Puerto Rico Correspondence

W/Letter attachment

SAM P. WALLACE & COMPANY
OF PUERTO RICO, INC.

August 9, 1972

Mr. Peter Mackey
Digital Equipment Corporation
146 Main Street
Maynard, Massachusetts, 01754

Dear Peter:

Big buddy, thank you for your kind letter of August 4, 1972. In our business when we receive a complimentary letter such as yours, it makes our day complete, since a pat on the back goes a long way in making our people feel that someone appreciates their efforts in their attempt to give quality performance.

We would also like to thank you for the splended cooperation you gave us in the execution of the various projects for your firm. You are indeed a credit to Digital, since you always had their interest at heart.

Once again, it's gratifying to have a satisfied customer. Please feel free to call on us if we can ever be of assistance personal or otherwise and may we have the pleasure of serving you again.

Very truly yours,

Alfonso

Alfonso A. Rodriguez
President

AAR/jc

August 4, 1972

Senor Alfonso A. Rodriguez
S. P. Wallace Company
PO Box 1669
Hato Rey, San Juan
Puerto Rico 00919

Dear Al,

Just a few words to thank you and your people for the cooperation and friendship extended to me during my year in Puerto Rico.

The association was a very pleasant one for me and I wish you all the best of health and success in the future years.

Very sincerely yours,

Peter Mackey

PM/gl

Puerto Rico Correspondence
XR Proposal

SAM P. WALLACE & COMPANY
OF PUERTO RICO, INC.

PROPOSAL

TO

DIGITAL EQUIPMENT

CORPORATION

FOR PLANT IN

SAN GERMAN, PUERTO RICO

PREPARED BY:

SAM P. WALLACE & COMPANY OF P. R. INC.

SAM P. WALLACE & COMPANY
OF PUERTO RICO, INC.

CONSTRUCTION CONTRACT

DIGITAL EQUIPMENT CORPORATION

This Agreement made this_____ of _____, 1971, between Digital Equipment Corporation, the Owner, and Sam P. Wallace & Company of Puerto Rico, Inc., hereinafter called the Contractor

Witnesseth

Whenever the owner desires to have certain construction work done at San German, Puerto Rico, by the contractor as an independent contractor, and the contractor is willing to do such work, upon the terms, prices, consideration and conditions herein expressed, it is in consideration of the mutual promises of the parties hereto, agreed as follows:

SCOPE OF WORK

First: The Contractor agrees to supply all engineering evaluation, supervision coordination, all labor, materials, tool, equipment, related to this work, defined as follows:

1. Sam P. Wallace & Company of Puerto Rico, Inc., Mechanical scope of work - See attached Exhibit A.

2. Lord Electric's letter of quotation and scope dated August 24, 1971, attached - See Exhibit B.

3. All permits related to the scope of work which are required by local Government Agencies and Regulation Boards, shall be obtained by the contractor and furnished to the owner.

OWNER'S REPRESENTATIVE

Second: It is agreed that the construction herein covered is to be done under the direction of the Contractor, however, the decision of the Owner's Representative as to the true construction and meanings of said drawings and specifications shall be followed. The presence of the Owner's Representative or any other employee of the Owner at the scene of operations shall not be construed by the Contractor to mean that they are present to direct or control the construction or progress of the work.

Continued on page - 2

SAM P. WALLACE & COMPANY
OF PUERTO RICO, INC.

CONTRACT AMOUNT

Third: The work described above shall be performed for the sum of $ 346,675.00 , subject to such additions and deductions for changes as made in writing be agreed upon.

CHANGES IN THE WORK

Fourth: Alterations, additions and deductions may be made in the work as described herein and as shown by the drawings and specifications, but and alterations, additions and deductions may only be made upon the written order of the Owner's Representative. The Contractor shall, within fourteen (14) days after the date of said written order, submit to the Owner's Representative for his approval, an estimate of the cost of the alteration, addition or deduction in the work.

Upon written approval of said proposal or estimate concerning said alteration, addition or deduction in the work, by the Owner's Representative the total contract price shall be increased or decreased accordingly, and the alteration, addition or deduction in the work shall be done promptly and in accordance with terms and conditions of this agreement.

PAYMENT

Fifth: Subject to compliance by the Contractor with the terms and conditions of this Agreement, the Owner agrees to pay the Contractor the contract amount on a monthly basis as follows: On or about the 15th day of each month the Contractor shall submit a billing of all work performed and material at the job site since the previous billing to the Owner's Representative for his approval. The billing shall be accompanied by an affidavit by the Contractor and his Electrical Subcontractor indicating that payment to all major subcontractors and material suppliers covering the previous billing have been made.

The Owner agrees that the Owner's Representative shall within five (5) days issue a certificate for the total amount of the requisition thus calculated, or for such an amount as he approved, and the Owner agrees to pay such billing within twenty (20) days after presentation. Ten (10%) shall be retained from each billing until fifty percent (50%) o the project is completed. All billings which occur after fifty percent (50%) of the project is complete will be paid in the full amount.

Continued on page No: 3

A requisition for the retainage, accompanied by a final Contractor's affidavit, shall be made not later than thirty (30) days from the date of completion and acceptance of the work by the Owner, and upon the issuance of the final certificate by the Owner's Representative and its presentation to the Owner it shall be paid to the Contractor.

SCHEDULED COMPLETION

Sixth: The Contractor shall prosecute the work with the utmost dispatch consistent with good workmanship and agrees to complete such work as outlined in scope of work not later than March 20, 1972, providing the project is awarded not later than September 15, 1971, and we have access to work in the building prior to December 1st, 1971. It is agreed that time is of the essence of this contract and of all the provisions thereof. However, if lightning, earthquake, or windstorms or by strikes or other labor disturbances, or by any cause beyond the control of the Contractor then the time herein fixed for the completion of the work shall be extended for a period equivalent to the time lost by reason of any or all of the causes aforesaid; but the Contractor within five (5) working days after the occurence of such delay.

The Contractor desires to advise the Owner that we are experiencing serious delays in delivery of transformer and that we will make every effort to provide this transformer to meet the Contractor's schedule. However, this is contingent on the manufacturer. The energizing of this transformer also depends on the construction of the 38 K V overhead lines by the local power company, which here again, all efforts will be made by the Contractor to expedite this work.

INSPECTION

Seventh: The Contractor shall provide sufficient, safe and proper facilities at all times for the inspection of the work by the Owner's Representative, and shall, within twenty-four (24) hours after receiving written notice from the Owner's Representative to that effect, proceed to remove from the grounds or building all materials condemned by him, whether worked or unworked, and to take down all portions of the work which the Owner's Representative shall by like written notice condemn as unsound or improper, or as in any way failing to conform to the drawings and specifications, and shall make good all work damages or destroyed thereby.

Continued on page No:4

NONPERFORMANCE BY CONTRACTOR

Eighth: Should the Contractor at any time refuse, fail or neglect to supply or procure a sufficient of properly skilled workmen or of materials of the proper quality, or fail in any respect to prosecute the work with promptness and diligence, or fail in the performance of any of the agreements herein contained, the Owner shall be at liberty, after five (5) working days written notice to the Contractor, to provide any such labor or materials and to deduct the cost thereof from any money then due or thereafter to become due to the Contractor under the Agreement; and the Owner shall also be at liberty to terminate the employment of the Contractor for the said work and to enter upon the premises and take possession for the purpose of completing the work included under the Agreement, of all materials, supplies, tools, appliances, plan and equipment which the Contractor may have at the premises for the prosecution of the said work, and to retain the same as long as may be necessary for the completion of the construction of said work, and to employ any other person or persons to finish the work and to provide the materials therefore; and in case of such discontinuance of the employment of the Contractor he shall not be entitled to receive any further payment under the Agreement until the said work shall be wholly finished, at which time, if the unpaid balance of the amount to be paid under the Agreement shall exceed the expense incurred by the Owner in finishing the work, such excess shall be paid by the Owner to the Contractor; but if such expense shall exceed such unpaid balance the Contractor shall pay the difference to the Owner.

ARBITRATION

Ninth: Any controversy or claim arising out of or relating to this Agreement, or the breach thereof shall be submitted for arbitration in accordance with the then existing Rules of the American Arbitration Association, prior to the institution of any legal proceedings.

ACCEPTANCE

Tenth: No certification given or payment made under this contract shall be conclusive evidence of the performance of this contract, either wholly or in part, and no payment shall be construed to be an acceptance of defective work or improper materials.

Continued on page No:5

SAM P. WALLACE & COMPANY
OF PUERTO RICO, INC.

TERMINATION

Eleventh: If through the abandonment or modification of the project by the Owner, the work hereunder is no longer required, the Owner may terminate the employment of the Contractor, even though the Contractor may not be in default, and in such event the Owner shall be liable to the Contractor only for an amount to be determined by the value of the work already performed and/or materials prepared, plus fee, in the proportion that such work performed and/or materials prepared bears to the guaranteed amount of this contract.

Lastly: No assignment of this contract or any money due, or which may become due hereunder shall be made written consent of the Owner.
NOT WITHOUT THE

In Witness Whereof, the parties hereto have caused this Agreement to be signed by their respective proper officers the day and year first above written.

SAM P. WALLACE & COMPANY OF P. R., INC.	DIGITAL EQUIPMENT CORPORATION
(Contractor)	(Owner)
BY: _____	BY: _____
TITLE: _____	TITLE: _____
WITNESS: _____	WITNESS: _____

EXHIBIT A

SAM P. WALLACE & COMPANY
OF PUERTO RICO, INC.

DIGITAL EQUIPMENT CORPORATION

MECHANICAL SCOPE OF WORK

1. Air System - To furnish and install air piping loop as shown on Digital drawing, Title Puerto Rico No: 3, Number P R 1 - 4058 - 1/8 J - Revision 3.

   Our Quotation for the above - $795.00

2. To furnish and install 12 Roof Top Air Conditioning Units as per Digital drawing No: 041-089 Revision -0- - Our quotation is based on Carrier 50 D A 0 16 Universal Weathermaker with roof-top adapter, roof adapter curb, supply/return ceiling diffusers, two stage thermostat and switch base. Start-up, adjustment and units put into design operating conditions.

   Our Quotation for the above - $75,000.00

3. Furnish and install a complete Fire Sprinkler System as follows:

   a) Provide engineering design and approval from F. I. A.

   b) Provide a Diesel Pump - 1500 G.P.M., 100 P.S.I. - with automatic controller, pressure recorder; and remote alarm panel.

   c) Provide a Pump House

   d) Provide outside loop with connection to city water.

   e) Complete inside sprinkler in accordance with F. I. A. requirements.

Our Quotation for the above	-	$102,000.00
Permits, engineer evaluation, supervision, coordination	-	19,000.00
TOTAL PRIME CONTRACTOR	-	$196,795.00
TOTAL LORD ELECTRIC	-	149,880.00
TOTAL LUMP SUM	-	$346,675.00

EXHIBIT B

LORD ELECTRIC COMPANY OF PUERTO RICO, INC.,

MAIN OFFICE: G.P.O. BOX 3408, SAN JUAN, PUERTO RICO 00936 · TEL. 767-4040
PONCE OFFICE: P.O. BOX 3456, PONCE, PUERTO RICO 00731 · TEL. 843-2050
MAYAGUEZ OFFICE: P.O. BOX 1089, MAYAGUEZ, PUERTO RICO 00708 · TEL. 832-7945

August 24, 1971

Digital Equipment Corp.
146 Main Street
Maynard, Mass. 01754

Att.: Mr. Ray Carlson

Re: San Germán Building #4,
Puerto Rico

Gentlemen:

Below is our quotation for the electrical work to be done at your San Germán Building #4.

I. Interior Work

Our quotation for the electrical interior work to be performed is in the amount of One Hundred Six Thousand Three Hundred Eighty Dollars ($106,380.00).

This price is based on the following drawings:

E1 - dated 7/13/71 without revisions.
E2 - dated 7/8/71 with revision #1
E2 - dated 5/13/71 without revisions. This drawing was used to determine the receptacles layout.

We are excluding from the above quotation the following items:

1. Excise taxes, if any is required

2. 100A - 3Ø - 4W Busway with fittings.

In relation to the pump house, we are including the main secondary feeder up to the pump house terminated in a junction box. No other work included. wiring of pumps house included.

From our base bid of $106,380.00 make the following deductions:

1. If Digital Equipment Corp. supplies the 1,000 KVA Substation, deduct $16,000.00 on truck at Maynard

2. If Digital Equipment Corp. supplies the 225 Amp., 3Ø - 4W, 120/208V Busway with fittings, deduct 4,000.00

As requested, the following are the Unit Prices:

a. To furnish and install:

1 - 100 Amp.-3P-4W fusible floor operated Busway plug unit
1 - 100 Amp.-3P-4W Cable tap box
1 - End closure strip
3 - 100 Amp.-250V D.E. fuses. 132.00

b. Ditto as above but fusible switch to be cover operated. 106.00

c. Foot of 4 #3 THW in 1 1/2" EMT conduit 4.35

d. For 10 ft. section of 100 Amp.-3Ø-4W 120/208V - Busway 60.00

1a. Ditto as a but Digital Equipment Corp. supplies 100A-fusible floor operated switch, cable tap box and end closure strip. 29.00

1b. Ditto as b but Digital Equipment Corp. supplies 100A-fusible cover operated switch, cable tap box and end closure strip. 29.00

1d. Ditto as d but Digital Equipment Corp. supplies the 100 Amp.-3Ø-4W, 120/208V 10 ft. Section Busway with fittings. 24.00

II. 38 KV Outdoor Substation:

Our quotation for this item is in the amount of Forty Three Thousand Five Hundred Dollars ($43,500.00) which includes the following:

1. Furnishing and installation of a 38 KV galvanized outdoor structure with the following characteristics:

   a. Wind load capacity - 150 M.P.H.

   b. Structure will have two legs and three equipment mounting platform. (See attached drawing)

   c. All equipment and hardware required by Puerto Rico Water Resources Authority will be included. (See attached bill of material, minor changes in the bill of material might occur from one manufacturer to another. Also, copper tubing size might change in accordance with transformer size).

   d. Grounding loop.

2. 3000/3450/3900 KVA at 55°C/65°C/65°C with fans temperature rise, transformer as follows:

   a. Top mounted 38 KV bushing and stud assembly.

   b. Air chamber connection facilities on 4160 V side.

3. 4160 V line from transformer to existing switchgear, including:

   a. Removal of existing 4160 V riser pole.

   b. Removal of 4160 V conduit riser and concrete shoulder.

   c. Extension of existing conduit (including excavation and concrete envelope) at the base of the riser pole to underneath of the air chamber of the new transformer.

d. Re-wiring of existing 5 KV cable to the above mentioned position and re-testing of it.

e. New set of stress cone for cable connection into transformer.

4. General Work

a. Foundations for structure.

b. Concrete pad or platform for the transformer.

c. Crushed stone in non paved area within the sub-station fence.

d. Cross link galvanized cyclone fence. Fence shall be 35' x 35' 8'0 high with an additional 1'0 of 3 barbed wire top at 45°C. Wire gauge shall be #6. Gate shall be 10'0 wide, double swing.

e. Overhead 38 KV line tap from Puerto Rico Water Resources Authority service pole to structure including a 3 way G.O.A.B. (ground operated air breaker) in the service pole which is always required by the Puerto Rico Water Resources Authority for this type of installation.

f. A complete set of drawings for this outdoor substation will be prepared by a local licensed engineer for us and submitted to Puerto Rico Water Resources Authority for approval. This approval is a requirement that has to be fulfilled before energization. All this procedure is included.

g. We are not including any excise taxes if required.

If Digital Equipment Corp. furnishes the transformer oil filled, F.O.B. Mayaguez, deduct $18,000.00 from our $43,500.00 quotation.

General Notes on the 38 KV Line

1. The Puerto Rico Water Resources Authority has verbally informed us that they will be able to finish the 38 KV line in two months.

