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PORTLAND  
*City Club*  
BULLETIN

CRYSTAL ROOM, BENSON HOTEL  
FRIDAY, 12:10 P. M.

Portland, Oregon—Vol. 23, No. 37—Jan. 22, 1943

# Will 1943 be the 1918 of this War?

By **CHESTER H. ROWELL**  
**Associate Editor, San Francisco Chronicle**

"Sage of the Pacific Coast," is the way Time magazine refers to Chester Rowell. The volume "Current Biography," terms him "one of the leading newspaper editors of his generation."

Chester Rowell is to the 4500-member Commonwealth Club of California, what Dr. G. Bernard Noble is to the City Club of Portland. Forty-one times Rowell has appeared before the Commonwealth Club, this month being the latest occasion on which he addressed that organization.

"One might as well try to define the boundaries of the Pacific Ocean as to delimit the fields in which Chester Rowell has worked generously and with unflagging zeal over the years," writes Stuart R. Ward, Executive Secretary of the Commonwealth Club. "Through inadvertence, I am convinced, God just never made two like him!"

Editor, commentator, lecturer, world traveler, philologist, Chester Rowell speaks twelve languages and writes twenty, was educated at the universities of Michigan, Halle, Berlin, Paris, and Rome, has taught at the universities of Illinois, California, and Stanford, edited for 22 years the Fresno Republican and for 10 years the San Francisco Chronicle, has traveled to most of the countries of the world repeatedly.

Rowell has been a delegate to the International Congress of Penal Law at Brussels, was five times a member of the Institute of Pacific Relations Conferences, was a delegate to the International Labor Conference at Geneva, a member of the National Crime Commission, a member of Presidential Emergency Boards on railroad strikes, a member of the American Youth Commission, and a delegate to Republican National Conventions. In 1940 he was one of three Americans to receive the Roosevelt Distinguished Service medal.

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## NEW MEMBER TO BE INTRODUCED

WARD H. COOK, Owner, Ward Cook Inc., Real Estate. Proposed by Paul A. Sayre, Oscar Kaufer, Henry M. Gunn, and Verne Dusenbery.

**THIS IS LADIES' DAY**



**PORTLAND CITY CLUB BULLETIN**

Published each Friday by the  
**CITY CLUB OF PORTLAND**

"To inform its members and the community in public matters and to arouse in them a realization of the obligations of citizenship."

Howard E. Kessler, Editor

City Club Office - 516 Oregon Building

Telephone - BRoadway 1443

Entered as second class matter at the Portland, Oregon post office October 29, 1920, under act of March 3, 1879.

Subscription rate one dollar per year included in annual dues.

City Club dues: Residents, age 28 and over, \$12.00 per year; Residents, age 27 and under \$6.00 per year; Non-Residents, \$5.00 per year.

The regular Friday luncheon meetings are held in the Crystal Room of the Benson Hotel.

Vol. 23

January 22, 1943

No. 37

**CHILD NEGLECT INCREASE**

Increases of 22 per cent above normal in juvenile delinquency and 39 per cent in child neglect in 13 upstate New York war industry counties for the first six months of 1942 indicate the serious effect of war conditions on children, according to information to the American Public Welfare Association.

The figures were in a preliminary report of wartime influences on children's problems, made by the New York state board of social welfare. The report also showed an increase of 33 per cent in first admission of children to foster homes during the same period.

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**REDUCED BUS FARES**

Women as well as men in uniforms of the armed services will ride Milwaukee buses and streetcars on half-fare, under a ruling approved by the state public service commission, the American Municipal Association reported today.

The special five-cent rate will be limited to non-rush hours Monday through Friday, but will be good for all hours Saturday and Sunday.

Milwaukee, according to the Association, is one of the few cities in the country extending the low-fare privilege to women in uniform. Chicago permits servicemen, including those in the United Nations, to ride entirely free during certain hours, while Detroit grants the privilege to any member of the armed forces on leave and in uniform.

