

MARYLAND STATE TREASURER  
Nancy K. Kopp

September 9, 2009

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

The Honorable Thomas V. Mike Miller, Jr.  
President of the Senate  
Maryland General Assembly  
State House  
Annapolis, Maryland 21401

The Honorable Michael E. Busch  
Speaker of the House  
Maryland General Assembly  
State House  
Annapolis, Maryland 21401

Gentlemen:

The Capital Debt Affordability Committee, created pursuant to Section 8-104, *et seq.*, of the State Finance and Procurement Article, is required to submit to the Governor and the General Assembly each year an estimate of the maximum amount of new general obligation debt that prudently may be authorized for the next fiscal year. The Committee is also required to submit an estimate of the amount of new academic facilities bonds that prudently may be authorized.

In light of the statutory deadline of September 10, I, as Chair of the Committee, am submitting to you this letter including the Committee's recommendations, pending completion of the official 2009 Capital Debt Affordability Report.

At this time, the Committee recommends a \$990 million limit for new general obligation authorizations by the 2010 General Assembly to support the 2011 capital program. The Committee's projections for future authorizations assume increases of 3% annually in 2012 through 2019.

However, due to extraordinary and rapidly changing fiscal conditions, the Committee intends to reconvene in late calendar year 2009 to reexamine the recommended authorization level. Among the issues and circumstances which the Committee will review and consider at that time and which might impact this recommendation, are the following:

1. Board of Revenue Estimate's September revenue estimates
2. Developing options to provide operating budget relief by transferring appropriate expenditures to the capital budget.
3. Debt service projections subsequent to the projected refunding and new money bond issuance this fall.

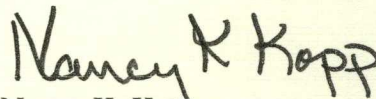
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4. Possible extension of federal authorizations incorporated in the ARRA, such as school construction bonds and Build America Bonds.

Based on its review of the condition of State debt in light of the debt affordability guidelines, the Committee recommends a limit of \$27 million for new academic facilities bonds for the University System of Maryland for fiscal year 2011.

The Committee is in the process of finalizing its complete Annual Report, which will be submitted as soon as possible.

Sincerely,



Nancy K. Kopp  
State Treasurer  
Chair, Capital Debt Affordability Committee

Cc: The Honorable Peter Franchot, State Comptroller  
The Honorable T. Eloise Foster, Secy. Dept. of Budget and Management  
The Honorable Beverly Swaim-Staley, Secy. Dept. of Transportation  
Mr. Paul B. Merritt