MINUTES OF ANNUAL MEETING OF THE BOARD OF DIRECTORS OF J. T. THORPE COMPANY

The Annual Meeting of the Board of Directors of J. T. Thorpe Company, a Texas corporation, was held at 6833 Kirbyville Street, Houston, Texas, on November 18, 1970 immediately following the Annual Meeting of the Shareholders of J. T. Thorpe Company, pursuant to the provisions of the By-laws of the Company. All newly elected Directors were in attendance, namely:

A. L. Erickson
Frank C. Shelden, Jr.
Horace W. Baker
M. P. Proctor
Thomas Hopkins, III

A waiver of notice signed by all the Directors was directed to be attached to these minutes by the Chairman.

The Chairman announced that the first order of business was the election of officers of the Company for the ensuing year. Upon motion duly made and seconded, the following resolution was adopted unanimously:

RESOLVED, that the persons named below be and they are hereby elected to the offices set opposite their respective names to hold office until the next Annual Meeting of the Board of Directors and until their successors are duly elected and qualified:

A. L. Erickson	Chairman of the Board
Frank C. Shelden, Jr.	President
M. P. Proctor	Vice President
Mary A. Severance	Treasurer and Asst. Secretary
Thomas Hopkins, III	Secretary

There was a discussion concerning Company automobiles, and after discussion, the following resolution was duly adopted unanimously:

RESOLVED that this Company furnish to the officers and sales personnel of the Company specified below a Company owned automobile and to pay all expenses in connection with the use thereof; to wit:

Frank C. Shelden, Jr.
Dan Hausam
J. C. Riley
M. P. Proctor
Keith Jaye
William Collins
Jack Peiffer
Mary A. Severance
Weldon Eklund
Gerald Nelson
W. A. Bay
J. E. Thurman

There was a discussion concerning "out-of-pocket" expenses and the use of personal automobiles on Company business. After discussion, the following resolution was duly adopted unanimously:

RESOLVED that each of the officers and sales personnel of the Company named in the preceding paragraph be reimbursed monthly for their out-of-pocket expenditures incurred in the conduct of their duties with the Company, and that each of such officers and sales personnel be reimbursed for their automobile expenses when using their own personal automobiles for business purposes.

There was a discussion concerning the amount, if any, that should be paid under the Company's Bonus Plan. After discussion, the following resolution was duly adopted unanimously:

RESOLVED that Frank C. Shelden, Jr., in consultation with the Company's auditor, be and he is hereby directed to compute as accurately as possible the expected profits of the Company for the fiscal year ending December 31, 1970 for the purpose of determining whether the expected profits are sufficient to enable eligible employees to share in the Company's Bonus Plan; and be it

FURTHER RESOLVED that if amounts are payable under said Company's Bonus Plan for the year 1970 based upon said expected profits, that Frank C. Shelden, Jr. be and he is hereby authorized and directed to determine the amount to be payable to the employees under the Bonus Plan and to make any such payments.

Frank C. Shelden, Jr. discussed the payment of a Christmas Bonus to key field personnel and suggest that $5,000.00 be allocated to this purpose.

On motion duly made, seconded, and unanimously passed, the following resolution was adopted:

RESOLVED that a total amount of $5,000 be paid as Christmas Bonuses to key field personnel; and be it

FURTHER RESOLVED that Frank C. Shelden, Jr. and Jack Peiffer be and they are hereby authorized and directed to determine the amount of individual bonuses for the key field personnel.

There was a discussion concerning a Christmas Bonus for shop personnel. After discussion, the following resolution was duly adopted unanimously:

RESOLVED that cash bonuses equal in the aggregate to 1% of the gross profits of the Thorpe Products Company Division be paid in such amount to such key shop personnel as may be determined by Frank C. Shelden, Jr. and M. P. Proctor.

After a discussion of the Company's contribution to the J. T. Thorpe Company Employees' Profit Sharing Trust Agreement, the following resolution was duly adopted unanimously:

RESOLVED that the Company contribute to its Profit Sharing Plan for the fiscal year ended December 31, 1970, an amount equal to 15 per cent of Annual Compensation as that term is defined in Section 2.01(h) of said Profit Sharing Trust Agreement;

provided, however, that in no event shall the amount of such contribution be in excess of the amount deductible by the Company in computing its Federal Income taxes for the year 1970; and provided further that in no event will the amount contributed to the Profit Sharing Plan reduce the net earnings after taxes of the Company to an amount less than 10% of the net worth of the Company at January 1, 1970; and be it

FURTHER RESOLVED that the proper officers of the Company be and they are hereby authorized and directed to disburse funds of the Company pursuant to the terms of the foregoing resolution within the time limitations of the Internal Revenue Code for corporations on the accrual method of account; and be it

FURTHER RESOLVED that Thomas Hopkins be and he is hereby appointed to the Administrative Committee of the Profit Sharing Plan to serve in place of T. D. Smith, whose resignation therefrom is hereby accepted.

