SCHOOL BOARD RES JAS. WALTON.

Morris Bros. and the trict Next in Regard the Sale of Bonds.

Taxpayers of School District . 9:

James Walton, Jr., has seen fit lish in the Tillamook Herald a unication from Morris Brothers purports to cover the history of le of our school bonds, and Mr. n vouches for this statement be- curate and true. He also states he Morris Brothers letter cantains hole history of the transaction. atever else may be said of this it does not set out the whole y of the transaction, and it rates the folly of anyone assum- to give the history of a trans- n of which he does not have onal knowledge. The school board ned of the existence of this letter ral days before it was published, of the fact that Mr. Walton was ulating it, or having it circulated hose who were interest in getting nd having signed the recall petition the members of the school board. is apparent that it was the inten- of those interested in the matter to p the matter concealed from the ol board untill the recall petitions been signed by enough persons to ke them effective. We know of no er reason why the letter should have n withheld from publication from 7th untill May 24th.

Why Mr. Walton did not give, or e given, the full history of the nsaction may possible appear from onsideration of the facts which he not have brought out in the Morris other's letter, but which we are lating in a letter which the school ard wrote to Morris Brothers before e publication of their letter in the erald. and as this answer to Morris other's letter contains a statement the school board's side of the trans- tion, we are having it published ith this letter so that the taxpayere ay not have to depend upon a hearsay tatement as to what has taken place.

The school board contemplated issu- g such a statement before this time, ut there having been no published tatement made by anyone in the news- apers criticizing the action of the oard in the matter, we thought that it might appear that were trying to defend ourselves against something of which no complaint was being made by the taxpayers.

It would appear at this time, even from the publication of this letter, that the taxpayers of the district have not take it upon themselves to have ny investigation of the matter made, nd the publication of the letter has een inspired by Mr. Walton, whose roperty interests in the district we nderstand, are at this time of a very rifling character to say the least.

We might add further, that when the irculators of the recall petition were dvised to ascertain the board's side f the controversy they declined to take ny such action.

We are submitting the matter in the rm of the reply made to the letter of orris Brothers so that the taxpayers ay ascertain to their satisfaction st what has been done and the reas- ns for it. We will not undertake to ouch for the truth of matter of which e have no personal knowledge, and e will not attack anyone further than he facts themselves may constitute uch an attack, but we invite your reful consideration of the circum- tances attending the action of the oard, and of the representations which ere made to them to cause them to t as they did. The board realizes at this is a matter concerning the siness of the taxpayers of the dis- ict, and they are at all times ready to ll what they have done in the matter.

One thing more: While no formal dvertisement was made of the sale of ese bonds, but the financial and bond apers carried notices of the intended ue and inquires were received from nd houses, some forty or fifty, and ds were received from eight or ten, ly one being higher then the price at hich the bonds were actually sold.

It should also he stated that the Dis- ct Clerk never received any tele- am from Denver bond dealers re- esting to be allowed to bid. The easurer received some such inquiry d replied that parties should wire y bid they wish to make and it would considered. No bid was submitted in sponse to this.

H.T. Botts, G.B. Lamb
of the School Board.

May 24th, 1912.

rris Bros.,
ortland, Oregon.
ntlemen:—

Our attention has been called to a ter written by you to Mr. James lton, Jr., under date of May 7th, in erence to the sale of the bonds of Tillamook School District.

We are glad you wrote this letter, ause it makes some matters clear us which were not clear before, and are also glad to have the oppor- ity of explaining the matter fully, only to you but to the taxpayers his district.

