

OFFICE OF THE MAYOR

City of Chicago

MARTIN H. KENNELLY
Mayor

September 29, 1952

Mr. Ralph Budd
Chairman, Chicago Transit Authority
Merchandise Mart
Chicago, Illinois

Dear Mr. Budd:

I have gone over the statements pertaining to the Chicago Motor Coach Company -- balance sheets, operating statements, and appraisals -- and I cannot help but feel that the price to be paid for this property is high, and this from any angle you approach it -- book value, earning value, or appraisal value.

I am not in a position to pass on the benefits to the Chicago Transit Authority, the overall value to the local transit situation in the City of Chicago, or the value of the intangibles. Your Board has this information, as the result of your studies.

Of course you know I have the greatest confidence in yourself and your associates on the Board, and, after all, the final decision rests with you gentlemen.

Whenever additional properties are purchased, and whenever more bonds are issued, the servicing of the new debt and the depreciation of the acquired properties, such as that of the Chicago Motor Coach Company, become a problem and bring about another charge that has to be met out of operations. For instance, it is my understanding that the depreciation charge on Motor Coach properties will be increased under the Chicago Transit Authority formula, which makes black ink figures more difficult to attain.

I know you have thought of all of this, but frankly, I am concerned about the purchase price and I hope you will review the transaction and make a formal statement as to why your Board believes the benefits outweigh any apparent disadvantages in price.

Sincerely,

(Sgd.) MARTIN H. KENNELLY

Mayor