

THE PACKER ENDOWMENT OF LEHIGH UNIVERSITY.

The question is frequently asked by the Alumni why the endowment of the University was not invested by the University Board of Trustees in bonds or other funds better secured than Lehigh Valley Railroad stock. The answer is that the Founder of the University, in making the gift of endowment, provided otherwise, and that the Trustees of his estate, in retaining the investment as the Founder gave it, only followed his wishes as expressed in his Will. The following extracts from the Will (dated May 14, 1875) give the bequests and express the intent of the Founder in regard to investments :

“Nineteenth. I further will and direct that there shall be paid to the Lehigh University situate in South Bethlehem, Pennsylvania, the income of a principal sum of One million, five hundred thousand dollars, to be applied by the trustees of the said University to its maintenance and support.

The trustees under this Will shall retain the principal of the said sum of One million, five hundred thousand dollars, with all accretions which may be added thereto, out of the annual income until the final termination of the trusts created for my children and their children and issue under this Will.”

(By clause twenty-third, cited below, the trustees are allowed to make a deed of settlement.)

“Twentieth. I further will and direct that there shall be paid annually to the trustees of the Lehigh University the income of a principal sum of Five hundred thousand dollars, which shall be paid for the erection of a library building on the college grounds, and for the purpose of fitting up and furnishing said library, purchasing books and such other articles as may be suitable for making it useful and valuable as a library.”

This legacy for the library is qualified by the fourth clause of a codicil dated May 2d, 1877, which provides that advances made during Judge Packer's lifetime to the library shall be deducted from the \$500,000. These advances (for the library building) amounted to \$110,213.

As to the character of the investments, the codicil provides:

"First. I will and direct that my executors and trustees in carrying out the bequests and directions of my said Will shall in all cases in which I have given or bequeathed any sum or sums of money to legatees direct, or to trustees for the use and benefit of either institutions or individuals, substitute stock of the Lehigh Valley Railroad Company at par for the amounts named in the said Will in dollars as the principal of such bequests or legacies, that is the principal of all such bequests shall be and be taken and held to be stock of the said company equal at the par or nominal value thereof to the principal sum of the legacies or bequests as mentioned in the said Will respectively."

"Third. I further will and direct that in all of the cases in which by the said Will and this codicil stock of the Lehigh Valley Railroad Company is bequeathed in the manner above mentioned, the legatees under the said Will shall only be entitled to the actual income derived from such stock when or as the same may be received or collected by the trustees and that where the principal would be payable according to my said Will the trustees shall only be obliged or bound to pay the same in the said stock at par or nominal value thereof."

"Sixth. To avoid any possible misapprehension as to my purposes in the said Will, I now repeat that I wish my executors and trustees to retain and continue my investments in the stock and other securities of the Lehigh Valley Railroad Company and other companies connec-

ted with it, during the continuance of the trusts of the said Will, or for as long a period as in their discretion may be deemed best."

This sixth clause of the codicil is a re-affirmation of the following provisions of the Will in regard to the character of investments to be made.

"Seventh. As I am the owner of large amounts of stock of the Lehigh Valley Railroad Company and other stocks, and have been carrying more or less of the stock upon loans and do not wish it to be sold until it may be deemed advisable as hereafter indicated by me, and as I am the owner of coal lands, the products of which are or may be tributary to the railroad, and I wish these interests protected and worked together, I give and confer upon the trustees discretionary power and authority to manage these interests as well as all my property of every kind in such manner as they may deem best; to continue any business in which I may be engaged and to work, open and develop any coal lands I may own, making such expenditures and outlays as they may think best and for these purposes to borrow money, to give notes or other instruments of writing therefor, to execute mortgages and pledges of the property, real and personal, and to bind my estate for such loans as fully and amply as I could do if living."

"Eighth. I further authorize and empower the trustees to subscribe and pay for any new issues of the stock of the Lehigh Valley Railroad Company or of any companies connected therewith, which the trustees may at any time deem proper; and in like manner to borrow money and make pledges and mortgages with notes or other instruments of writing therefor. I leave the amount of such subscription entirely to the discretion of the trustees."

"Ninth. While I have given the trustees this power and discretion I wish them to exercise it with the utmost

circumspection. I have spent a large part of my life in projecting and building up the Lehigh Valley Railroad. It has been remunerative to me, the stockholders have given me their confidence and I have a deep interest in its future welfare and prosperity and in the welfare of those who have invested in it and have been associated with me in the enterprise. I wish my estate to be identified with it and the trustees to have an influence in its management for as long a period as it can be done consistently with the best interests of the company and of my estate and in the judgment of the trustees it may be judicious or proper. These remarks apply to all other railroad stocks owned by me, which are connected with the Lehigh Valley Railroad."

By clause twenty-third the trustees under the Will are empowered "when they in their sole discretion shall think it advisable so to do," to pay over to the trustees of the University the said \$1,500,000 and \$500,000, making deed of settlement of the same, but this authorization is followed by the following declaration. " * * * * * My purpose is that the trustees under this Will shall have the power to retain as large an interest in the Lehigh Valley Railroad Company and in the railroad companies owned in part or in whole by the said company for as long a period as they may think best for the interest of my estate, and hence during the continuance of the trusts of this Will I am not willing that they should be required to sell such securities as I have referred to until they may think it best; and I wish them to have the power to limit and control the sales of such securities even after they may have handed them over and assigned them if it can be lawfully done."

The latter reference is to the legacies under the Will, such as those to the Lehigh University and its library, viz: that if the trustees of the Estate should make a deed of settlement of the stock to the University, the Founder apparently desired that even then his Estate should exercise a deterrent influence on sales of the stock. His idea

throughout seems to have been that he wished his estate to continue to stand with the other stockholders of the company in its future.

The loans referred to in "Seventh" are still partly outstanding, and are still secured by the estate in bulk including the legacies, and today the University is situated in respect to its endowment exactly as it was situated at the time of Judge Packer's death. The trustees of his estate have handled the fund in accordance with his wishes as above expressed. At no time has the University endowment been so dissociated from the general funds of the estate that the Trustees of the University could control or handle the endowment, and this situation has been a direct consequence of the provisions of the Will itself. So long as the stock paid large dividends this state of affairs did not result in embarrassment, but on the cessation of dividends and consequent depreciation of the assets of the estate, not only was the income of the University cut off, but its endowment lessened in cash value. The affairs of the estate have been in process of liquidation and adjustment, and its debt has been so far reduced that, at the present time (May 1899) there is a fair prospect of the balance of the debt being soon paid, when the University may receive its endowment.