There was a discussion of the guide lines in making contributions to tax exempt organizations. Consistent with last year's action, it was the consensus that one per cent of the net income before taxes of the corporation should be contributed to such organizations along the lines of 36% to educational organizations, 42% to health and welfare organizations, and 22% to civic and cultural organizations.

After discussion of the dividends policy of the Company for the calendar year 1971, the following resolution was duly adopted unanimously:

RESOLVED that cash dividends be paid to the shareholders of the Company as follows:

Per Share Amount of Cash Dividends	Record Date of Shareholders Entitled to Dividends	Payment Date
$ .75	March 31, 1971	April 30, 1971
.75	June 30, 1971	July 30, 1971
.75	Sept. 30, 1971	October 30, 1971
.75	Dec. 31, 1971	December 31, 1971

provided, however, that no cash dividend will be paid to the shareholders of the Company at a particular Payment Date specified above if, for the calendar quarterly period immediately preceding the Payment Date of the cash dividends, the Company had no net profits after taxes for such quarterly period.

Concerning the purchase of 480 shares of the Company from T. D. Smith, the following resolution was duly adopted unanimously:

RESOLVED that the acts of the officers of this Company in executing and consummating in part the transactions contemplated in that certain Stock Purchase Agreement dated May 15, 1970 by and between the Company and T. D. Smith, be and the same is hereby ratified, confirmed and approved in all respects as the acts of this Company.

There was a discussion concerning the purchase of 40 shares of Company stock from Joseph Webb and a proposal of purchase of his remaining shares in the Company from his heirs. After discussion, the following resolutions were duly adopted unanimously:

RESOLVED that the acts of the officers of the Company in redeeming 40 shares of stock of the Company from Joseph Webb at a total consideration of $1,975.60 be and the same are hereby ratified, confirmed and approved in all respects as the acts of this Company; and be it

FURTHER RESOLVED that the acts of the officers of the Company in offering to purchase shares of stock of the Company from the heirs of Joseph Webb at their net book value on December 31, 1970 be and the same are hereby ratified, confirmed and approved in all respects as the acts of this corporation.

There was a discussion of the financial needs of the Company, particularly in relation to its borrowing needs. Consistent with last year's policy, it was the consensus that the corporation should notify its parent corporation, J. T. THORPE, INC., of any of its financial needs and arrange, if possible, for borrowings from the parent corporation rather than from financial institutions.

After discussion, the following resolution was duly adopted unanimously:

> RESOLVED that all of the acts of the officers and of the Company from the date of the last Annual Meeting of the Board of Directors to the date of this Annual Meeting be and the same are hereby ratified, confirmed and approved in all respects as the acts of this corporation.

Mr. Shelden informed the Board that the branch office of the Company in Dallas opened on February 1, 1970, with W. Eklund as the Branch Manager. Mr. Proctor stated the Dallas Branch would incur a small operating loss in 1970, but should reflect an operating profit in 1971.

There was a discussion concerning a change in the date of the Annual Meeting of the Shareholders. After discussion, the following resolution was duly adopted unanimously:

> RESOLVED that the provisions of the Bylaws of the Company relating to the date of the Annual Meeting of the Shareholders be and the same is hereby amended to the effect that the Annual Meeting of the Shareholders of the Company shall be held on the second Wednesday of April of each year, commencing with the year ~~1971~~. 1972

There was a discussion concerning stock option grants under the Company's Qualified Stock Option Plan. After discussion, the following resolution was duly adopted unanimously:

> RESOLVED that the grants of stock options to the individuals specified below be and the same are hereby ratified, confirmed and approved in all respects as the acts of this Company; to wit:

Employee	Number of Shares
Lee A. Kleeman	300
Gerald J. Nelson	300
John Stephen~~s~~	200

and be it

FURTHER RESOLVED that the stock option price per share shall be equal to the net book value per share of the Company's stock at December 31, 1970, which this Board determines to be the fair market value of a share of stock of the Company.

There was a discussion concerning additional warehouse space in Houston. After discussion, the following resolution was duly adopted unanimously:

RESOLVED that Frank C. Shelden, Jr. be and he is hereby authorized and directed to retain architects and such other experts as he deems necessary or desirable for the purpose of planning an addition to the present warehouse facilities of the Company in Houston; and he is further directed to present such plans at the next Annual Meeting of the Directors, or at any earlier Special Meeting of the Directors if feasible.

There was a discussion concerning "Asbestosis", a malady involving scarring of the lungs. After discussion, the following resolution was duly adopted unanimously:

RESOLVED that the proper officers of this Company be and they are hereby authorized and directed to do all things necessary and proper to protect the health of all personnel of the Company, including a constant vigilance regarding their working conditions and providing them with the best equipment available; and be it

FURTHER RESOLVED that the proper officers be and they are hereby authorized and directed to keep all dust collection systems up to maximum efficiency and to investigate the practices, procedures and dust collection systems of other similarly situated companies to the end effect that this Company's dust collection systems are the finest in the industry.

There was a discussion concerning bank accounts of the Company. After discussion, the following resolution was duly adopted unanimously:

RESOLVED that the persons indicated below be and they are hereby authorized to sign checks on Company bank accounts as so indicated, to wit: