



May 21, 2019

The Honorable Nancy K. Kopp
State of Maryland Treasurer's Office
Goldstein Treasury Building
80 Calvert Street
Annapolis, Maryland 21401

On behalf of hundreds of homeowners and residents who support DontWiden270.org, I am writing to urge you to reject requests for the Maryland Board of Public Works to consider or approve contracts in support of the I-495/I-270 P3 project, until effective due diligence has been conducted.

I appreciated your efforts during the 2019 legislative session to develop "workable and effective due diligence" mechanisms in HB 1091 and your testimony that bringing credit rating and financial expertise into the process of assessing P3 projects and contracts "does make it a sound process." Given the risks associated with such a large, long-term commitment, due diligence is essential.

The risks posed by P3 projects are documented in a December 2016 study by the U.S. Department of Transportation which found that "During the past decade, many U.S. highway public-private partnerships (P3s) have experienced financial distress due to lower-than-expected traffic and revenue." The study identified three projects in Virginia (the Dulles Greenway, I-495, and the Pocahontas Parkway), among others around the country, that had to be re-negotiated because the financial arrangements were not sustainable.

Maryland faces several risks with the I-495/I-270 P3 project, which include inadequate protection of the State's financial interests. These include:

- Having to assume additional financial responsibilities tied to the debt-service and ongoing maintenance costs;
- Harm to Maryland's credit rating if the project becomes a drain on the State's finances;
- If the project fails to achieve congestion relief, it's stated purpose, Maryland's capacity to finance more effective solutions could be depleted;
- If potential bidders lose interest (as Transurban has) or bidders become less interested due to problems with similar nearby projects (such as Ferrovial's cost overruns on its I-66 express toll lanes), MDOT could find itself pressured to accept unfavorable contract terms.

Therefore, I urge the Board to defer any vote on the pre-solicitation report or the project until an independent rating agency assessment of the terms of the P3 agreement and an environmental impact statement (EIS) on the project are completed and reviewed by the Board.

The fiscal assessment should include evaluation of:

- the credit strength of the private entity and private funding source;
- the impact of the proposed agreement on the State's credit rating;
- the impact of the proposed agreement on any local government's credit rating; and
- a recommendation of the minimum credit rating to be maintained by the private entity and private funding source (which must be included in the partnership agreement).

I understand that environmental impact statements are not something the Board usually examines. However, the EIS will provide the Board important information about the scope of the project as well as potential project impacts that could lead to legal and financial risks for the State.

Thank you, and please let me know your thoughts on this issue.

Peter Altman

Founder, DontWiden270.org