

# *Kansas City Cotton Mills Co.*

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PRESIDENT.  
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VICE PRESIDENT.  
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SECRETARY & TREASURER.

Room 101, Bryant Bldg.

*Kansas City*, March 21, 1907.

Miller, Sayers & Co.,  
Gonzales, Texas.

Gentlemen.-

I regret that I shall not be able to visit Texas at this time as I contemplated, nor can I say at the moment how soon I shall be able to do so. I have given a good deal of study to your proposition. By joining you and placing the equipment in the mill in proper condition for successful operation, I am sure that, working together, we could make the plant very profitable. We would, however, encounter some difficulty with the labor situation, and but for the fact that we have in this section a large surplus of people such as can be successfully used in cotton mills, people with whom I am in touch, I would hesitate about becoming interested in a Texas mill. It is with hesitation that I again refer to the evident condition of your equipment. I do not wish to appear as criticising other people's property, especially when negotiating for an interest in it. I must, however, be frank. In thinking the matter over I do not recall a single case, in all of my experience and acquaintance, in which a cotton mill has been leased. I can see so many incentives to cause the lessee to work only for immediate results at the expense of the preservation of the machinery, and it is a serious question whether the rent obtained will make good the loss incurred.

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As stated in a former note, the defects in the goods produced may result from poor cotton or from crowding the machines, or, what is more likely, the lack of proper care. I notice by the papers you were kind enough to send me that the engineer and machinist is a very young man. Were I interested, I should hesitate to have one of such limited experience in charge of ~~some~~ <sup>such</sup> valuable property, and in all candor I say frankly to you that these features, together with some other matters, cause a hesitancy on my part to ask you to further consider me in connection with your properties. However, there are some tempting features.

One of my friends came to me a few days ago with an order for 450 bales of 8 and 10 oz. duck. He insisted that I take the order and make the cloth in our Kansas City mills, but I find that impossible for the reason that we have more orders ahead than we can possibly fill. I figured out that with anything like good management that quantity of cloth could be produced in your mills in thirty-five days, at a profit of some \$9000. Another party, a stockholder in our Kansas City mills, uses annually 3,500,000 yards of cloth, and he is willing to give me a five years' contract. I cannot make the cloth in the Kansas City mills, and if your plant is in condition I could work out a most excellent arrangement whereby a competent superintendent could be kept continuously on one class of cloth for five years, delivering 300,000 yards per month, and the money for the goods would be in the hands of our treasurer

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within ten days from date of shipment. This quantity is a little more than half of their requirements, and the mills could be enlarged in another year so as to supply the entire quantity used by their house. This is a very tempting feature, for the reason that under such a contract one has only to buy the cotton, make and deliver the goods. Every man, woman and child connected with the operation is employed on the same thing without changes, which are expensive.

I have under consideration near here a proposition which, if consummated, would preclude my investing any money in your plant at this time. There are two ways, however, by which some satisfactory arrangement might be developed. A corporation might be formed with preferred and common stock. You could retain all the preferred stock covering the full amount you name for the property, which I understand to be \$75,000, subject to \$25,000 in 6% bonds. The amount of the preferred stock might be made \$100,000 with only \$75,000 issued, except for the purpose of retiring the bonds. The amount of the interest might be 7%, cumulative, the preferred stock a lien both as to liquidation and earnings on the entire plant, and the common stock equally divided, you retaining half and allowing me the other half. This would place the business in shape to take it up and operate it on goods sold under a term contract such as I mentioned, or on goods to be sold to the general trade. The work could be divided, you could handle the financial de-

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partment while I could take charge of the manufacturing and sales department. I would be willing to enter into such an arrangement as this provided, after a careful investigation, I find the physical condition of the property such as would enable me to successfully operate the plant, and allow the earnings over and above actual expenses to be used to retire the preferred stock. This arrangement would, I believe, be to your interest. It would remove the, to my mind, very serious objection to continuing the property as at present operated. I make no criticism of the lessees, please bear that in mind. I do not know the parties, but the general proposition, to my mind, is very objectionable, and if I were in the mill a few moments with you I could make it clear to you why this is so. Such an arrangement would make it necessary for me to get results in order to get anything out of the proposition. This, however, I am prepared to and would not hesitate to undertake, providing I can get conditions right.

I have another channel through which I might become connected with the operation of this property. I am associated with parties who are in a position to establish new, or take over mills such as yours, or an interest such as you propose, and bring in a superintendent with a sufficient number of skilled operatives to make the plant an assured success from the outset. These people, however, are a little slow to move. They are conservative and responsible, and I have been thinking how I could, through them, work out the proposition. In con-

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sidering this plan, however, I am confronted with two important features: First, it would take a considerable time to acquaint these people with the property, its condition and what can be done with it, and then to make the arrangements necessary to meet your conditions. The other feature is, whether or not, should I introduce them into this proposition, I would be interrupting other matters which will prove very much more profitable to my personal interests. Of course, it would have been very much more satisfactory to both parties if we could talk over these matters, but as my trip to Texas is delayed I am writing, and in reply you can at least express your views, and in this way we may be able to make some progress toward an understanding. Again expressing my regrets that I was unable to leave Kansas City last night as contemplated, I am

Very truly yours,

