

Irregularities

Minutes of the Meeting of the Executive Committee of the Board of Trustees, University of Kentucky, June 13, 1944.

The Executive Committee of the Board of Trustees of the University of Kentucky met in the President's Office at 10:30 a.m., Tuesday, June 13, 1944. The following members were present: Judge Richard C. Stoll, R. P. Hobson, H.S. Cleveland, H. D. Palmore, and J. C. Everett. Attorney General Eldon Dummit, President H. L. Donovan and Comptroller Frank D. Peterson were also present.

A. Statement of President Regarding the Operation of the Aeronautical Research Laboratory.

President Donovan read the following recommendation to the Executive Committee:

1. The contract with the Mawen Motor Corporation should be terminated at the earliest convenient date.
2. The equipment in the laboratory which the Mawen Motor Corporation owns should be purchased if the price can be agreed on. This equipment should be amortized with profits from contracts which we shall make in the future over a period of some time. If the price of this material cannot be agreed on, we should ask them to remove it from the laboratory as soon as convenient.
3. An audit by a Certified Public Accountant should be made of the cost of operations of the Mawen Motor Corporation with the view of determining the exact profit or loss involved in the contracts which have been thus far executed.
4. The laboratory should be operated in the future by the University, the University taking full responsibility for all the work done in this laboratory.
5. Professor Meyer and such members of his staff as are needed to carry on the work should be employed by the University. Mr. Meyer should be the Director of the laboratory, working under the supervision of the Dean of the College of Engineering and the President.
6. Industrial organizations interested in research on airplane engines and related subjects should be contacted with the view of making contracts with them.
7. Further contracts with the Government should be secured.
8. The College of Engineering should study the advisability of using the laboratory for the purpose of preparing men in aeronautical engineering. Courses in this subject should be planned if it is deemed wise by the faculty of the College of Engineering.

Members of the Executive Committee discussed at length the operating lease contract with Mawen Motor Corporation, the problem concerning the equipment in the Laboratory which belonged to the Mawen Motor Corporation, and a settlement to be made at the date agreed upon for the cancellation of operating lease agreement, and took the following action:

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1. Upon motion duly made, seconded and unanimously carried, the recommendation of President Donovan, (1) that the Aeronautical Research Laboratory shall in the future be operated by the University of Kentucky, the University taking full responsibility for all work done in the Laboratory; (2) that Professor A. J. Meyer and such members of his staff as are needed to carry on the work be employed by the University; (3) that Professor Meyer shall be the Director of the Laboratory and shall work under the supervision of the Dean of the College of Engineering and the President of the University; (4) that the Administration contact industrial organizations interested in research on airplane engines and related subjects, with a view to making contracts with them; (5) that further contracts with the Government be initiated and secured; (6) that the College of Engineering study the feasibility of using the Laboratory for the purpose of preparing men in aeronautical engineering, and that the curriculum of such a course be planned by the faculty of the College of Engineering, is approved.

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B. Employment of A. J. Meyer.

The question of employing Professor A. J. Meyer as director, technical engineer and consultant of the Aeronautical Research Laboratory was discussed by members of the Executive Committee, and with the Attorney General. The Executive Committee, with the approval and advice of the Attorney General, authorized the President to enter into a contract by taking the following action:

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2. Upon motion duly made, seconded and carried, the President was directed to enter into a contract with Professor A. J. Meyer as director, technical engineer, and consultant to the Aeronautical Research Laboratory for a period of one year beginning July 1, 1944, said contract to be approved by the Attorney General, and a copy filed with the Secretary of the Board.

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C. Hobson Made Vice Chairman.

The Chairman, Judge Richard C. Stoll, left the meeting at 11:50 and returned at 12:55, during which time, upon motion duly made, seconded and carried, R. P. Hobson served as Vice Chairman.

D. Cancellation of Lease Agreement with the Mawen Motor Corporation.

The President of the Mawen Motor Corporation, Mr. J. L. Kilduff, the Secretary-Treasurer of the Mawen Motor Corporation, Mr. J. C. Galvin of New York, and their attorney, Mr. Samuel Wilson of Lexington, were invited to meet with the Executive Committee. It was related that the Board of Trustees at its meeting on June 2, 1944, had authorized the lease agreement with the Mawen Motor Corporation cancelled in accordance with the telegram received from the Mawen Motor Corporation, offering to cancel said lease agreement, and that the details should be worked out by the Executive Committee. It was stated by officials of the Mawen Motor Corporation present that they were willing to enter into a contract canceling the lease agreement under such terms as might be agreed upon by officials of the Mawen Motor Corporation and the Executive Committee of the Board of Trustees of the University of Kentucky. (The Executive Committee recessed at 12:55 to eat lunch. The officials of the Mawen Motor Corporation were invited by the Executive Committee to take lunch with them, and accepted. The Executive Committee again took up the business at hand at 2:15 p.m.) Various details were discussed and the following contract for cancellation between the University and the Mawen Motor Corporation was submitted and agreed upon as follows:

