

[14-15-78]

~~Let's expand the line~~ I was in doubt
whether any offer made by us
would be accepted as I feared
the N. Pac Managers were only
seeking an excuse to build the line
on the west side. Mitchell replied
that ~~this would be~~ any offer we made
would come before the board
of directors and he thought a fair
offer would be fairly met without
regard to Wright and some others.

After discussing the matter for
some time during which Merrill
brought up the matter of our giving
the M. & P. Co. the same facilities
in our yard as we gave the West
Wis. I told them we ~~would be~~
glad to do so on fair
terms ^{and at the proper time} ~~provided we~~
~~received a~~
~~return was not built~~
by a ~~direct~~ ^{indirect} ~~relation~~ with ~~that~~ ^{they}
Vaco prepared to do nothing ^{more}
would aid the N. Pac people in
~~building~~ hostility ~~line~~ to us

[10-15-78]

Mr Allittell wanted to know
what we ~~thought was fair to~~
could offer ^{the N. Pac and I}
~~told him we would~~ ^{as holders of the bonds} ~~enter~~
enter into an agreement ~~to~~
~~that~~ ^{to} be formally ~~executed~~
carried out ~~as soon as our~~
Mortgages were foreclosed to
~~secure~~ the N. Pac either by
purchase or lease the right to run
their ~~own~~ trains over the Branch
Line to Minneapolis and Saint
Paul ~~and~~ they to provide their own
depot grounds at both places
~~and~~ ^{and} and to confine
their freight trains to their own thro
business - Passenger trains to
be ~~entitled~~ entitled to local business
upon a basis to be agreed upon
either as at present or as may
best suit the circumstances.
We to give them ~~fair~~ ^{at St. Paul} fair
and reasonable facilities for
the interchange of traffic between
Duluth and Manitowish

[10-15-72]

Mr Mitchell said that was all they should ask ~~for~~ and that he thought they should accept such a proposal and said he would go to N.Y. at the proper time to advocate such acceptance. Mr Merrill said it was a fair offer and one that ~~should~~ ~~be accepted~~ covered all the requirements of the N. Pac. and should be accepted. I had some further talk in which they both desired to have a good understanding with our Company saying they preferred it to one with the N. P. although they ~~would~~ not ask us to make any ^{such} exclusive alliance with them as would shut out the West. We ~~said~~ Mitchell desired that we would not let it be known that ~~we~~

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had advised together &c &c
after which we separated

~~was~~

I would submit the following
as being what I think would
give the N.O. ~~see the road~~
~~and would then see the~~
~~connecting their road & road~~
and all they really want and
upon terms that are fair to both
interests.

Taking the Branch Line at
a valuation of \$25,000⁰⁰ per mile from
St. Rapids to Minneapolis and
~~St. Paul~~ to Third St Crossing
in St. Paul the distance is 76 miles
to which add one and a half miles
from St. Anthony junction to
Minneapolis making in all

[10-15-78]

77 1/2 miles worth \$1,937,500.
This does not include the shops
~~at St Paul~~ or any of the
depot grounds between
Third St and the River at
St Paul. Seven per cent
on the above amt would be
\$1,35,625.00 ~~the~~ Nor Pacific
confining themselves to their own
the business ~~on all freight~~
hauling by them ~~should be~~
~~for a half of interest in the road~~ and
hauling all passengers between
stations (except between Minneapolis
and St Paul) at 2 or 2 1/2 Cents
per mile, and between Minneapolis
St Paul at 1 1/2 Cents per mile
should ~~not be charged~~
~~at half of the road~~ pay about four
tenths of the price of the road

[10-15-74]

Equal to about \$54,250. per
year and should pay their
proportion of all renewals
repairs &c of every kind on
the basis of miles run by their
trains — They to furnish their
own depot grounds in St Paul
and Minneapolis — Time cards
of their passenger trains ~~to be~~
~~to be agreed upon~~ and all minor details to be
agreed upon by the respective
Managers — The St Paul
& Pacific ~~and the~~ ^{to and connect with} Nor. Pac.
fair and reasonable connection
and facilities ^{at designated} for the interchange
of traffic between Duluth and
Manitoba and between Manitoba
and Lake Superior the details
to be agreed upon by the respective
Managers ~~or by mutual arbitration~~
Residence at competing points to be

[10-15-78]

pooled on a fair basis ~~to be~~
~~agreed upon~~ the details to be
fixed by the respective
managers. ~~at~~ I have taken
the ground that they should
furnish their own depot
ground except if they decide
it at East St. Cloud what
we could give them room for
the reason that we have not
as much room in Minneapolis
as we want for our own
rapidly increasing business
~~and that~~ but ~~we will have~~
~~to buy more~~ before another
year while we can get it.
In St. Paul we have a large
tract of ground but the West
Wis and Minn St. Paul both want
some of it to some extent and
our own business will increase

