GENERAL CORRESPONDENCE 1878 UNDATED, CONT. FOLDER NO. 10-18

JAMES J. HILL PAPERS

PLEASE RETAIN
ORIGINAL ORDER

[1878]

Having purchased the holdings of the Dutch bondholders represented by this Committee in the St P & P RR Co & First Division St P & P RR Co at a cost of about 4000.000 & the stock of B & D [illegible] amounting to about 20.000 additional, the interest on which is payable semi annually at 7% & which will require a yearly payment for interest amounting to about $300.000, we make this statement to show the resources from which the purchasers will be entitled reasonably to look to meet the payment of interest on their purchase —

There now remains uncompleted, the Extension Line (so called) between Melrose & Fergus Falls ~~to Alexandria~~ say 80 miles & from end of track at Snake River to St Vincent say 65 miles, (if line is completed only to Alexandria from Melrose 33 miles only is required to be built); The grading on this line is completed between Alexandria & Melrose & between Snake River & St Vincent except about 12 miles — between Alexandria & Fergus Falls grading is about 2/3 done —

Reaffirmed in 1878

The act of Legislature of 1877 requires that the road shall be completed to Sauk Centre (18 miles from Melrose) by Aug 1. 1878 & to Alexandria by Dec 1. 1878 & from Snake River to St Vincent by Jany 1, 1880, & that on completion of Road to Alexandria & St Vincent the Co shall be entitled

[1878]

to receive 400,000 acres of Land & that on completion to Fergus Falls the Co shall receive all the rest & residue of the grant to the State in aid of the R Rd, about 928,000 in all

We recommend the building of the uncompleted portion of the road, under the order of the Court heretofore made in the suit pending in the U.S. Court for Minn, (which order can be modified for that purpose) which authorizes the Receiver J. P. Farley to issue ~~d~~ debentures, which shall be a first lien, prior to the existing mtg, on all the Road, land grant & other property of the Extension Line, to a sufficient amount to enable him to complete the road, or such portions of it as he may be able to to build. These debentures would without doubt be authorized to the amount of $12,000 per mile and would bear say 8% semi annual interest; the bond purchasers would undoubtedly secure a contract from the receiver to build the road at the price of $12,000 per mile (& perhaps more) payable in these debentures.

To complete the Roads & for payment of interest on bond purchases, there will be required as follows —

For completing line Snake River to St Vincent		$415,000
Do	Do Melrose to Alexandria	215,000
~~Annual interest on purchase~~		~~300,00~~
Do	Do Alexandria to Fergus Falls	370,00
		$1,000,00

Annual interest on purchase of bonds &c 300,000

[1878]

To provide for the semi annual payment of the interest on purchase of bonds we can fairly look to the following sources

First = there is now in the hands of the Trustees of Trust Co. earnings of Road - about $300.000

Second. The Estimated net earnings ~~since~~ to July 1. 1879 at the lowest ~~possible~~ estimate say $500.000

$800.000

The bond purchasers hold about 70% of the bond issue to which these net earnings must eventually be paid & would be able, if necessary, to obtain certainly $200.000 from this source during the present year

Third

Under the advice of the United States Circuit Court the Receiver of the extension line, has & will doubtless continue to lease this line to such party as will pay a reasonable rental therefor as the property is now situated, (it being a detached piece of Road with no particular commencement or terminus) We therefore recommend that a lease of this line be obtained by the Red River RR Co or the R R & M RR from the Receiver this can probably be obtained at a yearly rental of from $15.000 to 20.000 at the outside. The purchasers then holding the Red River RR Co and the Red River & M RR Co could make favorable running arrangements with the Trustees now in possession & operating the First Division line so as to give the purchasers a fair division - on mileage basis or otherwise, of the earnings of the Roads, both main & Branch Lines. from this source, we estimate that the purchasers share of such net earnings would not fall below $150.000 We therefore

