies. Using the Energy Performance Lease-Purchase Program, the Office procures a lessor, who is paid semi-annually (January 1 and July 1) from funds transferred at the beginning of each fiscal year from the using agencies. The savings from the Energy Performance Contracts are used to make the lease payments.

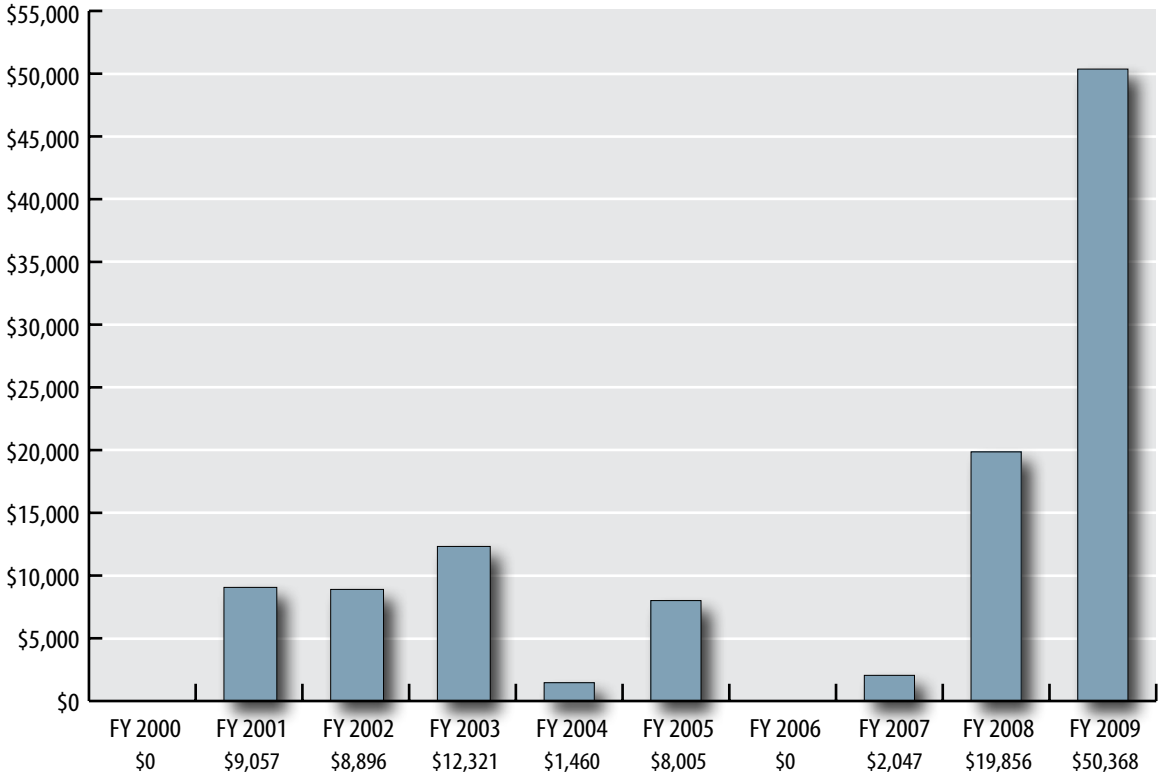
During fiscal year 2009, State agencies financed $56.4 million of energy efficiencies under the 2007 Energy Performance Lease-Purchase Agreement. The history of the Energy Lease-Purchase Program for the last ten years is depicted in the following chart:

GOVERNMENT USE – ENERGY LEASES



ENERGY PERFORMANCE LEASE – PURCHASE FINANCING HISTORY

Fiscal Years 2000-2009



Information Technology Division

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The Treasurer's Office currently disburses over seven million payments totaling over $100 billion.

The Information Technology Division (IT) provides a platform of integrated systems to support the State Treasurer's Office operations. The Treasurer's Office currently disburses over seven million payments totaling over $100 billion. The Division receives Automated Clearing House (ACH) deposit transactions from the State's depository bank and posts those general ledger entries of electronic and printed check payments to the State's accounting system. These deposits total over $100 billion per year. The Division also sends an automated fax detailing the deposits to all State agencies. The Office recently upgraded to a faster automated fax system that has an email option that we will offer in the near future. The reporting process has also been expanded to offer State agencies an automated data transmission file of these transactions for posting to their proprietary systems for their reconciliation process. The Division provides electronic funds transfer, check printing, positive pay and account reconciliation process services for the Comptroller's Office's General Accounting Division, Revenue Division and Central Payroll Bureau, the State Retirement System, as well as the Department of Human Resources' (DHR) Child Support & CARES.

The Division provides all of these systems on an IBM i5 midrange platform that is utilized by the Administration, Accounting, Banking and Insurance Divisions. The Division also supports network based database applications in Administration, Banking, Debt Management, Investment and Insurance Divisions to ensure that industry standard hardware and software is provided to the agency staff. The platforms and services provided include, but are not limited to: local area networking, internet access, email, application development, website management, software evaluation, data communications, training, technical assistance and other technology services to all Divisions in the State Treasurer's Office.

Payment Processing

Payment processing services include the electronic retrieval of warranted check disbursement files that feed a high speed customized check printing process for the Comptroller's General Accounting Division, Revenue Division, Retirement as well as for DHR's Child Support & CARES. The Division provides for a unique agency check design, signature, MICR encoding and the delivery of an electronic positive pay file to our disbursement bank.

The main processing system is an IBM i5 eServer midrange computer, which uses advanced function printing to create each printed document. Therefore, the Office has developed a payment processing system that

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Information Technology Division continued from page 20

is flexible enough to allow the Treasurer to make payments for any agency in the State using MICR encoding, signatures and agency or bank logos on secure check stock. The use of secure paper stock precludes the need to maintain preprinted checks for each account. The system also is protected with several security features to eliminate or detect forgery or fraud.

The checks are printed by presorted zip codes in order to comply with the State's presort vendor requirements that lower postage expense. Control transfer reporting is in place with the General Accounting Division's mailroom service group, who cut and insert the checks into envelopes prior to pickup by the State's presort vendor.

The Division is currently testing the use of smaller MICR printers that will print expedited checks faster and at a lower cost. The smaller MICR printers will also be integrated into the Treasurer's Office contingency plan as alternative check printing devices.

The State Treasurer's Office, like many agencies in the State, has recognized the need to support, where possible, movement away from paper checks over to electronic funds transfer.

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 over to electronic funds transfer. The State Treasurer, however, is ultimately responsible for all disbursements made by the State and must transmit these EFT's in a standard format. Electronic payments and direct deposits are run through a conversion program that transforms the agency's payment information into a CCD+, CTX or Electronic Data Interchange format (EDI). Payments are sent in these formats to the State disbursement bank, which then forwards them to the Federal Reserve's Automated Clearing House. The payment can then be deposited to any payee's bank account in the country. The IT Division, along with the Banking Services Division, encourages the use of the more detailed Electronic Data Interchange, or EDI, payment method and has supported the growth of this method of payment.

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, most 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.

Agencies without direct access to the State's depository bank use the FDGS phone transfer system to allow them to transfer their deposits made at local banks that are affiliated with the State's depository bank. Funds are electronically transferred from the local bank to the State's main account at the depository bank. The system's ability is limited only by what information can be passed through the Federal Reserve's ACH system.

Bank Reconciliation

Enhancements to the banking reconciliation system and new programming has focused upon streamlining the ACH processing, wires, charge backs and data quality controls on vendor, tax and the State's general ledger source files. The IT Division has worked with the Banking Services Division to enhance the reporting and processing of Unpresented Checks, Data Validation and Issued/Reissued Payroll Checks.

The Division is continuing the partnership with both the Banking Services Division and the State's depository bank to accommodate improved transaction processing at a more sophisticated level and accurate settlement date reporting of ACH Deposits. The efforts made by the Office's Banking Services Division in coordination with the IT Division provide the State of Maryland with an even more timely and accurate balance of State funds held at the bank.

Management of an automated report archive process has continued. Critical paper reports are now automatically stored electronically on the i5 system permitting quick retrieval for accounting and audit research and avoiding the need to generate unnecessary paper output.

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Information Technology Division continued from page 21

Automation Initiatives and Technology Support

Agency ACH Deposit Reports

The IT Division has continued its growth of agencies utilizing the new programming that enables electronic delivery of an R*STARS agency ACH deposit report file to the agency. The file can then be incorporated into an agency's automated reconciliation.

Contingency Planning

There is a nightly synchronization and lockdown of data and programs from our Production System to our Development System. This effort provides the State Treasurer's Office with a significantly shorter recovery time should the production system experience a hardware failure. The IT Division has also acquired new hardware to serve as a contingent platform for the State Treasurer's Office at an off-site location.

A backup is executed daily and there is off-site storage of all our systems. If a contingency were declared and access to ADC was interrupted, the Division, with the assistance of the Annapolis Data Center (ADC) has a daily process to write all of the disbursement files to tape. There is a tape backup device compatible with ADC which enables IT to read the daily disbursement and reference files at the STO contingency site. We will be conducting off-site tests of our contingency plan this year.

We have been conducting multiple disaster recovery tests with the Central Payroll Division (CPB). The disaster recovery tests have proven that if CPB were to relocate to its disaster recovery site, the Office would be able to ensure that payroll direct deposits would be maintained for regular State, University of Maryland, and contractual employees.

Secure File Transmissions

The Division has continued its rollout of the new file transmission software. The software is an industry standard software package that is widely used on mainframe systems including the State's mainframe and financial services institutions. The software permits point-to-point transmission of data in an encrypted format. Ninety-nine percent of our asynchronous transmissions have been converted over to IP-based encrypted transmissions. Transmission times have been reduced 90% while increasing the security of the data. The new file transmission software enables the IT Division to transmit and receive production data files from the State's mainframe as well as the State's disbursement and depository banks.

A contingency plan for financial services transmission is in place and allows for an automated rerouting to the banks' contingency bank systems if their primary bank systems were to fail.

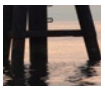
Server Management

The Division has continued to enhance and maintain our recently installed server hardware, network switches, firewall and remote network access. The recently upgraded hardware hosts our file and print services, website, current in-house applications and future database application enhancements to be introduced into the Office's Banking, Administration and Insurance systems. We have upgraded desktop PC's and notebooks as part of our normal replacement cycle. Several new workgroup and desktop printers were also rolled out, resulting in faster printer and lowered energy usage.

The Division continues to upgrade and support the current releases of server operating systems, applications, virus and spam protection and server management utilities.

The Division continues to upgrade and support the current releases of server operating systems, applications, virus and spam protection and server management utilities. This has allowed for better control over network resources, greater uptime for users and has enhanced the fault tolerance and dependability of the entire network. This standardization to current releases of Microsoft software and operating systems has provided the Office with greater flexibility to acquire and implement desktop and network management solutions such as State-governed password policies, automated Virus Scan database updates and software administration.

Insurance Division



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The Insurance Division in responsible for administering the State's Insurance Program which is comprised of both commercial and self-insurance. Commercial insurance policies are procured to cover catastrophic property and liability losses, and other obligations derived from State contracts, statutes and regulations. Among the several exposures covered by commercial policies are State maintained toll bridges and tunnels, rail operations, assorted professional liability exposures and student athlete accidents. The State also 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: Loss Prevention, Underwriting and Claims. The Division's goal is to provide statewide risk management through loss control (Loss Prevention), loss protection (Underwriting) and loss restoration (Claims).

Loss Prevention

The aim of loss prevention is to help State agencies develop specific action plans and safety practices to mitigate or eliminate State agencies' most frequent or severe sources of preventable losses.

