

MEMORANDUM.

THE TOPOLOBAMPO CONTRACTING COMPANY.

Capitalization	20,000. shares as \$100.	<u>\$2,000,000.</u>
Founders shares	5,000	500,000.
Investment 7% Preferred	2,500	250,000.
Investment 5% "	12,500	<u>1,250,000.</u>
		<u>\$2,000,000.</u>

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Voting power to be confined to the Founders Shares.

Investment shares outstanding to receive their dividends before Founders Shares receive any share of profits.

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Vendor to sell \$125,000. of Founders Shares and \$250,000. of Investment 7% Preferred for \$125,000. paid by installments.

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Vendor to put the \$125,000 and \$1,000,000 in Investment 5% Preferred into the Company's Treasury, and put aside \$250,000 in Investment 5% Preferred for special services rendered the Company.

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The investors who pay the first \$125,000 to put their Founders Shares with those held by the vendor into a voting trust in order to have a joint control of the Company with the vendor.

For every \$1,000 of the first \$125,000 the investor will receive \$1,000 in Founders Shares and \$2,000 in Investment 7% Preferred or three dollars in shares for one dollar in cash. This will give 14% income on \$1,000 secured from all receipts of the Company ahead of everything besides operating expenses. The Company to have the option to retire the Investment 7% Preferred Shares at 60% with accrued dividends after six years. This would give \$2,040 in cash and leave \$1,000 in Founders Shares for a permanent investment.

The capitalization if made solely upon the 12,000 acres of Pacific City site would be at the rate only of say \$167 per acre, but as there are in all only \$1,500,000 in Investment securities, an acre would stand for only \$125. A rental of \$7.50 per acre would pay 6% on this entire issue. However, the fact is that all the investor now has to consider is that there will be only \$250,000 of Investment 7% Preferred Shares issued upon 12,000 acres which is only about \$20 an acre. To pay 7% on \$250,000 requires \$17,500. This would be a rental say of only \$1.46 per acre. But the \$125,000 received for the \$250,000 in Investment 7% Preferred Shares will secure 54,000 acres more, which added to the 12,000 would make 66,000 acres in all; therefore, the \$250,000 in Investment 7% Preferred Shares will be issued upon a value of only \$3.40 per acre. It would take only 26 cents rental an acre on the 66,000 acres to pay the 17,500 dividends on the \$250,000 in Investment 7% Preferred Shares.

The 66,000 acres under good management, on an average, even if put under agriculture should produce a net income of about \$50 per acre. But one must keep in mind that Pacific City Site cannot be duplicated and that upon it must be built a great and commanding commercial and manufacturing metropolis where square feet in a few years *would bring prices that acres would be dear at now.*

MEMORANDUM NO. 1.

Directors, Organization, Salaries, Office Expenses for one and for six months.

DIRECTORS.

A. K. Owen

Ernesto Augermann

James D. Richardson,

Organization, Salaries and Office Expenses.

A. K. Owen,	President,		\$500.00
_____	Vice President		100.00
_____	Treasurer		150.00
Noble E. Dawson,	Secretary		200.00
Joseph Hampl	General Manager	)	300.00
_____	Secretary	)	50.00
_____	Chief Engineer	) Pacific	150.00
_____	Assistants (4)	) City	200.00
Ramon Corona	Attorney	) Mexico	200.00
_____	Secretary	) City	100.00
Edward S. Herrera	Attorney	) Fuerte	200.00
_____	Secretary	) City	50.00
New York Office . . . . .			200.00
Pacific City Office . . . . .			100.00
Total for One Month - - - - -			\$2,500.00
Total for Six Months - - - - -			\$15,000.00

N. B. After the first six months, the Directors to be paid a regular salary of say \$200.00 per month.

MEMORANDUM NO. 2.

Expenses that are to be met during first six months by the Topolo-  
bampo Terminal, Contracting & Purveying Company.

Charter and stocks	\$1,000.00
Kellogg & Beckwith, 52 Broadway for attending to the purchase of the "Carman Lands", etc., and J.S. 25 Broad, for certain services in the premises	5,000.00
Probable cost to record transfer to Company of the Carman-Owen lands in Mexico.	3,000.00
Travelling and other expenses per- taining to getting contracts, etc. at Mexico City, for building vessels, etc., on Pacific City Site.	5,000.00
First payment on the "Ybarra Lands" (14,000 acres). (Tracts Nos. 3 and 5.)	26,000.00
(A 6% one year Mortgage for the bal- ance (\$26,000 plus \$6,000 commissions) equals \$32,000.00)	
Half cash payment on other important lands (Tracts Nos. 4 and 6)	21,000.00
Six per cent two year Mortgage for the balance equals \$32,000.	
To build a section of Company's Headquarters on Pacific City Site.	1,000.00
To state out, to mark with plough both sides of the streets and to make one square mile of Pacific City Site Attractive for settlers.	5,000.00
To extend Los Tastes Ditch to Pacific City Site	5,000.00
To publish prospectus with illustrations and maps	1,000.00
To publish in leading newspapers East, West, North and South, the purposes of the Company and the fact that it will give a premium of 10% from the total gross receipts from all the first sales of Pacific City Site resident lots to the first 500 home builders pro rata with the first cost of their respective lots and houses.	2,000.00
	<u>\$75,000.00</u>
Salaries (Memorandum No. 1)	15,000.00
T o t a l - - - - -	<u>\$90,000.00</u>
Balance . . . . .	\$35,000.00