

Copy

Utrecht - July 11th 1877

Mr. Kitchin & Hill

St Paul - Minn

Dear Sirs

I have received your favor of May 26th proposing a purchase of the whole possession of our Committee of the four issues of bonds of the St P & P Co 1st Division and of the extensions of the St P & P Co

On receipt of your offer I have cabled (on the 27th ult) to ask you if I was at liberty to name the President of the Bank of Montreal George Stephen Esq and the Honorable Donald A. Smith Commission of the Hudson Bay Co and have since received a telegram from those gentlemen notifying their approval of your offer as made on their account

I now will submit your proposal to our Committee at its next meeting in the mean time I beg to draw your attention to some points that ought to be understood and which our Committee will certainly require to be settled before entering into any serious negotiation

1st The Committee has not the power to sell the bonds in its possession without the express assent of the holders of its Certificate and then only to the amount owned by such assenting holders, for this reason the Committee shall have to consult its Committees and ~~then~~ make the arrangements for carrying out the agreement in case of acceptance. This will involve the necessity of making Communications calling of meetings or similar steps, all of which require time. During this time the proposal whatever it

1 finally may be much stand firm and the Com-
2 mittee therefor - will demand as a condition pre-
3 liminary to its making any move in this matter
4 that you shall be bound by your proposal during a
5 certain time. I think that you ought to give your
6 proposal in hands of the Committee say during
7 two months

8 Ques The amount of bonds in the possession of the
9 Committee has been altered since my letter of February
10 28th last. At the present date the Committee holds
11 \$697,250 - of the 1200/m issue Branch line
12 813,000 - " 2800/m " " "
13 1280,000 - " 3000/m " Main Line
14 4162,000 - " 6000/m " " "
15 12663,000 - " 15000/m " Extensions

16 As outstanding original bonds continually
17 did and still do join with the Committee

18 It ought to be understood that the negotiation for
19 a contemplated purchase applies to all the bonds held by
20 the Committee at the time when the purchase is agreed to
21 but that - the Committee is only bound to deliver the
22 amount for which it may have got the assent of
23 the holders of certificates and that you shall be obliged
24 to accept such minor amounts at the rates to be
25 agreed upon provided that such amount shall not
26 be less than the majority of ^{the bonds} each issue - This too is a
27 condition which the Committee cannot I think forego
28 with regard to its position towards the holders of its cer-
29 tificates

30 I write you all this as my
31 private opinion feeling sure that the Committee will
32 not be able to enter into any negotiation but on sim-
ilar terms

It may save time and accelerate

as well as facilitate a conclusion that you should be
informed hereby beforehand in order to be prepared for
the same purpose I beg to add that the prices named
by you are rather low and that in order to succeed
your offer should be considerably improved
You should not leave out of consideration the
great amount of due unpaid coupons attached to
the bonds, the value of the land grant appertaining
to the line and the considerable increase of value
of the whole concern by the intended construction
of the line from Breckinridge to Barnes which
at this very moment our Committee is en-
deavouring to secure - Waiting a reply I
remain Dear Sirs

J. C. Phelps

Copy

Def'ts Exh 8 case
J. P. Farley vs. Kittson et al
Dear B. Hillis
Notary Public

Wright - July 11th 1877

Mrs Kittson & Hill

St Paul Minn

Dear Sirs

I have received your favor of May 26th proposing the purchase of the whole possession of our Committee of the four issues of bonds of the St P & P Co 1st Division and of the extensions of the St P & P Co. On receipt of your offer I have cabled you (on the 17th ult) to ask you if I was at liberty to name the President of the Bank of Montreal, George Stephen Esq and the Hon Donald A. Smith Commissioners of the Hudsons Bay Co and have since received a telegram from these gentlemen ratifying their approval of your offer made on their account.

I now will submit your proposal to our Committee at its next meeting. In the meantime I beg to draw your attention to some points, that ought to be understood and which our Committee will certainly require to be settled before entering into any serious negotiations,

1st The Committee has not the power to sell the bonds in its possession without the express assent of the holders of its certificates and then only to the amount owned by such assenting holders. For this reason the Committee shall have to consult its Committee and to make the arrangements for carrying out the agreement in case of acceptance - This will involve the

necessity of making communications, calling of meetings or similar steps, all of which require time. During this time the proposal whatever it finally may be must stand firm and the Committee therefore will demand as a condition preliminary to its making any move in this matter that you shall be bound by your proposal during a certain time, I think that you ought to give your proposal in hands of the Committee say during two months.

2nd The amount of bonds in the possession of the Committee has been altered since my letter of Feb 28th last. At the present date the Committee holds

\$694,250	-	of the 1200/m issue	Branch line
813,000	"	2800/m	"
1,280,000	"	3000/m	" Main Line
416,200	"	6000/m	" " "
1,266,300	"	15000/m	" Extension

as outstanding ~~bonds~~ original bonds continuously did and still do join the Committee.

It ought to be understood that the negotiations for a contemplated purchase applies to all the bonds held by the Committee at the time when the purchase is agreed to, but that the Committee is only bound to deliver the amount for which it may have got the assent of the holders of certificates and that you shall be obliged to accept such minor amount at the rates to be agreed upon - provided that such amount shall not be less than the majority of the bonds of each issue.

This too is a condition which the Committee cannot I think forego with regard to its position towards the holders of its certificates.

I write you all this as my private opinion feeling sure that the Committee will not be able to enter into any negotiation but on similar terms.

It may save time and accelerate as well as facilitate a conclusion that you should be informed beforehand in order to be prepared.

For the same purpose I beg to add that the prices named by you are rather low and that in order to succeed your offer should be considerably improved - You should not leave out of consideration the great amount of unpaid coupons attached to the bonds, the value of the Land grant appertaining to the line and the considerable increase of value of the whole concern by the intended construction of the Exeter and Barnes line, which at this very moment our Committee is endeavouring to insure.

Awaiting your reply I remain

Yours
Sincerely
J. C. C.



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