[1878]

think that we may reasonably presume ~~look to~~ that the ~~three~~ items above named will take ~~[illegible]~~ care of the interest on the bond purchase — ~~more especially if the line should be completed during the present year to Fergus Falls — as if the line were built to Fergus Falls the purchasers & prospective lessees would have~~

Under the existing feeling in Congress relative to the early coming back to the Government of all unearned land grants we think it greatly to the interests of the purchasers to build the Road to Fergus Falls during the present year, as if delayed another year, although authorized by ~~[illegible]~~ the act of the Minn Legislature of this matter, there may be great danger of losing all the land grant except the 400,000 acres earned by building to Alexandria & St Vincent: as the act of our Legislature is not binding upon the Government & would not estop Congress at its next session from forfeiting that part of the grant applicable to the Road between Fergus Falls & Alexandria, in addition to these reasons the lands applicable to that part of the Road are among the most valuable farming lands in the State, & would, if earned by the RR, in all probability be sold & put under cultivation at an early day and ~~to~~ would ~~[illegible]~~ add largely to the revenues of the road almost immediately

In reference to obtaining a portion of the money in the hands of the Trustees of First Div Co, we do not think that it would be advisable

[1878]

is necessary that an application should be made for a division of this fund, as if this were done all bonds would alike share in the division, & the result would be to at once enhance the value of the bonds upon which interest would be so paid but we think that the Trustees, upon being properly indemnified by us, would be willing to pay over a reasonable proportion of the moneys in their hands to which our bonds would be eventually entitled upon a division being made, and ~~& in doing this they~~ would be perfectly safe in so doing —

[1878?]

17500
207
122500
350000
3622500

76
10
66
20000
1320000

Memo to E.D.L & E.C.L

66 Sh Rep St Am @ 20 - 1.320.000
10 St Paul St Am 65 650.000
207 St Am to Bldg 1750 3622.500
5.592.500

1350
5.000.000
6750.000
2077.500
8.827.500
2966.670
11.794.170.

1385
1500
692500
1385
2077500

1385
1100
1.523.500

1385
1042
2770
5540
1385
1443.170
1523.500
2.966.670

1878?

85
5000

1775 2,000
1450000
760500
316.252

3.276.750
252
1042 140

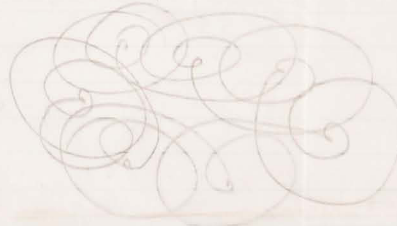
3,696.750

1042

750
105

2895
11

316,25



~~Real Estate~~

The ~~rolling stock is~~ Locomotives and in fact all the rolling stock has been put in first rate order during the past Winter ~~and at the present time is~~ ~~The supply of wood~~ There is a full years supply of wood on hand and the ~~oak timber and~~ stock of Oak timber ~~and~~ lumber &c for Car shops has been largely increased during the past fall and winter The stock of supplies &c for Machine shops is full and ample for all probable requirements

~~Real Estate~~

~~The Real Estate in St P and~~ ~~is put at a low valuation and intending to strip it of any speculative~~ value

The valuation of the Rolling stock supplies materials &c Real Estate R. R. Iron &c is all made upon a basis of their cash value and it is believed that the amount named could readily be realized ~~from the~~ in cash from the property

The present management took possession of the Road on the 1st April 1876 since which time a material reduction will be observed in the operating expenses notwithstanding there has been a large amount of new rails laid and all the Rolling stock has been ~~put in~~ thoroughly ~~rep~~ repaired Not including the new work done the operating expenses have been ~~for~~ under the present management less than 50% of the Gross Earnings up to Jan 1st 1876 — It is safe to estimate that with an economical management ~~to~~ the operating expenses will not exceed 60% of the gross earnings and at the same time keep the property in good condition and repair