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**PARALYSIS FUND DRIVE**

The annual "March of Dimes" got under way Wednesday, January 20, and will continue until January 30. Money received will go to the infantile paralysis fund for the relief of sufferers from the dread disease. If you haven't yet given your dimes to this worthy cause, you are requested to do so today. The local goal is a dime for every person in Multnomah county.

**PROPOSED FOR MEMBERSHIP  
AND APPROVED BY  
THE BOARD OF GOVERNORS**

If no objections are received by the Executive Secretary prior to February 5, 1943, the following applicants will be elected:

**PAUL N. WONACOTT**

Industrial Engineer  
Montgomery Ward and Co.

Proposed by L. Graham Covington

**CHESTER DUNCAN**

Director of Public Relations  
KOIN - KALE

Proposed by Henry M. Gunn

**HOWARD ENNOR**

Acting Executive Secretary  
League of Oregon Cities

Proposed by Howard E. Kessler

**BERTRAND I. ELLIOTT**

Special Agent  
Prudential Life Insurance Co.

Proposed by Stuart R. Strong

**FOR THE PEACE**

A United Nations Town Meeting and Institute will be held in the Portland Public Library this Friday and Saturday, January 22 and 23, sponsored by the Commission to Study the Organization of Peace. The meetings will be open to the public.

Addresses will be delivered as follows: Friday, 10:00 a.m., Dr. Emily Hickman, New Jersey College for Women, "The Supreme Necessity of Planning What Is To Come;" 10:45 a.m., Dr. Eden Quainton, Department of History, University of Washington, "The Road From War To Peace;" 12:15 p.m., Dr. R. I. Lovell, Department of Political Science, Willamette University, "This Historic Moment in American History;" 2:00 p.m., Miss Kathleen Courtney, Vice-Chairman, League of Nations Union, Britain, "Specific Problems and Their Solution;" 7:30 p.m., in Lincoln high school auditorium, Miss Courtney and Chester Rowell in a town meeting, "What is the United Nations? . . . What Can It Be?"

On Saturday, an educators' session will be held at 10:00 a.m., to be followed by a speakers' session at 12:15. Round table discussions will be held for women's groups, church groups, and men's groups at 2:20 p.m. Friday.

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**TWO REPORTS APPROVED**

By voice votes the Mass Transportation and Merit System for State Employees committee reports were approved by the membership of the City Club January 8 and 15, respectively.



## ADMINISTRATION OF TRUST FUNDS HELD BY SCHOOL DISTRICT NO. 1

### A Report of the Education and Recreation Section

To the Board of Governors of the City Club:

Your committee appointed to study the administration of trust funds held by Portland School District No. 1, submits the following report.

Public-spirited citizens interested in elementary and secondary education have made gifts to School District No. 1 or for its benefit, for the apparent purpose of supplementing the educational and related activities which it was able to provide with public moneys. Such gifts have in most cases been made directly to the school district. In some of the gifts, express restrictions have been imposed upon the use of the funds, while in others no such restrictions have been imposed by the donors, but the school board has elected, somewhat informally, to charge itself with trust responsibility in the administration of the funds. One of the gifts was created by a high school student body in memory of a deceased instructor, and another was created by students and parents in memory of a deceased principal.

Obviously, the school district is an appropriate donee of a charitable gift. It is the hope of this committee that charitably minded persons may more generally be persuaded to consider benefits which could be created by such gifts. We believe that some modifications of the present administrative arrangements would foster this end.

### PRESENT TRUSTS

#### 1. Gift to Trustee

**T. T. Davis Honor Scholarship Fund.** This gift, in the amount of \$1,000.00, was made by the will of Minnie Davis Forsyth to a corporate trustee, which was charged with the management of the trust investment, "the interest from which is to be used on account of a scholarship in Lincoln high school . . . to be devoted to and known as the T. T. Davis Honor Scholarship . . . to go annually to the graduate of highest standing for the four year course . . ."