You will understand, of course, that do not think you have any particu- right to advise thetax payers of this rict as to what they should do, but r advice is good never the less, and he facts were as you supposed them e we would undoubtedly be subject very severe criticism, to say the t, for taking the action which we

Possibly we are properly subject riticism anyhow for not showing er judgement in the matter than did, but we believe with facts fully re you, you will be of a different ion in regard to this matter than were when you wrote the letter rred to.

the first place it appears fro n letter that you have no direct onal knowledge of anything which members of the school board here and what you say as to the facts, ur assumption as to the facts, is d upon what has been given you thers. We do not suppose that you t all interested yourselves in mis- esenting anything which took place, not knowing all of the facts in the you are not in a position to form rect opinion or pass judgment up- ur actions, and for these reasons re very glad to make a statement hat was done.

the first place, when the matter of building a new school house in this district came up, a meeting was called to discuss the matter and to authorize the purchase of additional ground, and the issuing of interest bearing warrents to the amou t of $25,000.00. At this meeting the voters expressed themeselves as favorable to the proposition, but suggested the matter of increasing the territory of the district, which was acceptable all around. At this meeting Mr. Walton stated that he could arrange for the sale of the bonds for the district, but could not handle the warrents, and decided to postpone the matter of issuing bonds until the territory of the district should be increased, as it was felt that the people would then feel even more favorably disposed toward the building of the new school building which was badly needed.

The school board took up with Mr. Walton the matter of the sale of the bonds, and he informed the board that he could dispose of the 6 per cent bonds of the district at par. Shortly after this Mr. Fred Glenn came to Tillamook and had an interview with the school board, and offered to contract to take the bonds of the district, 6 per cent bonds with a 2 per cent premium, 1 per cent of the premium, however, to be allowed for the purpose of bearing the legal expenses and costs of printing the bonds, etc. M Glenn was to furnish the distri with whatever forms were necessary in every way. The board at that time had made no investigation as to that, and as Mr. Walton had offered to look after the financing of the bonds for the district, the board again consulted with him in regard to the matter, without, at that time, disclosing to him the offer which had been made by Mr. Glenn, and Mr. Walton again stated that he could handle the bonds for the district at par for 6 per cent bonds, but knew of no prospect of any better prices being relaized, and stated that he considered that the district would be doing well to sell their bonds at par. Mr. Walton never at any time before the bonds were disposed of by the district stated to any member of the board that he was representing your company. Now this all took place after February 10th, and after the time when you state in your letter that you told Mr. Walton you would pay a substantial premium for 6 per cent bonds, or would buy 5 per cent bonds at par.

After our consulting with Mr. Walton as to this, Mr. Glenn again came to Tillamook, and the board, relying upon Mr. Walton's statement as to the matter that 6 per cent bonds at par was the best, in his opinion, that the board could do, thought that if they could get the 1 per cent net to the district for 6 per cent bonds, it would be making a good transaction, and accordingly the board made a kind of an agreement with Mr. Glenn as outlined above.

The board knew at that time that this contract was not binding in law, as the bonds had not yet been voted, and they knew also that the board was not authorized to make a sale, as the law required the sale to be made by the county treasurer.

Shortly after this arrangement was made with Mr. Glenn, Mr. Walton learned of it, and stated to the members of the board that Portland bonding houses were very indignant over the matter; that Mr. Glenn was not a legitimate bond buyer, and they were determined that he should not get these bonds, and that they would see that he did not get them, and he also, at that time, stated that the bonds were worth more than they were when he first talked with the board about it; that when he made the six per cent talk he supposed that was the best that could be done, but he had found other people who were willing to pay more money. He never stated, however, who the people were, never stated that the bonds could be sold at par with interest at 5 per cent, or that they could be sold with a premium for 5½ per cent bonds, and made no mention of anything other than the 6 per cent bonds, with the intimation that more than 2 per cent might be paid as a premium on such bonds, but no intimation as to how much, except as hereafter stated in connection with Mr. Camp.

The board notified Mr. Glenn of this disposition on the part of Mr. Walton and his Portland people, so that he could take any steps he saw fit to look after his interest in the matter. The board heard nothing more from Mr. Glenn until after the middle of April, but Mr. Glenn complied with his agreement as to the furnishing of forms for the proceedings leading up to the issuing of the bonds, and the board accepted this and made use of it. The district clerk received numerous inquiries from different bonding houses, and the board instructed him to send out circular letters of information which was asked for. They also talked with Mr. Walton and told him that the board regarded the Glenn matter as informal and not legally binding, and that offers received from any other source would be considered by the board. The circulars sent out by the clerk stated that the bids for the bonds would be opened about the 15th of April. There were probably forty or fifty of these inquiries which were answered by the clerk.

