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Jan 16th 42

Dear Jack, not having seen you I thought best to send a copy of some notes I have made in regard to the Water Deal.

I am going to B.C.F.G.A. convention so will not be home until next Friday morning.

I wish that you would look over the enclosed and then write down the other questions which no doubt you would like answers to. In this way we may arrive at our own conclusions quicker or better than by just talking it over. Until we have the different points set out we will not get very far in a meeting of Trustees.

Until the Government get tough about the money we owe them I dont think we should be in a hurry to pay even the interest. as I see it we may find ourselves in need of all we now have and then some.

Next week end I will make a point of seeing you.

Jim G.

On Jan 2. 1942 I had a talk with Marshall. and the following are my notes.

Marshall states that there is only one buyer and only one seller.

That it is logical that the Users should own and control the Water System.

He was anxious that the purchase question be not side tracked or postponed, and appears ~~to~~ anxious for the District to take it over, and thinks that we could make a deal. The Trust Co. or 2 and Co would take the Districts Bonds, Bonds to be retired over a period of years. (no Interest rate mentioned).

He says that Howard quoted a figure of $100,000. Marshall thinks this too high, and suggested that the price be based on ability to pay.

He seems to think that if the Company ran into a large item of replacement or expenditure, that the Government would grant or allow the rates to be raised to cover it. Even now he thinks that a increase over present rates would be granted if requested.

I think that Marshall is hedging on giving us all the Book information that we might need to have. Harry has ardus make out a statement for us, covering most of the points I asked for.

BENNETT

Met Bennett on Jan 6th 1942

He would still approach the Government in regard to finance a purchase deal, but thinks that we could get better interest rate from the Trust Company.

He suggests that we should hang on to all the cash now in reserve until decision is reached.

I understand that he thinks that the Government would give us credit for any reserves we set up for future contingencies. (more information should be secured on this.)

The time to buy is when the other fellow wants to sell.

The following was the suggested action to take.

1st Get the statement from Company.

2nd Make a tentative offer of say $40,000. to be paid at an amortized figure on a 3% basis over say 15 years, by writing the Company a carefully worded letter.

3rd Get an auditors statement of Co. records

4th Get a report on the physical condition of the system from the Water Board engineers.

5th Make arrangement with Government in regard present loan.

6th Go to Ottawa with a definite proposal in regard to deal for their approval.

Jan 1942

Questions

What is condition of main line?
Could steel pipe be purchased in case of blow out?
What would steel pipe cost?
If pipe blows up what recourse have we against Co.
If Beaver Lake dam goes out what would happen in canyon?
Is the owner of the Dam liable for damage to the railway and property in flats?
If Water Company goes into liquidation has anyone got a chance to collect from mortgage or Bond holders.
If Company refuse to repair as per instructions from Water Board or fail to rebuild line in case of blow out what happens.
If Water Board directs the District to operate the system - in case of the foregoing - can the mortgage or bonds still claim an equity in the water system or properties.
Is not the Dam the serious liability to be faced to day?
Would it be advise to purchase previous to the rebuilding of Dam? Or while it is uncertain about availability of steel pipe or heavy pipe for canyon?
Why should the Water Co. suddenly become anxious sellers?