

attended its operations, and strong hopes are entertained that it may, ere long, contribute something towards the heavy debt which has been incurred in its construction.

The Kent County Rail Road Company and the Wicomico and Pocomoke Rail Road Company have both complied with the provisions of the Act of 1860, ch. 303, and have certified to the Treasurer their right to receive the State subscription named in that Act, the former \$101,531, and the latter \$60,000. In the case of the latter, the Act of 1866, ch. 154, increased the subscription by an amendment of the Act of 1860.

I have received the last Exhibit of the Annapolis and Elkridge Rail Road Company. The road is not in condition to make any return to the State. I would recommend the dismissal of the legal proceedings against that Company, such being the recommendation of the counsel retained on the part of the State.

THE NAVAL ACADEMY.

By an Act passed by the General Assembly in January last, authority was given to the Governor, Comptroller and Treasurer, to sell to the Federal Government the Executive Mansion and grounds attached thereto, to enable the Government to complete arrangements then going forward for the enlargement of that Institution.

This was wholly indispensable to the retention of the School in Annapolis. Both the Secretary of the Navy and the President of the United States, by his endorsement of the recommendation of that officer, having urged a much larger space than that heretofore occupied by the Naval School, it became a matter of the first importance that the most liberal policy should be pursued by the State, in the effort to fix the permanent location of this valuable Institution within our borders, especially as the most vigorous efforts were then being made, to change the location to some other point.

It affords me pleasure to report to the General Assembly that the most friendly spirit was manifested throughout, by Vice Admiral Porter, commanding the Station, and by the Naval Committees of both houses of Congress; and that a result was arrived at, entirely satisfactory to the State of Maryland, whereby the permanency of the Institution is believed to have been secured against future contingency. The Mansion and grounds were disposed of at a cost of \$25,000, with the stipulation that the possession of the State would not be interfered with, during the gubernatorial term of the present incumbent, unless arrangements could be sooner made to provide suitable accommodations for the Governor elsewhere, in which event the property would be immediately surrendered