With the Short line from Breckenridge complete and line finished to Pembina the net Earnings would undoubtedly exceed $500 000.00 the first year and would show a ~~steady~~ considerable steady increase thereafter as the

[1878]

We think you had better pay Committee expenses 280,000 Creaks satisfactory vouchers furnished by them.
If Committee insists on Gold bonds at Ninety (90) Endeavor to withdraw from preferred stock and give us sole option of payable in Cash
Bondholders desiring to join in plan of reorganization might do so taking Gold bonds at par with preferred stock
If stock insisted on 7 Gold bond should be 95 if possible — We think 7 Gold bond will sell near par as land sales will probably reduce amount necessary to ~~[illegible]~~ $10.000 per mile
Both StPaul & StP & C & Norwest offer to join taking minority interest
We advise try to arrange as good as possible and close purchase
Arrangements are concluded for Manitoba traffic coming season giving at least 100.000 net earnings over last year from new business

[1878]

Brainerd Branch

Ests. 203.037.07

Paymts. 162.638.64

$ 40.398.43

Extras ~~18.000.00~~ 1.800.00 42.198.43

St. Vincent Branch

Total Ests. 1,583.107.21

Paymts, in money 1.024.344.31

558.752.90

Extras 16.397.00 575.149.90

Supplies for Engr. Dept. 3.369.33

$620.717.66

Cr.

Iron Cattles at 184.500.00

Engr Dept Supplies

Commerce 1.875.47

2.877.043 ties, &c 218.646.30

Bridge materials 19.109.93 424.131.70

196.585.96

Pay'ts in pledge – 125.000.00

$71.585.96

Amt. rec'd by DeGraff & Co

Cash 3 30.000.00

30.000
~~1501~~ acres farming lands

Equivalent to N.P.R.R. Co mtg

Mr Clagh pays 70 cts per acre $21.000

15000 acres of ~~farming~~ Pine lands

in the [illegible] & [illegible] dists

by Clagh at $4 60.000

4.000 preferred stock

Superior [illegible] at 6.000

$ 97000

[illegible] 95.000.00

$ 125.000.00

[1878]

Net Earnings First Division Company

Year ending June 30th	Main Line	Branch Line	Total
1871	100974 90	159432 32	260407 22
1872	9227 55	103518 13	112745 68
1873	32685 87	133278 04	165963 91
1874	77038 84	139036 78	216075 62
1875	35607 14	120730 88	156338 02
1876	220324 43	143965 71	364290 14
1877	135855 35	128287 07	264142 42

During the year ending June 30th 1877 the following material was purchased and work done and charged to operating Expenses instead of Construction & Equipment

1000 Tons Steel rails laid	60	60000.00
1150 " reheated Iron rails laid	45	51750.00
170000 New Ties	@ 26	44200.00
New Bridges & Stone Culverts		14500.00
New Passenger Depot Minneapolis		6500.00
6 new flat cars		2100.00
Rebuilding 20 Box cars		6000.00
" 4 Pass. Coaches		3200.00
		$188250.00

264142 42
188250
452392.42

[WITH "1ST DIV. EARNINGS" 1878]

$1,701,000 issue	—	$829,750 @ 75%	—	622,312.50
$2,800,000 do.	—	925,000 @ 28%	—	259,000.00
$3,000,000 do.	—	1,102,500 @ 30%	—	330,750.00
$6,000,000 do.	—	4,100,000 @ 35%	—	1,435,000.00
$15,000,000 do.	—	12,500,000 @ 13%	—	1,625,000.00
				$4,272,062.50

$209,250 @ 80%	$167,400 –	
$161,000 @ 20%	32,200 –	
$230,250 @ 20%	46,050 –	
$508,000 @ 30%	152,400 –	
$2,500,000 @ 5%	125,000 –	523,050.00
		$4,795,112.50
Expenses		280,000.00 Exp.
Int		300,000.00 Int.
Deb		850,000.00 Deb.
	Ex. thro	600,000.00 Ex.
	Sink	212,000.00
	Grand Tosh	60,000.00
	Litchfield	500,000.00
		$7,598,112.50
Sinkg Fund	$100,000	350,112.50
Int Coupons	~~298~~ 250,112.50	~~298,112.50~~
		$7,248,000.00
655.5 miles of Road @ $12,000 pr mile		$7,866,000.00
		$618,000.00