2. Puerto Rico Water Resources Authority will require payment of the total value of the work before they could begin the job. As we know, you are in conversation with Smith, Miller and Patch to have them share with you the cost of this line we have not included it in our proposal. We will accept all the responsibility to make all the coordination required between Digital Equipment Corp., Smith, Miller and Patch and the Puerto Rico Water Resources Authority including follow up until final energization of the line.

Cordially,

Juan F. García
Vice-President
Construction & Engineering

JFG/im

cc.: Mr. Alfonso Rodríguez
Sam P.Wallace Corp.

Enclosures

SUB-STATION BILL OF MATERIAL
FORM 36572 A

Westinghouse Electric Corporation
Power Switching Equipment, Switchgear Division
East Pittsburgh, Pa. U.S.A.

NAL OFFICE	REGIONAL ORDER CORRES.	DATE	GENERAL ORDER NO.	G.O. ITEM NO.
WECOSA	W71-1963	7/12	FD-40394	#7

FOR WEICO 46 KV SUBSTATION - ALTERNATE METERING ARRANGEMENT
S# 146D710A02

GENERAL ORDER DATE: 6/17 | B/M ITEM NO.:

DRAWING REFERENCE		CHANGE RECORD
146D710 X	GENERAL ARRANGEMENT SINGLE	1
146D710 X	LINE DIAGRAM, ANCHOR BOLT &	
146D710 X	FOOTER FOUNDATION	
	LIST OF MATERIAL SHEETS 1 TO 8	
	STEEL LIST SHEETS 7 & 8	
498A326 309C388 X	46 KV 600 AMP "V2" SWITCH POLE UNIT	
507B031 X	SW. OPER. GROUNDING PLATFORM	
309C093	3 POLE FIELD ERECTION	

GENERAL NOTES:
STATIC LINES AND METERING TRANSFORMER CASES TO BE GROUNDED TO STRUCTURE ONLY; LIGHTNING ARRESTERS, VERTICAL OPERATING PIPE SHUNT, GROUNDED NEUTRALS TO BE CONNECTED TO GROUND LOOP AT BOTTOM OF STRUCTURE COLUMNS.

KV	NEMA PHASE TO PHASE SPACING		NEMA PHASE TO GROUND SPACING	NEC ISOLATION BY ELEVATION ABOVE FINISHED GRADE
	AIRBREAK SWITCH	DISCONNECT SWITCH		
46	4'-0"	4'-0	1'-6	10'

NOTES: (1) Switch is type V-2 AIR BREAK
(2) BROWN color insulators
(3) INCOMING CABLES ARE 3/0 ACSR
(4) STRUCTURE to BE COORDINATED with 3000/3750 KVA W TRANSFORMER SUPPLIED IN THIS ORDER

NOTE: (1)
ALL SHEETS MUST CARRY SAME SUB NUMBER. DESCRIBE CHANGES ON SHEET 1 ONLY AND ADVANCE SUB NUMBER ON ALL OTHER SHEETS.

DIV. ORDER CORRES.	ENGRG. REPR.	SUB	CODE
		1	6521
	DRAFTSMAN		
		SHEET 1 OF 8	

SUB STATION BILL OF MATERIAL
FORM 36574

Westinghouse Electric Corporation
Power Switching Equipment, Switchgear Division
East Pittsburgh, Pa. U.S.A.

REGIONAL OFFICE	REGIONAL ORDER CORRES.	DATE	GENERAL ORDER NO. FO-40374	D.O. ITEM
FOR WEICO 46 KV SUBSTATION - ALTERNATE METERING ARRANGEMENT S# 146D710A02			DATE OF ORDER	

ITEM	QUAN.	STYLE, CATALOG, OR SHOP ORDER NO.	V2 AIR BREAK	CODE	BOLT SYM.	REMARKS OR SUPPLIER
01A	3		Type "~~Wall load break~~ sw. pole unit 46 KV 600 A. horiz. base mtd. with TR-13 (gray) cap & pin ins. BROWN	6517	B33 FW3 LW3	Outlines 498A326 309C388
01B	1 X	676C658G15	Type "TP" manual oper. mech. with geared handcrank Ratio 20:1	6517	B34 LW3	Outline 309C093
02	3 +	792C846G10	Type "SV" lightning arr. station class 36 KV line to ground	6862	B26 LW2	
03A			NOT USED			
03B			NOT USED			
04	12 +	782A777H02	Strain insulators 10" dia. clevis type (gray) BROWN	6521		3 strings of 4 each
05	1 X	90A916G04	Apparatus insulators, 46 KV cap & pin 3" B.C. TR-13 (gray) cap mtd. BROWN	6521	B21 LW2	
06	3 X		Terminals for 4 bolt CU pad	6521		
07	3	1718665	Terminals for 3/4 IPS CU tubing to 4 bolt CU pad	6521		
08	6 X	1718660	Terminals for 3/4 IPS CU tubing to 2 bolt CU pad	6521		
09	1 X	1718651	Terminals for 2/0 CU cable to 2 bolt CU pad	6521		

NOTE:
ALL SHEETS MUST CARRY SAME SUB NUMBER. DESCRIBE CHANGES ON SHEET 1 ONLY AND ADVANCE SUB NUMBER ON ALL OTHER SHEETS.

DIV. ORDER CORRES.	ENGRG. REPR.	SUB 1
		SHEET 2 OF 8

SUB STATION BILL OF MATERIAL
FORM 36574

Westinghouse Electric Corporation
Power Switching Equipment, Switchgear Division
East Pittsburgh, Pa. U.S.A.

REGIONAL OFFICE	REGIONAL ORDER CORRES.	DATE	GENERAL ORDER NO. FD-40394	D.O. ITEM
FOR WEICO 46 KV SUBSTATION - ALTERNATE METERING ARRANGEMENT S# 146D710A02			DATE OF ORDER	

ITEM	QUAN.	STYLE, CATALOG, OR SHOP ORDER NO.		CODE	BOLT SYM.	REMARKS OR SUPPLIER
10	2 X	100A314H09	1/2 - 13 x 7/8 silicon bronze hex tap bolt	6521		
11	560 X		Feet of 2/0 CU cable 7-.1379 strands .414 dia. medium hard drawn 13435AL	6521		

ALL SHEETS MUST CARRY SAME SUB NUMBER. DESCRIBE CHANGES ON SHEET 1 ONLY AND ADVANCE SUB NUMBER ON ALL OTHER SHEETS.

DIV. ORDER CORRES.	ENGRG. REPR.	SUB 1	CODE 6521
		SHEET 3 OF 8	

SUB STATION BILL OF MATERIAL
FORM 36374

Westinghouse Electric Corporation
Power Switching Equipment, Switchgear Division
East Pittsburgh, Pa. U.S.A.

REGIONAL OFFICE	REGIONAL ORDER CORRES.	DATE	GENERAL ORDER NO. FO-40394	D.O. ITEM
FOR WEICO 46 KV SUBSTATION - ALTERNATE METERING ARRANGEMENT S# 146D710A02			DATE OF ORDER	

ITEM	QUAN.	STYLE, CATALOG, OR SHOP ORDER NO.		CODE	BOLT SYM.	REMARKS OR SUPPLIER
01P	1		Set of fabricated & galv. structural steel work, with anchor erection & equipment mounting bolts	6521		Norris Iron Works Inc.
			Ship unassembled steel list on sheets 7 & 8 100% (W) std. steel			
02P	1	GPG34	Ground platform drawing 507B031	6521		Engineered Products Inc.
03P	1	4015-20	20 feet lg. glass trux hookstick	6521		Bodendieck
04P	1	7600-21	Aluminum container with mounting brackets & bolts.	6521		Bodendieck
05P	~~30~~ ~~6~~ 6		3/4 x 10' lg. copperweld ground rods	6521		Anderson Elec. Co.
06P	3		Strain clamp for	6521		Anderson Elec. Co.
07P	3	SF-1-B2-3-TMH-1	Terminal for 3/4 IPS CU tubing to 2 bolt CU pad (L. Arr.)	6521		Anderson Elec. Co.
08P	132		Feet of 3/4 IPS hard drawn CU tubing 7 pcs. x 12'-0 3 pcs. x 16'-0	6521		
09P	~~12~~ 6	UH143B	Bus Support clamps for 3/4 IPS CU tubing (3" B.C.) (pin mtd.)			

NOTE:
ALL SHEETS MUST CARRY SAME SUB NUMBER. DESCRIBE CHANGES ON SHEET 1 ONLY AND ADVANCE SUB NUMBER ON ALL OTHER SHEETS.

DIV. ORDER CORRES. | ENGRG. REFN.

SHEET 4 OF

SUB STATION BILL OF MATERIAL
FORM 36574

Westinghouse Electric Corporation
Power Switching Equipment, Switchgear Division
East Pittsburgh, Pa. U.S.A.

REGIONAL OFFICE	REGIONAL ORDER CORRES.	DATE	GENERAL ORDER NO. FD-40374	D.O. ITEM
FOR WEICO 46 KV SUBSTATION - ALTERNATE METERING ARRANGEMENT S# 146D710A02			DATE OF ORDER	

ITEM	QUAN.	STYLE, CATALOG, OR SHOP ORDER NO.		CODE	BOLT SYM.	REMARKS OR SUPPLIER
10P	5 X	KVSW28	Ground tees for 2/0 CU cable run & tap	6521		Burndy
11P	17 X	GC26G18	Ground clamps for 2/0 CU cable to structure	6521		Burndy
12P	4 X	NS1414	Couplers for 3/4" IPS CU to 3/4" IPS CU tubing	6521		Burndy
13P	3 X	NVT1428	Tee connectors for 3/4" IPS CU run to 2/0 CU tap	6521		Burndy
14P	45 X	GP6429	Ground clamp for 3/4" dia. rod to 2/0 CU cable	6521		Burndy
15P	12 X		Ground clamps for fence post to 2/0 CU wire	6521		Burndy
16P	4 X	K2C26	Servit post for 2/0 CU cable fence barb wire	6521		Burndy
17P	2 X		Outdoor substation luminaire Cat. #04252 with mtg. bracket Cat. #0876	6521		Holophane Co.
18P	2 X		500 watt clear glass mogul base lamp PS-40	6521		Wesco
19P	1 X	VT2828	Tee connector 2/0 CU run & tap Ref. Items	6521		Burndy Co.
20P	3 X	DSTL-1106-6-12-90°	90° expansion stud connector 1-1/8 CU stud to 3/4 IPS CU	6521		Anderson Electric

NOTE:
ALL SHEETS MUST CARRY SAME SUB NUMBER. DESCRIBE CHANGES ON SHEET 1 ONLY AND ADVANCE SUB NUMBER ON ALL OTHER SHEETS.

DIV. ORDER CORRES.	ENGRG. REPR.	SUB 1	CODE 6521
		SHEET 5 OF 8	

SUB STATION BILL OF MATERIAL
FORM 36574

Westinghouse Electric Corporation
Power Switching Equipment, Switchgear Division
East Pittsburgh, Pa. U.S.A.

REGIONAL OFFICE	REGIONAL ORDER CORRES.	DATE	GENERAL ORDER NO. FO-40394	D.O. ITEM
FOR WEICO 46 KV SUBSTATION - ALTERNATE METERING ARRANGEMENT S# 146D710A02			DATE OF ORDER	

ITEM	QUAN.	STYLE, CATALOG, OR SHOP ORDER NO.		CODE	BOLT SYM.	REMARKS OR SUPPLIER
21P	3 X	86925R1-Y	46 KV "SMD-2C" fuse mounting 300 E. Amp., vert. mtg. with TR-13 gray cap & pin insulators	6521	B33 FW3 LW3	S & C Co.
22P	6 X	465125R3	Fuse units "SMD-2C" 46 KV 125 E. Amp COORDINATE WITH Ø TRANSFORMER	6521		S & C Co. 3 spares
			REF. ITEMS			
A	2		Current Transformer 69 KV			By P.R.W.R.A.
B	2		Potential Transformer			
C	1		Transformer 400 KVA 3 Ø 38 KV -277/480 Volts THIS TRANSFORMER IS NOT INCLUDED			Ⓦ Sharon

NOTE:
ALL SHEETS MUST CARRY SAME SUB NUMBER. DESCRIBE CHANGES ON SHEET 1 ONLY AND ADVANCE SUB NUMBER ON ALL OTHER SHEETS.

DIV. ORDER CORRES.	ENGRG. REPR.	SUB 1
		SHEET 6 OF 8

SUBSTATION STEEL LIST
FORM 36759A

Westinghouse Electric Corporation
Power Switching Equipment, Switchgear Division
East Pittsburgh, Pa. U.S.A.

...ONAL OFFICE	REGIONAL ORDER CORRES.	DATE	GENERAL ORDER NO. FD-40374	G.O. ITEM NO.
FOR			GENERAL ORDER DATE	B/M ITEM NO.
STEEL FABRICATOR			NON-ASSEMBLED PARTIAL ASSEMBLY	CHANGE NO.

QUAN.	INDEX NO.	DWG. NO.	SUB.	DIMENSION	CODE	CHNG	REMARKS
2	23C20XB3	507B099	1				2' x 3' x 20'-9" High Box Column
2	23C08XB3	507B099	1				2' x 3' x 8'-9 High Box Column
2	3T188	506B237	3				3' Wide x 18' Lg. Channel Truss
1	33T18	505B014	7				3' x 3' x 18 Lg. Box Truss
4	HCT38	502B178	6				Channel Truss Conn.
2	SR1	204B692	4				Erection Static Rod
3	EB14	507B045	1				5/8 Dia. x 14" Lg. Eye Bolt
3	SWCT88	507B012	2				"V2LB" Switch Mounting
3	SWBT8	507B012	2				S. & C. Fuse Mounting
4	MC4	502B606	1				P.T. & CT. Mounting
16	AB7	204B700	8				1 1/4 Dia. x 3'-3" Lg. Anchor Bolt
1	111W8	502B898	3		W		Bus Support Mounting
1	HC23L3	507B007	1				Hand Crank Mech.
2	4BTC	204B709	3				Box Truss Connection
4	23IXB33	507B017	1				2' x 3' Internal - "X" Brace
2	33X	204B749	4				3' x 3 "X" Brace
	4LAT3	502B516	2				"SV" Lightning Arrester Mtg
1	S3	502B587	3				3' -0' Strut at Panel Point
	HL1	507B081	1				Light Mtg.

OTE:
LL SHEETS MUST CARRY SAME SUB NUMBER. DESCRIBE
HANGES ON SHEET 1 ONLY AND ADVANCE SUB NUMBER
ALL OTHER SHEETS.