Annually, the Loss Prevention Unit conducts a comprehensive review of numerous State agencies' loss histories to identify problem areas and to help agencies with high severity claims and/or frequency take corrective measures. These efforts are expected to significantly reduce the loss frequency and the severity of damage sustained to State-owned buildings and contents.

This year Loss Prevention met with the University of Maryland College Park to discuss their five-year trends and the action plans implemented by the University to curtail frequency and severity of losses. Initiatives for loss prevention were developed to further reduce the incidence of losses.

A review of the portfolio of loss control services offered by our commercial insurance broker partners is underway to broaden the scope of services available to State agencies. Outreach activities to promote the use of these services and to solicit participation from State agencies are ongoing. Thus far, Coppin State University has received loss control services for Aerial Infrared Testing of its roofing system. In that case, an aerial inspection of their roofing systems was performed to accurately pinpoint where moisture was penetrating their structures. The purpose of this testing is to indicate roofing failures before there are visible signs, structural damage or business interruption. With the results of this analysis, the University can significantly extend the life of its roofing structures while reducing maintenance expenditures and potential property-related claims.

The Loss Prevention Unit solicited participation from the Maryland State Police Aviation Command for use of loss control services and was able to provide an assessment of the Aviation Command's safety program and a path forward to a complete Safety Management System.

State agencies invested approximately $100,000 to implement recommendations noted in Boiler and Machinery Survey Reports, which reduced the potential loss exposure from $1,615,500 to $60,000 by implementing preventive maintenance recommendations.

This year, Loss Prevention also instituted procedures to ensure compliance with the mandatory Medicare claim reporting requirements of Section 111 of the Medicare and Medicaid and SCHIP Extension Act of 2007. The Insurance Division will report to the Centers for Medicare and Medicaid Services (CMS), the identity

Continued on page 24

Insurance Division continued from page 23

of any Medicare beneficiary whose illness, injury, incident or accident was at issue when a claim was resolved through a settlement, judgment, award, or other payment, to enable CMS to make appropriate determinations concerning the coordination of benefits, including any applicable recovery claim. The reporting requirements apply to the State Insurance Trust Fund and claims administered by the Injured Workers Insurance Fund.

Underwriting

The goal 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 Unit analyzes commercial coverage offerings, prices, limits and deductibles and then recommends to the Treasurer the combination that best protects the State of Maryland's assets.

This year the Underwriting Unit secured the State's blanket excess property coverage with a 7% rate reduction. It included a "Green Endorsement" that elevates the claim payment for the cost to repair or replace covered damaged property to include an "upgrade to green" up to a maximum of $5,000,000 subject to the policy limit. This may include Energy Star appliances, Greenguard Indoor Air Quality Certified furniture and seating, lower emission and sustainably produced interior wood, carpet and flooring.

The Unit also requested benchmarking information on the limit of liability for out-of- State med-evac operations during the renewal of State-owned aircraft policy. Based upon our review of the benchmarking information, we more than doubled the limit of liability on the State-owned aircraft renewal for an additional premium of $50,500. The Unit procured the renewal policy for the Maryland Transportation Authority's specified bridges and tunnels liability with a $2,000,000 reduction in the deductible, a $50,000,000 increase in the limit of liability, and with an annual premium and broker fee savings of $88,099. The airport liability renewal for the Maryland Aviation Administration maintained all of the expiring coverages, and the premium was reduced over $320,000, more than a 36% rate reduction.

The Underwriting Unit continued its outreach efforts to State agencies for a variety of reasons, including the Maryland Fire and Rescue Institute, St. Mary's College of Maryland, the Department of Human Resources, the Maryland Port Administration, the Maryland Aviation Administration, the University of Maryland at Baltimore, and the Department of Housing and Community Development. Meetings and location tours were held at agency requests, carrier requests, and to introduce new carriers or brokers to specific State agencies when needed. The Underwriting Unit continues to serve as a resource for all State agencies for their insurance questions or concerns.

As part of its mission to manage the State's insurance needs, the Underwriting Unit conducts an annual insurance survey to gather data on State exposures. The Unit continued to streamline the process for State agencies this year by simplifying the auto insurance survey form. The collected data is used to purchase commercial insurance policies and as a component for setting self-insurance premiums.

Claims and Litigation

The Insurance Division's Claims staff is a dedicated group of Insurance professionals with over 100 years of collective experience in the State Treasurer's Office and over 100 years of collective experience in the insurance industry.

Performance Goals

The Unit is responsible for investigating and resolving claims for damage to State-owned property as well as for tort claims for property damage and/or personal injury to third-party claimants. Where commercial insurance has been procured for a risk, the Claims Unit is responsible for reporting the loss to the insurance carrier in a timely fashion and for ensuring that the carrier properly resolves the claim.

The Claims Unit strives to provide unparalleled customer service to its internal and external customers by carefully evaluating and appropriately resolving every claim in the shortest time possible. If the Claims Unit fails to respond to a tort claim that meets the requirements set forth under the Maryland Tort Claims

Continued on page 25

Insurance Division continued from page 24

Act within six months, the claimant may file suit. The majority of the tort claims filed with the Treasurer are resolved within the six month period or after all of the appropriate documentation has been submitted. In other instances, the adjuster may determine that the facts are in dispute, in which case the claim is denied. The Unit received 3,380 claims in FY09 and resolved 4,462 claims in the same year. This exceeded the Unit's production goal of a 1:1 closing ratio by 15 percent.

Since approximately 20 percent of the Unit's tort claims arise from road hazard and negligent road design allegations, a sub-unit of adjusters has been dedicated to the handling of these types of claims. This arrangement ensures that communication between the adjusters and the two agencies primarily responsible for highway and road maintenance, SHA and MdTA, is vigilantly maintained. This arrangement also ensures that these claims receive a fair and timely response. Over 70 percent of road hazard claims filed with the Treasurer are resolved in less than two weeks.

Litigation

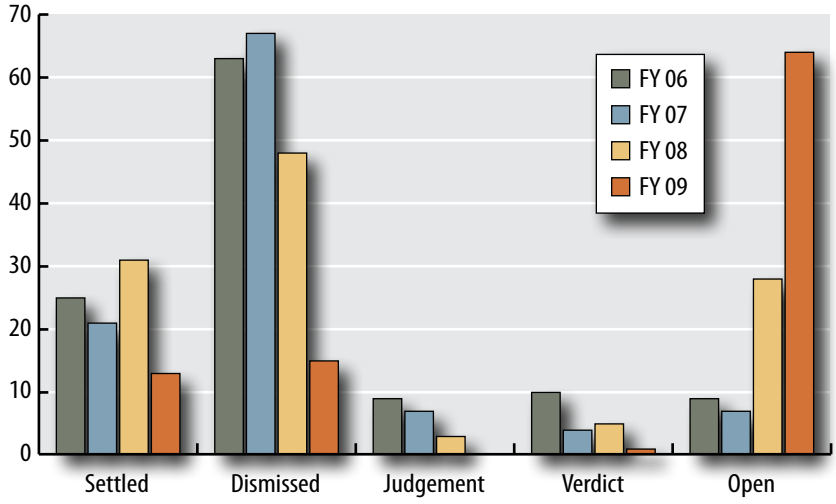
Occasionally claims are resolved through litigation. The Litigation Manager is responsible for developing and implementing a comprehensive litigation plan for all tort claims in litigation. The Litigation Manager works closely with the Office of the Attorney General to proactively resolve these matters by investigating and evaluating cases, providing settlement authority or when necessary, by briefing the Insurance Review Committee on high dollar value settlements, and by attending settlement conferences and other court mandated activities. The Litigation Manager also works closely with the claims adjusters to provide feedback on investigations conducted by the adjuster. The Litigation Manager may also brief an adjuster on the status of certain litigation claims of interest.

On average, the Litigation Unit receives 108 suits each year. Since FY06, the State Treasurer received 430 notices of suit. Of the cases closed, 28 % were settled; 60% were dismissed; judgments and defense verdicts accounted for 6% each.

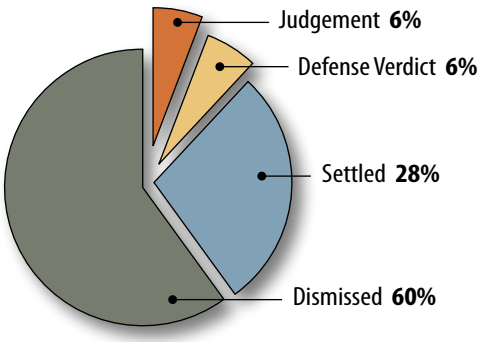
CASE DISPOSITION

Fiscal Year Case Served	Settled	Dismissed	Judgement	Defense Verdict	Open	TOTAL SERVED
FY06	25	63	9	10	9	116
FY07	21	67	7	4	7	106
FY08	31	48	3	5	28	115
FY09	13	15	0	1	64	93
Total Served as of 6.30.09	**90**	**193**	**19**	**20**	**108**	430

DISPOSITION OF LITIGATED CLAIMS



DISPOSITION OF CLOSED CASES FY06 TO FY09



Investment Division

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Director
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This fiscal year witnessed an unprecedented effort by the governments of the World to prevent and then to minimize a worldwide recession/depression. The U.S. government alone contributed 1.3 trillion dollars to the effort. The Government Sponsored Entities (GSEs), Federal National Mortgage Association (Fannie Mae) and Federal Home Loan Mortgage Corporation (Freddie Mac) were placed in conservatorship. The Federal Deposit Insurance Corporation (FDIC) expanded its insurance of bank deposits in an effort to stabilize the banking industry. In spite of the FDIC's best efforts, 67 U. S. banks failed during the fiscal year. The federal government passed a 700 billion dollar economic stimulus program. Iceland became insolvent due to the crisis and had to be bailed out. The automotive companies required government assistance. The Maddoff ponzi scheme came to an end, the largest fraud in financial history, estimated at 50 billion dollars. Treasury bill rates turned negative for the first time in history. January brought a new administration to Washington and new hope for the future. However, the recession was deepening around the world and blame was being placed squarely on Wall Street greed. The Dow Jones Industrial Average began the fiscal year at 11,215, bottomed on March 9th at 6,547, and only recovered to 8,447 by the end of June. General Motors declared bankruptcy. The unemployment rate approached double digits at 9.4%. The U. S. savings rate jumped to 6.9% due to the severe lack of consumer confidence. Fiscal year 2009 was not for the faint of heart!

Through it all, the Investment Division continued to invest in accordance with established laws, policies and procedures. Section §6-222 of the State Finance and Procurement Article governs the investment of the State's unexpended or surplus money. Furthermore, the State Treasurer's Investment Policy provides additional guidance for investments. The conservative stance of the Office may have limited interest earnings but it insured safety of principal invested. This year proved the prescience of Will Rogers when he said, "I'm not as concerned about the return ON my money as the return OF my money."

The Investment Division primarily invests the cash balances that are temporarily idle between the time revenue is collected and the time budgeted amounts are disbursed. The Division is also responsible for a number of longer-term investment activities associated with the purchase of 20-year development easements on agricultural land and the payment of lottery prizes over 19-year periods. The Division manages the investment of General Obligation bond proceeds and also directs the short-term and long-term investments of a number of trustee accounts under State agency revenue bond indentures.

The Investment Division is not responsible for the investment and management of all funds. Other State agencies are responsible for the State's pension funds, the insurance reserves of the Maryland Automobile Insurance Fund, the Injured Workers Insurance Fund, the College Savings Program and certain endowment funds at public colleges and universities.

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.