#### 2. Gifts for Restricted Uses

**Catherine Augusta Hatch Educational Fund.** This fund was created by a residuary gift in the will of Catherine Augusta Hatch to the school district, "to apply to the education of poor children such as have no parents that are able to educate them." It originally consisted of cash in the amount of \$946.73, and securities having a face value of \$2,500.00. It has been applied to the purchase of glasses for indigent pupils. Total cash and investments held in this fund now aggregate approximately \$4,100.00.

**Martin Winch Fund.** This fund was created by a gift of \$5,000.00 to the school district by the will of Martin Winch. It is directed "to be used by them in furtherance of the teaching of domestic science and manual training." Expenditures from this fund have been applied to the purchase of text books in the departments indicated. Cash and securities in this fund now aggregate approximately \$7,000.00.

**Benjamin Blumauer Fund for Handicapped children.** The will of Benjamin Blumauer made a charitable gift for distribution to such charitable and educational organizations

as might be selected by the trustees of Temple Beth Israel. The trustees transmitted to the school district the sum of \$1,000.00 "for the needs of handicapped children in the Portland Schools." Disbursements from this fund have been used to provide transportation for handicapped children. There remain cash and securities in the approximate amount of \$1,100.00.

**George H. Connelly Merit Fund.** The Benson student body made a gift of \$2,000.00 to be held in trust by the school district, the income from which is required "to be paid semi-annually to the student body fund, and awarded semi-annually to such students as the scholarship committee of Benson Polytechnic school may deem most worthy." These funds are invested, and disbursements are being made as directed.

**Fletcher Memorial Fund.** Following the death of W. T. Fletcher, the first principal of Grant High School, an agreement was made between the Dad's Club, a faculty committee, and the school district, by which a gift of \$5,000.00 was made with funds contributed in part by the Dad's Club, and in part by the student body, and in part by student contributions. The agreement provides for investment of the funds by the school district, and the payment of the earnings to a faculty committee, and their disbursement "for the encouragement, assistance, or relief of worthy students of U. S. Grant High School during their attendance thereat, or for the establishment of scholarship funds to permit graduate students to continue their studies in higher institutions of learning." These funds have been invested and disbursed as stipulated in the contract.

#### 3. Unrestricted Gifts

**James John Fund.** This fund was originally created as a gift to three individuals, as trustees, for the establishment of a permanent and perpetual educational fund "to be used in establishing and maintaining free schools in the town of St. Johns." Reference is also made to the school district which shall embrace the town of St. Johns. After the death of the individual trustee, the school directors were appointed successor trustees. Such disbursements as have been made in recent years have been applied to the maintenance of a kindergarten, and the provision of athletic facilities. Cash and investments aggregate approximately \$40,000.00.

**John L. Vestal Fund.** The residuary estate of John L. Vestal was devised and bequeathed to the school district without any declaration of the use to which the fund shall be applied. The value of the property was approximately \$172,000.00. At the time the gift was received, the school board adopted a resolution that the funds be applied to the erection of a school building to be known as the John L. Vestal school. This committee was not able to obtain complete information of subsequent actions of the school board, but it appears that this purpose was abandoned, and that the funds have been applied to a variety of purposes. Some of the applications are open to criticism. There remain unexpended funds and earnings aggregating \$77,000.00. This committee is critical of the fact that the Vestal Fund has been used by the school board as a convenient escape from budgetary limitations. In



numerous cases, these funds have been applied to purchase property which the school district was unable to acquire from its own resources and, subsequently, the Vestal Fund was reimbursed. In some instances, the transaction has taken the form of a loan of the resources to the school district.

#### 4. Cafeteria Funds

The school district holds, under circumstances which are not adequately defined, funds contributed by the student bodies of the several high schools in connection with the operation of the high school cafeterias. Such funds now aggregate about \$5,400.00. Withdrawals have been made from these funds and the earnings thereon to cover operating losses and capital outlays.

In 1926, a resolution was adopted by the school board which provided for the creation of a cafeteria fund by contributions from the profits of the cafeterias in the several schools, and for its distribution. Apparently, the original purposes have been abandoned, and no purposes are at present defined. If such a fund is to be maintained, we believe the beneficial ownership of the fund should be defined by agreement with the high school student bodies, and the uses of the fund should be established by such agreement. It is doubtful that these funds should be treated in the same manner as other funds.