DIV. ORDER CORRES.	ENGRG. REPR.	SUB 1	CODE 6521
	DRAFTSMAN		
		SHEET 1 OF 8	

SUBSTATION STEEL LIST
FORM 36759A

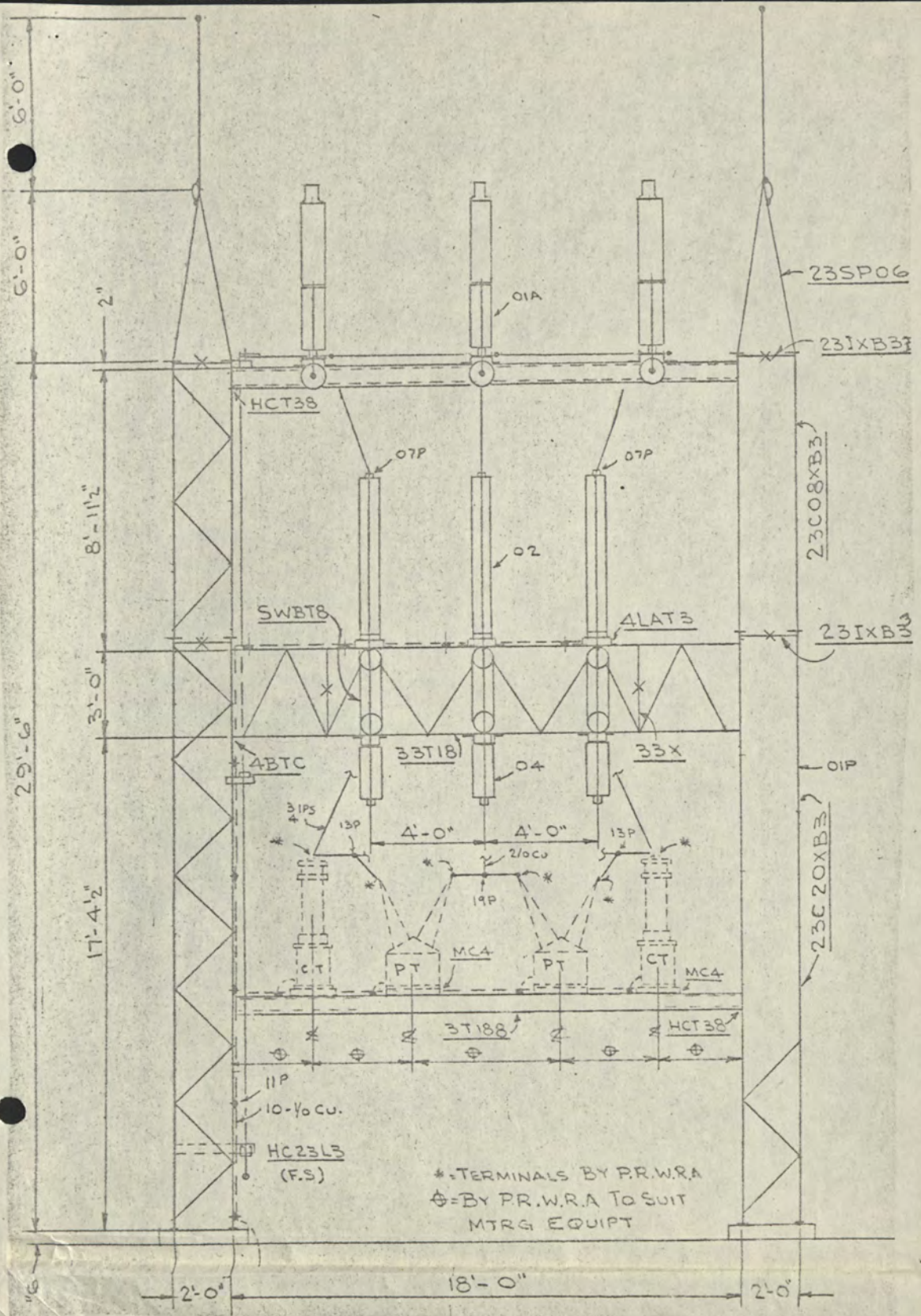
Westinghouse Electric Corporation
Power Switching Equipment, Switchgear Division
East Pittsburgh, Pa. U.S.A.

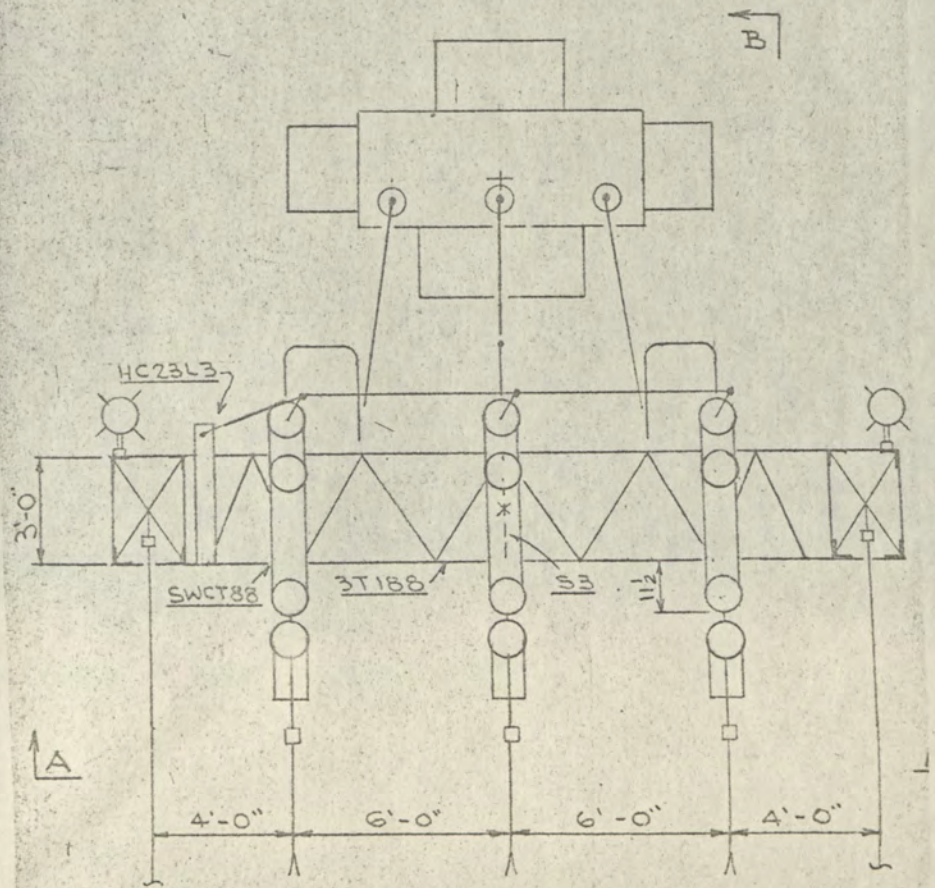
REGIONAL OFFICE	REGIONAL ORDER CORRES.	DATE	GENERAL ORDER NO.	G.O. ITEM NO.
			FD-40374	
FOR			GENERAL ORDER DATE	B/M ITEM NO.
STEEL FABRICATOR			NON-ASSEMBLED PARTIAL ASSEMBLY	CHANGE NO.

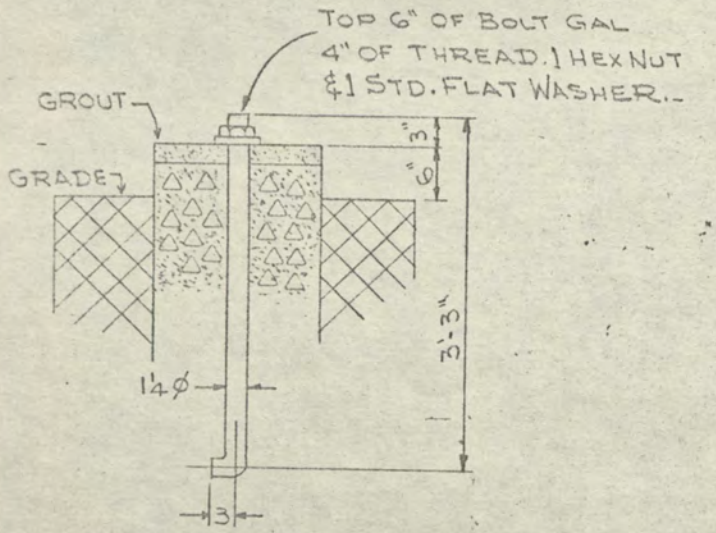
QUAN.	INDEX NO.	DWG. NO.	SUB.	DIMENSION	CODE	CHNG	REMARKS
		EQUIPMENT MOUNTING BOLTS W/HEX NUT					
24	B33	507B033	1				5/8 GMBX 1 1/2 LG W/Hex Nut.
24	FW3						5/8 DIA Flat Washer
22	LW3						5/8 Dia Split Lock Washer
9	B26						1/2 GMB x 2 1/4 Lg. W/Hex Nut
12	B34						5/8 GMB x 1 3/4 Lg. W/Hex Nut
4	B21						1/2 GMB x 1 Lg. W/Hex Nut
13	LW2						1/2 Dia. Split Lock Washer

NOTE:
ALL SHEETS MUST CARRY SAME SUB NUMBER. DESCRIBE CHANGES ON SHEET 1 ONLY AND ADVANCE SUB NUMBER ON ALL OTHER SHEETS.

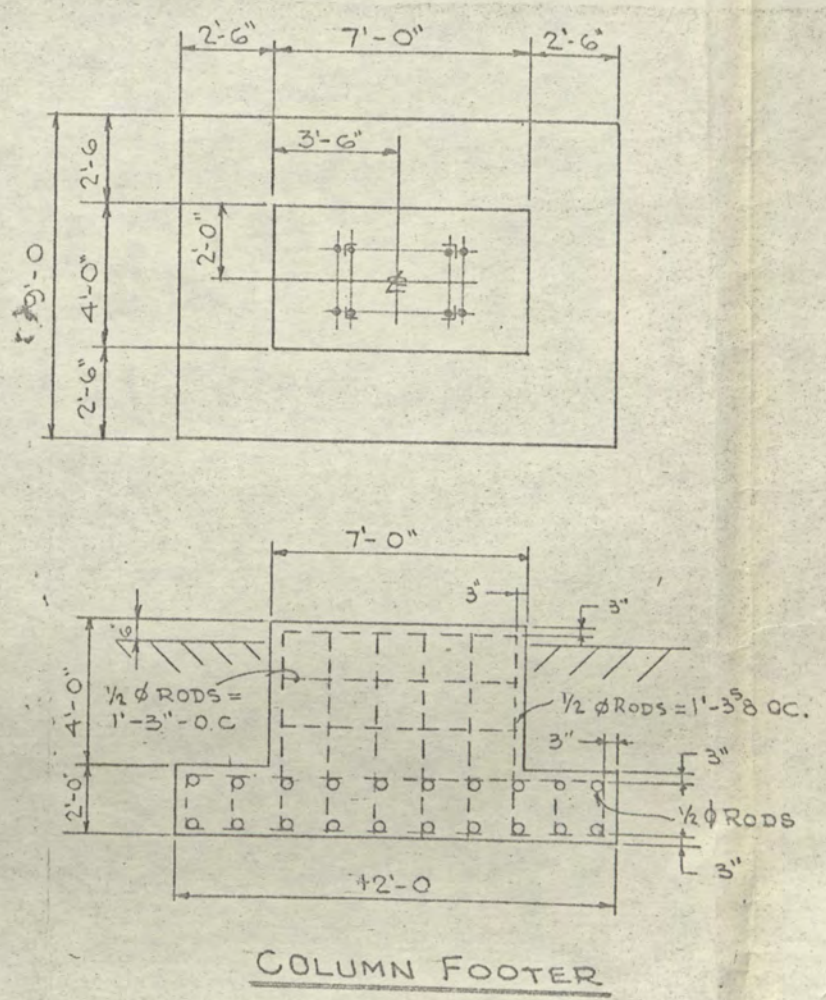
DIV. ORDER CORRES.	ENGRG. REPR.
	DRAFTSMAN


6'-0"
6'-0"
2"
8'-11½"
3'-0"
29'-6"
17'-4½"
01A
23SP06
23IXB3
HCT38
07P
07P
02
23C08XB3
SWBT8
4LAT3
23IXB3
4BTC
33T18
04
33X
01P
23C20XB3
3IPS
13P
4'-0"
4'-0"
13P
2/0CU
19P
CT
PT
MC4
PT
CT
MC4
3T188
HCT38
11P
10-¼0 CU.
HC23L3
(F.S)
*=TERMINALS BY P.R.W.R.A
⊕=BY P.R.W.R.A TO SUIT
MTRG EQUIPT
6"
2'-0"
18'-0"
2'-0"

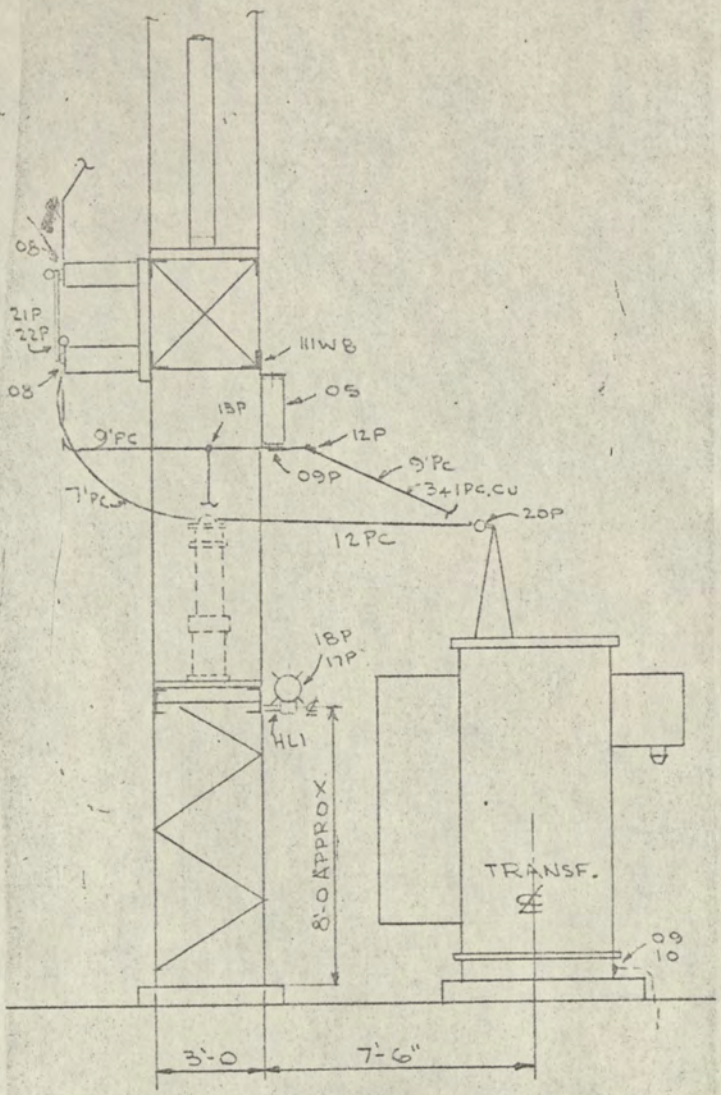

B
HC23L3
3'-0"
SWCT88
3T188
S3
11/2"
A
4'-0"
6'-0"
6'-0"
4'-0"
46 KV
B



AB-7



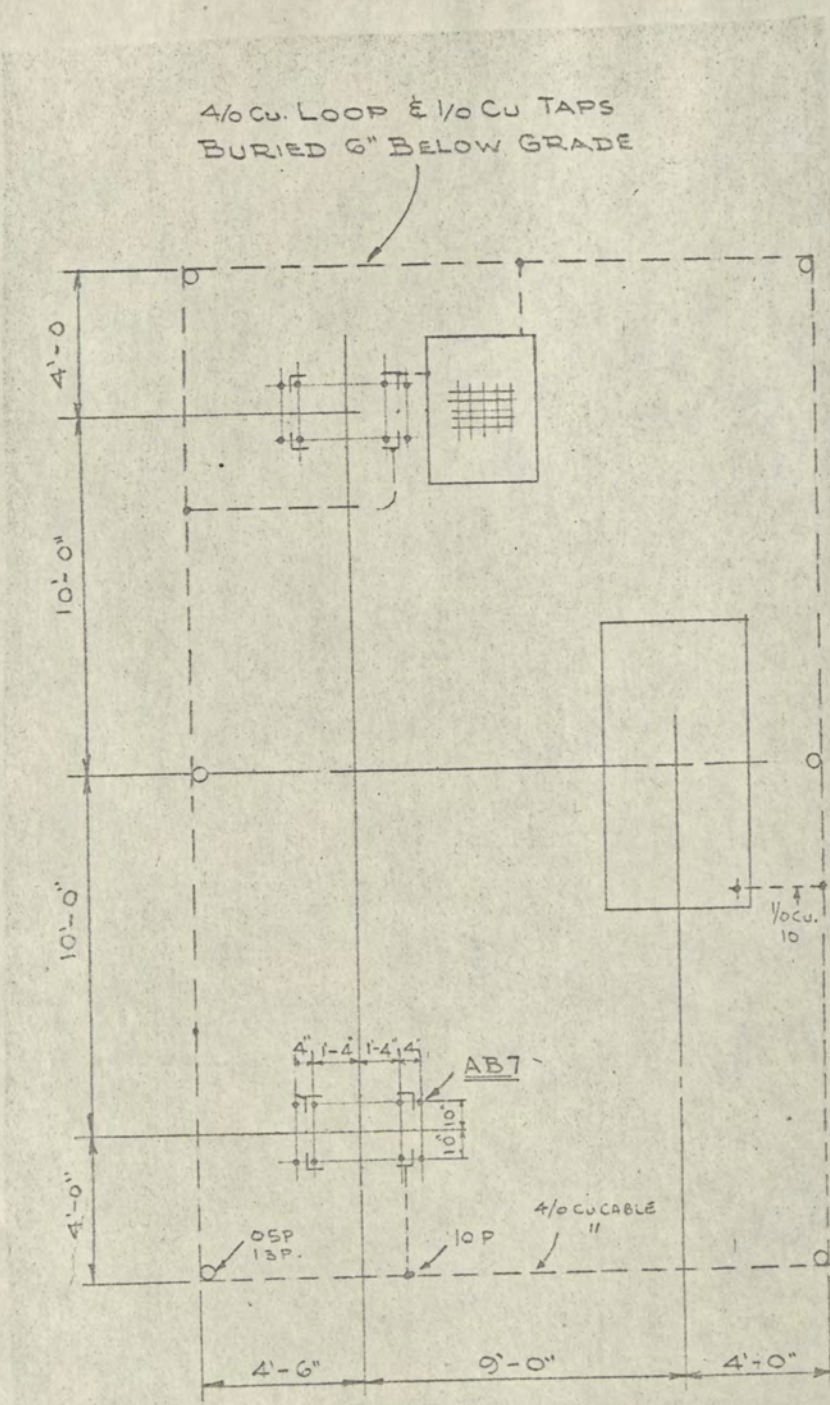
COLUMN FOOTER



ALTERNATE

(PROVISIONS FOR METERING EQUIP)

(S# 146 D710 A02)



ANCHOR & GROUNDING PLAN.