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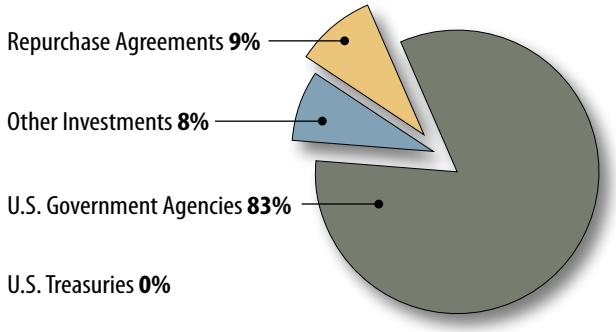
Investment Division continued from page 26

PORTFOLIO COMPOSITION AT JUNE 30, 2009

Investment Type	Dollar Amount
Repurchase Agreements	468,549,491
U.S. Treasuries	895,000
U.S. Government Agencies	4,208,522,000
Other Investments	410,886,782
Total Portfolio	5,088,853,273



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 102% by those securities, first tier money market mutual funds and limited amounts of highest quality 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 audited financial statements from the three previous years exhibiting financial resources considered adequate by the Investment Division and approved by the Treasurer, and (3) provide competitive bids to the Investment Division on a regular basis.

The Treasurer's policy is to make sure that local, regional and minority firms have an opportunity to bid on the State's investable funds. Please be advised that this is a highly competitive process. The fiduciary responsibility to Maryland residents requires scrupulously seeking the best prices for all investments. Inclusion on the list grants the privilege of submitting bids and offers but does not guarantee a transaction. Minority Business Enterprise (MBE) firms accounted for 17% of all investment transactions during fiscal year 2009. This compares favorably with over 5% of investment transactions for the previous fiscal year.

The investment portfolio is designed to meet the cash flow needs of the State (i.e., have funds available to cover disbursements). During fiscal year 2009, the Investment Division invested in repurchase agreements with maturities of 90 days or less. Repurchase agreements, collateralized 102% by U.S. Treasuries and federal agency securities provide safety, have short maturities and have rates of return that are generally higher than Treasury and agency securities with comparable maturity. Treasury and federal agency securities with a maturity of up to five years were also purchased in order to provide portfolio diversification, liquidity and a higher rate of return. This maturity extension was well within the guidelines of prudent portfolio management. For a complete list of the June 30, 2009 investment portfolio, see Appendix A.

On June 30, 2009, the total of all portfolios under the active management of the State Treasurer's Office was $5,088,853,273. The General Fund portfolio was $4,909,433,669.

PORTFOLIO BALANCES

Fiscal Year	General Fund	Total Portfolio
2000	4,043,592,678	4,341,640,537
2001	4,734,087,661	4,983,070,473
2002	4,007,351,370	4,338,575,761
2003	3,393,570,110	3,582,550,645
2004	4,212,322,055	4,469,538,542
2005	5,403,757,921	5,685,280,744
2006	6,480,959,704	6,867,711,888
2007	6,719,444,969	7,116,500,896
2008	6,455,858,210	6,557,395,702
2009	4,909,433,669	5,088,853,273

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Investment Division continued from page 27

The average rate of return on the General Fund was 3.39%. The State Treasurer's investment program surpassed the three-month Constant Maturity Treasury Bill, which averaged 0.56% for the same time period.

AVERAGE ANNUAL INTEREST RATES

Fiscal Year	General Fund	3 Month Treasury Bill Rate
2000	5.61%	5.38%
2001	5.93%	5.27%
2002	2.92%	2.18%
2003	1.94%	1.32%
2004	1.28%	0.97%
2005	2.26%	2.26%
2006	4.06%	4.17%
2007	5.16%	4.74%
2008	4.89%	1.89%
2009	3.39%	0.56%

Due to lower average balances and lower interest rates the total interest earned from the portfolio decreased almost 117 million dollars for fiscal year 2009.

TOTAL INTEREST EARNED

Fiscal Year	Net General Fund	Allocated to State Agencies	Total
2000	121,951,720	103,173,287	225,125,007
2001	136,981,074	144,249,899	281,230,973
2002	82,641,807	66,399,769	149,041,576
2003	37,205,637	42,240,523	79,446,160
2004	25,037,345	29,053,449	54,090,794
2005	52,886,074	54,538,463	107,424,537
2006	149,613,238	109,222,108	258,835,346
2007	150,798,001	205,589,917	356,387,918
2008	155,170,184	207,179,098	362,349,282
2009	102,768,740	142,619,087	245,387,827

Securities Lending

As is typical with a portfolio containing a large number of securities, the State engages in a securities lending program. In this program, the State contracts with a third party securities lender which arranges to have specific securities in the portfolio loaned to brokers and dealers who need those securities for a short period of time. In return for borrowing the security, the broker or dealer posts cash collateral equal to 102% of the market value of the borrowed security. The securities lender invests the cash collateral for the period of the loan. At maturity, the State securities are returned and the interest earned is allocated between the State and the securities lender.

Due to the unprecedented intervention by the federal government to combat the liquidity crisis, the securities lending program earned less than a fifth of what was earned during the previous fiscal year. Income decreased over 80% to 380,301 dollars. The decline in securities lending income is directly attributable to the 1.3 trillion dollar intervention by the federal government in the financial markets in an effort to restart the economy.

SECURITIES LENDING EARNINGS

Fiscal Year	Earnings	% Change
2005	424,157.80	-
2006	463,384.05	9.20%
2007	568,769.87	22.79%
2008	1,926,722.19	238.75%
2009	380,301.10	-80.26%

Local Government Investment Pool

Section §22G of Article 95 of the Annotated Code of Maryland establishes the Maryland Local Government Investment Pool (LGIP) and 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.

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Investment Division continued from page 28

The Treasurer has encouraged local governments and eligible authorities to participate in the Pool. The Pool maintained its "AAAm" money market fund rating by Standard & Poor's. This was no small feat during the highly turbulent times the financial market faced during the year. At the end of fiscal year 2009, there were 298 participants, up from 294 in fiscal year 2008. The fund balance as of June 30, 2009, was $2,759,769,583. The 12 month rolling annual yield for fiscal year 2009 was 1.41%.

LOCAL GOVERNMENT INVESTMENT POOL FUND BALANCE

Fiscal Year	Fund Balance	Number of Participants	Actual Yield Prev. 12 Months	$ Inc (Dec) Prev. Year
2000	813,759,289	252	5.73%	2.07%
2001	1,141,544,255	270	5.69%	40.28%
2002	1,422,684,869	276	2.53%	24.62%
2003	1,674,169,653	282	1.45%	17.67%
2004	1,797,814,980	285	1.03%	7.38%
2005	1,951,361,257	287	2.15%	8.50%
2006	1,900,127,809	289	4.19%	(2.69%)
2007	2,100,327,613	292	5.30%	10.54%
2008	2,420,372,782	294	4.04%	15.24%
2009	2,759,769,583	298	1.41%	14.02%

To ensure that the Pool is responsive to the needs of the participants, the Treasurer created an advisory panel consisting of representatives of the Pool's members. The panel meets semi-annually, reviews the fund's activities and makes recommendations to the Pool's administrator. The Pool administrator produces a quarterly newsletter. This newsletter acts as an effective marketing tool for potential participants and a valuable update for members.

Legal Division

STEVEN VANDERBOSCH
Division Director
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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 (MTCA)
- Representation in various types of litigation, administrative and regulatory proceedings
- Responding to citizen inquiries, and
- Provide legal training to the staff as appropriate

The Division Director and Principal Counsel

- Advise 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;
- Serve as in-house counsel for the issuance of General Obligation bonds, frequent capital equipment and energy lease financings, and periodic Build America Bonds, Qualified School Construction Bonds, and Qualified Zone Academy Bonds;
- Act as a legal resource for other State agencies regarding their proposed uses of tax-exempt bond money for capital projects;
- At the request of the Treasurer, provide advice, counsel and legal analysis of the Treasurer's constitutional and statutory powers and responsibilities;
- Provide advice, counsel and legal analysis on matters before various boards and commissions on which the Treasurer serves, principally the Board of Public Works;
- Serve as counsel regarding administration, procurement, and personnel matters in the State Treasurer's Office;
- Provide advice and assistance on the procurement and administration of a wide variety of financial service contracts for the Office, as well as for other State agencies, including banking, finance, investment and related information technology services;
- Provide analysis and advice to the Insurance Division on procurement and administration of commercial insurance policies and on general insurance issues;
- Provide advice and counsel to the Treasurer and Office management on personnel matters, including disciplinary matters, and represent the Office in personnel proceedings.

The Deputy Counsel – Supervisor, Tort Claims Litigation Unit

The Deputy Counsel is the Supervisor of the Tort Claims Litigation Unit (TCLU). The Unit is being gradually staffed over time with attorney and legal assistant positions authorized by the General Assembly on the recommendation of the Treasurer and the Attorney General. The goal of the TCLU is to bring consistency to the defense and resolution of cases brought against

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Legal Division continued from page 30

the State and its agencies under the Maryland Tort Claims Act by employing effective defense strategies, controlling State risk and containing litigation costs.

Primary Functions of the OAG

General Legal Advice

The OAG serves as counsel to the Treasurer and Office staff on many varied issues affecting the State Treasurer's Office including legislative, administration, litigation and personnel matters.

Finance/Debt Management

In fiscal year 2009, the Office of the Attorney General participated in the issuance of $911.4 million in tax-exempt Capital Improvement Bonds and the financing of over $62.4 million in Capital Equipment Leases.

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. For all loans authorized since 1989, the OAG researches and writes bond counsel opinions for joint signature with the Attorney General.

Ongoing legal advice is provided, as needed, to various State agencies that receive General Obligation Bond funding concerning federal tax code restrictions on use of bond proceeds. Of particular concern are changes in use, and private business use of facilities that have been financed with the proceeds of tax-exempt bonds.

Two law firms are under contract with the Attorney General to provide bond counsel services for the State Treasurer's Office: Ballard Spahr LLP and Kutak Rock, LLP.

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, including proposed legal settlements and insurance matters, provide suggested questions and comments to a Deputy Treasurer concerning legal, procurement and funding issues, and attend Board of Public Works meetings to be available to the Treasurer for legal advice.

Contracts and 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 all contract and procurement issues, including Request for Proposals, Invitations for Bids, contract modifications, claims, protests and appeals.

