

GENERAL CORRESPONDENCE

[ST. PAUL & PACIFIC RR CO AGREEMENT]

1878 MAR 13, CONT.

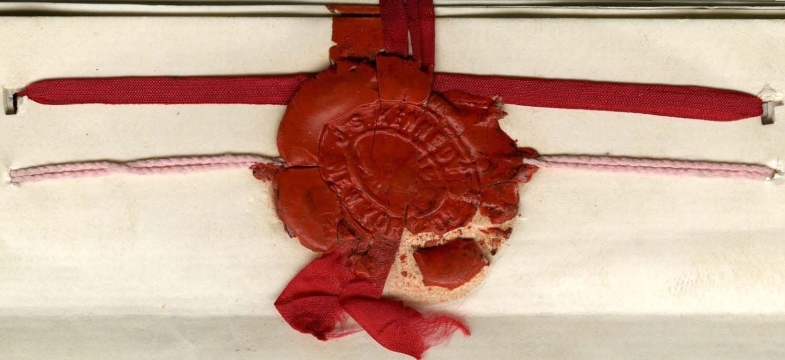
FOLDER NO.

10-22

JAMES J. HILL PAPERS

PLEASE RETAIN
ORIGINAL ORDER

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1.

This Agreement, made and entered into this thirteenth day of March, A. D. eighteen hundred and seventy eight, By and between George Stephen, Donald A. Smith, Norman W. Kittson and James J. Hill, parties of the first part, and Gherret & Weetjen; Kerkhoven & Co.; Lippman, Rosenthal & Co.; Wurfbaier & Son; Tutein, Koltherius & de Haan, of Amsterdam, H. C. Voorhoeve & Co., of Rotterdam, and Johann Carp, of Utrecht, the Committee of the Dutch Bondholders of the Saint Paul and Pacific Railroad Company and of the First Division of the Saint Paul and Pacific Railroad Company, parties of the second part, Witnesseth:-

Article I. That the said parties of the first part do hereby agree to and with the said parties of the second part to purchase, and the said parties of the second part do hereby agree to sell to said parties of the first part, the following amounts of the bonds of said companies respectively, of the various issues now held by said parties of the second part, as such Committee, for the following prices, and upon the following terms, namely: Of the One million, two hundred thousand dollars (\$1,200,000.) Branch Line Issue, of the second of June, 1862, six hundred and twenty five thousand dollars (\$625,000.) at seventy-five (75) per cent, of the par value of said bonds; Of the Two millions, eight hundred thousand dollars (\$2,800,000.) Branch Line Issue of October 1st 1865, Seven hundred and sixty thousand dollars (\$760,000.) at twenty-eight (28) per cent, of the par value of said bonds; Of the Three million dollars (\$3,000,000.) Main Line Issue of March first, 1864, Nine hundred and seven thousand dollars (\$907,000.) at thirty (30) per cent, of the par value of said bonds; Of the Six million dollars (\$6,000,000.) Main Line Issue of July first, 1868, Three million, five hundred and twenty thousand dollars (\$3,520,000.) at thirty-five (35) per cent, of the par value of said bonds; Of the Fifteen million

dollars (\$15,000,000.) issue so-called Extension mortgage of April first, 1871, Eleven million, four hundred thousand dollars (\$11,400,000.) at thirteen and three quarters ($13\frac{3}{4}$) per cent of the par value of said bonds. Said purchase prices to include all unpaid coupons belonging to said several classes of bonds, which shall pass with said bonds.

Article II. Said bonds of said various issues are to be placed in the hands of John S. Kennedy and John S. Barnes, (composing the firm of J. S. Kennedy & Co. of the City of New York), as joint and several Trustees named in this agreement, to be held by them as such Trustees, and to be delivered by them to the parties of the first part, as such purchasers, upon payment of the purchase price thereof in cash, as hereinafter mentioned. But if said payment shall be made in Bonds and Stock, as hereinafter provided, said bonds shall be held and controlled by said Trustees, until such final payment is made, for the purposes and uses and for the furtherance and completion of this agreement and for the purpose of completing the foreclosures herein contemplated.

Article III. Said purchase price is to be paid on or before the expiration of six months from the date of sale of the mortgaged premises described in the various mortgages securing said various issues of bonds, respectively, under the decree of foreclosure which shall be last obtained in the various suits now pending in the District Court of the County of Ramsey, State of Minnesota, and in the Circuit Court of the United States of the District of Minnesota, for the foreclosure of said several mortgages.

