

MONTREAL FAILED TO MARKET BIG LOAN.

Not a Single Bid was Received—City Authorities Blame the War Scare in London.

Montreal city authorities gathered on Monday to open tenders for \$7,000,000 4 per cent. 40-year debentures. Although the issue had been widely advertised at home and abroad not a single offer was made. This came as a surprise to the civic authorities who blame the war scare in Europe for the lack of bids. While that factor may have contributed to the surprising disappointment, there are two others which must not be overlooked. These are, firstly, the present congestion of the London market with 4 per cent. securities in relation to a new load of \$7,000,000, and secondly, the high price at which Montreal's last issue was purchased and consequently its probable slow absorption by the British investor on that occasion.

The present loan was for £1,438,300 sterling or \$7,000,000 40-year 4 per cent. registered stock or coupon bonds to mature November 1st, 1951. The loan was required for the following purposes:—

Working capital	\$1,000,000
Filtration of water	1,500,000
Public works	4,500,000
Total	\$7,000,000

Tenders were also invited for a special loan of \$350,000 issuable in the form of 4 per cent. coupon bonds for construction of schools. There was an offer from the Dominion Securities Corporation of 96 and a fraction for this small issue, but City Treasurer Robb recommended its rejection.

What the City Treasurer Says.

Commenting on the lack of offers for the loan, the City Treasurer was of the opinion that had tenders been opened at noon, instead of 10 a.m., the situation might have been somewhat different. European banks, he explained, only cabled offers at the last moment for loans owing to the constant fluctuation of the money markets. He also thought the war situation in Europe was the principal reason why there had been no offers. He pointed to the fact that the German banks were in an unsettled state, owing to the war rumors, while matters were not much better in France, and other European countries.

May Negotiate Temporary Loan.

Controller Wanklyn also thought that the war situation was entirely the cause why no bids had been made, and there was no reason to think the credit of the city had been impaired in any way in Europe. As the city is in need of a portion of the seven million loan, it is expected that temporary loans will have to be floated. It was decided to report to the City council the fact that no tenders had been received, and also to ask the Council what should be done with the offer of the Dominion Securities Company for the school bonds.

Notes of Past Loans.

Early in 1910 Montreal sold an issue of £1,000,000 4 per cent. stock due in 1950 to the Bank of Montreal. The bank's offer was to take over the whole loan without any expense to the city, at £101 3s. per £100, or a premium of 1 3-20 per cent. The net return to the city on the loan was \$4,922,633 instead of the face value of the treasurer's certificates of \$4,886,667, a premium of \$36,000. The loan was on inscribed stock of the city for forty years at 4 per cent.

The offers, besides that of the Bank of Montreal, were Dominion Securities Corporation, \$98.62 7-10 per \$100; Royal Securities £99 2s. 7d. per £100, half of 1 per cent. for services in floating, and one-eighth for services in redemption, these latter charges to be paid by the tenderer; Alex. McPhee Company, \$99.50 per \$100, with one-eighth of 1 per cent. domiciliation charge, quarter of 1 per cent. for services and one-eighth for redemption.

When this issue was sold to the bank, the city had a right by charter to borrow in the neighborhood of \$7,000,000, although but \$5,000,000 was required. The loan was to cover the expenditure on permanent work for which a loan of £650,000 was authorized but not issued and to provide £350,000 for work to be undertaken this year. Mr. Robb then stated that Montreal loans in recent years had commanded better prices, all things considered, than New York and other big cities.

For the loan of £650,000 authorized but not issued, tenders were asked in June, 1909. The only tender above par was that of Messrs. C. Meredith & Company, who offered £100 11s. 6d. for every £100. The other tenders received were from Messrs. Wood, Gundy & Company, who offered 98½, and from L. Stearn, of Cobalt, who offered 97 for a portion of the loan.

Some criticism was heard when all these tenders were rejected.

In April, 1909, tenders were invited for £400,000 4 per cent. stock due in 1949, when the three tenders were received as follows: R. Wilson Smith, £100 os. 8d.; Royal Bank, £100 1s. 8d.; Hanson Brothers, representing Messrs. Coates Son & Company, London, £100 5s. 1d. The award was made to the last named firm.

What a Banker Said.

It must be admitted that the Montreal authorities have to some little extent in the past few years played with the market. As a result they have been criticised, sometimes rightly and sometimes wrongly. For instance, when the offers for the advertised issue of £650,000 were rejected, City of Montreal stock stood at 102-103. An offer of 100 and a fraction was not entertained at that time. The reason was given that the city was not then in need of money. But in Montreal then it was said that the city was bound to have \$500,000 by August 18th and needed \$2,000,000 more by the end of the same month. The offers were rejected in July. A London banker was quoted as stating that the financial reputation of the city was unenhanced and credit unimproved by such incidents. There was also the case of a so-called "popular" loan of \$2,000,000, which was issued apparently to see how the small investor in Canada would take to it. In the end, however, it was awarded to a local firm acting on behalf of a stock exchange syndicate for issue in London.

Montreal, in its present predicament, may be to some extent suffering from financial reflex action. In view of present market conditions and the size of the issue it desires to sell, the city may have to obtain some sound financial advice.

MOOSE JAW SCHOOL DISTRICT DEBENTURES.

In connection with the offering of 125 school district debentures of \$1,000 each, it is interesting to note that the total debenture indebtedness is \$91,633, and the assessed value of the city this year \$27,774,194. The tax rate for the current year is divided as follows: General municipal, 9½ mills; public school, 2½ mills; collegiate, ½ mill. The population of Moose Jaw is 17,000. Past debentures have been issued and sold as follows, the particulars being in order, date sold, issue, price received, buyers:—January, 1906, \$55,000 5 per cent. 30-year, \$55,851 inc. int. and exc., Wood, Gundy and Company; November, 1906, \$10,000 5 per cent. 30-year, \$10,470.77 inc. int. and exc., National Trust Company; February, 1908, \$10,000 5 per cent. 30-year, \$9,494.52 inc. int. and exc., Wood, Gundy and Company; December, 1908, \$6,000 5 per cent. 10-year, 100.11, Dominion Securities; October, 1909, \$25,000 5 per cent. 30-year, \$25,327 net, C. Burgess and Company.

Within the last two years many important municipal improvements have been carried out at Moose Jaw, and many others are now under way. During 1910, \$140,000 was spent in creosote block paving, and a further \$170,000 is being expended during the present year on additions thereto. At present there are 13½ miles of concrete sidewalks, which in the business section are 20 feet wide, together with a large amount of plank sidewalk. The municipality is also installing an incinerator at a cost of \$45,600, as well as a modern sewerage disposal system, which when completed will be one of the most up-to-date in Canada.

The total expenditure for water extensions and sewerage disposal this year amount to \$175,000. During 1911, the total improvements on all departments will aggregate three quarters of a million dollars. The city owns and controls its own electric light plant. The first electric street railway system in Saskatchewan is now undergoing construction in Moose Jaw. Eight miles of track are laid, the cars are on the rails, and the system will be in operation by the end of July this year. The owners—an Ottawa syndicate—are thus showing their faith in the city's future in a tangible manner. An efficient telephone service is operated by the Saskatchewan Government, and long distance connection may be had with all points in Saskatchewan and Manitoba. All telephone lines are laid underground in the paved area and in the lanes in the unpaved area, giving the streets a much better appearance.

A street lighting system of iron standards, with five electric globes to a standard, is being installed on the main thoroughfares at an initial cost of \$15,000. Mr. C. F. Kempton is secretary-treasurer of the city.