Tort Claims

Under the supervision of the Deputy Counsel, the TCLU:

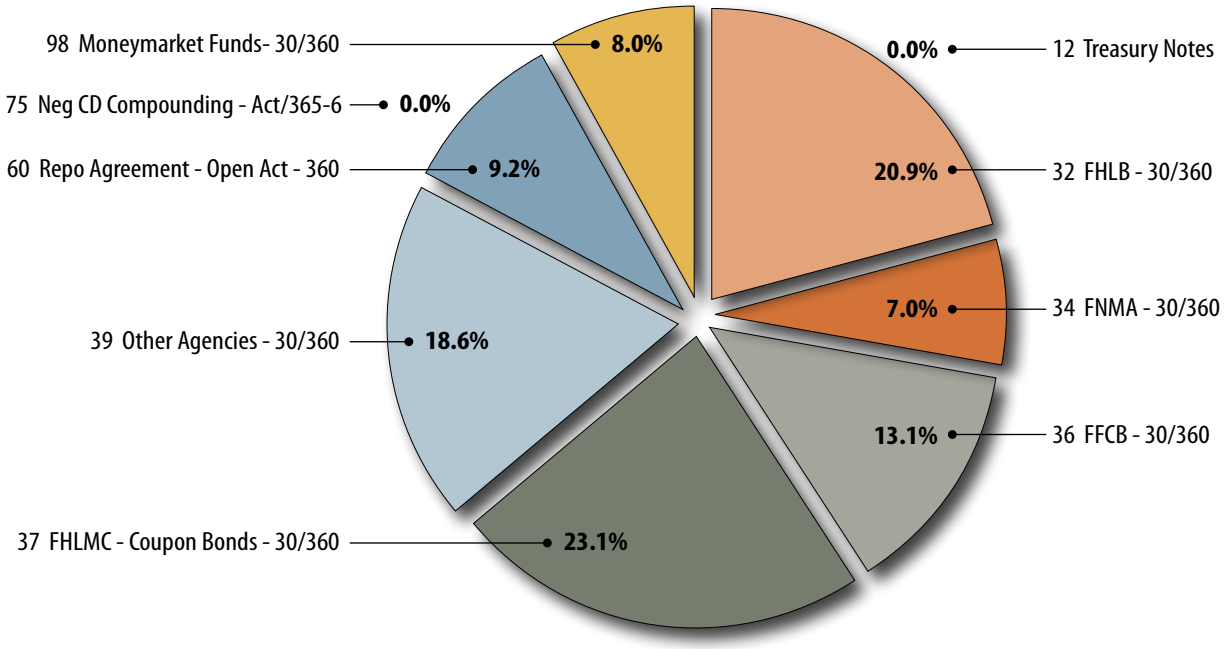
- Drafts and reviews MTCA-related legislation and regulations,
- Advises the Treasurer's Office Insurance Division on many of the approximately 4,000 tort and auto claims filed each year under the Maryland Tort Claims Act (MTCA).
- Provides legal representation to the State, its agencies and employees in Federal and State Courts in the defense of cases brought under the MTCA.
- Provides litigation support to the Assistant Attorneys General throughout State agencies who also defend cases brought under the MTCA , including:
  - Training attorneys and serving as a resource for developing trial strategies,
  - Recommending and approving the use of expert witnesses,
  - Writing and reviewing briefs, memoranda, and motions, and
  - Reviewing and advising on the litigation and settlement of these cases
- Participates in all appellate litigation in cases involving the MTCA.

Appendix A

Investment Inventory

June 30, 2009

MARKET VALUE SUMMARY REPORT



12	Treasury Notes	1,226K	0.0%
32	FHLB - 30/360	1,064,767K	20.9%
34	FNMA - 30/360	358,215K	7.0%
36	FFCB - 30/360	666,612K	13.1%
37	FHLMC - Coupon Bonds - 30/360	1,176,261K	23.1%
39	Other Agencies - 30/360	949,033K	18.6%
60	Repo Agreement - Open Act - 360	468,549K	9.2%
75	Neg CD Compounding Act/365-6	1,429K	0.0%
98	Moneymarket Funds	409,455K	8.0%
TOTAL:		5,095,548K	100.0%

INVESTMENT INVENTORY WITH MARKET VALUE

Run Date: 11/2/2009 • 10:08:32am • Investment Outstanding as of 06/30/2009

Inv No.	Description	CUSIP	Purchase Maturity	Bank Brok	Safe Purp	Fund Iccode	Coupon YTM TR	Sched. Par/Shares Scheduled Book	Market Value Market Price	Curr Accr Int Price Source	Unrealized Gain Unrealized Loss
152	Treasury Note 8.5	912810EE4	03/19/1990	1	100	634	8.5000	540,000.00	759,374.96	17,244.20	221,737.46
			02/16/2024	17	AVAILABL	12	8.5395	537,637.50	140.624992	SUNGARD	0.00
153	Treasury Note 7.25	912810EM6	08/26/1996	1	100	634	7.2500	355,000.00	466,381.25	9,669.34	118,370.26
			08/16/2026	1	AVAILABL	12	7.4142	348,010.99	131.375000	SUNGARD	0.00
Inv Type	12 TREASURY NOTES	Count 2					8.0042	895,000.00	1,225,756.21	26,913.54	340,107.72
							8.0973	885,648.49	136.956001		0.00
9393	FHLB 1XC 102709	3133XHKY7	10/28/2010	31	200	2	5.3000	25,000,000.00	25,375,000.00	235,555.56	393,750.00
			10/28/2015	43	AVAILABL	32	5.3173	24,981,250.00	101.500000	SUNGARD	0.00
10745	FHLB QC 012910	3133XP3C6	01/30/2012	31	200	2	4.0000	25,000,000.00	25,507,812.50	422,222.22	531,612.50
			01/30/2017	53	AVAILABL	32	4.0212	24,976,200.00	102.031250	SUNGARD	0.00
10827	FHLB QC 021910	3133XPEE0	02/20/2012	31	200	2	4.0000	25,000,000.00	25,546,875.00	366,666.67	550,781.25
			02/20/2017	57	AVAILABL	32	4.0035	24,996,093.75	102.187500	SUNGARD	0.00
11208	FHLB CN 070810	3133XRN71	07/09/2012	31	200	2	5.0000	12,140,000.00	12,606,631.25	291,697.22	466,631.25
			07/09/2017	60	AVAILABL	32	5.0000	12,140,000.00	103.843750	SUNGARD	0.00
11220	FHLB CN 071509	3133XRQH6	07/16/2012	31	200	2	5.0000	25,000,000.00	25,046,875.00	576,388.89	61,875.00
			07/16/2017	10	AVAILABL	32	5.0137	24,985,000.00	100.187500	SUNGARD	0.00
11224	FHLB QC 071610	3133XRRR3	07/17/2012	31	200	2	4.7500	15,000,000.00	15,609,375.00	326,562.50	609,375.00
			07/17/2017	54	AVAILABL	32	4.7500	15,000,000.00	104.062500	SUNGARD	0.00
11699	FHLB CN 040709	3133XSRU4	01/08/2013	31	200	2	3.0000	50,000,000.00	49,109,375.00	725,000.00	0.00
			01/08/2018	58	AVAILABL	32	3.0271	49,937,500.00	98.218750	SUNGARD	-828,125.00
11714	FHLB CN 040909	3133XSRK6	01/10/2013	31	200	2	3.0000	4,155,000.00	4,142,015.63	59,555.00	519.38
			01/10/2018	58	AVAILABL	32	3.0706	4,141,496.25	99.687500	SUNGARD	0.00
11723	FHLB CN 041309	3133XSS82	01/14/2013	31	200	2	3.1000	50,000,000.00	49,437,500.00	723,333.33	0.00
			01/14/2018	71	AVAILABL	32	3.1204	49,953,125.00	98.875000	SUNGARD	-515,625.00
11724	FHLB QC 071309	3133XSSM1	01/14/2013	31	200	2	3.1500	47,775,000.00	47,565,984.38	702,292.50	0.00
			01/14/2018	71	AVAILABL	32	3.1704	47,730,210.94	99.562500	SUNGARD	-164,226.56
11739	FHLB CN 041609	3133XSSZ2	01/17/2013	31	200	2	3.0500	30,000,000.00	29,934,375.00	419,375.00	0.00
			01/17/2018	53	AVAILABL	32	3.0609	29,985,000.00	99.781250	SUNGARD	-50,625.00
11791	FHLB CN 110309	3133XSTU2	02/04/2013	31	200	2	3.1000	29,125,000.00	29,097,695.31	371,181.94	0.00
			02/04/2018	53	AVAILABL	32	3.1109	29,110,437.50	99.906250	SUNGARD	-12,742.19
11796	FHLB QC 050409	3133XSWC8	02/05/2013	31	200	2	3.0000	70,000,000.00	69,540,625.00	857,500.00	0.00
			02/05/2018	12	AVAILABL	32	3.0260	69,916,000.00	99.343750	SUNGARD	-375,375.00
11814	FHLB QC 050609	3133XSWY0	02/07/2013	31	200	2	3.0700	50,000,000.00	49,890,625.00	618,263.89	0.00
			02/07/2018	71	AVAILABL	32	3.0754	49,987,500.00	99.781250	SUNGARD	-96,875.00
11829	FHLB CN 051109	3133XSW61	02/12/2013	31	200	2	3.0000	27,000,000.00	26,755,312.50	315,000.00	0.00
			02/12/2018	10	AVAILABL	32	3.0326	26,959,500.00	99.093750	SUNGARD	-204,187.50
11838	FHLB CN 051309	3133XSYF9	02/14/2013	31	200	2	3.1000	40,340,000.00	40,302,181.25	479,373.67	0.00
			02/14/2017	71	AVAILABL	32	3.1134	40,319,830.00	99.906250	SUNGARD	-17,648.75

INVESTMENT INVENTORY WITH MARKET VALUE (CONT.)

Run Date: 11/2/2009 • 10:08:32am • Investment Outstanding as of 06/30/2009

Inv No.	Description	CUSIP	Purchase Maturity	Bank Brok	Safe Purp	Fund Iccode	Coupon YTM TR	Sched. Par/Shares Scheduled Book	Market Value Market Price	Curr Accr Int Price Source	Unrealized Gain Unrealized Loss
11839	FHLB CN 051309	3133XSXD5	02/14/2013	31	200	2	3.1400	46,000,000.00	45,841,875.00	553,686.67	0.00
			02/14/2018	71	AVAILABL	32	3.1509	45,977,000.00	99.656250	SUNGARD	-135,125.00
11851	FHLB QC 051809	3133XSY93	02/19/2013	31	200	2	3.2500	23,675,000.00	23,630,609.38	284,264.41	0.00
			02/19/2018	53	AVAILABL	32	3.2664	23,657,243.75	99.812500	SUNGARD	-26,634.37
11852	FHLB QC 051809	3133XSY93	02/19/2013	31	200	2	3.2500	25,000,000.00	24,953,125.00	300,173.61	0.00
			02/19/2018	44	AVAILABL	32	3.2664	24,981,250.00	99.812500	SUNGARD	-28,125.00
11853	FHLB QC 051809	3133XSY93	02/19/2013	31	200	2	3.2500	20,000,000.00	19,962,500.00	240,138.89	0.00
			02/19/2018	53	AVAILABL	32	3.2664	19,985,000.00	99.812500	SUNGARD	-22,500.00
11854	FHLB CN 081809	3133XSWU8	02/19/2013	31	200	2	3.0000	18,410,000.00	18,237,406.25	204,044.17	0.00
			02/19/2018	53	AVAILABL	32	3.0326	18,382,385.00	99.062500	SUNGARD	-144,978.75
11856	FHLB CN 081809	3133XSYH5	02/19/2013	31	200	2	3.1900	60,000,000.00	59,662,500.00	707,116.67	0.00
			02/19/2018	71	AVAILABL	32	3.2118	59,940,000.00	99.437500	SUNGARD	-277,500.00
11860	FHLB QC 051809	3133XSY93	02/19/2013	31	200	2	3.2500	3,805,000.00	3,797,865.63	45,686.42	1,579.08
			02/19/2018	54	AVAILABL	32	3.3001	3,796,286.55	99.812500	SUNGARD	0.00
11865	FHLB CN 021910	3133XSX52	02/20/2013	31	200	2	3.0000	25,000,000.00	24,937,500.00	275,000.00	0.00
			02/20/2018	58	AVAILABL	32	3.0163	24,981,250.00	99.750000	SUNGARD	-43,750.00
11866	FHLB CN 021910	3133XSX52	02/20/2013	31	200	2	3.0000	25,000,000.00	24,937,500.00	275,000.00	0.00
			02/20/2018	52	AVAILABL	32	3.0034	24,996,093.75	99.750000	SUNGARD	-58,593.75
11874	FHLB CN 052009	3133XSZE1	02/21/2013	31	200	2	3.3750	15,500,000.00	15,504,843.75	190,359.38	20,343.75
			02/21/2018	53	AVAILABL	32	3.3969	15,484,500.00	100.031250	SUNGARD	0.00
11875	FHLB CN 082009	3133XSYR3	02/21/2013	31	200	2	3.2000	24,345,000.00	24,291,745.31	283,484.00	0.00
			02/21/2018	53	AVAILABL	32	3.2218	24,320,655.00	99.781250	SUNGARD	-28,909.69
11876	FHLB CN 052009	3133XSZE1	02/21/2013	31	200	2	3.3750	24,825,000.00	24,832,757.81	304,882.03	32,582.81
			02/21/2018	9	AVAILABL	32	3.3969	24,800,175.00	100.031250	SUNGARD	0.00
11886	FHLB CN 082509	3133XT3D6	02/26/2013	31	200	2	3.3500	21,630,000.00	21,670,556.25	253,611.75	51,371.25
			02/26/2018	71	AVAILABL	32	3.3609	21,619,185.00	100.187500	SUNGARD	0.00
11887	FHLB CN 082509	3133XSZU5	02/26/2013	31	200	2	3.3500	39,500,000.00	39,450,625.00	463,137.50	0.00
			02/26/2018	71	AVAILABL	32	3.3719	39,460,500.00	99.875000	SUNGARD	-9,875.00
11891	FHLB QC 022610	3133XT4Y9	02/27/2013	31	200	2	3.2500	26,565,000.00	26,531,793.75	299,778.65	0.00
			02/27/2018	71	AVAILABL	32	3.2653	26,546,404.50	99.875000	SUNGARD	-14,610.75
11949	FHLB CN 091009	3133XT5P7	03/11/2013	31	200	2	3.3000	25,625,000.00	25,689,062.50	260,734.38	85,843.75
			03/11/2018	53	AVAILABL	32	3.3186	25,603,218.75	100.250000	SUNGARD	0.00
11950	FHLB CN 031010	3133XT3U8	03/11/2013	31	200	2	3.3500	25,000,000.00	25,007,812.50	258,229.17	26,562.5
			03/11/2018	53	AVAILABL	32	3.3664	24,981,250.00	100.031250	SUNGARD	0.00
11957	FHLB CN 031110	3133XTAL0	03/12/2013	31	200	2	3.4000	15,550,000.00	15,618,031.25	161,547.22	75,806.25
			03/12/2018	53	AVAILABL	32	3.4110	15,542,225.00	100.437500	SUNGARD	0.00
11980	FHLB QC 031810	3133XTBU9	03/19/2013	31	200	2	3.2500	13,510,000.00	13,535,331.25	125,624.24	38,841.25
			03/19/2018	71	AVAILABL	32	3.2718	13,496,490.00	100.187500	SUNGARD	0.00

