

Decision No. 34531

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the matter of the application  
of

HOWARD TERMINAL, a corporation,

for an order authorizing the  
borrowing of money and the  
mortgaging and pledging of  
property as security.

Application No. 24448

ORIGINAL

BY THE COMMISSION:

O P I N I O N

Howard Terminal, a California corporation, asks permission to issue to the Central Bank of Oakland its note for the principal sum of \$150,000 for the purpose of reimbursing its treasury because of income invested in its properties.

Howard Terminal is engaged, among other things, in a public utility warehouse and wharfinger business in the City of Oakland.

As of June 30, 1941, applicant reports assets and liabilities as follows:

<u>ASSETS</u>		
<u>Fixed Capital</u>		\$1,246,304.32
Property	\$183,882.59	
Buildings and Construction	855,163.39	
Equipment	<u>207,258.34</u>	
<u>Invested in 500 Shares of Howard Terminal Railway Stock</u>		50,000.00
<u>Current Assets</u>		86,098.61
Cash	20,285.13	
Accounts Receivable	64,904.29	
Material & Supplies	<u>909.19</u>	
<u>Notes Due From Howard Terminal Railway</u>		7,725.00
<u>Deferred Assets</u>		<u>8,434.98</u>
Total Assets		<u>\$1,398,562.91</u>

LIABILITIES

<u>Common Capital Stock</u>		\$ 250,000.00
<u>Note Due Central Bank of Oakland, Dated April 1, 1939, Due March 12, 1949.</u>		233,000.00
<u>Current Liabilities</u>		35,836.87
Accounts Payable	\$ 29,110.32	
Accrued Taxes	<u>6,726.55</u>	
<u>Reserve for Accrued Depreciation</u>		479,941.83
Buildings	352,807.54	
Equipment	<u>127,134.29</u>	
<u>Surplus</u>		<u>399,784.21</u>
	<u>Total Liabilities</u>	<u>\$1,398,562.91</u>

By Decision No. 31825, dated March 13, 1939, in Application No. 22596, the Commission authorized Howard Terminal to issue a 5% note for the principal amount of \$307,500. It is of record that applicant issued said note to the Central Bank of Oakland and that since its issue applicant has paid \$78,500 of the principal of the note, leaving unpaid, \$229,000. The payment of the note is secured by a deed of trust which is a lien on applicant's properties, by a mortgage of chattels and by the assignment and pledge of other assets owned by applicant.

It is further of record that prior to August 28, 1941, Balfour, Guthrie & Co. Limited and its nominees owned and controlled 55% of applicant's outstanding stock. The remaining 45% of applicant's outstanding stock is owned and controlled by Charles P. Howard and Helen L. Howard as trustees and the Howard interests, hereinafter collectively referred to as "the Howard interests." Though Balfour, Guthrie & Co. Limited has for many years past owned 55% of applicant's outstanding stock, the Howard interests have had the active management and operation of applicant's properties for over forty years. On August 28, 1941, Charles P. Howard, applicant's president, acquired

from Balfour, Guthrie & Co. Limited, at a cost of \$150,000, 55% of applicant's outstanding stock. By this transaction the Howard interests will become the sole stockholders of Howard Terminal.

It is believed that the acquisition of the Balfour, Guthrie stock by a representative of the Howard interests will protect the conduct of applicant's business and is for the best interest of its minority stockholders. For this reason applicant proposes to loan to Charles P. Howard the \$150,000 which it will obtain through the issue of a \$150,000 note and the reimbursement of its treasury. The loan will be secured by the pledge with applicant of the Balfour, Guthrie stock. All dividends that are paid on the stock being acquired by Charles P. Howard should be applied to the payment of his loan to the company.

The \$150,000 note which applicant desires to issue to the Central Bank of Oakland will bear interest at the rate of 5% per annum, payable monthly in advance. The principal of the note is payable in monthly installments of \$1,000. The payment of the note will be secured by the deed of trust which is now a lien on applicant's properties, and by the execution of a new mortgage of chattels (Exhibit F), by a general pledge agreement (Exhibit G) and by an assignment (Exhibit E) of all applicant's right, title and interest in that certain agreement dated August 4, 1941, executed by the City of Oakland to Howard Terminal; in that certain lease and agreement dated August 1, 1940, executed by and between applicant and Standard Oil Company of California; and that certain lease dated June 1, 1941, executed by and between applicant and Kieckhefer Container Company.

O R D E R

The Commission having considered the request of Howard Terminal for permission to issue its note for \$150,000 and to execute certain collateral agreements, and it being of the opinion that this is not a matter on which a hearing is necessary; that the money, property or labor to be procured through the issue of said note is reasonably required by applicant for the purpose herein stated, and that this application should be granted subject to the provisions of this order, therefore,

IT IS HEREBY ORDERED that Howard Terminal be, and it is hereby, authorized to issue, on or before November 30, 1941, to the Central Bank of Oakland, its note for the principal sum of \$150,000 and use the proceeds for the purpose of reimbursing its treasury because of income expended for the acquisition of properties, the terms of said note to be the same as the terms of the note filed in this proceeding as Exhibit B.

IT IS HEREBY FURTHER ORDERED that applicant may issue said note under the deed of trust authorized by Decision No. 31825, dated March 13, 1939, and further secure the payment of said note by the execution of an assignment, the execution of a mortgage of chattels, and the execution of a general pledge agreement in the same form as the assignment, mortgage of chattels and general pledge agreement filed in this proceeding as Exhibits E, F and G, respectively, provided that the authority herein granted to execute said assignment, mortgage of chattels and general pledge agreement is for the purpose of this proceeding only, and is granted only insofar as this Commission has jurisdiction under the terms of the Public Utilities Act and is not intended as an approval of said assignment, mortgage

of chattels and general pledge agreement as to such other legal requirements to which said assignment, mortgage of chattels and general pledge agreement may be subject.

IT IS HEREBY FURTHER ORDERED that the authority herein granted will become effective when Howard Terminal has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is One Hundred and Fifty (\$150.00) Dollars.

IT IS HEREBY FURTHER ORDERED that Howard Terminal shall, within sixty (60) days after the issue of said note, file with the Railroad Commission a copy of said note together with a copy of the assignment, mortgage of chattels and general pledge agreement executed under the authority herein granted, together with a statement showing the purposes for which it expended the proceeds realized through the issue of said note.

Dated at San Francisco, California, this 23<sup>rd</sup> day of September, 1941.

*[Handwritten Signature]*  
*[Handwritten Signature]*  
 Justice F. Coe  
 Francis R. Havenner  
*[Handwritten Signature]*  
 Commissioners

\$150.00  
 RAILROAD COMMISSION  
 STATE OF CALIFORNIA  
 PAID  
 SEP 25 1941  
 No. 2132  
 By *[Handwritten Signature]*  
 SECRETARY