FOOTER NOTES..

1. FOUNDATION BASED ON STANDARD SOIL CONDITIONS OF 3000 LBS PER SQ FT.
2. REINFORCING RODS NOT FURNISHED.
3. 3/4" BEVEL ON ALL EXPOSED EDGES.
4. IF SOIL AT SITE WILL NOT WITHSTAND 3000#/SQ.FT. THEN THE SIZE OF THE FOUNDATION MUST BE INCREASED.
5. IF NECESSARY TO AVOID FROST ACTION, INCREASE DEPTH OF COLUMN FOUNDATIONS
6. IF FOOTINGS ARE LOCATED ON ROCK, DEPTH OF PIERS SHOWN ARE NOT NECESSARY, BUT ANCHORAGE TO ROCK IS REQUIRED TO PREVENT OVERTURNING.
7. PIERS MUST REST ON UNDISTURBED EARTH.
8. ALL MATERIAL REPLACED AFTER POURING MUST BE PACKED IN 6" LAYERS ALL AROUND.
9. LOCATE ANCHOR BOLTS PER AB DETAIL.
10. FOOTERS ARE DESIGNED WITH A MINIMUM SAFETY FACTOR OF 2.

NOTE TO CUSTOMER

SHOULD THIS BECOME AN ORDER, THE FOLLOWING INFORMATION IS NEEDED

A. INCOMING LINE SIZE
B. STATIC WIRE SIZE
C. FUSE ELEMENT RATING
D. SIZE OF TRANSF. BUSHING STUD.
E. ORDER STYLE Nº 146D710A01 FOR STANDARD ARRANGEMENT
F. ORDER STYLE Nº 146D710A02 FOR ALTERNATE MTRG. ARRANGEMENT

S.O. / G.O.	CHANGE
1	

Westinghouse Electric Corporation

TITLE WEICO 46Kv STANDARDIZED OUTDOOR SUBSTATION STRUCTURE

SCALE AS SHOWN

DRAFTSMAN	DATE	APPROVED	DATE
A.M. CONDE	10/20/70	J. Sanders	10/30/70

146D710

DIV & PLANT LOCATION 11L SWITCHGEAR EAST PITTSBURGH, PA., U. S. A. CODE 6121

3 | 2 | 1 FORM 2A49

CONSTRUCTION
PROGRESS SCHEDULE

SAM P. WALLACE & CO.
OF PUERTO RICO INC.

DIGITAL EQ. CORP. SAN GERMÁN
PROY. NAME (LOCATION)

CONTRACT FOR _____ FROM ____ TO ____

CONTRACT TIME 7 MONTH

CONTRACT PRICE: _____

BREAK DOWN ITEM NO.		YEAR / MONTH	AMOUNT OF ITEM	%
1	AIR PIPING			
2	A/C SYSTEM DELIVERY & INSTALL.			
3	SPRINKLER SYSTEM			
	A-F.I.A. APPROVAL			
	B-FABRICATION			
	C INSTALLATION			
4	38KV. GALV. STRUCTURE & HARDWARE			
5	3000KVA. TRANS. FOUR 38KV. SUBSTA.			
6	1000KVA. INDOOR SUB. ST.			
7	PANELBOARD			
8	225 AMPS. BUS DUCT			
9	100 AMPS. BUS DUCT			
10	WALL MTD. DRAY YMP.			
11	LOCATION FIXTURE			
	TOTALS			
	ACCUMULATED SCHEDULE PROGRESS			%
	ANTICIPATED MONTHLY PAYMENTS			$

30 DAYS 60 DAYS 90 DAYS 120 DAYS 150 DAYS 180 DAYS 210 DAYS

1 2 3 4 5 6 7 8 9 10 11 12

100%
90
80
70
60
50
40
30
20
10
0

PROYECT NO. _____

LEYEND
DELIVERY TIME
INSTALLATION TIME

SUBMITTED BY _____ DATE _____

APPROVED BY _____ DATE _____

Resume for: PROJECT MANAGER

Date: AUGUST 25, 1971

Name: LESLIE HOWARD GREEN

Position: PROJECT MANAGER

Business Address: P.O. BOX 1669, HATO REY, PUERTO RICO 00905

Home Address: 1306 CAMELIA STREET, ROUND HILL, RIO PIEDRAS, P.R.

Education: MECHANICAL ENGINEERING - UNIVERSITY OF FLORIDA

Date Started in Sam P. Wallace Company: 1968

Date Started in Construction Business: 1950

Professional Organizations: ASHRAE, MECHANICAL CONTRACTORS ASSOCIATION

Civic or Religious Activities: CATHOLIC

Clubs and Other Organizations: LIONS CLUB

Hobbies or Special Interests: SAILING

Personal:

Birth Date: MAY 21, 1927

Cont. on page No: 2

Personal: Cont.

Wife's Name: EMMA D. GREEN

Children - name and age: LESLIE, JR. - 21 YEARS

JUANITA - 19 YEARS

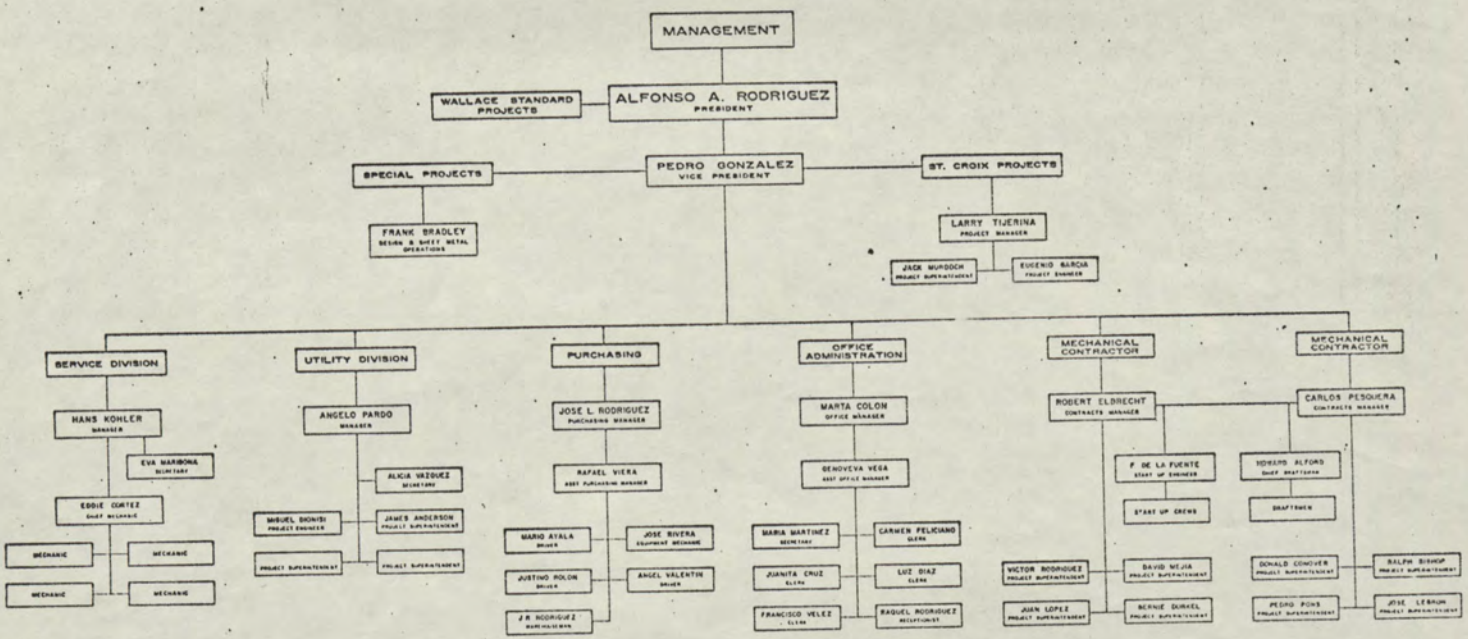
Brief Resume of Work Experience:

CONSTRUCTION SUPERVISOR

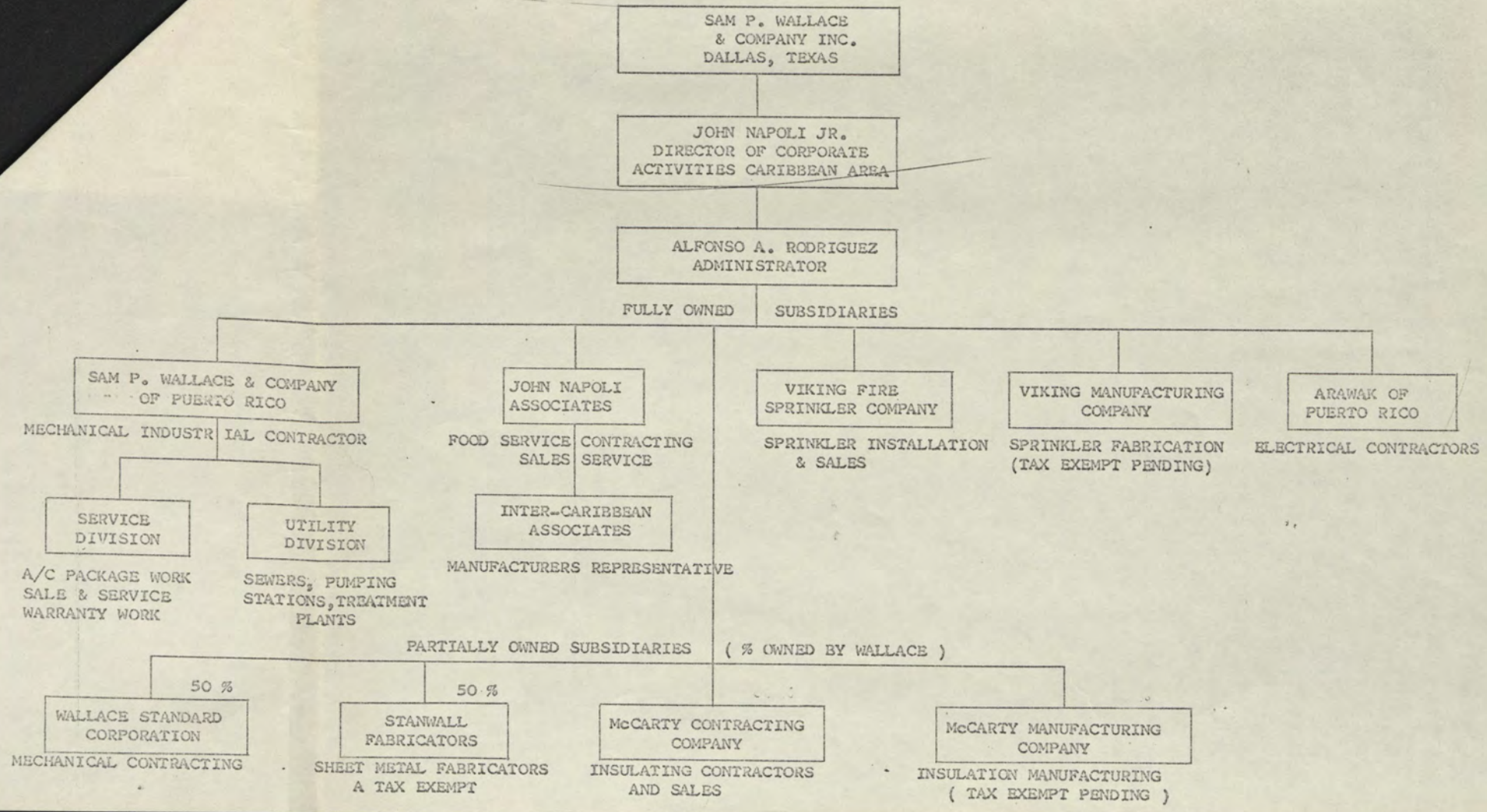
21 YEARS EXPERIENCE ALL TYPES OF CONSTRUCTION

SAM P. WALLACE CO., INC.

SAM P. WALLACE & CO. OF PUERTO RICO, INC.



SAM P. WALLACE COMPANIES IN PUERTO RICO



SAM P. WALLACE & COMPANY
OF PUERTO RICO, INC.

Projects Performed by Sam P. Wallace & Co. of Puerto Rico, Inc.

Name	Contract Amount
Airfield Development Project Roosevelt Roads, Puerto Rico	$ 563,371.88
Jet Fuel System, U. S. Naval Station Roosevelt Roads, Puerto Rico	245,573.30
Puerto Rico Nuclear Center Mayaguez, Puerto Rico	386,508.19
Foundations for Blast Deflector Fences Ramey Air Force Base Aguadilla, Puerto Rico	27,882.00
Foremost Ice Cream Company Hato Rey, Puerto Rico	7,800.00
Santa Rosa Shopping Center Bayamón, Puerto Rico	29,741.19
Starkist Caribe Plant Mayaguez, Puerto Rico	91,000.00
Puerto Rican Meat Packing Plant Caguas, Puerto Rico (three Jobs)	585,611.54
Caribbean Refining Company San Juan, Puerto Rico	126,182.71

Cont. on Page 2.....

Projects Performed by S.P.W.
...Page 2.....

El Nondo Storm Sewer San Juan, Puerto Rico	$ 21,211.00
Water Distribution System Roosevelt Roads, Puerto Rico	19,800.00
Guided Missile Control Center Roosevelt Roads, Puerto Rico	175,444.69
Station Hospital & Dental Clinic Roosevelt Roads, Puerto Rico	172,438.25
Rehabilitation Center Río Piedras, Puerto Rico	66,064.55
Department of Defense Research Facility Arecibo, Puerto Rico	120,621.09
Branks Breweries Georgetown, British Guiana	600.00
B. F. Goodrich Warehouse San Juan, Puerto Rico	3,492.43
El Conquistador Hotel Fajardo, Puerto Rico	199,322.20
Valle Toledo San Juan, Puerto Rico	1,065.00
Clemenceau Hotel San Juan, Puerto Rico	93,133.93

Continued on Page 3.....

Projects Performed by S.P.W.
...Page 3.....