Article IV. During the pendency of said foreclosure suits, and until the payment of the full contract price of the bonds purchased and sold under this agreement, the said parties of the first part shall pay to the said J. S. Kennedy & Co., agents for said Committee at the City of New York, upon the (22^d) twenty-second days of June and December, in each year,

a sum in gold coin equal to the semi-annual interest upon the gross purchase price of said bonds, as specified to be paid in cash, computed at the rate of seven per cent per annum thereon, said interest to commence to accrue, upon said purchase price, from the twenty-second day of December, one thousand eight hundred and seventy-seven.

Article V. The principal of said purchase money is to be paid as hereinafter provided either in gold, or in first mortgage gold bonds of the Company to be organized by said parties of the first part under said foreclosure sales, pursuant to the laws of the State of Minnesota in such case made and provided. Said First Mortgage gold bonds shall bear interest at the rate of seven per cent per annum, payable semi-annually in gold coin at the city of New York, or, at the option of the holder, in the city of London, at the rate of four shillings sterling to the dollar.

Article VI. Said bonds are to be received at par, except as hereinafter specially provided; and if such purchase price is paid in bonds at par as aforesaid, said parties of the first part further agree to cause to be issued and to be delivered to the said parties of the second part, or to their said agents, preferred full paid stock of said new Company at the rate of Two hundred and fifty dollars (\$250.⁰⁰/₁₀₀) for each and every one thousand dollar (\$1,000.) bond of said new Company delivered in payment of said purchase price, as a bonus; which preferred stock shall bear a dividend not exceeding six per cent (6%) per annum in currency; to be payable, however, only in case the earnings of said new Company for each year shall be sufficient for that purpose, after payment of all proper expenses, and interest on the bonds issued as herein provided; and said interest shall not be cumulative. And it is expressly understood, that

no liens or incumbrances shall be placed upon the said re-organized road, except the mortgage hereinafter mentioned, at the rate of not exceeding Twelve thousand dollars (\$12,000.) per mile of completed road. The total amount of said preferred stock shall be limited to twenty-five (25) per cent of the total bond issue herein provided for.

Article VII. The option, as to the payment of the purchase price of said bonds in cash, or in bonds and stock as aforesaid, shall be as follows:- In the first instance, said parties of the first part shall have the option of making such payment in cash, or in the bonds and stock of said re-organized Company as aforesaid, at their election; provided, however, that if said parties of the first part shall elect to make such payment in cash, any holder of the certificates issued by the said Committee, parties of the second part, for bonds purchased under this agreement, shall have the option of demanding payment for the bonds for which he holds the receipt or certificate of said Committee either in cash, or in said new bonds and preferred stock, at the rate above provided, at his election.

Article VIII. Any holder of the said Committee's receipts or certificates, for bonds purchased under this agreement, shall have the right to demand and receive the said new bonds at ninety (90) per cent of their par value, in payment for the bonds for which he may hold the said certificate or receipt; but in the event of his electing to do so, he shall not be entitled to receive preferred stock as above provided. The options to the holders of the certificates of said Committee, as contained in this and the preceding articles shall be exercised and declared by said Committee, acting for said certificate holders, within sixty days after written notice to said Com-

mittee, or to the said J. S. Kennedy & Co., from said parties of the first part, stating their election in regard to the form of payment, as above provided.

Article IX. Said parties of the first part further agree to build and complete the Extension line of said Saint Paul and Pacific Railroad from its present terminus near Snake River to St. Vincent; the work thereon to be commenced as soon as practicable, and prosecuted with the utmost despatch, with a view to the completion of the said extension during the year 1878, if possible. In order to secure the completion of said extension, the said parties of the first part hereby agree to make and execute their joint and several personal bond, in the penalty of one hundred thousand dollars (\$100,000.) as liquidated damages, conditioned for the completion of said St. Vincent Extension within two years from the date of this contract.

Article X. It is further agreed that said parties of the first part, shall pay to said J. S. Kennedy & Co., as the agents of said Committee, in gold coin, at the City of New York, the cost of the Red River and Manitoba Railroad (known as the Breckenridge Barnes Link), at the same time as is provided for the payment for the said bonds hereby agreed to be purchased, (of which cost in gold, satisfactory evidence is to be furnished to said parties of the first part), with interest thereon, at the rate of seven per cent per annum, up to December twenty-second, 1877; which cost and interest is to be taken as the cost of said Railroad on that day, and said parties of the first part hereby agree, to pay the interest upon said last mentioned amount, at the rate of seven (7) per cent per annum, semi-annually in gold coin, on the twenty-second days of June and December of each year to the said J. S. Kennedy & Co., agents of said Committee, at the City of New York, until the final pay-



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