[10-15-78]

So rapidly that we will not
have any room & space in
a few years. Again as the
Nor Pac expects to continue
to Puget's Sound it alone
would want very large
grounds ~~and~~ which it can
now secure at low prices
on the north side of Third St
in St. Paul there being as much
^{unoccupied} ground as we have beginning
at our track near the Duluth
Depot and running up to Roswell
St or within two blocks of Kellys
Store and I think probably
the citizens of St Paul would
help them to get these grounds

I would give them the use of
round house for their Engines
and of Passenger Depot for
all Passenger Trains

[10-15-78]

~~See~~ I have not touched
upon the Branched Branch
matter ~~the~~ the land dispute
or the claim we have against
them for wood & material taken
and used by them also for
~~seven~~ seven locomotives
belonging to the Extension Line

These I would settle by letting
the Branched Branch offset
the disputed lands and agree
to leave the account for wood
property &c &c to their atty and
also to select a referee and
make up the case and ~~by~~ submit
it - the judgement of the referee to
be final - I have given
upon the heads of an arrangement
~~that~~ which is about as I ~~proposed~~
it ~~with~~ with Merrill Mitchell and
Merrill ~~and~~ and they considered

[10-15-78]

and I hope it will aid you in
it fair ^{coming to some understanding} — I have been so
very busy that I have hardly
had time to think it over
as much I ~~would~~ ^{should} ~~be~~
and I hope your self and
Mess Barnes & Kennedy will
pick out all the weak spots,
~~report them~~
Still I think it is very fair to the
Nor Pacific and I have so
intended it should be.

~~However~~ The foregoing arrangement
would be a sort lease they paying
the rent as a rental and they
may not think this permanent
enough for their views. Still we
could make it entirely permanent
by having the Trustees to our trust
deed when reorganized agree
to it — If they accept the basis
the details can be worked out.
Inasmuch as you are to a great
extent unacquainted with the

[10-15-78]

details of division of business
and operations &c I would
suggest that all cash
questions be left to Messrs
Farley and Sargent

8th Nov 78
J. Sargent
J. Farley

[Copy of draft of letter to Stephens,
Oct. 15, 1878]

G. S.

I arrived here today and met Messrs. Mitchell and Merrill by appointment and discussed Nor. Pac. Matters very thoroughly. I began by saying that we had for the first time a definite proposition from the Nor. Pacific and if ~~they were contracted as to~~ their relations with the Nor. Pac. were not of so intimate a character as to prevent a fair review of the situation in an advisory way I would like to discuss the matter with them. They both said they had no interest in the Nor. Pac. and would be glad to aid a fair settlement.

I ~~showed~~ gave Mitchell, Starks' letter to you and your reply both of which he read - ~~I asked them what after~~ and then asked me how far we could go towards granting their request - I told him ~~we would be prepared to~~ I was in doubt whether any offer made by us would be accepted as I feared the Nor. Pac. Managers were only seeking an excuse to build the line on the West side. Mitchell replied that ~~this would~~ any offer we made would come before the board of directors and he thought a fair offer would be fairly met without regard to Wright and some others.

After discussing the matter for some time during which Merrill brought up the Matter of our giving the M. & St. P. Co. the same facilities in our yard as we gave the West Wis. I told them we ~~could not~~ would be glad to do so on fair terms and at the proper time provided ~~our interest over interest was not better served by a close alliance with that~~ they were prepared to do nothing ~~but~~ that would aid the N. Pac. people in ~~aiding~~ hostility lines to us. Mr. Mitchell wanted to know what we ~~thought was fair to~~ could offer the N. Pac. and I told him we, as holders of the bonds, would ~~sell the~~ enter into an agreement ~~to sell them~~ to be formally

executed carried out when as soon as our Mortgages were foreclosed to ~~sell~~ secure to the Nor. Pacific either by purchase or lease the right to run their ~~trains~~ trains over the Branch Line to Minneapolis and Saint Paul ~~as~~ they to provide their own depot grounds at both places ~~and we would~~ and to confine their freight trains to their own thro' business - Passenger trains to be ~~run~~ entitled to local business upon a basis to be agreed upon either as at present or as may best suit the circumstances. We to give them ~~fair rates~~ fair and reasonable facilities at Glyndon for the interchange of traffic between Duluth and Manitoba. Mr. Mitchell said that was all they should ask ~~for~~ and that he thought they should accept such a proposal and said he would go to N. Y. at the proper time to advocate such acceptance. Mr. Merrill said it was a fair offer and one that ~~should be accepted~~ covered all their requirements of the N. Pac. and should be accepted. I had some further talk in which they both desired to have a good understanding with our Compy. saying they preferred it to one with the N. P. although they ~~did~~ would not ask us to make any such exclusive alliance with them as would shut out the West Wis entire. Mitchell desired that we would not let it be known that ~~he~~ we had advised together etc. etc. after which we separated.