Leaving the cafeteria funds out of consideration, the school district holds or receives income from a total of approximately \$136,000.00, some of which may be applied as to the principal, and all of which may be applied as to the income to provide educational opportunities which could not otherwise be provided.

#### Power of the School District

There is no legislation controlling the management, control or application of gifts, devises and bequests to School District No. 1, Multnomah County. The committee is of the opinion that there is no need for legislation. It has been held by the Oregon Supreme Court that School District No. 1, Multnomah County, may receive and hold gifts in trust for educational purposes. The law is less clear, but we believe the conclusion is justified, that the school district may receive gifts, and hold or apply such funds upon educational trusts to augment the facilities and benefits which the district can provide by the application of funds derived by taxation. If there is substantial doubt upon the matter, it should not be difficult to obtain such legislation as the school board or its attorneys may deem advisable.

#### Management and Investment of Funds

Although in the past, some of the trust funds have been invested in securities which would not ordinarily be approved for the investment of trust funds, this committee has no desire to criticize current investment practices, except with respect to the current loans from the Vestal Fund to the school district. Until recently, an unreasonably large proportion of funds were left uninvested. Both of these faults may be attributed to the fact that no definite investment policies have ever been established, but the matter has been handled by successive committees, and without much continuity.

In the case of the Vestal Fund, there appears to have been a tendency to treat these funds at some times and for some purposes as trust funds, and at other times and for other purposes, to

treat them as though they were not charged with any trust. If definite trusts were declared, where the uses are not fully defined by the donor, such action would tend to avoid abuses of this nature.

This committee is also of the opinion that it would be useful and appropriate to establish a new and simplified trust form of accounting, which will more readily disclose the entire situation with respect to such funds.

#### Application of Trust Assets

Your committee has not attempted to review the application of trust funds prior to 1931, but it has reviewed their application since that time. Although it appears that there have been a few cases, mostly involving small sums, in which the propriety of the expenditure of funds is open to question, for the most part the school boards are entitled to public appreciation for the administration of trust funds. The only trust fund from which there have been substantial withdrawals of principal is the Vestal Fund, and major investments from these funds have been applied for purposes which are obviously within the scope of the general purpose of the testator. Such expenditures have included improvements of grounds and buildings, particularly to provide athletic facilities, and were augmented by federal grants of funds.

#### RECOMMENDATIONS

1. That the school district give wider publicity to the fact that it is prepared to receive and administer gifts, bequests, and devises.

2. That with respect to funds now held by the district for purposes which have not been specified by the donor, or concerning which definitions are not clear and complete, declarations of trust be executed, declaring and defining the uses and purposes upon which such funds are held, and the power and authority of the school district with respect to the investment and use thereof. In this connection, it may be appropriate to suggest that the declarations might advantageously be made upon such terms as would provide for further gifts for similar uses, and the existence of such trusts might tend to stimulate like gifts.

3. That investments be limited to those permitted by the terms of such declarations of trust, and that every device be adopted which would tend to keep funds properly invested, including a simplified accounting system with respect to trust assets.

4. That the cafeteria fund be redefined or distributed as may be agreed by the respective student bodies of the high schools, in whom the beneficial ownership of the fund appears to rest.

5. That if there appears to the school board or its attorneys to be any need for legislative sanction to authorize the execution of any of these recommendations, a bill be immediately prepared and offered for introduction at the present legislative session.

Respectfully submitted,

E. M. ADAMS  
WALLACE B. CAUFIELD  
T. HOWARD GROVES  
C. E. ZOLLINGER  
EDWARD A. BOYRIE, Chairman

Approved for transmission to the Board of Governors by James T. Hamilton, chairman of the Education and Recreation section.

Accepted by the Board of Governors January 18, 1943, and ordered printed and submitted to the membership for consideration and action.