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Inv No.	Description	CUSIP	Purchase Maturity	Bank Brok	Safe Purp	Fund Iccode	Coupon YTM TR	Sched. Par/Shares Scheduled Book	Market Value Market Price	Curr Accr Int Price Source	Unrealized Gain Unrealized Loss
12038	FHLB CN 040710	3133XTFM3	04/08/2013	31	200	2	3.0000	11,070,000.00	11,018,109.38	77,490.00	0.00
			04/08/2018	53	AVAILABL	32	3.0054	11,067,232.50	99.531250	SUNGARD	-49,123.12
12255	FHLB MC 092509	3133XTUK0	06/26/2013	31	200	2	3.5500	50,000,000.00	50,187,500.00	29,583.33	202,500.00
			06/26/2018	71	AVAILABL	32	3.5566	49,985,000.00	100.375000	SUNGARD	0.00
Inv Type	**32 FHLB - 30/360**	**Count 37**					3.3469	1,065,545,000.00	1,064,767,307.83	13,083,540.88	3,149,975.02
							3.3639	1,064,722,488.24	99.927015		-3,105,155.43
11025	FNMA 1XC 110708	3136F9JB0	05/08/2012	31	200	2	4.0000	15,700,000.00	16,538,968.75	94,200.00	882,143.75
			05/08/2017	53	AVAILABL	34	4.0613	15,656,825.00	105.343750	SUNGARD	0.00
11558	FNMA 1XC 091809	31398AUA8	11/20/2012	31	200	2	4.0500	20,000,000.00	20,143,750.00	231,750.00	358,750.00
			09/19/2017	53	AVAILABL	34	4.2977	19,785,000.00	100.718750	SUNGARD	0.00
11738	FNMA CN 041609	3136F93K7	01/17/2013	31	200	2	3.1500	50,000,000.00	50,031,250.00	721,875.00	46,875.00
			01/17/2018	71	AVAILABL	34	3.1568	49,984,375.00	100.062500	SUNGARD	0.00
11858	FNMA 1XC 021810	3136F97K3	02/19/2013	31	200	2	3.2500	4,095,000.00	4,095,000.00	49,168.44	1,023.75
			02/19/2018	53	AVAILABL	34	3.2555	4,093,976.25	100.000000	SUNGARD	0.00
11873	FNMA CN 052009	3136F96Y4	02/21/2013	31	200	2	3.4000	50,000,000.00	49,890,625.00	618,611.11	0.00
			02/21/2018	71	AVAILABL	34	3.4066	49,985,000.00	99.781250	SUNGARD	-94,375.00
11901	FNMA CN 052709	3136F97M9	02/28/2013	31	200	2	3.4500	3,000,000.00	3,001,875.00	35,650.00	4,875.00
			02/28/2018	8	AVAILABL	34	3.4720	2,997,000.00	100.062500	SUNGARD	0.00
11902	FNMA CN 052709	3136F97M9	02/28/2013	31	200	2	3.4500	15,000,000.00	15,009,375.00	178,250.00	13,125.00
			02/28/2018	53	AVAILABL	34	3.4555	14,996,250.00	100.062500	SUNGARD	0.00
11903	FNMA CN 052709	3136F97M9	02/28/2013	31	200	2	3.4500	8,000,000.00	8,005,000.00	95,066.67	9,000.00
			02/28/2018	53	AVAILABL	34	3.4610	7,996,000.00	100.062500	SUNGARD	0.00
11904	FNMA CN 052709	3136F97M9	02/28/2013	31	200	2	3.4500	25,000,000.00	25,015,625.00	297,083.33	40,625.00
			02/28/2018	9	AVAILABL	34	3.4720	24,975,000.00	100.062500	SUNGARD	0.00
11952	FNMA 1XC 031010	31398AVR0	03/11/2013	31	200	2	3.3750	10,000,000.00	10,012,500.00	104,062.50	24,000.00
			03/11/2018	53	AVAILABL	34	3.4002	9,988,500.00	100.125000	SUNGARD	0.00
11955	FNMA 1XC 031110	3136FHDJ1	03/12/2013	31	200	2	3.0000	23,110,000.00	23,254,437.50	211,841.67	155,992.50
			03/12/2017	53	AVAILABL	34	3.0134	23,098,445.00	100.625000	SUNGARD	0.00
11956	FNMA 1XC 031110	3136FHCA1	03/12/2013	31	200	2	3.1500	25,000,000.00	24,960,937.50	240,625.00	0.00
			03/12/2018	58	AVAILABL	34	3.1663	24,981,250.00	99.843750	SUNGARD	-20,312.50
12191	FNMA QC 090409	3136FHTW5	06/05/2013	31	200	2	3.1250	19,180,000.00	19,012,175.00	44,953.13	0.00
			06/05/2018	9	AVAILABL	34	3.1359	19,170,410.00	99.125000	SUNGARD	-158,235.00
12192	FNMA QC 090409	3136FHTW5	06/05/2013	31	200	2	3.1250	45,300,000.00	44,903,625.00	106,171.88	0.00
			06/05/2018	53	AVAILABL	34	3.1468	45,254,700.00	99.125000	SUNGARD	-351,075.00
12204	FNMA QC 090909	3136FHWE1	06/10/2013	31	200	2	3.0000	19,450,000.00	19,097,468.75	35,658.33	0.00
			06/10/2018	76	AVAILABL	34	3.0217	19,430,550.00	98.187500	SUNGARD	-333,081.25
12256	FNMA QC 062510	3136FHF34	06/26/2013	31	200	2	3.5000	25,000,000.00	25,242,187.50	14,583.33	248,437.50
			06/26/2018	68	AVAILABL	34	3.5055	24,993,750.00	100.968750	SUNGARD	0.00

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Inv No.	Description	CUSIP	Purchase Maturity	Bank Brok	Safe Purp	Fund Iccode	Coupon YTM TR	Sched. Par/Shares Scheduled Book	Market Value Market Price	Curr Accr Int Price Source	Unrealized Gain Unrealized Loss
Inv Type	34 FNMA - 30/360	Count 16					3.3248	357,835,000.00	358,214,800.00	3,079,550.39	1,784,847.50
							3.3525	357,387,031.25	100.106138		-957,078.75
7604	FFCB - WQFA	31331SGL1	09/30/2008	31	200	74	4.4500	1,000,000.00	1,000,000.00	18,541.67	0.00
			02/02/2018	50	AVAILABL	36	4.4500	1,000,000.00	100.000000	BOOK	0.00
8019	FFCB - WQFA	31331STW3	04/09/2009	31	200	74	4.9400	2,000,000.00	2,000,000.00	41,166.67	0.00
			02/02/2019	50	AVAILABL	36	4.9400	2,000,000.00	100.000000	BOOK	0.00
8716	FFCB - WQFA	31331VRP3	02/22/2010	31	200	74	5.1710	1,000,000.00	1,000,000.00	21,545.83	0.00
			02/02/2020	50	AVAILABL	36	5.1710	1,000,000.00	100.000000	BOOK	0.00
9403	FFCB - WQFA	31331XCV2	11/02/2010	31	200	74	5.1880	3,000,000.00	3,000,000.00	64,850.00	0.00
			02/02/2020	50	AVAILABL	36	5.1880	3,000,000.00	100.000000	BOOK	0.00
10213	FFCB CN 082409	31331XX23	08/25/2011	31	200	2	5.4500	23,755,000.00	23,925,739.06	456,722.87	193,068.76
			08/25/2016	53	AVAILABL	36	5.4717	23,732,670.30	100.718750	SUNGARD	0.00
10712	FFCB CN 012210	31331YPG9	01/23/2012	31	200	2	4.0000	14,350,000.00	14,637,000.00	253,516.67	288,435.00
			01/23/2017	53	AVAILABL	36	4.0022	14,348,565.00	102.000000	SUNGARD	0.00
10765	FFCB CN 020110	31331YSB7	02/02/2012	31	200	2	3.7900	15,430,000.00	15,709,668.75	243,665.42	341,388.75
			02/02/2017	53	AVAILABL	36	3.8788	15,368,280.00	101.812500	SUNGARD	0.00
11094	FFCB CN 112309	31331YR85	06/05/2012	31	200	2	4.2500	8,665,000.00	8,800,390.63	38,872.15	157,053.13
			05/24/2017	53	AVAILABL	36	4.3061	8,643,337.50	101.562500	SUNGARD	0.00
11206	FFCB CN 070810	31331Y2U3	07/09/2012	31	200	2	4.6250	25,000,000.00	26,007,812.50	555,642.36	1,026,562.50
			07/09/2017	66	AVAILABL	36	4.6420	24,981,250.00	104.031250	SUNGARD	0.00
11301	FFCB CN 081309	31331Y6E5	08/22/2012	31	200	2	4.7500	12,905,000.00	12,973,557.81	234,978.54	68,557.81
			08/14/2017	71	AVAILABL	36	4.7500	12,905,000.00	100.531250	SUNGARD	0.00
11344	FFCB - WQFA	31331GBA6	09/10/2012	31	200	74	4.7820	3,500,000.00	3,500,000.00	69,737.50	0.00
			02/02/2022	50	AVAILABL	36	4.7820	3,500,000.00	100.000000	BOOK	0.00
11354	FFCB CN 091109	31331GBG3	09/12/2012	31	200	2	4.3500	15,000,000.00	15,117,187.50	199,375.00	124,687.50
			09/12/2017	53	AVAILABL	36	4.3612	14,992,500.00	100.781250	SUNGARD	0.00
11411	FFCB 1XC 092909	31331GCQ0	09/30/2012	31	200	2	4.0500	3,675,000.00	3,702,562.50	38,036.25	29,400.00
			09/30/2015	53	AVAILABL	36	4.0679	3,673,162.50	100.750000	SUNGARD	0.00
11412	FFCB 1XC 092909	31331GCQ0	09/30/2012	31	200	2	4.0500	25,000,000.00	25,187,500.00	258,750.00	190,000.00
			09/30/2015	53	AVAILABL	36	4.0536	24,997,500.00	100.750000	SUNGARD	0.00
11421	FFCB CN 093009	31331GCP2	10/03/2012	31	200	2	4.7500	21,075,000.00	21,305,507.81	253,046.35	241,045.31
			10/01/2017	53	AVAILABL	36	4.7613	21,064,462.50	101.093750	SUNGARD	0.00
11554	FFCB CN 111809	31331GEL9	11/19/2012	31	200	2	4.4000	20,475,000.00	20,762,929.69	107,607.50	318,642.19
			11/19/2017	53	AVAILABL	36	4.4338	20,444,287.50	101.406250	SUNGARD	0.00
11662	FFCB CN 032409	31331GHX0	12/25/2012	31	200	2	3.0000	23,600,000.00	23,282,875.00	13,766.67	0.00
			12/25/2017	53	AVAILABL	36	3.0217	23,576,400.00	98.656250	SUNGARD	-293,525.00
11687	FFCB CN 070209	31331GJC4	01/03/2013	31	200	2	3.0000	30,000,000.00	29,850,000.00	447,500.00	0.00
			01/03/2018	53	AVAILABL	36	3.0217	29,970,000.00	99.500000	SUNGARD	-120,000.00