After the bonds were voted on (March 30th), Mr. F. W. Camp, representing E. H. Rollins & Sons, had an interview with the chairmen of the board, being introduced to him by Mr. Walton. At that time Mr. Camp offered to take the district bonds at par, bearing 5½ per cent interest. He stated that 2 per cent was not a large enough premium for the 6 per cent bonds, but that 3 per cent would be about right, or, he would take the 5½ per cent bonds at par. He was very anxious to have the board enter into a contract with him at that time on that basis and urged that it be done without waiting for replies or other bids, and that the board disregard altogether any arrangement it had with Mr. Glenn.

Mr. Walton was present when the talk between Mr. Camp and the chairmen took place, and he advised that the board would do well to close with Mr. Camp on the 5½ per cent bonds, never intimating that your house had offered to take 5 per cent at par, as you state that you had offered to do through Mr. Walton. In fact he never mentioned your house in connection with the matter at all, that is to any member of the board or to the County Treasurer, until after the bonds had been disposed of.

The chairman of the board refused to close with Mr. Camp, telling him that circulars had been sent out, and the board was going to wait until bids came in before anything definate was done, and Mr. Camp was told that he would be given a chance to submit an offer for the bonds, but his intimation was that he would pay very little, if any, better than 5½ per cents bonds at par, or 3 per cent premium for the 6 per cent bonds. Before that time the chairman had written Mr. Glenn stating that the board would not consider his offer as of any force or effect, and so advised Mr. Camp. Mr. Camp did state that he would submit an offer at that time if the board would close the matter up with him, and he did make the offer as above stated, but with the intimation that he might do better. He also stated that they could pay more than anybody else could for the bonds, but his intimation was that what he had offered was about the limit.

Mr. Camp went away, and in a few days called up Mr. Botts, saying he had seen the circular of the clerk, which stated dids would be opened about the 15th day of April, and was told that it was not the intention to open bids at that time, and that no time had been actually fixed for doing that, but he was again told that he would have an opportunity to take the matter up.

About April 17th Mr. Glenn came to Tillamook, with bonds prepared, and the matter ready to be certified by the district board, and stated that he had transferred his paper to some other parties, and that they were ready to put up the money as soon as the bonds were delivered to the First National Bank of Denver, and the first agreement with him was that the bonds should be delivered at any bank he might select. The board at first told Mr. Glenn that he would have to take his chances with the other bidders who had sent bids to the County Treasurer but which at that time had not been opened. Mr. Glenn was indignant at this, but the board insisted, and was not inclined to carry out the agreement had with him in the first place. Mr. Glenn, it might be stated, had formerly agreed to deposit with the County Treasurer security for the taking by him of the district bonds, but he had not complied with that part of the agreement.

Mr. Glenn went to the County Treasurer, and the Treasurer called in the Deputy District Attorney, and after consulting with the board it was finally thought best to accept his offer, as the district had made use of Mr. Glenn's services, and he had gone ahead apparently in good faith on the strength of the agreement the board had made with him, and the board felt that it would not be fair to him to disregard the contract or arrangement which had been entered into with him, and it was then agreed that the Treasurer would open the bids which were then on hand, and if Mr. Glenn would make some raise in his bid the board might increase the allowance for expenses made so that the district would not have to sacrifice too much in doing business with him. Mr. Glenn had stated that the party to whom he had transferred his contract would undoubtedly enjoin the district if they attempted to disregard his arrangement and bring a suit in the Federal Court for that purpose, which would hang up the proceedings for an indefinite length of time. We believed then and now, however, that this was a bluff on Mr. Glenn's part, but even after the bonds were delivered, Mr. Glenn still insisted that Keeler Brothers, who took the bonds, were people who would take such steps as that even if they knew they had no legal right to do so, and if this had been done, even the district had won out in the end, as it undoubtedly would, in would have meant the expense of a law suit in the Federal Court, and might have delayed the construction of the school building for another year.