Aircraft Maintenance Hanger San Juan, Puerto Rico	$ 12,825.00
Soler TB Hospital San Juan, Puerto Rico	205,794.37
Nursing Home Río Piedras, Puerto Rico	137,833.39
Inter-American University Student Center San Germán, Puerto Rico	53,022.94
J. F. McPherson's Residence San Juan, Puerto Rico	3,198.86
Community Housing Balboa, Canal Zone	236,923.87
Cardenas Townsite Cardenas, Canal Zone	36,450.00
Sheraton Hotel San Juan, Puerto Rico	1,207,677.96
Home Economics Classroom Roosevelt Roads, Puerto Rico	724.62
Central Building Puerto Rico Medical Center Río Piedras, Puerto Rico	461,055.93

Continued on Page 4.....

Projects Performed by S.P.W.

....Page 4.....

Borden's Dairy Guaynabo, Puerto Rico	129,289.84
Patient's Kitchen Puerto Rico Medical Center Río Piedras, Puerto Rico	171,022.73
Virgin Island Hilton Hotel New A/C System St. Thomas, V. I.	200,000.00
Dorado Beach Estate Rockefeller's Residence Dorado, Puerto Rico	46,353.65
Dorado Beach Hotel Su Casa Wing - Project 73 Dorado, Puerto Rico	121,001.11
Caribe Hilton Hotel New Boiler Plant San Juan, Puerto Rico	160,000.00
Caribe Hilton Hotel New A/C System San Juan, Puerto Rico	181,000.00
Sheraton Hotel Pool Terrace A/C System Santurce, Puerto Rico	15,000.00

Continued on Page 5.....

Projects Performed of S.P.W.

Page 5.....

Holsum Bakery Bayamón, Puerto Rico	$ 32,120.10
Sheraton Hotel New Lan Zibar Lounge Santurce, Puerto Rico	13,000.00
Dorado Beach Hotel New Wing - Project 77 Dorado, Puerto Rico	90,375.59
Pueblo Supermarket Santa María Shopping Center Guaynabo, Puerto Rico	7,500.00
Sheraton Hotel New A/C Beauty Shop San Juan, Puerto Rico	8,600.00
Dorado Hilton Hotel Revamping A/C System Dorado, Puerto Rico	73,908.11
San Juan Municipal Hospital Río Piedras, Puerto Rico	645,095.35
Dorado Beach Hotel Casino Extension Dorado, Puerto Rico	41,255.00

Continued on Page 6.....

Project Performed by S.P.W.

Page 6.....

Dorado Beach Hotel Project 79 Dorado, Puerto Rico	$ 199,000.00
Condominio Professional Building New A/C System Santurce, Puerto Rico	41,182.00
A B C Brewery Company Process Piping Carolina, Puerto Rico	495,093.00
Cecilia's Place Hotel Isla Verde, Puerto Rico	188,198.00
Coca-Cola Plant Río Piedras, Puerto Rico	
Banco Popular Hato Rey, Puerto Rico	
Los Robles Condominium Río Piedras, Puerto Rico	
Baxter Laboratories Carolina, Puerto Rico	200,000.00

These projects were taken over by our firm to terminate from a company that left Puerto Rico.

Cont'd on page 7.....

El Mundo Newspaper Plant Phase I and II Hato Rey, Puerto Rico	$ 350,000.00
Eli Lilly Chemical Plant Mayaguez, Puerto Rico	1,572,448.00
New Air Conditioning System Banco Popular - Stop 22 Santurce, Puerto Rico	141,800.00
El Mundo Newspaper Plant Phase III Hato Rey, Puerto Rico	115,000.00
Central Market & Commercial Center Río Piedras, Puerto Rico	370,000.00
Midtown Condominium Hato Rey, Puerto Rico	274,563.00
J. C. Penneys Plaza Las Américas Hato Rey, Puerto Rico	845,000.00
Modification to Air Conditioning System Dorado Beach Hotel Dorado, Puerto Rico	250,000.00
Eastern Airlines Building San Juan, Puerto Rico	380,640.00

Cont'd on page 8

Projects Performed by Sam P. Wallace

Page 8.....

Renovation Ponce Medical Center Ponce, Puerto Rico	$ 115,156.00
Worthington Power Plant Santurce, Puerto Rico	133,494.00
Sanitary Sewer System Sanatorio Dr. Ruiz Soler Bayamón, Puerto Rico	37,173.00
Joy Brassiere Company Hato Rey, Puerto Rico	57,373.00
Industrial School for Girls Ponce, Puerto Rico	84,145.00
National Biscuit Co. (Wallace Standard) Mayaguez, Puerto Rico	17,809.00
Industrial School for Girl's Fence Ponce, Puerto Rico	79,900.00
Hato Rey Commercial Building Hato Rey, Puerto Rico	265,485.00
Veteran Administration Hospital (Wallace Standard) San Juan, Puerto Rico	4,042,138.00
Passengers Terminal Building San Juan, Puerto Rico	465,363.00

Cont'd on Page 9.....

Projects Performed by Sam P. Wallace

Marriott In-Flite Kitchen San Juan, Puerto Rico	$ 235,000.00
Cancel Bay Hotel (Remodeling Kitchen) St. John, Virgin Islands	83,142.00
Mayaguez Medical Center (Wallace Standard) Mayaguez, Puerto Rico	3,996,381.00
San Mateo Condominium Santurce, Puerto Rico	31,000.00
Worthington Power Plant Jobos, Puerto Rico	135,000.00
Dietary Kitchen Addition Ponce Medical Center Ponce, Puerto Rico	131,819.00
El Mundo CO_2 System Hato Rey, Puerto Rico	10,000.00
Remodeling Electrical & Mechanical System Ponce Medical Center Ponce, Puerto Rico	472,418.00
St. Croix Limited Projects St. Croix, Virgin Islands	900,000.00

Central Air Conditioned & Chilled Water System University of Puerto Rico Río Piedras, Puerto Rico	$ 662,789.00
Tricoche Hospital Ponce, Puerto Rico	29,000.00
San Juan Compost Plant San Juan, Puerto Rico	57,265.00
Dorado Beach Hotel - Club House Dorado, Puerto Rico	3,500.00
Overseas Realty Corporation Chase Manhattan Bank Office Building Hato Rey, Puerto Rico	1,044,597.00
Clínica Oncológica Ponce Medical Center Ponce, Puerto Rico	174,830.00
Dorado Beach Hotel - Project 92-3 Dorado, Puerto Rico	230,000.00
Worthington Power Plant Palo Seco, Puerto Rico	142,625.00
Eli Lilly Chemical Plant Second Phase Mayaguez, Puerto Rico	300,000.00

Cont'd on Page 10.....

Projects Performed by Sam P. Wallace

Page 11

R. J. Reynold's Manufacturing Plant Yabucoa, Puerto Rico	$ 602,658.00
P. R. Olefins Plant Peñuelas, Puerto Rico	55,500.00
Caguas Areas Hospital (Wallace Standard) Phase 1 Caguas, Puerto Rico	3,097,269.00
Caguas Area Hospital Phase 11 Caguas, Puerto Rico	739,481.00
San Juan Coliseum Hato Rey, Puerto Rico	30,200.00
Digital Equipment San Germán, Puerto Rico	28,600.00
R.C.A. del Caribe Barceloneta, Puerto Rico	907,659.00

SAM P. WALLACE & COMPANY
OF PUERTO RICO, INC.

References

Toro & Ferrer, Architects
Mr. Osvaldo Toro
Post Office Box 9656
Santurce, Puerto Rico, 00908
Phone: 725-3700

Fireman's Fund - Surety Company
Mr. Ortiz Jacobs
Post Office Box 13367
Santurce, Puerto Rico, 00908
Phone: 725-9595

Rexach Construction Co. - General Contractors
Mr. Hans Rexach
Post Office Box 5624
San Juan, Puerto Rico
Phone: 782-0760

Lord Electric Company - Electrical Contractors
Mr. Ruben Velez
G. P. O. Box 3408
San Juan, Puerto Rico 00936
Phone: 767-4040

Cont'd on page 2.....

SAM P. WALLACE & COMPANY
OF PUERTO RICO, INC.

References
Page No: 2

Passalacqua & Cia. - Planners and Designers
Mr. Carlos Passalacqua
1205 Ponce de Leon Avenue - Suite 305
Santurce, Puerto Rico
Phone: 724-4612

Anibal L. Arsuaga, Inc. - Suppliers
Mr. Anibal L. Arsuaga
Post Office Box 744
Hato Rey, Puerto Rico 00919
Phone No: 765-9494

Juan Marina Garcia, Inc. - Suppliers
Mr. Jose Casellas
G. P. O. Box 3387
San Juan, Puerto Rico 00936
Phone No: 724-6700

Eli Lilly Company - Pharmaceutical Firm
Mr. Robert Weeden
Post Office Box 618
Indianapolis, Indiana, 46206
Phone: A/C 317 636-2211 (Ext. 7348)

Arthur E. Anderson - Accountants
Mr. Edgard J. Zorrn
G. P. O. Box 2260
San Juan, Puerto Rico, 00936
Phone: 765-8905

Cont'd on page 3....

References
Page No: 3...

Rodriguez Ema, Rodriguez Ramon,
Benitez Gautier & Sequeira - Attorneys
Mr. Benjamin Rodriguez Ramon.
Post Office Box 577
San Juan, Puerto Rico
Phone: 725-5254

J. A. Jones Construction Co. - General Contractors
Mr. Pablo del C. Lugo
Post Office Box 9005
Santurce, Puerto Rico, 00909
Phone: 764-4600

Banco Credito & Ahorro Ponceño - Bank
Mr. Joseph Brandi
San Juan, Puerto Rico
Phone: 725-3030

Royal Bank of Canada - Bank
Mr. P. J. Rossiter
Hato Rey, Puerto Rico 00919
Phone: 767-3120

Ibec-Bland Construction Corporation
Mr. Robert F. Bland
Post Office Box A X
Rio Piedras, Puerto Rico 00928
Phone: 767-3490

Cont'd on page No: 4

References
Page No: 4

Abbott Laboratories, Ltd.
Mr. Jack Scholz
North Chicago, Illinois, 60064
Phone: A/C 312 688-6100

National Packing Company
Ralston Purina Tuna Cannery
Mr. Robert Diehl
Post Office Box 186
Ponce, Puerto Rico 00731
Phone: 842-6100

SAM P. WALLACE & COMPANY
OF PUERTO RICO, INC.

Presently, we have 470 employees divided in classification as follows:

18 - Superintendents
11 - Project Engineers
5 - Assistant Superintendents
2 - Surveyors
8 - General Foremen
32 - Foremen
25 - Welders
66 - Pipe Fitters
7 - Instrument Fitters
90 - Plumbers
6 - Riggers
28 - Sheet Metal Mechanics
16 - Millwright
5 - Iron Workers
12 - Carpenters
6 - Masons
6 - Operators
4 - Equipment Mechanics
2 - Oilers
40 - Helpers
46 - Laborers

Sam P. Wallace & Company of P. R., Inc.
General Foremen

These men have been with our firm for quite some time and all of them have a broad knowledge of the Mechanical/Industrial Field:

Name	Length of Time with Firm	Salary
Luis Roberto Correa	12 years	$160.00 per wk.
Bienvenido Rios	8 years	150.00 " "
Pedro Henricy	10 years	160.00 " "
Pedro Garcia Rivera	4 "	150.00 " "
Felix Rivera Lopez	4 "	175.00 " "
Jorge Nussenden	13 "	154.00 " "
Victor Nieves Otero	5 "	150.00 " "
Martin Medina	9 "	140.00 " "
Ramon Castro	11 "	200.00 " "
Lorenzo Vazquez	10 "	175.00 " "
David Vargas	6 "	200.00 " "
Alberto Rodriguez	9 "	200.00 " "
Ramon Feliciano	3 "	175.00 " "

SAM P. WALLACE & COMPANY
OF PUERTO RICO, INC.

List of San P. Wallace Upper Echelon Supervision

Executive Staff

Alfonso A. Rodriguez
Pedro G. Gonzalez
Angelo Pardo
Robert L. Elbrecht
Carlos A. Pesquera
Frank Bradley
Hans Kohler
Jose Luis Rodriguez
Juan B. Lopez
Manuel Diaz Bergnes
Marta A. Colon

Superintendents

Ralph Bishop
Jose R. Lebron
James Anderson
Victor Rodriguez
Larry Tijerina
Ramon Castro
Ismael Reyes
Howard Alford
Nicasio Alvarez
Robert Ingersoll
Jose Lopez
James Carr

Project Engineers

Miguel Dionisi
Jaime Benero

Project Engineers

Francisco De La Fuente
Jaime Nazario
Pedro Pons

Project Engine

Robert E. Harri

San P. Wallace & Company of P. R., Inc.
Plumbing Foreman & Sub Foremen

Name	Length of Time with Firm	Salary
Providencio Barreiro	11 years	$3.50 per hour
Manuel Quiles	3 "	3.45 " "
Gilberto Burgos	3 "	2.65 " "
Luis Raul Diaz	7 "	3.00 " "
Antonio Zeno Medina	3 "	3.35 " "
Jose Martinez Marcano	2 "	3.50 " "
Benigno Cepeda	3 "	2.60 " "
Ismael Beauchamp	3 "	3.35 " "
Fidel Colon	4 "	3.10 " "
Angel Luis Nora	5 "	3.05 " "
Ismael Soto Jimenez	4 "	3.20 " "

Sam P. Wallace & Company of P. R., Inc.

Piping Foremen & Sub Foremen

Name	Length of Time with Firm	Salary
Ivan Ledee	3 years	$2.25 per hour
Santos Perez Lebron	2 years	2.50 " "
Ramon Serrano	3 "	2.25 " "
Carlos Seda	5 "	3.10 " "
Valois Serrano	4 "	2.35 " "
Miguel Ortiz	5 "	3.25 " "
Juan Caraballo	5 "	2.35 " "
Benjamin Pantoja	3 "	3.40 " "

San P. Wallace & Company of P. R., Inc.

Sheet Metal Joreren

Name	Length of Time with Firm	Salary
Santiago Rossi	4 years	$3.35 per hour
Eduardo Rentas	2 years	3.15 " "
Enrique Vazquez Justiniano	3 years	3.10 " "
Jose Luis Rolon	7 years	3.25 " "
Rafael Negron	6 years	3.50 " "

Insulation Joreren

Moises del Toro	2 years	$200.00 per week
Jose Rentas	2 years	3.00 per hour
Pedro Pablo Fuentes	2 years	2.85 per hour
Humberto Ramirez	2 years	2.45 per hour
Bruno Reyes	2 years	2.45 per hour

Sam P. Wallace & Company of P. R., Inc.

Welding Foremen

Name	Length of Time with Firm	Salary
Herminio Febres	9 years	$3.90 per hour
Pablo Colon	11 "	3.50 " "
Loren Curet	9 "	3.50 " "
Anibal Mathews	8 "	3.50 " "
Juan Lebron Medina	5 "	3.50 " "

Refrigeration Foremen

Edwin Cortes	5 years	$3.55 per hour
Manuel Dominguez	4 years	3.50 " "
William Rivera	6 years	3.25 " "

Equipment Installation/Millwright Foremen

Andres Perez Rodriguez	8 years	$3.45 per hour
Angel Diaz	3 "	175.00 per week
Carlos Rios	2 "	2.90 per hour
Juan Nodesto Rivera	5 "	3.40 per hour

Sprinkler Foremen

Edmundo Torres	3 years	$200.00 per week
Francisco Torres	3 years	3.60 per hour
Alfredo Torres	3 years	3.35 per hour
Salvador Torres	3 "	2.45 per hour

SAM P. WALLACE & COMPANY
OF PUERTO RICO, INC.

INTER-OFFICE MEMORANDUM

DATE: June 3, 1971 SUBJECT: Fringe, Tax and Insurance on Labor

FROM: Alfonso A. Rodríguez TO: All Concerned

Due to the new Mandatory Decree No: 44 from the Insular Minimum Wage Board, which covers paid vacations for the Construction Industry, the following is the new breakdown for Fringes, Tax and Insurance on Labor. Effective as of April 20, 1971, (date decree became effective), this amount must be included in estimates, change orders, etc.