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Inv No.	Description	CUSIP	Purchase Maturity	Bank Brok	Safe Purp	Fund Iccode	Coupon YTM TR	Sched. Par/Shares Scheduled Book	Market Value Market Price	Curr Accr Int Price Source	Unrealized Gain Unrealized Loss
11721	FFCB CN 011310	31331GJW0	01/14/2013	31	200	2	3.0500	52,646,000.00	52,777,615.00	749,328.07	157,938.00
			01/14/2018	53	AVAILABL	36	3.0609	52,619,677.00	100.250000	SUNGARD	0.00
11722	FFCB CN 011310	31331GJW0	01/14/2013	31	200	2	3.0500	20,000,000.00	20,050,000.00	284,666.67	62,500.00
			01/14/2018	53	AVAILABL	36	3.0636	19,987,500.00	100.250000	SUNGARD	0.00
11747	FFCB CN 042109	31331GKJ7	01/22/2013	31	200	2	3.0000	28,280,000.00	28,253,487.50	377,066.67	0.00
			01/22/2018	53	AVAILABL	36	3.0136	28,262,325.00	99.906250	SUNGARD	-8,837.50
11751	FFCB CN 042109	31331GKJ7	01/22/2013	31	200	2	3.0000	25,000,000.00	24,976,562.50	333,333.33	7,812.50
			01/22/2018	9	AVAILABL	36	3.0271	24,968,750.00	99.906250	SUNGARD	0.00
11752	FFCB CN 042109	31331GKJ7	01/22/2013	31	200	2	3.0000	14,300,000.00	14,286,593.75	190,666.67	893.75
			01/22/2018	53	AVAILABL	36	3.0217	14,285,700.00	99.906250	SUNGARD	0.00
11782	FFCB CN 043009	31331GLP2	01/31/2013	31	200	2	3.1000	50,000,000.00	49,937,500.00	650,138.89	87,500.00
			01/31/2018	53	AVAILABL	36	3.1653	49,850,000.00	99.875000	SUNGARD	0.00
11783	FFCB CN 043009	31331GLP2	01/31/2013	31	200	2	3.1000	25,000,000.00	24,968,750.00	325,069.44	6,250.00
			01/31/2018	10	AVAILABL	36	3.1326	24,962,500.00	99.875000	SUNGARD	0.00
11840	FFCB CN 043009	31331GLP2	02/14/2013	1	200	2	3.1000	13,800,000.00	13,782,750.00	179,438.33	14,352.00
			01/31/2018	54	AVAILABL	36	3.1500	13,768,398.00	99.875000	SUNGARD	0.00
11857	FFCB CN 021811	31331GNC9	02/19/2013	31	200	2	3.2500	28,000,000.00	28,236,250.00	336,194.44	274,050.00
			02/19/2018	52	AVAILABL	36	3.2795	27,962,200.00	100.843750	SUNGARD	0.00
11885	FFCB CN 022510	31331GNG0	02/26/2013	31	200	2	3.0000	15,890,000.00	16,014,140.63	166,845.00	132,085.63
			02/26/2017	53	AVAILABL	36	3.0134	15,882,055.00	100.781250	SUNGARD	0.00
11916	FFCB CN 030310	31331GPA1	03/04/2013	31	200	2	3.2500	18,220,000.00	18,311,100.00	194,093.61	159,425.00
			03/04/2018	54	AVAILABL	36	3.3320	18,151,675.00	100.500000	SUNGARD	0.00
12163	FFCB CN 082809	31331GXB0	05/29/2013	31	200	2	3.0000	25,000,000.00	24,859,375.00	68,750.00	0.00
			05/29/2018	37	AVAILABL	36	3.1033	24,881,250.00	99.437500	SUNGARD	-21,875.00
12241	FFCB CN 092309	31331GZE2	06/24/2013	31	200	2	3.6250	42,980,000.00	43,194,900.00	34,622.78	236,390.00
			06/24/2018	54	AVAILABL	36	3.6360	42,958,510.00	100.500000	SUNGARD	0.00
12242	FFCB CN 092309	31331GZE2	06/24/2013	31	200	2	3.6250	8,950,000.00	8,994,750.00	7,209.72	51,462.50
			06/24/2018	53	AVAILABL	36	3.6415	8,943,287.50	100.500000	SUNGARD	0.00
12243	FFCB CN 092309	31331GZE2	06/24/2013	31	200	2	3.6250	15,000,000.00	15,075,000.00	12,083.33	86,250.00
			06/24/2018	53	AVAILABL	36	3.6415	14,988,750.00	100.500000	SUNGARD	0.00
12244	FFCB CN 092309	31331GYH6	06/24/2013	31	200	2	3.4000	11,000,000.00	11,024,062.50	8,311.11	127,187.50
			06/24/2018	37	AVAILABL	36	3.6066	10,896,875.00	100.218750	SUNGARD	0.00
12251	FFCB CN 060311	31331GXK0	06/26/2013	31	200	2	3.0500	20,100,000.00	20,106,281.25	47,681.67	46,481.25
			06/04/2018	10	AVAILABL	36	3.0937	20,059,800.00	100.031250	SUNGARD	0.00
Inv Type	**36 FFCB - 30/360**	**Count 35**					3.5520	663,596,000.00	666,611,849.38	7,282,821.18	4,429,419.08
							3.5844	662,626,667.80	100.454471		-444,237.50
9988	FHLMC Str 1XC 121208	3128X6DQ6	06/13/2011	31	200	2	5.3500	25,000,000.00	25,562,500.00	70,590.28	562,500.00
			06/13/2016	57	AVAILABL	37	5.3500	25,000,000.00	102.250000	SUNGARD	0.00

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11187	FHLMC QC 070209	3128X7F41	07/03/2012	31	200	2	5.0000	25,000,000.00	25,000,000.00	621,527.78	17,500.00
			07/03/2017	69	AVAILABL	37	5.0160	24,982,500.00	100.000000	SUNGARD	0.00
11609	FHLMC QC 120509	3128X76Q2	12/10/2012	31	200	2	4.0500	35,250,000.00	35,547,421.88	103,106.25	306,234.38
			12/06/2017	54	AVAILABL	37	4.0555	35,241,187.50	100.843750	SUNGARD	0.00
11726	FHLMC QC 041309	3128X8EF5	01/14/2013	31	200	2	3.1000	40,000,000.00	39,787,500.00	578,666.67	0.00
			01/14/2018	15	AVAILABL	37	3.1204	39,962,500.00	99.468750	SUNGARD	-175,000.00
11763	FHLMC 1XC 012110	3128X8DZ2	01/24/2013	31	200	2	3.0000	23,125,000.00	23,139,453.13	308,333.34	21,679.69
			01/22/2018	52	AVAILABL	37	3.0068	23,117,773.44	100.062500	SUNGARD	0.00
11798	FHLMC 1XC 020410	3128X8HR6	02/05/2013	31	200	2	3.0000	25,000,000.00	24,929,687.50	306,250.00	64,937.50
			02/05/2018	74	AVAILABL	37	3.1177	24,864,750.00	99.718750	SUNGARD	0.00
11799	FHLMC 1XC 020410	3128X8HR6	02/05/2013	31	200	2	3.0000	50,000,000.00	49,859,375.00	612,500.00	109,375.00
			02/05/2018	71	AVAILABL	37	3.1087	49,750,000.00	99.718750	SUNGARD	0.00
11847	FHLMC 1XC 012110	3128X8DZ2	02/18/2013	31	200	2	3.0000	22,325,000.00	22,338,953.13	297,666.66	115,755.13
			01/22/2018	53	AVAILABL	37	3.1002	22,223,198.00	100.062500	SUNGARD	0.00
11923	FHLMC QC 060309	3128X8KM3	03/04/2013	31	200	2	3.2000	50,000,000.00	50,078,125.00	696,527.78	93,125.00
			03/04/2018	71	AVAILABL	37	3.2072	49,985,000.00	100.156250	SUNGARD	0.00
11924	FHLMC QC 060309	3128X8KB7	03/04/2013	31	200	2	4.0000	50,000,000.00	49,937,500.00	655,555.56	0.00
			03/04/2018	71	AVAILABL	37	4.0067	49,985,000.00	99.875000	SUNGARD	-47,500.00
11958	FHLMC CN 061109	3128X8LD2	03/12/2013	31	200	2	3.6000	50,000,000.00	50,015,625.00	550,000.00	20,625.00
			03/12/2018	71	AVAILABL	37	3.6022	49,995,000.00	100.031250	SUNGARD	0.00
11961	FHLMC CN 061209	3128X8LA8	03/13/2013	31	200	2	3.4500	50,000,000.00	50,437,500.00	522,291.67	450,000.00
			03/13/2018	57	AVAILABL	37	3.4555	49,987,500.00	100.875000	SUNGARD	0.00
11979	FHLMC QC 091809	3128X8PB2	03/19/2013	31	200	2	3.5500	10,100,000.00	10,141,031.25	102,585.14	50,500.00
			03/19/2018	72	AVAILABL	37	3.5706	10,090,531.25	100.406250	SUNGARD	0.00
11981	FHLMC QC 091809	3128X8PB2	03/19/2013	31	200	2	3.5500	14,670,000.00	14,729,596.88	149,002.38	61,889.07
			03/19/2018	52	AVAILABL	37	3.5534	14,667,707.81	100.406250	SUNGARD	0.00
11992	FHLMC QC 062409	3128X8PX4	03/25/2013	31	200	2	3.5000	5,785,000.00	5,785,000.00	54,555.76	5,785.00
			03/25/2018	9	AVAILABL	37	3.5220	5,779,215.00	100.000000	SUNGARD	0.00
11993	FHLMC QC 062409	3128X8PX4	03/25/2013	31	200	2	3.5000	20,000,000.00	20,000,000.00	188,611.11	11,000.00
			03/25/2018	53	AVAILABL	37	3.5121	19,989,000.00	100.000000	SUNGARD	0.00
11994	FHLMC QC 062409	3128X8PX4	03/25/2013	31	200	2	3.5000	20,000,000.00	20,000,000.00	188,611.11	15,000.00
			03/25/2018	53	AVAILABL	37	3.5165	19,985,000.00	100.000000	SUNGARD	0.00
11995	FHLMC CN 062409	3128X8MT6	03/25/2013	31	200	2	3.5000	32,290,000.00	32,300,090.63	304,512.64	58,525.63
			03/25/2018	71	AVAILABL	37	3.5330	32,241,565.00	100.031250	SUNGARD	0.00
11996	FHLMC CN 062409	3128X8MT6	03/25/2013	31	200	2	3.5000	50,000,000.00	50,015,625.00	471,527.78	25,625.00
			03/25/2018	71	AVAILABL	37	3.5044	49,990,000.00	100.031250	SUNGARD	0.00
11997	FHLMC CN 062409	3128X8MT6	03/25/2013	31	200	2	3.5000	24,000,000.00	24,007,500.00	226,333.33	17,100.00
			03/25/2018	71	AVAILABL	37	3.5088	23,990,400.00	100.031250	SUNGARD	0.00
12000	FHLMC CN 062509	3128X8NR9	03/26/2013	31	200	2	3.6000	50,000,000.00	50,015,625.00	480,000.00	25,625.00
			03/26/2018	71	AVAILABL	37	3.6044	49,990,000.00	100.031250	SUNGARD	0.00