MEMORANDUM OF AGREEMENT

This memorandum, agreed to and executed this thirteenth day (13th) day of June, 1944, by and between the University of Kentucky, acting by and through the Executive Committee of its Board of Trustees, hereinafter called the University, of the one part, and Mawen Motor Corporation, acting by its duly authorized representatives, J. L. Kilduff, President, and J. C. Galvin, its Secretary and Treasurer, of the other part, hereinafter called Mawen:

WITNESSETH:

1. That the contract between the University and Mawen, with respect to the operation of the Aeronautical Laboratory at the University, evidenced by certain written correspondence between them, including letters from the University to Mawen dated July 20 and October 7, 1940, respectively, be and it is hereby terminated and cancelled on, or as of, the thirtieth (30th) day of June, 1944, both parties agreeing to waive compliance with the conditions and previous notice required by said contract as preliminaries essential to the cancellation thereof;

2. That, in order and to the end that the financial relations and mutual responsibilities and liabilities of the parties, the one and the other, in connection with certain testing work done by Mawen at such laboratory pursuant to an understanding with the University, may be readily and satisfactorily adjusted and settled by and between them, an audit as of June 30, 1944, of the records of Mawen, shall be made by Ernst and Ernst, Public Certified Accountants, to be employed by the parties hereto jointly, and said audit shall be begun by July 15, 1944, or as soon thereafter as possible. The audit shall cover the period beginning as of the first day upon which the University turned over to Mawen contracts for test or experiment, including all costs and expenses incident thereto (including overhead and permanent installations in connection with the performance of the contract) determined in accordance with recognized principles of accounting. The cost of such audit shall be divided equally between the University and Mawen, the University agreeing to obtain the requisite legal authority for joining with Mawen in employing said accountants and incurring one-half of the cost before any contract for said audit is made.

3. When the aforementioned audit is completed, Mawen will consider and discuss with the University the matter of whether Mawen will sell or lease to the University, at an acceptable price and on acceptable terms, the equipment and materials, belonging to the Mawen Motor Corporation in the Aeronautical Laboratory on the campus of the University or, failing any agreement for the sale or lease of said equipment and materials, Mawen shall have the free and unrestricted right to take entire charge of and to remove same from the possession and premises of the University, such removal to be accomplished by Mawen within a reasonable length of time, but in no event prior to the thirty-first of December, 1944 (31st), and pending such removal, the equipment and materials in question shall remain in storage with the University at the risk of Mawen, but without payment by it of any storage or other charges. Should the University use all or any part of the Mawen equipment held by it during the period of July 1 to December 31, 1944, the University will assume all risk relating to such equipment and will insure this property at its own expense in the name of and for the account of Mawen, in an amount not to exceed twenty-two thousand dollars (\$22,000.00). Also, all books, papers, documents, diagrams, drawings, technical data and engines, accessories and spare parts belonging to Mawen used in or resulting from research and development shall be stored by the University and kept by it free of charge and subject to the orders and disposition of Mawen. It is further agreed that in the event Mawen and the University do not agree on a purchase price for the equipment and materials on hand as of the termination date of this contract, Mawen agrees to allow the equipment to remain in the laboratory and to be used by the University for a period not extending beyond

December thirty-first (31st), 1944. The University further agrees to keep the equipment in good state of repair and to return the same in as good condition as when received, ordinary wear and tear excepted.

4. The consideration for this agreement, among other matters and things, is the mutual and reciprocal release and relinquishment and waiver by the parties hereto of their respective duties, obligations, undertakings, covenants and liabilities in and under the contract between them, referred to in paragraph 1, hereof, provided that this memorandum and each and all of the terms and provisions thereof are subject to all lawful and necessary and proper government regulations.

In testimony whereof, witness the signatures of the parties hereto on the date first above written, this memorandum being executed in duplicate and each copy to have the force and effect of an original

UNIVERSITY OF KENTUCKY BY THE EXECUTIVE COMMITTEE OF ITS BOARD OF TRUSTEES.

MAWEN MOTOR CORPORATION

By Herman L. Donovan, President

By J. L. Kilduff, President

APPROVED:

Eldon S. Dummit, Attorney General
Commonwealth of Kentucky.

By J. C. Galvin, Secretary & Treasurer.

The Committee took the following action:

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3. Upon motion duly made, seconded and unanimously carried, the President of the University was authorized to sign on behalf of the University the contract of cancellation between the University of Kentucky and the Mawen Motor Corporation as copied above.

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E. Adjournment.

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4. Upon motion duly made and seconded, the Executive Committee adjourned at 3:30 p.m.

Frank D. Peterson
Secretary, Executive Committee, Board
of Trustees.