

# First April Meeting, 1936

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UNIVERSITY OF MICHIGAN,  
ANN ARBOR, APRIL 3, 1936

The Board met at the President's house at 3:40 P.M.

There were present the President, Regent Beal, Regent Murfin, Regent Smith, Regent Cook, Regent Stone, and Superintendent Elliott. Absent, Regent Hemans, Regent Crowley, and Regent Cram. There were also in attendance Vice-President Yoakum, Vice-President Bruce, Dr. F. E. Robbins, Mr. H. G. Watkins, and the Secretary.

The usual financial reports were placed on file.

The minutes of the meeting of February 28 were approved as submitted to the members in press proof, with various specified changes, and in particular with approval of paragraphs numbered 20 and 21 on page 788, which in the form approved constituted in effect two minor changes in the legislation of the Board.

Regent Murfin reported informally with respect to the proposed addition to the Michigan Union Building, and the matter was continued with the Student and Alumni Relations Committee (page 752).

The Board discussed at length a report by Messrs. Smith and Schmidt of the Business Office to the Finance Committee and by the Finance Committee submitted to the Regents. This report made certain recommendations for the investment of a moderate proportion of University funds in approved common stocks. It included the opinion of Mr. George J. Burke, as counsel, on the legality of such investments, and a copy of the opinion of the Superior Court of the state of California, authorizing the Trustees of Leland Stanford University to make investments in this type of common stocks. The report also contained several specific recommendations.

The Regents voted to diversify the investments of the Freer Publication Fund, now entirely in a single stock, namely, Parke, Davis and Company, by the sale to the Consolidated Fund of 2,200 shares of this stock, approximately half the fund, the sale to be at the market price. On the basis of such a sale the principal of the Freer Fund would be increased by approximately \$69,500, the profit above the book value. The book value of the stock thus sold to the Consolidated Fund plus this profit will then be the Freer Fund's share in the widely diversified investments of the Consolidated Fund. The remaining book value, of the unsold Parke, Davis and Company stock, will continue as a separate investment of the Freer Fund.

Secondly, the Board authorized the sale as rapidly as in the opinion of the Finance Committee, market conditions warranted of all the holdings of Postal Telegraph bonds in the W. W. Cook Foundation (par, \$200,000; book value, \$117,000; approximate market value, \$75,000) and the reinvestment of the proceeds of these sales currently in appropriate common stocks of high grade, regarded as proper

investments for trust funds under the decisions of the Michigan Supreme Court, on approval of the Finance Committee.

The Board further voted its approval of an investment policy, to be gradually entered upon, comprehending purchase of approved common stocks of high grade, regarded as proper investments for trust funds under the decisions of the Michigan Supreme Court, to a total of not to exceed 10 per cent of the present Consolidated Endowment Fund, or in other words a total of approximately \$300,000. All such investments are to be with the approval of the Finance Committee.

All of the above actions with respect to common stocks were taken on the favorable vote of all members present with the exception of Regent Murfin who voted no.

The Vice-President and Secretary submitted a request for instructions with respect to the so-called Mason Rumney note guaranteed by twenty alumni of Detroit or that vicinity (page 394). The Regents directed the Business Office to proceed by usual and proper methods to collect this note from the guarantors.

The following communication was received from Dr. Ralph O. Rychener, President of the University of Michigan Alumni Club of Memphis, Tennessee:—

Honorable Board of Regents:

The University of Michigan Alumni of Memphis and the vicinity have for sometime desired to participate in the Alumni Ten Year project and have set as their goal a tuition scholarship to the University for some worthy student of Memphis and the vicinity. Pledges from twenty-seven men totalling an annual sum of four hundred fifty dollars over a period of ten years are in hand and we wish to offer this as an expression of our loyalty and appreciation of what the University has meant to us.

We desire the University of Michigan to collect, invest, and disburse all the monies pledged to this fund, deducting annually from the principal sum an amount sufficient to cover a tuition scholarship and such expenses as may be incident to collecting the pledges. The annual overage is to be kept in trust by you and we hope to add enough in the years to follow to make this fund self perpetuating. Or if the trust should increase to the point where it seems feasible or desirable, we should like the privilege at our discretion of granting more than one tuition scholarship. A local committee, consisting of Dr. W. D. Stinson, R. C. Hunting, H. L. Wellford, A. Carlson and W. L. Owen has been named to review local applicants for this scholarship and recommend to the Dean of the undergraduate college to which the scholarship is to be granted, those who are desirable; the final selection of the fortunate applicant, however, is to be made by the University.

We sincerely hope that our small effort will be considered with approval and express our sincere thanks to our Alumni Secretary, T. Hawley Tapping, who has been our inspiration and great aid in the culmination of our project.

March 5, 1936

Ralph O. Rychener

The Regents accepted this gift by adoption of the following resolutions:—

*Resolved*, That the Regents of the University of Michigan hereby gratefully accept the gift of the University of Michigan Alumni Club of Memphis of a tuition scholarship in the University under the terms and conditions stated in the communication from this Club, and with the further express provision, namely, that should the University of Michigan Club of Memphis cease to exist or for any reason fail to carry out its anticipated program or if any of the provisions in the course of time prove to be admittedly unworkable or disadvantageous, the Regents shall have the right and the duty to use such monies as remain in the scholarship, at their discretion, but as nearly as feasible in accordance with the original purpose; and be it