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Inv No.	Description	CUSIP	Purchase Maturity	Bank Brok	Safe Purp	Fund Iccode	Coupon YTM TR	Sched. Par/Shares Scheduled Book	Market Value Market Price	Curr Accr Int Price Source	Unrealized Gain Unrealized Loss
12011	FHLMC CN 070109	3128X8PW6	04/02/2013	31	200	2	3.6000	50,000,000.00	50,015,625.00	450,000.00	23,125.00
			04/02/2018	71	AVAILABL	37	3.6033	49,992,500.00	100.031250	SUNGARD	0.00
12034	FHLMC QC 070709	3128X8SB9	04/08/2013	31	200	2	3.5000	18,000,000.00	18,011,250.00	147,000.00	20,250.00
			04/08/2018	53	AVAILABL	37	3.5110	17,991,000.00	100.062500	SUNGARD	0.00
12035	FHLMC QC 070709	3128X8SB9	04/08/2013	31	200	2	3.5000	8,890,000.00	8,895,556.25	72,601.67	12,223.75
			04/08/2018	9	AVAILABL	37	3.5165	8,883,332.50	100.062500	SUNGARD	0.00
12036	FHLMC QC 070709	3128X8RS3	04/08/2013	31	200	2	3.5500	25,000,000.00	25,015,625.00	207,083.33	34,375.00
			04/08/2018	53	AVAILABL	37	3.5665	24,981,250.00	100.062500	SUNGARD	0.00
12037	FHLMC QC 070709	3128X8RS3	04/08/2013	31	200	2	3.5500	12,430,000.00	12,437,768.75	102,961.83	9,011.75
			04/08/2018	54	AVAILABL	37	3.5522	12,428,757.00	100.062500	SUNGARD	0.00
12041	FHLMC CN 070809	3128X8RP9	04/09/2013	31	200	2	3.6500	50,000,000.00	50,031,250.00	420,763.89	41,250.00
			04/09/2018	71	AVAILABL	37	3.6544	49,990,000.00	100.062500	SUNGARD	0.00
12080	FHLMC QC 102809	3128X8VF6	04/29/2013	31	200	2	3.0000	4,000,000.00	3,958,750.00	21,000.00	0.00
			04/29/2018	37	AVAILABL	37	3.0326	3,994,000.00	98.968750	SUNGARD	-35,250.00
12096	FHLMC QC 101509	3128X8TK8	04/16/2013	31	200	2	3.0000	20,115,000.00	19,938,993.75	127,395.00	0.00
			04/16/2018	52	AVAILABL	37	3.0108	20,104,942.50	99.125000	SUNGARD	-165,948.75
12097	FHLMC QC 101509	3128X8TK8	04/16/2013	31	200	2	3.0000	7,356,000.00	7,291,635.00	46,588.00	0.00
			04/16/2018	53	AVAILABL	37	3.0054	7,354,161.00	99.125000	SUNGARD	-62,526.00
12140	FHLMC QC 111909	3128X8YY2	05/20/2013	31	200	2	3.1000	10,000,000.00	9,884,375.00	36,166.67	0.00
			05/20/2018	53	AVAILABL	37	3.1054	9,997,500.00	98.843750	SUNGARD	-113,125.00
12141	FHLMC QC 111909	3128X8YY2	05/20/2013	31	200	2	3.1000	2,710,000.00	2,678,665.63	9,801.17	0.00
			05/20/2018	9	AVAILABL	37	3.1250	2,706,883.50	98.843750	SUNGARD	-28,217.87
12142	FHLMC QC 111909	3128X8YY2	05/20/2013	31	200	2	3.1000	20,950,000.00	20,707,765.63	75,769.17	0.00
			05/20/2018	53	AVAILABL	37	3.1218	20,929,050.00	98.843750	SUNGARD	-221,284.37
12219	FHLMC QC 091609	3128X8K76	06/17/2013	31	200	2	3.1250	15,000,000.00	14,906,250.00	19,531.25	0.00
			06/17/2018	37	AVAILABL	37	3.2210	14,934,000.00	99.375000	SUNGARD	-27,750.00
12220	FHLMC CN 091709	3128X8H96	06/18/2013	31	200	2	3.1000	50,000,000.00	49,453,125.00	60,277.78	0.00
			06/18/2018	71	AVAILABL	37	3.1022	49,995,000.00	98.906250	SUNGARD	-541,875.00
12226	FHLMC CN 091809	3128X8K92	06/19/2013	31	200	2	3.2000	50,000,000.00	49,875,000.00	57,777.78	0.00
			06/19/2018	71	AVAILABL	37	3.2022	49,995,000.00	99.750000	SUNGARD	-120,000.00
12227	FHLMC 1XC 061812	3128X8Q21	06/19/2013	31	200	2	3.0500	25,000,000.00	24,601,562.50	27,534.72	0.00
			06/19/2018	60	AVAILABL	37	3.0717	24,975,000.00	98.406250	SUNGARD	-373,437.50
12245	FHLMC QC 062310	3128X8S78	06/24/2013	31	200	2	3.7000	10,000,000.00	10,093,750.00	8,222.22	122,950.00
			06/24/2018	37	AVAILABL	37	3.7646	9,970,800.00	100.937500	SUNGARD	0.00
12248	FHLMC QC 092409	3128X8N24	06/25/2013	31	200	2	3.5000	25,000,000.00	24,960,937.50	17,013.89	0.00
			06/25/2018	52	AVAILABL	37	3.5000	25,000,000.00	99.843750	SUNGARD	-39,062.50
12252	FHLMC CN 0925 09	3128X8M33	06/26/2013	31	200	2	3.4200	50,000,000.00	49,890,625.00	28,500.00	0.00
			06/26/2018	71	AVAILABL	37	3.4244	49,990,000.00	99.781250	SUNGARD	-99,375.00
12253	FHLMC CN 092509	3128X8M82	06/26/2013	31	200	2	3.4500	50,000,000.00	49,984,375.00	28,750.00	0.00
			06/26/2018	53	AVAILABL	37	3.4555	49,987,500.00	99.968750	SUNGARD	-3,125.00

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Inv No.	Description	CUSIP	Purchase Maturity	Bank Brok	Safe Purp	Fund Iccode	Coupon YTM TR	Sched. Par/Shares Scheduled Book	Market Value Market Price	Curr Accr Int Price Source	Unrealized Gain Unrealized Loss
Inv Type	37 FHLMC - COUPON BONDS - 30/360		Count 41				3.4783	1,176,996,000.00	1,176,260,994.41	9,453,493.61	2,295,966.90
							3.4967	1,176,018,504.50	99.937552		-2,053,476.99
9364	FAMCA	31315PEV7	10/24/2010	31	200	2	5.0000	24,550,000.00	26,460,296.88	300,055.56	2,048,758.88
			10/04/2015	40	AVAILABL	39	5.1299	24,411,538.00	107.781250	SUNGARD	0.00
11219	FAMCA QC 011509	31315PJQ3	07/16/2012	31	200	2	4.7500	10,000,000.00	10,018,750.00	219,027.78	20,750.00
			07/16/2017	53	AVAILABL	39	4.7545	9,998,000.00	100.187500	SUNGARD	0.00
11276	FAMCA QC 081009	31315PJW0	08/12/2012	31	200	2	4.1600	30,000,000.00	30,112,500.00	488,800.00	120,000.00
			08/11/2016	53	AVAILABL	39	4.1668	29,992,500.00	100.375000	SUNGARD	0.00
11362	FAMCA SA 091509	31315PMC0	09/16/2012	31	200	2	4.4000	10,000,000.00	10,075,000.00	129,555.56	77,500.00
			09/16/2017	53	AVAILABL	39	4.4056	9,997,500.00	100.750000	SUNGARD	0.00
11501	FAMCA SA 102809	31315PMW6	10/29/2012	31	200	2	4.6250	10,000,000.00	10,137,500.00	80,937.50	140,000.00
			10/29/2017	53	AVAILABL	39	4.6307	9,997,500.00	101.375000	SUNGARD	0.00
11515	FAMCA	307692AA1	11/05/2012	31	200	2	4.8750	10,000,000.00	9,994,100.00	226,145.83	0.00
			01/15/2015	69	AVAILABL	39	4.9003	9,994,100.00	99.941000	BOOK	0.00
11536	FAMCA	307692AA1	11/11/2012	31	200	2	4.8750	25,000,000.00	24,934,500.00	565,364.58	0.00
			01/15/2015	69	AVAILABL	39	5.0001	24,934,500.00	99.738000	BOOK	0.00
11537	FAMCA	307692AA1	11/11/2012	31	200	2	4.8750	15,000,000.00	14,957,670.00	339,218.75	0.00
			01/15/2015	69	AVAILABL	39	5.0100	14,957,670.00	99.717800	BOOK	0.00
11652	FAMCA SA 122309	31315PBD0	12/24/2012	31	200	2	4.0000	100,000,000.00	100,437,500.00	88,888.89	462,500.00
			12/24/2017	53	AVAILABL	39	4.0056	99,975,000.00	100.437500	SUNGARD	0.00
11653	FAMCA SA 122309	31315PBD0	12/24/2012	31	200	2	4.0000	50,000,000.00	50,218,750.00	44,444.44	218,750.00
			12/24/2017	54	AVAILABL	39	4.0000	50,000,000.00	100.437500	SUNGARD	0.00
11661	FAMCA	31315PBK4	12/25/2012	31	200	2	3.5500	50,000,000.00	51,843,750.00	34,513.89	1,843,750.00
			12/25/2017	69	AVAILABL	39	3.5500	50,000,000.00	103.687500	SUNGARD	0.00
11679	FAMCA	31315PBR9	12/31/2012	31	200	2	1.0000	25,000,000.00	25,078,125.00	694.44	78,125.00
			12/31/2013	54	AVAILABL	39	1.0000	25,000,000.00	100.312500	SUNGARD	0.00
11725	FAMCA SA 011310	31315PCD9	01/14/2013	31	200	2	3.5000	15,000,000.00	15,014,062.50	245,000.00	14,062.50
			01/14/2018	69	AVAILABL	39	3.5000	15,000,000.00	100.093750	SUNGARD	0.00
11756	FAMCA	31315PCX5	01/23/2013	31	200	2	3.0000	100,000,000.00	99,125,000.00	1,325,000.00	0.00
			01/23/2018	69	AVAILABL	39	3.0000	100,000,000.00	99.125000	SUNGARD	-875,000.00
11797	FAMCA	31315PDD8	02/05/2013	31	200	2	3.1250	105,000,000.00	101,948,437.50	1,339,843.75	0.00
			02/05/2018	69	AVAILABL	39	3.1250	105,000,000.00	97.093750	SUNGARD	-3,051,562.50
11945	FAMCA	31315PBK4	03/10/2013	31	200	2	3.5500	30,000,000.00	31,106,250.00	20,708.33	1,115,625.00
			12/25/2017	69	AVAILABL	39	3.5563	29,990,625.00	103.687500	SUNGARD	0.00
12083	FAMCA	31315PFR5	04/30/2013	31	200	2	3.1250	105,000,000.00	106,378,125.00	565,104.17	1,404,375.00
			04/30/2018	53	AVAILABL	39	3.1304	104,973,750.00	101.312500	SUNGARD	0.00
12120	FAMCA SA 050710	31315PFX2	05/08/2013	31	200	2	3.0500	15,000,000.00	14,971,875.00	68,625.00	0.00
			05/08/2018	53	AVAILABL	39	3.0554	14,996,250.00	99.812500	SUNGARD	-24,375.00
12196	FAMCA	31315PHX0	06/06/2013	31	200	2	3.1500	100,000,000.00	101,250,000.00	227,500.00	1,275,000.00

