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May 5, 2009

The Honorable Martin J. O'Malley
Governor of Maryland
State House
100 State Circle
Annapolis, Maryland 21401

RE: HB 1081

Dear Governor O'Malley:

We have reviewed and hereby approve for constitutionality and legal sufficiency House Bill 1081, "Prior Authorizations of State Debt to Fund Capital Projects – Alterations." We write to address technical issues relating to several specific capital projects included in the bill.

House Bill 1081 amends prior Acts of the General Assembly that authorized the creation of state debt through the issuance, sale, and delivery of general obligation bonds, the proceeds of which were designated for funding specified capital projects. The bill makes various changes, including changing the grantees of certain projects, expanding the authorized uses of certain grant funds, changing the name or location of projects, and extending the deadlines by which matching funds must be certified and certain expenditures must be made by the grantees.

One loan included in HB 1081 has already been terminated by action of the Board of Public Works (BPW). On page 22, Chapter 204 of the Acts of 2003, Section 12.(3)(V) - Ebenezer Community Life Center, is amended to require proceeds of the loan to be encumbered no later than June 1, 2011. This loan was canceled on September 20, 2006 by the BPW for failure to meet the matching fund requirement within 2 years under State Finance & Procurement Article (SFP), Section 8-128. See Secretary's Agenda Item 13, Number A-1. This was published in the Maryland Register on 10/13/2006, Volume 33,

Issue 21. It is our view that HB 1081 did not reinvigorate this loan and it remains canceled.

Several loans are properly amended by HB 1081 to change the grantees, and some of those also include an extension of the expenditure date, but they fail to extend the matching fund date. The result is that, although the grantee has changed, the matching fund date has already passed, and these loans are now subject to cancellation. In our view, the matching fund dates should have been extended as well. The affected loans are:

- On page 9 of HB 1081, Chapter 440 of the Acts of 2000, as amended by Chapter 94 of the Acts of 2007, Section 1 - Park Heights Sports Complex changes the Grantee to the Mayor and City Council of Baltimore City. The matching fund date remains unchanged from June 1, 2002.
- On page 13 of HB 1081, Chapter 432 of the Acts of 2001, as amended by Chapter 219 of the Acts of 2008, Section 1 - Historic London Town Visitors Center and Museum changes the Grantee to the County Executive and County Council of Anne Arundel County. The matching fund date remains unchanged from June 1, 2003.
- On page 20 of HB 1081, Chapter 290 of the Acts of 2002, Section 1, (3) ZA00 (EE) - Park Heights Sports Complex changes the Grantee to the Mayor and City Council of Baltimore City. The matching fund date remains unchanged from June 1, 2004.
- On page 20 of HB 1081, Chapter 290 of the Acts of 2002, Section 1, (3) ZA00 (OO) - MacDonald Knolls Center changes the Grantee to the Board of Directors of CHI Centers, Inc. The matching fund date remains unchanged from June 1, 2004.
- On page 24 of HB 1081, Chapter 204 of the Acts of 2003, as amended by Chapter 432 of the Acts of 2004, Section 13 (3)(ii)(O) - MacDonald Knolls Center changes the Grantee to the Board of Directors of CHI Centers, Inc. The matching fund date remains unchanged from June 1, 2006.

- On page 25 of HB 1081, Chapter 445 of the Acts of 2005, Section 1, (3) ZA02 (K) - Benson-Hammond House Renovation changes the Grantee to the Board of Directors of the Anne Arundel County Historical Society, Inc. The matching fund date remains unchanged from June 1, 2007.
- On page 31 of HB 1081, Chapter 488 of the Acts of 2007, Section 1, (3) ZA01 (AT) - MacDonald Knolls Center changes the Grantee to the Board of Directors of CHI Centers, Inc. The matching fund date remains unchanged from June 1, 2009.
- On page 32 of HB 1081, Chapter 488 of the Acts of 2007, Section 1, (3) ZA01 (BA) - Marleton Gazebo changes the type of acceptable match, but the matching fund date remains unchanged from June 1, 2009.
- On page 33 of HB 1081, Chapter 488 of the Acts of 2007, Section 1, (3) ZA02 (BH) - MacDonald Knolls Center changes the Grantee to the Board of Directors of CHI Centers, Inc. The matching fund date remains unchanged from June 1, 2009.

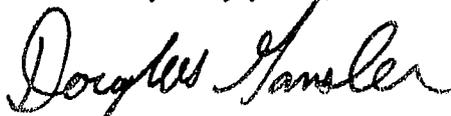
In light of the amendments made by HB 1081, we believe it is within the discretion of the BPW to accept evidence of the provision of matching funds by these new grantees rather than automatically terminate the authorizations under SFP §8-128(a). Alternatively, these authorizations could be amended as necessary next year to extend the matching fund dates to June 1, 2011.

Finally, there is one grant mentioned in HB 1081 where the matching fund date is extended beyond the statutorily-required expenditure date. On page 21, Chapter 204 of the Acts of 2003, Section 12, (3) (I) - Bethel Senior Facilities is amended to change the name of the project and extend the matching fund date to June 1, 2011. In accordance with SFP §8-128(c), the expenditure date is 2010 (2003 plus 7 years = 2010), and HB 1081 does not change this. If the match is completed and expenditure made by June 1,

The Honorable Martin J. O'Malley
May 5, 2009
Page 4

2010, there is no problem. Otherwise, the authorization should be amended during next year's legislative session to provide for an extended expenditure date.

Very truly yours,

A handwritten signature in black ink, appearing to read "Douglas F. Gansler". The signature is written in a cursive, flowing style.

Douglas F. Gansler
Attorney General

DFG/BAK/kk

cc: The Honorable John P. McDonough
Joseph C. Bryce
Karl Aro