Under such circumstances the board felt that it was better to close with Mr. Glenn, knowing that the money would be promptly on hand and the matter ended. Accordingly the bids were opened, and the highest bid found, except one, was a premium of $1,350.00. The one higher bid was made on the strength of the statements contained in the circular sent out by the clerk, giving the valuation of the district as over $2 000,000.00, which could not be officially certified to as the new district valuations were not shown on the tax roll at that time, and will not be, as a matter of fact, until about the close of the year. This one higher bid offered about 1 per cent higher premium for a 6 per cent bond.

With these bids in this shape Mr. Glenn agreed to raise his bid to $1355.-00, but with an allowance from the school board to him, to cover his legal services, etc., of $650.00, netting to the district a premium of $705.00 above its expenses. After considerable discussion this was finally agreed to, and the matter was closed on that basis.

Mr. Camp was immediately notified of what was done and the reason for it, and it may interest you to know that in writing to him it was stated that the board felt that it was under a moral obligation to Mr. Glenn on account of having accepted his services and allowing him to incur expenses on its behalf, which the board did not feel justified in disregarding. Replying to that Mr. Camp expressed a great deal of surprise, and among other things stated, "I appreciate all you say about the moral obligation involved in this matter, but I cannot understand how the same enters into a matter of this kind." In this letter Mr. Camp stated that he would have paid a premium of ¼ per cent for a 5 per cent bond, or would have paid a $1350.00 premium for a 5½ per cent bond, but this was the first knowledge that the board, or any of its members had that any such price would have been paid, or offered to be paid by any person in the market for bonds. As has been stated, Mr. Walton did not disclose any such offer, nor did Mr. Camp make any better offer in the first place then as stated herein. The board had no knowledge that they could realize any better price than they got from Mr. Glenn at the time they entered into the arrangement with him, and thought they were at that time taking care of the interests of the district as well as could be done.

We are very sorry to learn that the information upon which we relied in this matter was not reliable. We were endeavoring to look after the interests of the district and save money to the taxpayers, and presume that in dealing with Mr. Walton he would take the same position, but, as you can see from the above statement, he did not give the board the b nefit of the information he had on the matter. If he had done so the board would have been very glad to have availed themselves to this information and would have governed themselves accordingly, and have made the saving which your offer would have made for the district.

No doubt it will seem to you that the board was wrong in taking up the matter without making a more thorough investigation than it did, and it would appear from the offers that came in after the bonds were out of the board's hands that the district had suffered a loss, but we have been led to believe from what we have heard in regard to the matter, that it was the disposition of the bond houses to prevent Mr. Glenn from doing business that led them to make the offers that they have made after it was too late for them to be considered.

We regret that this condition has arisen, but we feel that under the circumstances, and with the information we had, we were justified in doing what we did.

There are some things you mention in your letter which arose without the fault of the board, or any of its members, which have given you evidently a false impression about this matter. You mention that a newspaper item stated that Mr. Botts declined to make any statement in the premises. Now, this is the newspaper statement of the matter, and the fact is that Mr. Botts not only explained the matter in full to any person who inquired of him, including the editors of the papers, but he also made a public statement in the Circuit Court at the time when Mr. Walton, at your instance, brought an injunction suit to restrain the County Treasurer from delivering the bonds to Keeler Brothers. This suit has been brought, as we presume you are informed, after the bonds had been transmitted to Denver. The editor's statement was based upon the fact that he had asked the board to write out a statement of the matter, and this was not done, but the facts were placed at the editor's disposal.

You quoted further from the newspaper item as to Mr. Glenn being connected with the First National Bank of Denver. This information never came from any member of the board, but the bonds were transmitted to that bank at the request of Mr. Glenn. We never knew that Mr. Glenn had any connection with the bank as an officer, or otherwise, and never made any claim that he was.