[WITH "1ST DIV. EARNINGS" 1878]

625000 × 75 = 3125000 + 4375000 = 468.750.00

760000 × 28 = 6080.000 + 1520 = 212.800.00

907000 × 30 = 272.100.00

3520000 × 35 = 17600000 + 10560000 = 1.232.000.00

11.400.000 × 1375 = 5700000000 + 125 = 1567.500.00

625.000 @ 75 = 468.750 – 12/
760.000 " 28 = 212.800 – 28/
907.000 " 30 = 272.100 – 30/
3.520.000 " 35 = 1232.000 – 60/
2.185.650 – 1st Div
11.400.000 @ 13¾ 1.567.500 = Extra
3.753.150 –

Issue Total outstanding date – Purchase Outside holding

420 × 75 = 2100 + 2940 = 31500

335000 × 28 = 2680000 + 670000 = 93800.00

593 × 30 = 17790

1530 × 35 = 7650 + 4590 = 53550

625 × 12 = 7.500.000

65 × 75 = 325 + 455 = 48.750 + 11.200 = 59.950 Ctfs

28 × 40 = 11.200

65 × 61 = 65 + 390 = 39.650 – 8.000 = 47.650

20 × 40 = 8.000

20%
21

1500
907
597000
30
177.911.00

1045
625
420
75
2100
2940
31.500

1097
786
337
28
2696
674
94.360

681.550

1.504.100

5050
3520
1.53.0000
25
765000
459000
585500

375.3150
1113760
4.895.910

1875
6600
825000
4125
495.0000

1824
958
32

[WITH 1ST DIV. EARNINGS 1878]

829.750	75	622.312.50	
925.000	28	259,000.00	
1102,500	30	330.750.00	
4100.000	35	1435.000.00	
12500.000		1.625.000.00	
			4.272.062.50
209250 @	80	167.400	
161,000 @	20	32,200	
230.250 @	20	46.050	
508 000 @	30	152.400	
2500 000 @	5	125.000	523,050.00
			4795112.50
		Ex	280,000.00
		Int	300.000.00
		Deb	850.000.00
		E & St Tho	600,000.00
		Link	213,000.00
		Gr Forks	60.000.00
		Litchfld	500.000.00
			7.598.112.50
Sinking fund	100.000		350.000
[illegible]	[illegible]		7.248112.50

655
12

7.866.000
7248.112.50
617.888.50

Iron-Sphas-
Collector Pembina P. S.

[WITH "1ST DIV. EARNINGS" 1878]

670
160
~~160~~

860.000	75	645,000
925 000	28	259,000
1100.000	30	330,000
4100 000	35	1,435,000
13000 000	13¾	1,787,500
		4456,500
		160,000
300.000	13/-	30,000
150 000	26/-	40,000
200.000	3/-	120,000
400 000	6/-	

4806.500	S.F.L.
115.000	
4691.500	
280.000	Exp
300.000	Int
700.000	R.E.
5971.500	
371.500	Int Comp
5700.000	
700 000	
6400.000	
213.000	Link
500.000	Leech
100.000	
60.000	
8273000	

860
75
4300
6020
64500

925
28
7400
1850
25900

45
35
205
123
1435
1375
13,000
4125000
1375
17875

Ex Line thro'

70

421
76
70
75
24
6.66
12
7.920

666
10
666
12
7.700.

625.000 75
760.000 28
907.000
3.520.000
11.400.000

503.062.50
232400.00
325,200 00
1407.750

4|640.750
167687.50
503.062.50

~~108.000~~

830
28

6640
1660

23240

1084
30

32520

4.005 050
35

20025000
12015000

1.401.750

[WITH "1ST DIV. EARNINGS" 1878]

Branch Line

1700000		1038,000
2800000		1086,000
	Main Line	~~1330,500~~
3000000		1330,500
6000000 –		4550,000

[1878?]