We I would submit the following as being what I think would give the N. P. ~~all they want and would their road~~ the connection their road needs and all they really want and upon terms that are fair to both interests.

Taking the Branch Line at a valuation of \$25,000.00 per mile from Sk. Rapids ~~to Minneapolis and St. Paul as far~~ as to Third St. Crossing in St. Paul, the distance is 76 miles to which add one and a half miles from St. Anthony

Junction to Minneapolis making in all $77\frac{1}{2}$ miles worth \$1,937,500. This does not include the shops ~~at St. Paul~~ or any of the depot grounds between Third St. and the River at St. Paul. Seven per cent on the above amt. would be \$135,625.00. ~~If the~~ The Nor. Pacific confining themselves to their own thro' business ~~as covered~~ on all freight hauling by them ~~should not pay for a half interest in the~~ and hauling all passengers between stations (except between Minneapolis & St. Paul) at say 2 or $2\frac{1}{2}$ cents per mile, and between Minneapolis & St. Paul at $1\frac{1}{2}$ cents per mile should ~~not be charged equal to a half of the roads~~ pay about four tenths of the price of the road, equal to about \$54,250. per year, and should pay their proportion of all renewals repairs etc. of every kind on the basis of miles run by their trains - They to furnish their own depot grounds in St. Paul and Minneapolis - Time cards of their passenger trains ~~to be materially agreed upon as fair~~ and all minor details to be agreed upon by the respective Managers - The St. Paul & Pacific ~~to give the~~ and the Nor. Pac. ~~fair~~, to give each other fair and reasonable connection and facilities at Glyndon for the interchange of traffic between Duluth and Manitoba and between Manitoba and Lake Superior, the details to be agreed upon by the respective Managers ~~or by Mutual arbitration~~. Business at competing points to be pooled on a fair basis ~~to be agreed upon~~ the details to be fixed by the respective Managers. I have taken the ground that they should furnish their own depot grounds ~~except if they desire it at East St. Cloud where we could give them room for~~ the reason that we have not as much room in Minneapolis as we want for our own rapidly increasing business ~~and while~~ but ~~will~~ have should buy more before another year while we can get

[10-15-78]

it. In St. Paul we have a large tract of ground but the West Wis and Mil & St. Paul both want to use it to some extent and our own business will increase so rapidly that we will not have any room to spare in a few years. Again as the Nor. Pac. expects to continue to Pugets Sound it alone would want very large grounds ~~and~~ which it can now secure at low prices on the North Side of Third St. in St. Paul, there being as much unoccupied ground as we have beginning at our track near the Duluth Depot and running up to Rosabel St. or within two Blocks of Kelly's Store, and I think probably the citizens of St. Paul would help them to get these grounds. I would give them the use of round house for their Engines and of passenger depot for all passenger trains.

We I have not touched upon the Brainerd Branch Matter ~~as~~ the Sand dispute or the claim we have against them for wood & material taken and used by them also for ~~seven~~ ~~ten~~ seven locomotives belonging to the Extension Line. These I would settle by letting the Brainerd Branch offset the disputed lands and agree to leave the account for wood, property etc. etc. to their atty. and ours to select a referee and make up the case and by submit it - the judgment of the referee to be final -- I have given you the kind of an arrangement ~~that~~-I which is about as I ~~talked~~ submitted it ~~ever-with~~ to Messrs. Mitchell and Merrill ~~and~~ and they considered it fair, and I hope it will aid you in coming to some understanding. I have been so very busy that I have hardly had time to think it over as much I ~~would like~~ should and I hope yourself and Messrs. Barnes, & Kennedy will pick out all the weak spots, & reject them, still I think it is very fair to the Nor. Pacific and I have so intended it should be.

[10-15-78]

~~They-ma~~ The foregoing arrangement would be a sort lease, they paying the amt. as a rental and they may not think this permanent enough for their views, still we could make it entirely permanent by having the Trustees to our Trust deed when reorganized agree to it - If they accept the basis, the details can be worked out. In as much as you are to a great extent unacquainted with the details of division of business and operations etc. I would suggest that all such questions be left to Messrs. Farley and Sargent.



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