



N. P. 1363
6-24

NORTHERN PACIFIC RAILWAY COMPANY 1929

AUTHORITY FOR EXPENDITURE

YEAR 1929

SUPERINTENDENT'S No.

R. W. DEPT. No. 953
ENGINEERING DEPT. No.

A. F. E. NO. 466

Seattle Terminals
-D.W.

DISTRICT STATE Wash. VAL. SEC. No. 8
BRANCH

AUTHORITY IS REQUESTED FOR A NET EXPENDITURE OF \$

Accounting distribution as follows: (Distribution to be made in General Office.)

	Operating Expenses	Profit and Loss	Net Operating Expenses	Net Profit and Loss
Cost of property retired.....				
Value of salvage.....				
Incidental costs.....				
Total to Operating Expenses.....				
Total to Profit and Loss.....				
To Material and Supplies.....				
To Bills for Collection.....				
To Other Accounts <u>705 Bon Marche Property</u>				50,000.00 52,029.00
Net charge to investment account—Additions and Betterments.....				50,000.00 52,029.00
Total of distribution.....				

Budget reference: None

Class of Works No. 27
Real Estate

Joint facility contract reference: None

The location is on this company's property. ~~To secure rights, it will be necessary~~

Location: Seattle, Wash.

Title and Reason: Cancellation of agreement covering sale of "Bon Marche" property at Seattle to The Mortgage Debenture Company.

In 1909 the tunnel at Seattle was built jointly by the Northern Pacific and Great Northern Railway Companies, each Company paying one-half of the cost thereof and holding a half ownership.

Shortly after the tunnel was finished it developed that the Bon Marche building located on Lot 4 in Block 25, A. B. Denny's Third Addition to Seattle, had become seriously damaged by settlement of the tunnel and a suit for heavy damages was threatened against the Railway Companies on this account. The result of this was the Railway Companies purchased the property so as to avoid the damage claim, each Company becoming the owner of an undivided half interest in the property, the cost of which was \$135,000.

In 1910 this property was sold under contract by the Railway Companies to John Davis & Company at the price of \$140,000. Davis & Company carried the contract for several years during which time they made payments account of principal totalling \$25,000. Under the contract of sale the Railway Companies had

Work to be done by company force under charge of contract (over)

Accounting to concentrate in the office of Right of Way Commissioner

Date Jan. 29 1929

Signature and Title: *J. L. Nathan* Right of Way Commissioner

APPROVED: _____ General Superintendent.	_____ Asst. Chief Engr. or Engr. Maint. of Way.	_____ General Manager.
_____ Mech. Supt., Supt. Telph. or Signal Engr.	_____	_____
_____ Chief Engineer.	_____	_____
_____ For Comptroller.	_____	_____

J. L. Nathan
For Comptroller.

Charles Soule
President

Date of Final Approval

COMPTROLLER'S RECORD OF NOTICE OF APPROVAL AND OF COMPLETION

Form No. 1345 issued. 19 Work begun. 19 Work finished.

agreed to make a conveyance of the property when a total of \$40,000 had been paid on the principal and would take back a mortgage in the amount of \$100,000 to cover the unpaid balance of principal.

Subsequently in November 1915 the contract was assigned by John Davis & Company to C. E. McLain who at that time made a payment of \$15,000, and in accordance with the agreement the Railway Companies conveyed the property to McLain November 12, 1915, McLain at the same time giving the Railway Companies a note and mortgage for the \$100,000 balance, which latter amount in accordance with the terms of the mortgage was payable October 1, 1918 with interest at 5% per annum.

Shortly thereafter the property was acquired by the Mortgage Debenture Company, a subsidiary controlled by John Davis & Company, and by an agreement between the Mortgage Debenture Company and the Railway Companies, dated July 23, 1917, the time for payment of the \$100,000 balance was extended ten years to October 1, 1928 with interest thereon at 5%, payable semi-annually. Under this extension the Railway Companies were given an absolute release of any and all claims for damage, past, present and future, by reason of the construction of the tunnel under this property.

When the mortgage came due October 1, 1928 the Mortgage Debenture Company defaulted on payment of the principal as well as the interest item of \$2,500 for the six month period ending October 1, 1928. Being unable to carry out the terms of the contract, the Debenture Company agreed to reconvey the property and the Railway Companies agreed to take the property back in full satisfaction of the \$100,000 mortgage. Under this arrangement the Railway Companies cancelled the interest item of \$2,500 and assumed the taxes on the property for the second half of 1927, amount to \$2,028.86.

The purpose of preparing this A.F.E. is to credit "Account 715, Miscellaneous Accounts Receivable" and charge "Account 705, Miscellaneous Physical Property, Bon Marche Property, Seattle", \$50,000 which represents the Northern Pacific Railway Company's half interest.

In reconveying the property, title as a matter of convenience was taken in the Northwestern Improvement Company and the Washington & Great Northern Townsite Company respectively.

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