

which the State's Bonds ought to be redeemed. If that redemption is to take place at once, or within some reasonable time hereafter, it is manifest that we can not realize from the Government Bonds, now worth about par in the market, half the amount required to provide for it; if on the contrary it is considered proper to postpone that redemption to a future period, say until the maturity of the Government Bonds, their proceeds would then be probably sufficient for the purpose.

I submit the whole question for your consideration; and in this connection I would remind you that the State's Bonds redeemable after 1st January, 1865, were provided with coupons running only to that period, and some provision is apparently necessary to enable their holders to receive the semi-annual interest justly due from January, 1865, until the principal of the bonds is actually paid.

No provision for that purpose however, should I think, make any modification in the character of the security, which should be still left as at present, redeemable at any time at the pleasure of the State.

I deem it proper further to suggest in this connection, that should you determine to accept the arrangement above proposed by the Companies, and pass an Act for that purpose, it should provide for another adjustment of the interest due from them. The Act of 1860, ch. 372, which authorized the adjustment of the arrearages above referred to, manifestly contemplated the *payment* of those arrearages when that adjustment should be made, or within a reasonable time thereafter, and with that expectation, if not on that condition, apparently authorized a remission of the interest on a large part of those arrearages which had been previously funded. Instead of those arrearages being paid however, no part thereof has been paid, but they have continued to increase as above stated, and under such circumstances it appears proper and just, that the authority now sought of you by these Companies should be coupled with a power to revise the entire account of interest and exchange.

I consider it my duty to direct your attention to the relations of the State to the Annapolis and Elk Ridge Rail Road Company, and the necessity of an immediate exertion towards realizing upon the investment which the State has in that work, the income to which she is manifestly entitled. The State subscribed and paid about three hundred thousand dollars to the stock of this Company, and has besides been annually paying large amounts on account of its debts; if she is ever to receive any thing in return, the time has come for exacting it.