~~Main~~

1871	Gross Earnings Main – ~~Tot~~		319 930.14
	Expenses		218.955.44
~~1872~~	Branch	Earnings	285 395.93
	"	Expenses	125.963.61
1872	Main	Earnings	398.875.93
		Expenses	389648.38
	Branch	Earnings	254 793.06
		Expenses	154 254.93
1873	Main	Earnings	439.240.11
		Exp	406 574.34
	Branch		324 495.29
		Exp	191 217.25
1874	Main	Earnings	402 670 03
		Exp	410 631.19
	Branch	Earnings	355 801.87
		Exp	216 764.69
1875	Main	Earnings	440 602.92
		Exp	404 995.78
	Branch	Earnings	309 181.69
		Exp	185 750.81
1876	Main	Earnings	644 033.44
		Exp	408 649.01
	Branch		381 877.07
			238 056.36

St Paul & Pacific
Trustees

Statement by H Thompson

Bonds outstanding
& amount held in
trust at date of
Dutch agreement.

C.H.B.

7

[WITH "1ST DIV EARNINGS" 1878]

[WITH 1ST DIV. EARNINGS" 1878].

Total outstanding ~~[illegible]~~

12^{s} 1039.000.
28^{s} 1087000
3^{s} 1374.000
6^{s} 4678 000

8.178.000

Bonds held in Trust
B of the

12^{s} 670.750 + 159000
28^{s} 830.000 + 93000
3^{s} 1084.000 + 18500
6^{s} 4005.000 + 91.000

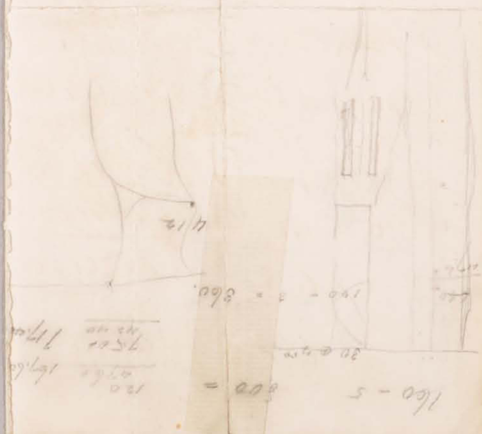
51 6.589.750 + 361.500.

= 6.951.250 total [illegible]

Held by Public

12^s	209 250		100.000
20^s	164 000		150.000
3^s	271 500		220.000
6^s	582 000	25%	430.000