It may interest you to know that the advice you gave Mr. Walton in your letter as to what might properly be asked of the board, has only been followed to the extent that a petition for the recall of members of the board has been put in circulation, Mr. Walton's name appearing on at last one of the petitions, the petitions mentioning, as we are informed, nothing in regard to the bond transaction, but Mr. Walton delivered your letter to one of the circulators of the petitions, and he has been making use of that while circulating the petition. The letter was being circulated for a week or more before the members of the board were aware that such a letter had ever been written. The disposition as to this matter being not to ask for or get an explanation from the members of the board, but to use your letter in a secret and behind-the-back way in an effort to get the people of the district to decide as to this matter on a one-sided statement of what had taken place.

If we are subject to criticism for what we did under the circumstances, we will accept it cheerfully, but we do not want to be criticized for something we didn't do.

We would say further, that in this matter the County Treasurer acted with the full approval of the school board, and whatever was done by him in the matter we wish to have taken as the action of the school board, and we absolve him from responsibility on that account so far as any of the blame being laid upon him.

Will say further, that the board knew of your house, and of your business, and had we known that you were interested in the bond issue as indicated by your letter, we would have been only too glad to have taken up the matter and done business with you upon the offers which you now say that you made through Mr. Walton, we would suggest that in view of the facts as we have stated them, your criticism of bond buyers who seek to get bonds without competition will apply to the representative of Rolling & Sons in this case. We do not blame him for that, we are not upholding Mr. Glenn in particular, but seems that we have learned, at any rate, that, reputable or otherwise, the bond houses are anxious to do business, and are not seeking to have others get in and compete for the business so as to reduce the amount of their profits.

We believe that this covers the situation quite fully and trust that we have made our position clear to you. If we have not, if you will call our attention to anything not explained which requires any further light or explanation from us, we will be very glad to give it so far as we can.

Finally, don't be to ready to assume things on hearsay. Find out how far your own agents are to blame before you lay the blame for things you don't like on someone else. If your agents don't properly take care of your interests, don't blame us for it, and don't blame us for not accepting offers which we never heard of or had any intimation we might hear.

Kindly bear in mind, in this matter that so far as the school board is concerned we never knew that you were interested in this bond matter in any way at all untill the same was out of our hands, and the same is true as to the County Treasurer. If you have been thrown down in the matter in any way it has not been by us, and in view of the circumstances which we have stated and the manner in which Mr. Camp's offer was made to us, we cannot feel that he has any good cause to complain, and whatever complaint there is to come against us we think would come properly only from the people of the district. We believe the most of these people are people who regard their promises as being of some value, and who are not disposed to break their word for the matter of a pecuniary advantage, and believe that they would feel that way in regard to the matters of the district, and as the board represents them in these matters, we feel that the action we took would meet with their approval under the circumstances as being what men who wish to deal honorably would have done.

Whatever mistake we may have made we are willing to submit to the people of the district for their judgment and will abide by their position in the matter.

Yours very truly,
H.T. Botts & G.B. Lamb

Commercial Club Meets.

The regular meeting of the Club was held Monday, May 27th, President Shrode presiding.

After roll call, the minutes of the previous meeting were read and approved.

The committee on revision of the schedule of fees in the by-laws reported that owing to the activities in connection with the Portland Men's Excursion, it had been unable to meet. It was moved and [illegible] committee be given further t[illegible]. Motion carried.

It was moved and seconded that the next mid-day lunch be held Wednesday, June 5th. An amendment was offered that the lunches be held on the first and third Wednesdays of each month. Amendment accepted. Original motion carried.

By common consent, the House Committee was authorized to formulate rules for the use of the Club rooms during business meetings of the Club.

The committee appointed by the Executive Board to prepare in detail a plan of raising funds for advertising Tillamook City reported that it had prepared a list of the property in the city, of the property owners and of the assessed valuations. It was moved and seconded that a committee of three (the committee to have power to choose further members if deemed advisable) be appointed to take this matter up with property owners of the city, and to solicit subscriptions, the plan to come operative when 60 per cent of the property owners is represented in the subscription.

The following committee was appointed: W. G. Dwight, F. R. Beals, Will Spalding.

It was moved and seconded that the Secretary be instructed to write to Andrew Carnegie regarding the establishment of a Carnegie Library in this city. Carried.