Fringe Benefits and Insurance Labor

Social Security	5.2
Unemployment Insurance (State and Federal)	3.2
* El Fondo del Seguro	6.05
Plumbing - Group No: 5183 (Workmen's Compensation)	
* Workers Bodily Injury and Property Damage	1.2
Disability Insurance (Law No: 139)	.5
Christmas Bonus (Union Agreement)	2.0
Christmas Bonus (Government Law)	2.0
Union Paid Holiday (7 per year)	2.8
Union Welfare Plan	4.61
(16.00 per month per man)	
Vacation Regulation (Decree #44)	5.44
	33.00

*Note: Will vary according to work classification and work risk.

cc: All Executive Staff

SAM P. WALLACE CO., INC.

Mechanical Contractors

2102 PROCTOR STREET

DALLAS, TEXAS 75235

RECAPITULATION BY OPERATION

SCHEDULE OF WORK IN PROGRESS

CONTRACT STATUS REPORT

JULY 31, 1971

	TOTAL CONTRACT & EXTRAS TO DATE	%	UNFINISHED PORTION	GROSS AMOUNT BILLED TO DATE	RETAINAGE TO DATE	NET AMOUNT BILLED TO DATE	PAYMENTS TO DATE	NET AMOUNT DUE
Dallas	43,004,918.26	89	4,736,375.26	38,268,543.00	1,779,568.86	36,488,974.14	35,246,441.12	1,242,533.02
Atlanta	28,149,614.59	82	4,942,664.15	23,206,950.44	939,053.19	22,267,897.25	21,461,461.45	806,435.80
Houston	27,106,532.46	57	11,679,491.11	15,427,041.35	373,651.60	15,053,389.75	13,860,753.30	1,192,636.45
New Orleans	24,237,686.98	90	2,446,926.14	21,790,760.84	1,010,860.41	20,779,900.43	19,893,371.47	886,528.96
Industrial	5,946,083.36	100		5,946,083.36		5,946,083.36	5,875,119.38	70,963.98
Design Cost	2,333,500.22	97	78,175.00	2,255,325.22	37,556.41	2,217,768.81	2,078,902.45	138,866.36
Puerto Rico	55,692,169.29	57	23,834,313.63	31,857,855.66	1,132,571.35	30,725,284.31	27,918,418.01	2,806,866.30
Brown-Olds	29,579,514.60	86	3,963,879.39	25,615,635.21	887,388.48	24,728,246.73	24,087,149.66	641,097.07
John Napoli	814,071.25	98	13,170.00	800,901.25	82,344.13	718,557.12	690,866.68	27,690.44
J. E. Smith	24,414,494.35	60	9,731,906.32	14,682,588.03	326,298.72	14,356,289.31	13,743,769.27	612,520.04
Texas Automatic	9,537,707.42	49	4,875,399.48	4,662,307.94	321,799.55	4,340,508.39	3,306,305.53	1,034,202.86
E. C. Braun	34,429,840.73	43	19,747,497.70	14,682,343.03	731,641.04	13,950,701.99	12,839,311.37	1,111,390.62
F. B. Gardner	15,599,726.02	73	4,282,523.46	11,317,202.56	608,204.49	10,708,998.07	9,090,252.91	1,618,745.16
Pierce Engineering	24,290,186.26	86	3,356,135.00	20,934,051.26	1,221,857.33	19,712,193.93	18,785,285.41	926,908.52
TOTAL OPERATIONS	325,136,045.79	71	93,688,456.64	231,447,589.15	9,452,795.56	221,994,793.59	208,877,408.01	13,117,385.58

SAM P. WALLACE CO., INC.

Mechanical Contractors

2102 PROCTOR STREET

DALLAS, TEXAS 75235

SAM P. WALLACE & CO. OF P.R., INC.
MECHANICAL / INDUSTRIAL DIVISION

July 31, 1971

SCHEDULE OF WORK IN PROGRESS

CONTRACT STATUS REPORT

	TOTAL CONTRACT & EXTRAS TO DATE	%	UNFINISHED PORTION	GROSS AMOUNT BILLED TO DATE	RETAINAGE TO DATE	NET AMOUNT BILLED TO DATE	PAYMENTS TO DATE	NET AMOUNT DUE
888 Remodel.Elec. Mech. Water&Swr. Fac's Ponce,P.R. J.A. Jones	548,634.98	100		548,634.98		548,634.98	486,571.48	62,063.50
93 Power Plant Jobos, P.R.	138,311.00	100		138,311.00		138,311.00	138,311.00	
895 Munic.Coliseum San Juan,P.R. J.A. Jones	33,030.00	100		33,030.00		33,030.00	28,980.00	4,050.00
503 Utility Work St.Croix,V.I. St.Croix LTD.	593,231.72	CP		593,231.72		593,231.72	565,462.05	27,769.67
511 Elbal Towers Cond. San Juan,P.R. Elbap Corp.	62,620.00	100		62,620.00		62,620.00	48,587.00	14,033.00
514 John Hancock Office Bldg. J.A. Jones	533,270.00	77	118,176.47	415,093.53	41,509.35	373,584.18	211,584.25	161,999.93
516 Tuna Cannery Ponce,P.R. Rexach Const,	1,515,926.75	92	117,031.98	1,398,894.77	139,889.48	1,259,005.29	1,210,149.81	48,855.48
517 Abbott Lab. LTD. Barceloneta,P.R. J.A. Jones	1,411,252.34	99	456.33	1,410,796.01	41,000.00	1,369,796.01	1,350,545.23	19,250.78

SCHEDULE OF WORK IN PROGRESS

CONTRACT STATUS REPORT

	TOTAL CONTRACT & EXTRAS TO DATE	%	UNFINISHED PORTION	GROSS AMOUNT BILLED TO DATE	RETAINAGE TO DATE	NET AMOUNT BILLED TO DATE	PAYMENTS TO DATE	NET AMOUNT DUE
518 Cerromar Beach Htl. Dorado P.R. IBEC-Bland	2,400,858.95	94	130,855.20	2,270,003.75	98,687.65	2,171,316.10	2,049,510.85	121,805.25
519 Auxilio Mutuo Hosp. Rio Piedras,PR Nogama Const.	1,320,500.00	46	705,399.82	615,100.18	61,510.02	553,590.16	499,665.05	53,925.11
520 Elbal Gardens San Juan/PR	90,000.00	96	3,533.80	86,466.20	8,646.62	77,819.58	54,000.00	23,819.58
521 A/C Mayaguez/PR Univ.PR	742,275.30	77	167,615.82	574,659.48	37,113.77	537,545.71	459,396.43	78,149.28
522 RCA Equip. Sttng. San Juan/PR RCA Equip.	96,704.27	CP		96,704.27	9,670.43	87,033.84	85,612.79	1,421.05
524 Parroquia de Caguas San Juan/PR Parroquia/Caguas	60,000.00	98	756.88	59,243.12		59,243.12	59,243.12	
525 Villa Dorado Cond. Dorado/PR IBEC-Bland	398,298.00		398,298.00					
526 Police Supt.Bldg. Nto Rey, P.R. Bird Const.	1,425,000.00	1	1,401,444.64	23,555.36	2,355.54	21,199.82	7,002.90	14,196.92

SAM P. WALLACE CO., INC.
Mechanical Contractors
2102 PROCTOR STREET
DALLAS, TEXAS 75235

SAM P.WALLACE & CO. P.R., INC.
MECHANICAL / INDUSTRIAL DIVISION

July 31, 1971

SCHEDULE OF WORK IN PROGRESS

CONTRACT STATUS REPORT

	TOTAL CONTRACT & EXTRAS TO DATE	%	UNFINISHED PORTION	GROSS AMOUNT BILLED TO DATE	RETAINAGE TO DATE	NET AMOUNT BILLED TO DATE	PAYMENTS TO DATE	NET AMOUNT DUE
527 Digital Equip/Corp San German/PR	111,848.00	100		111,848.00		111,848.00	99,750.00	12,098.00
529 Mayaguez Mall Shopping Center Mayaguez,PR Emp.P.Riqueña de Desarrollo Inc.	1,500,000.00		1,500,000.00					
530 Roosevelt Roads 120 Bed Naval Hosp. Roosevelt Rds., PR. Fco. Levy e Hijo Inc.	2,500,000.00		2,377,660.00	122,340.00	12,234.00	110,106.00	95,645.70	14,460.30
531 Geology Bldg. Mayaguez/PR Rexco Ind.	409,477.00		231,769.91	177,707.09	17,770.71	159,936.38	127,977.88	31,958.50
532 Pueblo Distrib. Center./Carolina PR Caguas Rd.Const.	220,000.00		220,000.00					
533 Mayaguez Central Dist. Center Mayaguez,PR Butler Pan Am.	335,800.00		335,800.00					
Total of SPW of P.R. Mechanical & Industrial, Div.	16,447,038.31		7,708,798.85	8,738,239.46	470,387.57	8,267,851.89	7,577,995.54	689,856.35

SAM P. WALLACE CO., INC.
Mechanical Contractors
2102 PROCTOR STREET
DALLAS, TEXAS 75235

SAM P. WALLACE & CO. P.R., INC.
ENVIRONMENTAL DIVISION

July 31, 1971

SCHEDULE OF WORK IN PROGRESS

CONTRACT STATUS REPORT

#		TOTAL CONTRACT & EXTRAS TO DATE	%	UNFINISHED PORTION	GROSS AMOUNT BILLED TO DATE	RETAINAGE TO DATE	NET AMOUNT BILLED TO DATE	PAYMENTS TO DATE	NET AMOUNT DUE
300	Aibonito Fltr. Plt. S.J.,P.R. PR Aqueduct	1,037,357.57	98	19,438.84	1,017,918.73	49,758.72	968,160.01	893,632.56	74,527.45
301	Hotel at Dreñas Dorado PR IDEC-Bland	160,397.55	70	47,556.03	112,841.52	4,905.62	107,935.90	107,935.90	
302	Tallaboa Bay Dk. Peñuelas PR Commonwealth Oil Ref. Co.	410,750.00	100		410,750.00		410,750.00	390,212.50	20,537.50
303	Marina Mooring Fac. Peñuelas PR Marina Const.	140,000.00	100		140,000.00		140,000.00	123,480.00	16,520.00
304	Gurabo Swg. Tmt. Plt. Gurabo PR PR Aqueducts	524,892.93	63	190,149.30	334,743.63	33,474.36	301,269.27	169,394.81	131,874.46
305	San German SWG. Tmt. Plt. San German PR Aqueduct	856,104.00	13	738,440.78	117,663.22	11,766.32	105,896.90	46,796.42	59,100.48
306	PRWRA Pitch Line Ponce,PR PRWRA	741,000.00	32	499,428.94	241,571.06	12,078.55	229,492.51	79,802.86	149,689.65

SAM P. WALLACE CO., INC.

Mechanical Contractors

2102 PROCTOR STREET

DALLAS, TEXAS 75235

SAM P. WALLACE & CO. P.R. INC.
ENVIRONMENTAL CONTROL DIVISION

July 31, 1971

SCHEDULE OF WORK IN PROGRESS

CONTRACT STATUS REPORT

#		TOTAL CONTRACT & EXTRAS TO DATE	%	UNFINISHED PORTION	GROSS AMOUNT BILLED TO DATE	RETAINAGE TO DATE	NET AMOUNT BILLED TO DATE	PAYMENTS TO DATE	NET AMOUNT DUE
307	Fire Prot. Form Syst. Tallaboa PR Po: Auth.	72,269.00	59	28,907.60	43,361.40	4,336.14	39,025.26	13,008.42	26,016.84
	Total SPW of P.R. Environmental Control Division	3,942,771.05		1,523,921.49	2,418,849.56	116,319.71	2,302,529.85	1,824,263.47	478,266.38
	Total SPW of P.R. All Divisions	20,389,809.36		9,232,720.34	11,157,089.02	586,707.28	10,570,381.74	9,402,259.01	1,168,122.73

SAM P. WALLACE CO., INC.
Mechanical Contractors
2102 PROCTOR STREET
DALLAS, TEXAS 75235

July 31, 1971

SCHEDULE OF WORK IN PROGRESS

CONTRACT STATUS REPORT

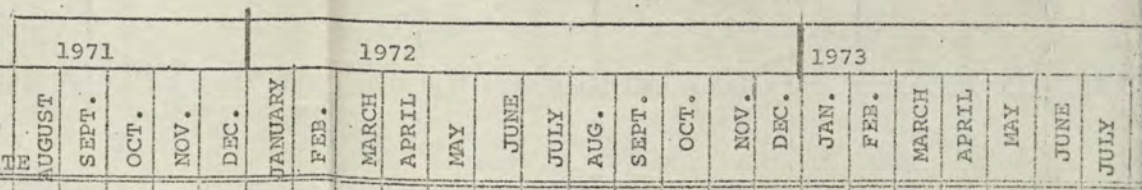
# 853	TOTAL CONTRACT & EXTRAS TO DATE	%	UNFINISHED PORTION	GROSS AMOUNT BILLED TO DATE	RETAINAGE TO DATE	NET AMOUNT BILLED TO DATE	PAYMENTS TO DATE	NET AMOUNT DUE
V.A. Hosp. & Reg. Office SU, PR								
Rexach Const.	4,042,777.75	100		4,042,777.75		4,042,777.75	4,038,097.84	4,679.91
50								
Mayaguez Med Ctr. Mayaguez, PR								
G.A. Fuller	3,998,038.87	100		3,998,038.87		3,998,038.87	3,586,175.36	411,863.51
868								
Caguas Hosp. Caguas PR								
G.A. Fuller	3,094,935.78	100		3,094,935.78		3,094,935.78	2,757,547.16	337,388.62
898								
Sch. of Med. Rio Piedras, PR								
PR Med.Ctr.	3,811,365.56	88	431,362.52	3,380,003.04	189,399.25	3,190,603.79	3,110,986.64	79,617.15
899								
M[illegible] Sci.Bldg. UPR Rio Piedras								
Univ. Const.	1,639,681.02	93	103,059.25	1,536,621.77	81,625.00	1,454,996.77	1,451,114.77	3,882.00
523								
Bayamón Reg. Hosp. Bayamón PR								
Univ. Const.	6,150,000.00	6	5,733,212.70	416,787.30	31,469.26	385,318.04	264,892.88	120,425.16

528	TOTAL CONTRACT & EXTRAS TO DATE	%	UNFINISHED PORTION	GROSS AMOUNT BILLED TO DATE	RETAINAGE TO DATE	NET AMOUNT BILLED TO DATE	PAYMENTS TO DATE	NET AMOUNT DUE
Pediatric Hosp. PR Med. Ctr. Rio Piedras, PR Rodriguez del Valle	2,750,000.00		2,750,000.00					
Total Wallace Standard Joint Ventures	25,486,798.98		9,017,634.47	16,469,164.51	302,493.51	16,166,671.00	15,208,814.65	957,856.35
Total SPW of P.R. and Wallace Standard	45,876,608.34		18,250,354.81	27,626,253.53	889,200.79	26,737,052.74	24,611,073.66	2,125,979.08

