

\$1 million for the state's sinking fund. The bonds were due on 1 January 1884 but, rather than redeem them in cash, the General Assembly decided to refinance them. In 1880 the legislature enacted a defense redemption loan of \$3 million, directing the board to sell the new bonds or to exchange them at par for the 1868 bonds. If, and to the extent, the bonds were sold for cash, rather than exchanged, the board was to apply the proceeds toward the redemption of the old bonds.⁴⁶

The 1880 act, for whatever reason, was not implemented, and in 1882—the next biennial session—the General Assembly authorized a new redemption loan of \$3 million with somewhat more favorable terms to the state.⁴⁷ The basic provisions of the two acts were similar. In June 1883, after placing the advertisements, the board received and considered bids, eventually selling \$1,331,086 at a slight premium and \$566,740 at par and exchanging \$1,094,802 at par for the 1868 bonds.⁴⁸

Similar loans were authorized in 1886, 1888, and 1890.⁴⁹ The board did not always have an easy time with these loans. With the 1886 loan refinancing \$1,896,000 of 1872 bonds, for example, it received no initial bids. On 8 June 1886 it accepted a private offer from James Sloan to take whatever the state did not want for its sinking fund and awarded him \$491,200 of the issue. A week later, however, the deal was rescinded by mutual consent, and the holders of the 1872 bonds were given additional time to exchange their bonds for the new ones.⁵⁰

In 1890 the legislature made the board, in effect, the custodian of the securities owned by the state sinking fund. It is not entirely clear what prompted this move, but it (1) required the board to count all securities purchased for the fund, which the board did quarterly, (2) directed that all such securities be kept "in some safe deposit company in the City of Baltimore, to be selected by the treasurer with the approval of the board of public works," and (3) prohibited the treasurer from having access to the safe deposit box unless accompanied by the comptroller or some other person appointed by the board.⁵¹

The major role envisioned for the Board of Public Works in 1851 was to make the state's investments in the various railroad and canal companies as productive as possible. By 1864 its intended function was quite different: it was to dispose of those investments, and to do it expeditiously. In the end, it took nearly fifty years to comply with that mandate.

The C & O Canal Company—the project that more than any other led to the creation of the board—continued to be a thorn in its side until 1906, and even its demise was unpleasant and fraught with controversy. The board was under a constitutional mandate to liquidate the state's investment in the company—to the interested counties, if possible. The problem, of course, was that no one wanted what was perceived to be a chronic loser. And so the board continued to attend stockholders' meetings, elect directors, fend off as best as possible the not always gentlemanly competition from the B & O,⁵² arrange for the ever-increasing repairs to dams and other structures and arbitrate the competing economic interests involved in the setting of toll schedules.

46. Acts of 1861, ch. 235; 1880, ch. 232.

47. Acts of 1882, ch. 289. The 1882 act provided for a slightly lower interest rate, a 15—rather than 14—year bond, and required the board to advertise for bids in London, New York, Philadelphia, and Baltimore. The 1880 act had merely required advertising in "one or more newspapers."

48. BPW Minutes, 3 June 1883, vol. 1851-83, p. 423.

49. Acts of 1886, ch. 449; 1888, ch. 201; 1890, ch. 305.

50. BPW Minutes, 8, 17 June 1886, vol. 1883-1905, pp. 61-62, 64.

51. Acts of 1890, ch. 571.

52. See, for example, BPW Minutes, 7 April 1876, 11 April 1877, 14 June 1883, vol. 1851-83, pp. 288, 307-8, 427, at which the board approved reductions in tolls to meet competition from the B & O.