It was moved and seconded that the Club endorse the petition for the opening of the Light House trail in order to assure a road to Bayocean in the near future. Motion carried.

An amendment to the by-laws was offered as follows:

That Section 2 of Article 3 be amended to read as follows:

Resident Members—Resident members shall consist of the business and professional men of Tillamook City and others interested in the development of Tillamook County.

Non-resident Members—Non-resident members shall be persons not residing in Tillamook City; ministers in charge of churches and principals and teachers of schools when engaged in such professions in the city.

Honorary Members—This section to remain as before.

That Section 4 of Article 3 be amended to read as follows:

Fees and Dues—Each resident member shall pay an initiation fee of $10.00, and annual dues of $18.00, payable in monthly payments of $1.50. Each non-resident member shall pay an initiation fee of $5.00 and annual dues of $5.00, payable in quarterly payments of $1.25. All initiation fees and dues are payable in advance. Honorary members shall be exempt from paying initiation fees or dues.

It was moved and seconded that the amendment to Section 4 be amended to read: "Each resident member shall pay an initiation fee of not more than $25.00 nor less than $10.00, to be determined by the Executive Board," and continue as above. The amendment to the amendment was carried.

It was moved and seconded that the amendment be adopted. Motion carried.

E. J. CLAUSSEN, Secy.

Dr. J. T. Work, M. T.

1st St. and 3rd Ave West

Chiropractor and Naturopath is the most improved science for the cure of disease. Why suffer from colds, catarrah, rheumatism, hernia, tumors and abdominal displacements, indigestion, malassimilation and the general neurotic run down condition that follows when the cause may be easily adjusted and removed with no danger of other complications, as there is no drugs or knives used in this system.

Vaccum Washing Machine.

D. Tope of Portland has been in this vicinity during the past week, introducing the vacuum washing machine. This machine is a remarkable invencion, simple of construction and so easily handled that a child can use it. It sells for $3.50, and does its work thoroughly and quickly. One must see the machine work to comprehend its usefulness.

Mr. Tope tenders the following recommendations in regard to his machine:

To whom it may concern:

The vacuum washing machine is a wonder and will not injure the finest garment. It will do the entire washing in a few minutes to my full satisfaction. Mrs. M. R. Hanenkratt.

To whom it may concern:

On Monday, May 27th, Mr. D. Tope did the week's washing for me with the vacuum washer. I consider it the most simple and satisfactory washing machine that I have ever seen.

Mrs. James T. Moore.

Notice.

Notice is hereby given that the County Court of Tillamook County, Oregon, will receive Sealed Bids, for making fills in the County Road, as follows: For grading a wagon road running from the North end of the Bridge across the North Fork of the Nehalem River to the trestle across the Creek near the Larson Hotel in "Upper Town" Nehalem, in Section 23, including the fill across the Schollmeyer bottom, according to the plans and specifications on file at the office of the County Clerk.

A certified check equal to 5 per cent of the amount of the bid, must accompany each bid as a guarantee that the bidder will execute a Bond [illegible] [illegible] [illegible].

All bids to be filed in the office of County Clerk of Tillamook County, Oregon, on or before 10 o'clock A. M. Wednesday the 5th day of June, A. D. 1912.

The County Court reserves the right to reject any and all bids, By order of the County Court.

J. C. Holden.
County Clerk.

Notice to Creditors.

NOTICE IS HEREBY GIVEN,—That the undersigned has been by the County Court of Tillamook County, Oregon duly appointed as administrator of the estate of JOHN C. MANGAN, deceased, and that he has qualified as such administrator. All persons having claims against said estate are hereby required to present the same to said administrator at his office in Tillamook City, Tillamook County, Oregon, within six months from the date hereof, together with proper verifications thereof as required by law.

Dated this May 23rd, 1912.

H. T. BOTTS,
Administrator of the Estate of John C. Mangan, deceased.

For Sale or Trade.

Stallion, two years old, black, weighs 1035, perfectly gentle, will guarantee him. Will sell cheap for cash, or will trade for town property, Vacantt lots preferred.—See Frank Hanenkratt.