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Inv No.	Description	CUSIP	Purchase Maturity	Bank Brok	Safe Purp	Fund Iccode	Coupon YTM TR	Sched. Par/Shares Scheduled Book	Market Value Market Price	Curr Accr Int Price Source	Unrealized Gain Unrealized Loss
			06/06/2018	53	AVAILABL	39	3.1554	99,975,000.00	101.250000	SUNGARD	0.00
12254	FAMCA FIXED	31315PJR1	06/26/2013	31	200	2	3.2500	115,000,000.00	114,971,250.00	62,291.67	0.00
			06/26/2018	53	AVAILABL	39	3.2555	114,971,250.00	99.975000	BOOK	0.00
Inv Type	**39 OTHER AGENCIES 30/360**		**Count 20**				3.4739	944,550,000.00	949,033,441.88	6,371,720.14	8,819,196.38
							3.4857	944,165,183.00	100.474664		-3,950,937.50
11939	REPO AGREEMENT - OPEN ACT-360		03/06/2013	31	200	8	0.5500	1,681,690.00	1,681,690.00	3,031.71	0.00
			08/28/2013	62	AVAILABL	60	0.5500	1,681,690.00	100.000000	BOOK	0.00
12181	RESTRICTED REPO		06/04/2013	31	200	2051	0.2400	4,121,622.00	4,121,622.00	769.37	0.00
			07/07/2013	53	AVAILABL	60	0.2400	4,121,622.00	100.000000	BOOK	0.00
12182	RESTRICTED REPO		06/04/2013	31	200	2054	0.2400	684,715.00	684,715.00	127.81	0.00
			07/07/2013	53	AVAILABL	60	0.2400	684,715.00	100.000000	BOOK	0.00
12183	RESTRICTED REPO		06/04/2013	31	200	2071	0.2400	65,314,231.00	65,314,231.00	12,191.99	0.00
			07/07/2013	53	AVAILABL	60	0.2400	65,314,231.00	100.000000	BOOK	0.00
12184	QZAB REPO		06/04/2013	31	200	2039	0.2400	636,114.00	636,114.00	118.74	0.00
			07/07/2013	53	AVAILABL	60	0.2400	636,114.00	100.000000	BOOK	0.00
12185	QZAB REPO		06/04/2013	31	200	2049	0.2400	4,922,018.00	4,922,018.00	918.78	0.00
			07/07/2013	53	AVAILABL	60	0.2400	4,922,018.00	100.000000	BOOK	0.00
12186	QZAB REPO		06/04/2013	31	200	2059	0.2400	3,193,532.00	3,193,532.00	596.13	0.00
			07/07/2013	53	AVAILABL	60	0.2400	3,193,532.00	100.000000	BOOK	0.00
12187	QZAB REPO		06/04/2013	31	200	2064	0.2400	4,973,165.00	4,973,165.00	928.32	0.00
			07/07/2013	53	AVAILABL	60	0.2400	4,973,165.00	100.000000	BOOK	0.00
12188	QZAB REPO		06/04/2013	31	200	2069	0.2400	4,399,340.00	4,399,340.00	821.21	0.00
			07/07/2013	53	AVAILABL	60	0.2400	4,399,340.00	100.000000	BOOK	0.00
12201	REPO AGREEMENT - OPEN ACT-360		06/09/2013	31	200	8	0.3700	5,326,064.00	5,326,064.00	1,259.02	0.00
			10/07/2013	62	AVAILABL	60	0.3700	5,326,064.00	100.000000	BOOK	0.00
12267	OVERNIGHT REPO I		07/01/2013	31	200	2	0.1400	96,297,000.00	96,297,000.00	374.49	0.00
			07/02/2013	2	AVAILABL	60	0.1400	96,297,000.00	100.000000	BOOK	0.00
12268	OVERNIGHT REPO II		07/01/2013	31	200	2	0.0900	88,000,000.00	88,000,000.00	220.00	0.00
			07/02/2013	2	AVAILABL	60	0.0900	88,000,000.00	100.000000	BOOK	0.00
12269	OVERNIGHT REPO III		07/01/2013	31	200	2	0.0900	89,000,000.00	89,000,000.00	222.50	0.00
			07/02/2013	2	AVAILABL	60	0.0900	89,000,000.00	100.000000	BOOK	0.00
12270	REPO AGREEMENT - OPEN ACT-360		07/01/2013	31	200	2	0.1500	100,000,000.00	100,000,000.00	416.67	0.00
			07/09/2013	62	AVAILABL	60	0.1500	100,000,000.00	100.000000	BOOK	0.00
Inv Type	**60 REPO AGREEMENT - OPEN ACT-360**		**Count 14**				0.1462	468,549,491.00	468,549,491.00	21,996.74	0.00
							0.1462	468,549,491.00	100.000000		0.00
12258	CD LD00401		06/11/2013	31	200	69	0.2500	555,498.00	555,498.00	79.90	0.00
			06/11/2023	77	AVAILABL	75	0.2500	555,498.00	100.000000	BOOK	0.00
12259	CD LD00402		06/11/2013	31	200	69	0.2500	319,030.00	319,030.00	45.89	0.00
			06/11/2023	77	AVAILABL	75	0.2500	319,030.00	100.000000	BOOK	0.00

INVESTMENT INVENTORY WITH MARKET VALUE (CONT.)

Run Date: 11/2/2009 • 10:08:32am • Investment Outstanding as of 06/30/2009

Inv No.	Description	CUSIP	Purchase Maturity	Bank Brok	Safe Purp	Fund Iccode	Coupon YTM TR	Sched. Par/Shares Scheduled Book	Market Value Market Price	Curr Accr Int Price Source	Unrealized Gain Unrealized Loss
12260	CD LD00403		06/11/2013	31	200	69	0.2500	125,472.00	125,472.00	18.05	0.00
			06/11/2023	77	AVAILABL	75	0.2500	125,472.00	100.000000	BOOK	0.00
12261	CD LD05001		06/11/2013	31	200	69	0.4300	250,000.00	247,611.11	61.85	0.00
			06/11/2014	77	AVAILABL	75	0.4300	250,000.00	99.044444	SUNGARD	-2,388.89
12262	CD LD05002		06/11/2013	31	200	69	0.4300	102,931.00	102,931.00	25.46	0.00
			08/11/2015	77	AVAILABL	75	0.4300	102,931.00	100.000000	BOOK	0.00
12263	CD LD05003		06/11/2013	31	200	69	0.4300	78,729.00	78,729.00	19.48	0.00
			11/11/2014	77	AVAILABL	75	0.4300	78,729.00	100.000000	BOOK	0.00
Inv Type	75 NEG CD COMPOUNDING	ACT/365-6	Count 6				0.3043	1,431,660.00	1,429,271.11	250.63	0.00
							0.3043	1,431,660.00	99.833138		-2,388.89
11456	LGIP		07/01/2012	3	100	2	0.5172	230,376,510.95	230,376,510.95	0.00	0.00
			07/02/2013	25	AVAILABL	98	0.5172	230,376,510.95	100.000000	BOOK	0.00
11457	Balt C BP 2004 Debt		07/01/2012	31	100	11	0.2329	6,729.07	6,729.07	713.29	0.00
			07/02/2013	23	AVAILABL	98	0.2329	6,729.07	100.000000	BOOK	0.00
11458	Balt C BP 2004 Reserve		07/01/2012	31	100	11	0.2222	2,710,255.09	2,710,255.09	3,154.84	0.00
			07/02/2013	23	AVAILABL	98	0.2222	2,710,255.09	100.000000	BOOK	0.00
11460	FEDERATED 4572856		07/01/2012	31	100	12	0.2222	18,397,182.99	18,397,182.99	26,111.76	0.00
			07/02/2013	23	AVAILABL	98	0.2222	18,397,182.99	100.000000	BOOK	0.00
11461	CTRB 2007 Reserve		07/01/2012	31	100	11	0.2196	11,136.24	11,136.24	0.00	0.00
			07/02/2013	23	AVAILABL	98	0.2196	11,136.24	100.000000	BOOK	0.00
11462	CTRB 2007 Debt Service		07/01/2012	31	100	11	0.2222	2,823,300.44	2,823,300.44	-3,173.92	0.00
			06/22/2016	23	AVAILABL	98	0.2222	2,823,300.44	100.000000	BOOK	0.00
11936	CTRB 2004 Rebate		03/06/2013	31	200	11	0.2222	315,124.62	315,124.62	-1.78	0.00
			03/06/2017	23	AVAILABL	98	0.2222	315,124.62	100.000000	BOOK	0.00
12042	CITI MMKT INV		04/10/2013	31	200	2	0.5577	107,738,157.57	107,738,157.57	0.00	0.00
			07/02/2013	75	AVAILABL	98	0.5577	107,738,157.57	100.000000	BOOK	0.00
12197	CTRB 2009 Proceeds		06/06/2013	31	200	11	0.0103	45,003,084.93	45,003,084.93	-112.73	0.00
			06/06/2017	23	AVAILABL	98	0.0103	45,003,084.93	100.000000	BOOK	0.00
12228	CTRB 2009 Debt Servic		06/20/2013	31	200	8	0.2061	1,707,926.87	1,707,926.87	0.00	0.00
			06/20/2017	23	AVAILABL	98	0.2061	1,707,926.87	100.000000	BOOK	0.00
12229	CTRB 2009 Reserve		06/20/2013	31	200	8	0.2061	365,713.63	365,713.63	0.00	0.00
			06/20/2017	23	AVAILABL	98	0.2061	365,713.63	100.000000	BOOK	0.00
Inv Type	98 MONEYMARKET FUNDS		Count 11				0.4531	409,455,122.40	409,455,122.40	26,691.46	0.00
							0.4531	409,455,122.40	100.000000		0.00
GRAND TOTAL				Count 182				5,088,853,273.40	5,095,548,034.22	39,346,978.57	20,819,512.60
								5,085,241,796.68	100.131557		-10,513,275.06

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