

Decision No. ✓

ORIGINAL

BEFORE THE RAILROAD COMMISSION  
OF THE STATE OF CALIFORNIA.

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In the Matter of the Application  
of GLENDALE AND MONTROSE RAILWAY  
(successor to Glendale and Eagle  
Rock Railway Company) for authori-  
ty to issue bonds in the sum of  
\$150,000.

Application No. 1046.

LOVELAND, Commissioner.

THIRD SUPPLEMENTAL OPINION.

This Commission has heretofore, in the above entitled matter, authorized Glendale and Eagle Rock Railway Company (which, having changed its name by decree of the Superior Court in and for the County of Los Angeles to Glendale and Montrose Railway, will hereafter be referred to as Glendale and Montrose Railway) to issue \$115,000 of bonds. In the mortgage and deed of trust executed as security for said issue of bonds, the applicant included a lien upon the equity in a certain parcel of real estate on the southwest corner of Ninth and Wall Streets, in the city of Los Angeles. Applicant has not issued any of the bonds heretofore authorized by this Commission, and it now proposes to amend its trust deed by eliminating from the security therein provided, the equity in said parcel of real estate at Ninth and Wall Streets, Los Angeles. In lieu of this, applicant proposes that Mr. J. Frank Walters, president of Glendale and Montrose Railway, to whom the applicant has been authorized to issue \$35,000 of bonds, shall place these \$35,000 of bonds in escrow under an agreement by which they shall draw no interest until the Glendale and Montrose Railway shall have earned interest on its bonded debt, excepting these \$35,000 of bonds, for a period of three years, and shall have earned for a period of one year the interest on its

entire bonded indebtedness, including the \$35,000 to be placed in escrow. In addition, Mr. Walters proposes to guarantee for a period of five years the payment of the interest on applicant's bonds.

The applicant has submitted a written stipulation by Mr. Walters that he will place the \$35,000 of bonds in escrow and a guarantee running to this Commission for the payment of interest for five years on the bonds to be issued. I believe before this Commission gives its final approval of this matter it should have before it a copy of the escrow agreement to be entered into between Mr. Walters and the trustee and that there should be filed for the approval of this Commission, a form of guarantee from Mr. Walters to the Trustee for the benefit of the bondholders.

Under all of the circumstances of this case I shall recommend that the application be granted under the conditions stated.

I submit the following form of order:

O R D E R .

GLENDALE AND MONTROSE RAILWAY having applied to this Commission for authority to execute a mortgage of its properties as security for an issue of bonds heretofore authorized by this Commission, in substance and form as set forth in a copy of said proposed mortgage and deed of trust filed by the applicant herein in connection with this application and marked Exhibit "B", to which reference is hereby made;

IT IS HEREBY ORDERED that Glendale and Montrose Railway be given authority and it is hereby given authority to execute a mortgage of its properties substantially in the form of a copy of said mortgage and deed of trust filed with this Commission in connection with the application herein and marked Exhibit "B".

The authority herein given is given upon the following conditions and not otherwise:

(1) The applicant herein shall within ninety days file with this Commission a copy of an escrow agreement to be entered into between Mr. J. Frank Walters and a designated trustee, under which \$35,000 of bonds to be received by Mr. J. Frank Walters shall be placed in escrow to draw no interest until it shall have been found by this Commission that the railway herein has earned its operating expenses, including proper maintenance of roadbed, track and equipment, taxes and interest on outstanding bonds for a period of three years, and that for one year it shall have earned, in addition, interest charges on the \$35,000 of bonds to be placed in escrow.

(2) Mr. J. Frank Walters shall file with this Commission a copy of a form of guarantee by himself to the trustee for the bondholders, under the terms of which Mr. Walters shall guarantee personally the payment of the interest on the outstanding bonds for a period of five years from the date of issue of said bonds.

(3) The authority herein granted for the applicant to execute the mortgage of its property herein described shall take effect only after this Commission shall have issued a supplemental order finding that the applicant has complied with the conditions herein set out.

The foregoing Third Supplemental Opinion and Order are hereby approved and ordered filed as the Third Supplemental Opinion and Order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 23rd day of November, 1914.

H. H. Davidson  
Wm. Gordon  
Wm. J. Schuler  
Edwin C. Egan

Commissioners.