SAM P. WALLACE & CO. OF P. R., INC.
PROJECT ON HAND

DATE OF REPORT: 7-31-71
FISCAL QUARTER: 7-31-71 3rd. QUARTER
FISCAL YEAR ENDING: 10-31-71

PROJECT NAME	JOB NO:	CONTRACT AMOUNT	UNFINISHED PORTION	GROSS AMOUNT BILLED TO DATE
John Hancock Bldg	514	533,270.00	118,176.47	415,093.53
Ralston Purina	516	1,515,926.75	117,031.98	1,398,894.77
Abbott Labs.	517	1,411,252.34	456.33	1,410,796.01
Cerromar Beach	518	2,400,858.95	130,855.20	2,270,003.75
Auxilio Mutuo	519	1,320,500.00	705,399.82	615,100.18
Elbal Gardens	520	90,000.00	3,533.80	86,466.20
A/C Univ.of P.R.	521	742,275.30	167,615.82	574,659.48
Villa Dorado	525	398,298.00	398,298.00	-0-
Police Supt.Bldg	526	1,425,000.00	1,401,444.64	23,555.36
Mayaguez Mall	529	1,500,000.00	1,500,000.00	-0-
120 Bed Naval Hosp	530	2,500,000.00	2,377,660.00	122,340.00
Geology Bldg.	531	409,477.00	231,769.91	177,707.09
Mayaguez C.Dist.	533	335,800.00	335,800.00	-0-
TOTAL MECH.DIV.		14,582,658.34	7,488,041.97	7,094,616.37
Aibonito Filtr.	300	1,037,357.57	19,438.84	1,017,918.73



WALLACE STANDARD CORPORATION
PROJECT ON HAND

DATE OF REPORT: 7-31-71

FISCAL QUARTER: ~~7-31-71~~ 3Rd QUARTER

FISCAL YEAR ENDING: ~~10-31-71~~

PROJECT NAME	JOB NO.	CONTRACT AMOUNT	UNFINISHED PORTION	GROSS AMOUNT BILLED TO DATE
Medical Science	898	3,811,365.56	431,362.52	3,380,003.04
Medical Science	899	1,639,681.02	103,059.25	1,536,621.77
Bayamon Reg.Hosp.	523	6,150,000.00	5,733,212.70	416,787.30
Pediatric Hosp.	528	2,750,000.00	2,750,000.00	-0-
TOTAL WALLACE STANDARD		14,351,046.58	9,017,634.47	5,333,412.11

1971					1972												1973						
AUG.	SEPT.	OCT.	NOV.	DEC	JAN.	FEB.	MARCH	APRIL	MAY	JUNE	JULY	AUG.	SEPT.	OCT.	NOV.	DEC.	JAN.	FEB.	MARCH	APRIL	MAY	JUNE	JULY

Wallace World

PUBLISHED BY SAM P. WALLACE COMPANY, INC. • 2102 PROCTOR STREET • DALLAS, TEXAS 75235 • 1971

COMPANY ACTIVITY

Wallace moves to meet changing industry needs

World's largest. Officially recognized as the world's largest mechanical contracting organization based on gross dollar volume, the 16 coordinated operations of Sam P. Wallace Company, Inc. continue to demonstrate growing strength in all measurable areas of activity.

Today, the Company is far surpassing former record levels of performance in 1969 which won the number one listing in DE JOURNAL magazine's August, 1970 "Book of Giants." (See charts below.)

Quality of performance. Looking ahead, Wallace management seeks to stabilize overall volume and invest energy in maintaining an established high degree of quality in performance in all areas of operations.

For Wallace clients, quality performance is measured in tangible results . . . on-time completion of mechanical and industrial systems that meet the job requirements for the lowest possible construction and operating cost.

OPERATING PHILOSOPHY

National network

Sensitive to the needs of a constantly changing market, Wallace goes far beyond the traditional concept of a mechanical contractor. Today, Wallace offers clients a national network of established companies . . . each geared to understand and meet the needs of the area it serves.

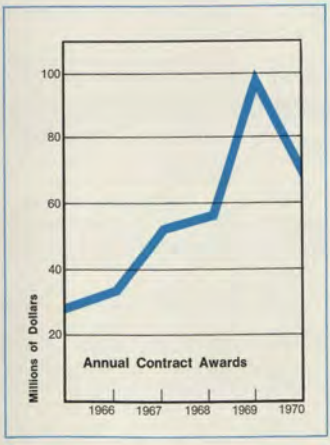
Diversification. Operations are basically divided into mechanical/industrial contracting, specialized contracting, and related services.

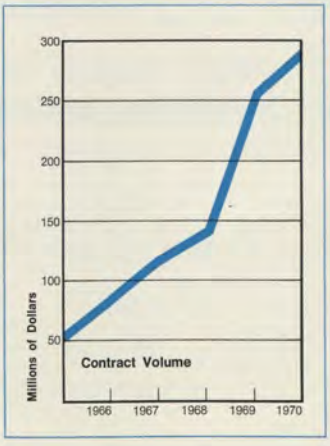
Mechanical/industrial contracting is handled through Divisions in Dallas, Atlanta, Houston and New Orleans. Mechanical/industrial subsidiaries include Sam P. Wallace & Company of Puerto Rico, Inc., San Juan, Puerto Rico; Wallace International, headquartered in Dallas; Brown-Olds Corporation, El Paso, Tex.; James E. Smith & Sons, Inc., Louisville, Ky.; E. C. Braun Company, Oakland, Calif.; and Pierce Engineering Company, Los Angeles, Calif.

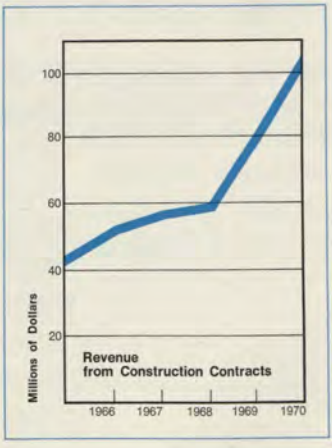
The Design Cost Control Division functions as a cost consultant to owners and designers during preliminary design stages of projects. The Industrial Division is geared to meet the requirements of heavy and specialized industrial construction. Both Divisions, headquartered in Dallas, operate nationally and are able to work jointly with all other Wallace operations.

Specialized contracting subsidiaries include Texas Automatic Sprinklers, Inc., Dallas, a contractor in automatic sprinkler fire protection systems, and F. B. Gardner Company, Los Angeles, Calif., an air conditioning contractor and sheet metal fabricator.

Related services are offered by two operations. John Napoli & Associates, San Juan, Puerto Rico, is a complete food equipment service company. Wallace's publicly-held subsidiary headquartered in Dallas, Central Energy Corporation, provides turnkey service for central thermal energy plants. Central Energy's subsidiary, Aircraftco Services, Inc. of Dallas specializes in ground support systems for major airports.







Top Management Team/Left to right: W. E. (Pete) Frost, Executive Vice President; Robert R. Wallace, Chairman of the Executive Committee; Robert D. (Buck) Buckner, President; Carl P. Wallace, Chairman of the Board.

Local management strength. The key to success throughout the Wallace organization is the strength of management in each individual operation. Management strength where it pays off . . . in local operations and on the job site for the client . . . is a Wallace trademark.

From the earliest Division office established in 1960 to the latest acquisition during 1970 of an established company, the Wallace network of operations is based on proven management performance.

Every Wallace subsidiary added since the inception of an aggressive acquisition program in 1968 is today operating under its original, established management.

MEETING THE MARKET

The concept of teamwork

Evolution in the industry. Money markets change almost daily. The real estate development industry is undergoing drastic change. Wallace is geared to meet these markets as they exist. In so doing, Wallace stands out as a major force in changing the face of the construction industry to better serve the needs of construction users.

The design/construct team. The most significant step in the growth and expanding pattern of services offered by Wallace is the increased realization by owners and developers of the importance of utilizing the design/construct team approach toward assuring a financially feasible project.

The design/construct team approach includes owner's representatives, architects, engineers, the general contractor, mechanical and electrical subcontractors working on a coordinated team basis from the earliest preliminary design stages of a project.

The idea is basically simple. Everyone works together in the owner's best interest from the very beginning to assure that original design concepts become reality while producing leasable floor space at a competitive rental rate, or completing a company or government-owned facility within specified budgets.

Under this design/construct approach, Wallace and other team contractors are able to furnish construction cost expertise to the established design expertise of architects and engineers. The owner has a complete package of services from the outset.

All possibilities are explored and decisions made during initial planning stages while changes can be made easily at minimum expense.

Within the past two years, a marked increase in the acceptance by sophisticated owners and developers of the design/construct team concept is the strongest evidence of its validity.

The concept of the design/construct team effort is carried out in all Wallace operations including specialty contracting subsidiaries and related service companies.

A pioneer in the concept, Wallace is now recognized as the most experienced mechanical/industrial contractor with such negotiating capabilities.

By volume, half of all Wallace contracts signed in 1970 were booked through some form of negotiation. The projection is to increase this percentage in all operations.

CORPORATE MANAGEMENT

Central support

Officers and managers of the 16 Wallace operations have complete authority to direct individual activities. They receive strong supportive help in the form of the industry's most up-to-date management information systems through Sam P. Wallace Company corporate headquarters.

Wallace information system. Managers receive detailed progress reports on every project in progress. Labor cost feedback, material costs and other vital items are not only recorded and accumulated on a regular basis, but projections are furnished for future planning. Various reports are received weekly, monthly and quarterly.

The name of this support is Wallace Information System. It achieves its objective better than any previous method . . . giving managers the information they need to perform quickly and economically for owners.

Other support such as cost accounting and payroll processing also flows from the electronic data processing center at corporate headquarters in Dallas.

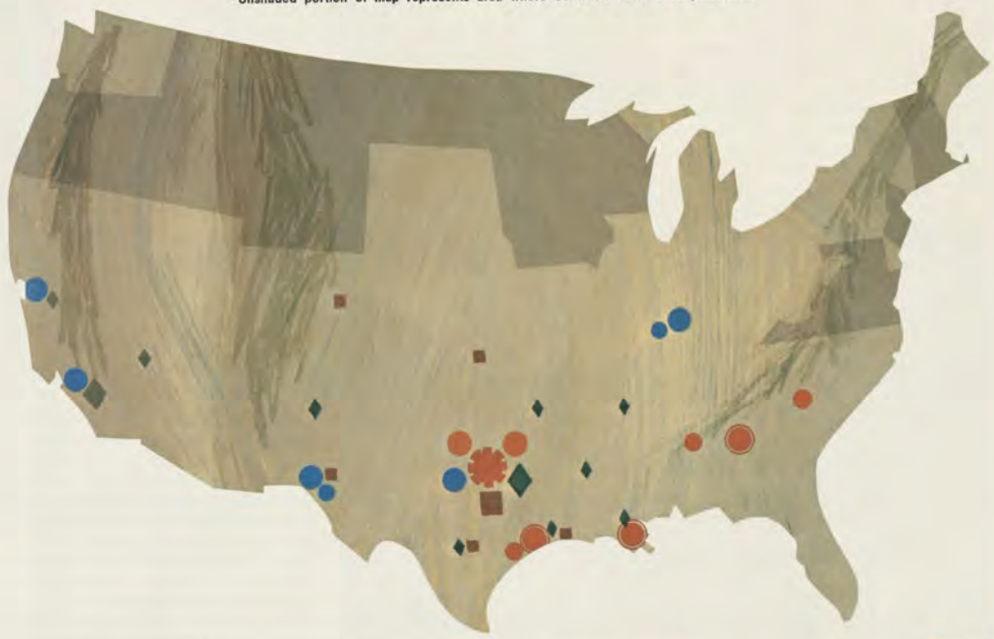
Top management

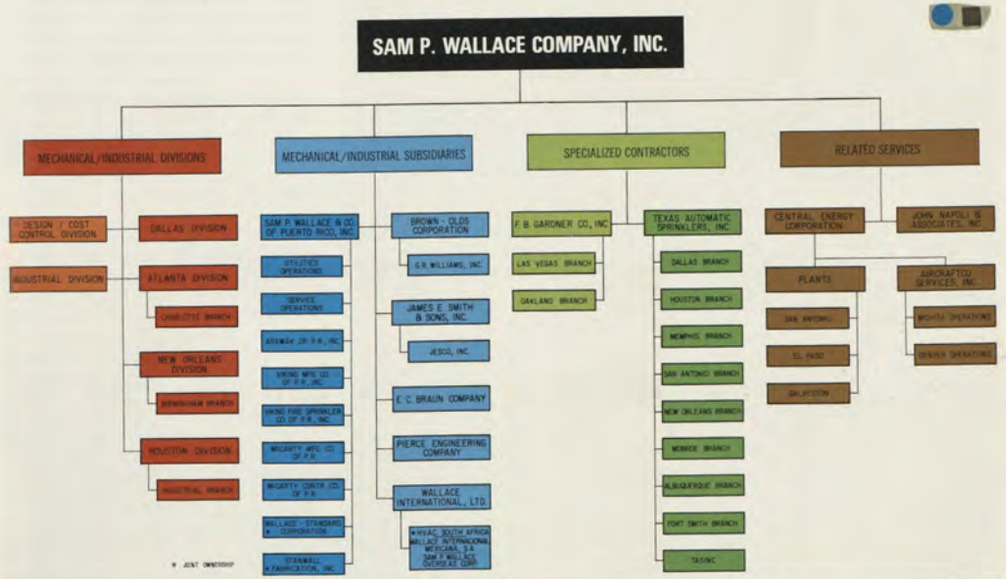
Wallace management is carried out through four coordinated bodies. Under the Board of Directors, the Executive Committee, consisting of Bob Wallace, Chairman, Carl P. Wallace, Chairman of the Board, Robert D. Buckner, Company President, and W. E. (Pete) Frost, Company Executive Vice President, is responsible for policy recommendations and decisions as well as establishment of management goals.

Daily management responsibility is vested in the Management team composed of Bob and Carl Wallace. Daily operations are under the direction of the Operations team including Robert Buckner and W. E. Frost.

During 1970, Robert Glaze of the Trammell Crow Company was elected to the Wallace Board of Directors. His knowledge and experience in the field of real estate development is a well-balanced addition to the expertise of existing board members: Carl P. Wallace; Robert R. Wallace; Robert D. Buckner; W. E. (Pete) Frost; Phil W. Smith, Jr., Senior Vice President; James R. Davenport, President, Texas Automatic Sprinklers, Inc.; James E. Smith, Jr., President, James E. Smith and Sons, Inc.; Robert E. Dennard, President, Dallas Rupe & Sons, Inc., and Gene H. Bishop, President, The Lomas and Nettleton Financial Corporation. ■

*Unshaded portion of map represents area where contracts have been performed.





Dallas Division

A concentration of efforts on quality work within a more definite geographical area is the new outlook for Wallace's oldest and traditionally largest operation, the Dallas Division.

With Wallace's carefully meshed national network of established regional contracting operations now a working reality, Dallas Division personnel no longer are needed to fill what were once voids in the Central, Western and Eastern states.

In turn, these experienced technicians are able to focus attention closer than ever before on projects in a smaller area . . . generally North Texas, Oklahoma, Arkansas and Missouri.

Quality. The emphasis is on quality. Wallace's Dallas Division, with its long experience and far-reaching knowledge, will converge its talents into working with knowledgeable owners, major design firms and established contractors to produce the highest quality end product at the most reasonable cost.

Renewed effort will be given to seeking out large commercial and institutional projects, the Division's forte. At the same time, it stands ready to accept any industrial assignment.

Biological Sciences Building/Ohio State University, Columbus, Ohio; A. M. Kinney Associates, Architects and Engineers; completed, 1970.

Distant jobs. The Division is currently bringing to completion several major projects in distant locations, such as the American Life Insurance Company Building in Wilmington, Del.; Phase I of Hillcrest Square in Cincinnati, Ohio; the University of Louisville Medical-Dental Complex in Louisville, Ky., and the Biological Sciences Center at Ohio State University in Columbus, Ohio.

Local. Within its own city limits, the Division continues to carry an impressive list of major work.

For the Town East Regional Shopping Center, recently begun in the suburb of Mesquite, the Dallas Division worked on a team basis with designers, the general contractor and owners to develop final plans and specifications and construction budgets.

The Division will handle construction of the new 40-story office building in Dallas for Trammell Crow Company negotiated through the Design Cost Control Division.

Also in Mesquite, Wallace is completing work on a manufacturing plant for Western Electric Company. Covering more than 800,000 square feet, the plant called for more than $4 million in mechanical installations.