#1.226.750



Branch

Main

1872 269000.99 Gro
194224.13 Exp
74776.86 Gain

1872
74776.86
28975.31
45801.55

400140.26 Gro
429115.57 Exp
28975.31 Loss

St rin

1873 343.382.92
204459.77
138924.15 Gain

1873
138.924.15
41794.27
180218.42
7437.61
187.656.03

463016.41
421722.14
41794.27 Gain

46607.82
39170.21
7437.61

1874 340920.88
210980.67
129940.21 Gain

1874
129940.21
56427.56
186367.77
10700.59
197068.36

472.766.82
416.339.26
56427.56

48433.69
37733.10
10700.59

1875 309700.86
211647.29
98053.57 Gain

98053.57
85172.12
2333.63
185559.32

508.284.70
423112.58
85.172.12

45884.30
43550.67
2333.63

~~1876~~

1872 B 269.000.99
M 400140.26
669.141.25

B 194224.13
M 429115.57
623.339.70
45801.55

1873 B 343.382.92
M 463016.41
Str 46607.82
853007.15

B 204459.77
M 421722.14
Str 39170.21
665352.12
187655.03

1874 B 340920.88
M 472766.82
Str 48433.69
862121.39

B 210980.67
M 416339.26
Str 37733.10
665053.03
197.068.36

1875 B 309700.86
M 508284.70
Str 45884.30
863.869.86

B 211647.29
M 423112.58
Str 43550.67
678310.54
185559.32

Str 3469.96
B 21273.04
Jan 36330.60
61073.60

Str 3029.11
B 17171.66
M 31085.89
51286.66

Str 2670.97
B 18090.01
M 33200.54
53961.52

Str 3268.05
17130.14
31531.38
51929.57

Str 3552.14
23986.83
42757.64
70246.61

2655.34
15424.57
30232.44
48312.35

M 50067.02
28736.20
78803.52

26096.58
17292.22
43388.80

	Branch						Main						M & B				
	Gross		Exp		Net		Gross		Exp		Net		Gro		Net		
74	35487	32	20049	73	15437	62	47327	66	37125	87	10201	83	82814	98	25639	45	Sept
75	33511	73	23758	32	9753	41	42731	45	37266	02	5465	43	76243	18	15218	84	
74	40389	14	19591	97	20797	17	47989	56	42606	20	5383	36	88378	70	26180	43	Oct
75	39979	14	26759	09	13220	05	72015	14	46675	95	25339	19	111994	28	38559	24	
74	37349	04	19573	69	12775	35	42868	66	27670	64	15198	02	75217	70	27973	37	Nov
75	36751	30	22521	73	14229	57	71315	07	36490	88	34824	19	108066	37	49053	76	
74	29594	59	16399	22	13195	37	36280	94	29114	10	7166	84	65875	53	20362	21	Dec
75	34131	74	22253	99	11877	75	59621	56	34924	07	24924	07	93753	30	36575	24	
75	20558	35	16999	55	3385	55	23041	88	29812	39	6770	57	43600	23	3384	96	Jan
76	24743	00	20200	77	4532	23	36330	60	31085	89	5244	71	61073	60	9776	94	
75	17406	19	13962	21	3144	98	20035	31	27649	10	7613	79	37141	50	4468	81	Feb
76	20760	18	20398	19	362	79	33200	54	31531	48	1669	06	53961	52	2031	85	
75	23200	83	16295	55	6905	28	35942	52	30879	91	4937	39	49143	35	1967	89	March
76	27508	97	18079	91	9429	06	42757	64	30232	44	12525	20	70266	61	21954	26	
75	26600	32	20161	85	6438	47	35723	53	37763	76	2040	23	62323	85	4398	24	Apl
76	28736	20	17292	52	11443	68	50067	02	26096	58	22970	44	78803	22	35414	12	
75	27703	67	21202	14	8501	48	39928	54	34745	70	5782	84	69632	16	13684	32	May
76	33886	34	17630	10	16256	24	62171	95	29557	74	32614	21	96058	29	48870	45	
75	31094	64	19953	72	11140	92	40038	35	36265	07	3783	28	71132	99	14924	20	June
76	39365	37	17764	10	21601	27	81040	81	36187	09	44853	72	120406	18	66454	99	
75	33300	52	26287	52	7013	00	40242	36	38625	98	1616	38	75542	88	8629	38	July
76	32345	60	21593	30	10752	30	58807	19	32209	72	26597	47	91152	79	37349	77	
75	29646	78	23589	52	6057	26	37638	99	32003	75	5635	24	67285	77	11692	50	Aug
76	28472	70	18086	32	10386	48	44199	20	37624	02	6575	18	72671	90	16961	66	
75	33511	73	23758	32	9753	41	42731	45	37266	02	5465	43	76243	18	15218	84	Sept
76	30809	85	24205	02	9604	83	43267	53	30570	93	12696	60	74077	38	22300	43	
75	39979	14	26759	09	13220	05	72015	14	46675	95	25339	19	111994	28	38559	24	Oct
76	33574	18	18408	87	15765	81	53098	85	35444	04	17654	81	86673	03	32820	12	