Management. The merger of George A. Linskie Company, mechanical contractors, into the Dallas Division operations has brought the addition of Jack W. Thompson as a Wallace Vice President and Manager of the Dallas Division. Mr. Linskie, formerly President of the company which carried his name, will serve the Division as a consultant on special assignment. Thompson is aided by Assistant Division Manager Leslie L. Kasten. ■

Town East Shopping Center/Mesquite, Texas; OMNIPLAN-Harrell + Hamilton, Architects; Avery Mays Construction Company, General Contractor; B. Segall, Consulting Engineer; scheduled completion, 1971.

Atlanta division

The Atlanta Division of Sam P. Wallace Company moves into 1971 with accumulated momentum gained by being one of the South's largest mechanical and industrial contracting operations during more than 11 years of unprecedented growth in this area of the country.

For every type of major construction, the Atlanta Division has substantial resources in qualified manpower and shop and fabricating facilities to meet future job requirements.

Company Senior Vice President and Division Manager Phil W. Smith, Jr., along with Assistant Manager Robert A. Dawkins, has guided the progress of the Atlanta Division to the point that it is the recognized industry leader in most of the South's major centers.

Branch office. Indicative of the strength of the Atlanta Division is the impressive record of the Division's Branch Office in Charlotte, N. C. managed by Dick Henderson.

During 1970, the office directed underground mechanical work on the Kelly Springfield Tire Company Plant in Fayetteville, N. C., a 600,000 square-foot complex. Work began in January. By the last week in July, the plant was producing tires. Over 100 change orders were handled to facilitate equipment changes and an increased scope of work.

On the Parkview Office Building in Charlotte, Wallace helped produce a building similar to the Park Abbey, completed by Wallace for the same developers in 1969. The new building has one more floor and an improved type of environmental system. Roughly, the new building is estimated to be 16 to 20 percent more building than the Park Abbey. Yet, it was completed for only 10 percent more cost.

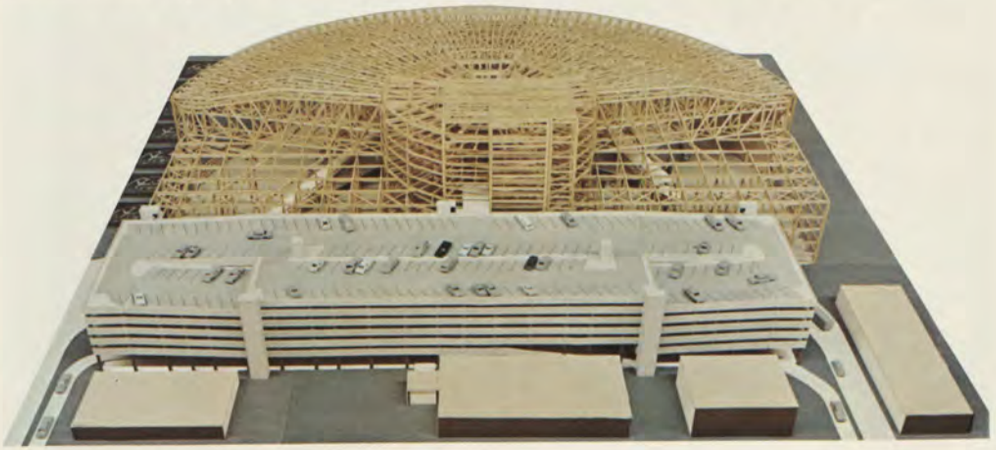
Saving owner's money. In Atlanta, the Division was showing owners how it could save money through negotiating work by reducing mechanical construction costs substantially on a new hotel for Center Investments, Ltd.

In the state of Florida, the Division is continuing work on the new V. A. Hospital in Tampa. Mechanical work on the 720-bed medical, surgical and rehabilitation hospital will total $4.6 million. During 1970, the Division was awarded a $2.1 million contract by National Airlines for an office building and hangar facilities for 747 and DC-10 jets at Miami International Airport.

One of the largest projects now nearing completion by the Division is the new University Hospital in Augusta, Ga. The contract includes more than $5 million in mechanical installations for a 650-bed state hospital. ■

Western Auto Plant/Gastonia, N. C.; J. N. Pease, Architect and Engineer; Little Construction Company, General Contractor; Completed, 1970.

Parking Structure No. 2 and Hangar No. 2, National Airlines, Inc./Miami International Airport, Florida; Greenleaf/Telesca-Kellerman & Dragnett, Inc., Architects; Blount Brothers Corporation, General Contractor; Hufsey-Nicolaides Associates, Inc., Mechanical Consulting Engineers; scheduled for completion, April, 1973.



Houston division

Careful planning and projecting sound goals for growth over the past 10 years have shown tangible results in the ability of Wallace's Houston Division to serve owners, developers and industrial clients in an ever widening range of work.

Industrial. Following some 10 years of successfully serving clients in a rapidly growing industrial complex along the Texas Gulf Coast, the Houston Division formally organized an Industrial Operation in June of 1969 under the direction of Wayne T. Mitchell.

This special operation has expanded the Division's industrial activities broadly during the past year. Many clients now represent repeat business . . . a sure measure of Wallace's ability to perform on highly technical work within minimized working schedules.

The Department has quickly established a sound reputation in many areas of industrial contracting, particularly in refineries, petro-chemical facilities and power plants.

Pollution control. Reacting to a growing concern for control of air and water pollution by industrial giants and municipalities alike, the Houston Division has gained unusually broad experience in pollution fighting facilities in a short time.

Among projects completed in 1970 were a secondary waste treatment plant for the City of Austin and a furnace exhaust treatment facility for U. S. Steel Corporation's Baytown plant.

Commercial projects. The Division is maintaining a planned balance in its work load by landing new commercial projects, two of which represent close coordination with Wallace's Design Cost Control Division.

The new 1,000-room Regency Hyatt House Hotel in Houston is the initial phase of a long range project jointly being developed by Tenneco, Inc. and Prudential Insurance Company, As the sponsoring joint-venture mechanical contractor, Wallace is a member of a design/construct team including JV III Architects (a joint venture of Neuhaus + Taylor; Caudill, Rowlett & Scott, and Koetter, Tharp and Cowell) and Chenault & Brady Engineers.

A new 34-story office building, begun in August, is the first phase of what will be known as Allen Center, a multi-use complex of office buildings, a hotel, theater and retail stores under development by Trammell Crow Company which will eventually cover 21 acres in downtown Houston. As the mechanical contracting member of the project's design/construct team, Wallace is working with Linbeck-Turner (a joint venture of Linbeck Construction Company of Houston and Turner Construction Company of New York); Wilson, Morris, Crain & Anderson, Architects; and Cook & Holle, Engineers.

Maleic Anhydride Unit/One of the leading chemical plants in Houston, Texas; completed, 1970.

Growing facilities. Reflecting the growth and diversity of the Houston Division's work is a new 3,000-square-foot warehouse and maintenance building. The Division's fabricating shop now includes welding equipment for carbon and stainless steel and exotic metals required in industrial construction.

Heading the impressive activity of the Houston Division is Wallace Vice President and Manager Robert L. Marwill. ■

Allen Center/Houston, Tex.; Wilson, Morris, Crain & Anderson, Architect; Cook & Holle, Consulting Engineers; Linbeck-Turner, General Contractor; Building 1 completion scheduled for Fall, 1972.

New Orleans division

Hitting its full stride, the New Orleans Division of Sam P. Wallace Company looks now toward maintaining its ability to handle work volume at what was a record level in 1970.

Able to handle a broad range of mechanical and industrial construction assignments from the day of its founding, the Division's growth in recent years has been even in all areas of work.

Industrial. A result of Wallace's long involvement in the life of one of the nation's most colorful cities, is this Division's sensitivity to shifting construction needs in and around New Orleans.

The Mississippi and Gulf area is experiencing an increase in new industrial activity. Wallace is ready with experienced technical personnel and updated fabricating facilities.

Wallace Vice President and Division Manager Earl L. Stanford heads a staff with a varied background in industrial contracting and extensive experience in petrochemical plants and powerhouses.

Work begun and completed during 1970 includes projects for Union Carbide, Worthington, General Electric and others.

Commercial and institutional. The bulk of the Division's activity remains in commercial and institutional contracting. Work contracted in 1970 includes the demanding job of building and placing on stream a power plant expansion and replacing existing mechanical systems for New Orleans' Charity Hospital, one of the world's largest.

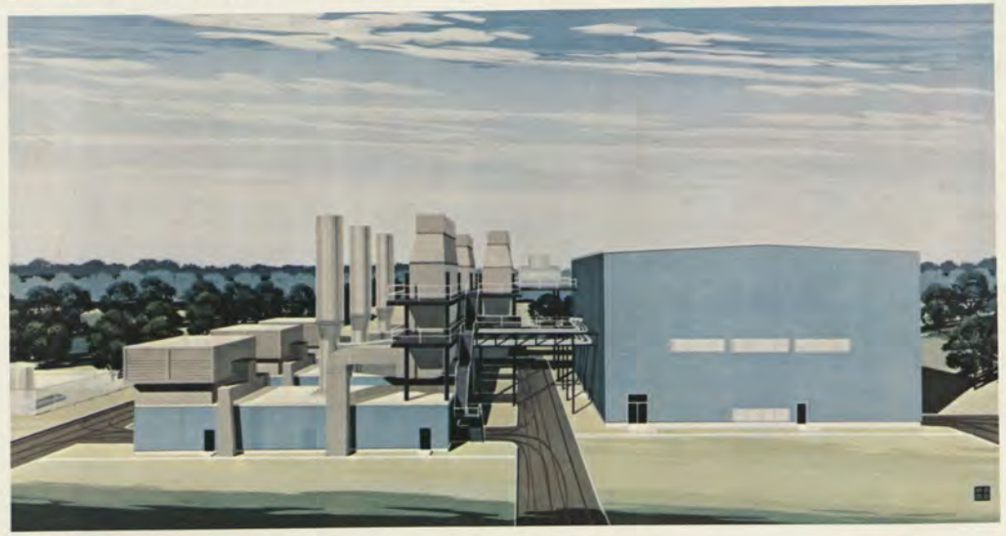
The $2.5 million contract involves remodeling mechanical facilities without shutting down any of the medical center's activities.

Assistant Division Manager Howard Herre is overseeing a large volume of commercial and institutional work through the Division's Branch Office in Birmingham, Ala. Work in that city totaling more than $10 million includes the South Central Bell Telephone Building, the University of Alabama Basic Sciences Building and renovation work on St. Vincent's Hospital.

Repeat business. Included in the Division's repeat business is a current 14-story garage and office building addition to the 1010 Common Building which it recently completed in New Orleans. ■

St. Vincent's Hospital/Birmingham, Ala.; Sherlock, Smith & Adams, Architect and Engineer; Pearce, DeMoss, King, Inc., General Contractor; completion scheduled, 1971.

Worthington Combined Cycle Power Plant/Lake Charles, La.; Serving the Gulf Coast Aluminum Company; Eastern Engineering Company, Architect and Engineer; Worthington Machinery Systems International, Prime Contractor; completion scheduled, 1971.



2001 Bryan Street Tower/Dallas, Tex.; Neuhaus + Taylor, Architect; Henry C. Beck Company, General Contractor; completion scheduled, 1972.

Regency Hyatt Hotel/Houston, Tex.; JV III Architects (Neuhaus + Taylor; Caudill, Rowlett & Scott; and Koetter, Tharp and Cowell); Chenault & Brady, Mechanical Engineer; W. S. Bellows Construction Corp., General Contractor; completion scheduled, 1972.

Design cost control division

Fiscal 1971 may well be known as the "Year of the Breakthrough" for Wallace's concept of the Design/Construction team.

Bookings for work to be performed in 1971 show a marked increase in acceptance among knowledgeable developers of the Design Cost Control Division thesis; the contractor, working on a team basis with design professionals from the earliest schematic stages of a project, assures the owner he'll get the building he envisions at the lowest possible cost, and at the earliest possible date.

Wallace utilizes its vast resources, technology and experience to provide constant, accurate cost feedback on preliminary designs where alterations and final decisions can be made easily, without waste.

At the design stage, Wallace is able to contribute major cost savings far beyond the narrow profit margin differences obtained through outdated bidding procedures. Such benefits come from the reality of a team effort working toward the best interest of the owner.

The Design/Construction team approach focuses on the real competition . . . the prevailing net cost of leasable floor space in a given city.

Projects completed through Wallace's Design Cost Control Division show savings of up to 20 percent in working time and as high as 30 percent in direct costs.

Client satisfaction is evident in the Division's growing list of repeat clients, including well-known developers such as Unit, Inc. and Trammell Crow Company, and managing consultants Carl A. Morse Company.

Contracts under way include the first phase of Allen Center, a complex which will eventually cover 21 acres in the heart of Houston, Tex. The 36-story building will have a remote 4,000-ton chilled water plant. The Hyatt House Hotel is another Houston project . . . a 1,000-room hotel similar to the heralded Regency Hyatt House in Atlanta, Ga. A 40-story office tower in Dallas, Tex. is under construction for the Trammell Crow Company which will require 4,200 tons of air conditioning.

Company Vice President and Division Manager Jack H. Burgess and Assistant Manager Don Loosley are keenly aware of the value of idea exchange. Cost saving ideas have been utilized literally from coast to coast.

The managers are carefully guiding the growth of the Division's staff. The objective is to assume an increasing percentage of Wallace's future work volume. ■

Industrial Division

Providing industrial contracting expertise to growing industrial companies on a geographical scale as broad as all Wallace operations combined is the function of Wallace's Industrial Division.

Wallace's corps of industrial technicians is organized under this Division to act independently or through all other established Wallace divisions and subsidiaries on a joint-participation basis. Under this arrangement, Wallace's years of industrial contracting experience and technical know-how can be focused on client requirements in any location.

Headed by Wallace Vice President John P. McClung, a veteran with many "firsts" to his credit, the Industrial Division is an experienced team which understands first-hand the necessary differences in industrial construction . . . the need for critically accurate scheduling, security, tight budgeting.

Depth and ability. An organization with depth, the Industrial Division matches contracting expertise to a client's knowledge of his own operations and needs. The result . . . a smooth-working, overall team approach which has time and again produced savings in mechanical costs, savings in total construction costs, and efficiencies in finished plant operations.

Wallace's Industrial Division has been noted in many areas as an innovator in developing working arrangements designed to provide incentives for saving budget dollars. Even more important, the Division has compiled a record of innovations in industrial construction techniques which has in many cases spelled the difference for the client between a financially feasible project and failure.

The Industrial Division has its own inventory of construction equipment designed and built for heavy and specialized industrial applications. In addition, it has ready access to Wallace's nation-wide network of established fabricating shops and warehouses.

During 1970, the Division's independent operations were highlighted by the successful completion of plumbing, process piping, equipment erection and hook up work on a textile dye producing facility for Verona Corporation in South Carolina.

The Division worked with the client's representatives to produce its own working drawings from flow diagrams and models. The Division planned, scheduled and performed a scope of work which grew from an initial volume of $2.2 million to over $5 million.

Included in the job was the development and construction of elaborate pollution control facilities which assures a near 100 percent efficient operation.

Also undertaken during 1970 was construction of separate underground fueling facilities for Delta Airlines and Aircraft Services International, both at Miami International Airport, Miami, Fla.

Company-wide capability. Wallace's capabilities in industrial construction are sound in every operation. During the past year, a total of seven major industrial projects were completed along the Texas Gulf Coast area, including a water treatment facility for the U.S. Steel Corporation plant in Baytown, Tex. Work is continuing on the Worthington Combined Cycle Power Plant in Lake Charles, La. for Gulf Coast Aluminum Company. In Tyron, N.M., work is progressing on additions to the Phelps-Dodge Power Plant. ■

Steam Turbine Placement in Worthington Combined Cycle Power Plant/Lake Charles, Louisiana.

Verona Corporation textile dye producing facility/Charleston, S.C.

Sam P. Wallace & Co. Of Puerto Rico, Inc.

A complete package of capabilities for large and small projects is the objective of the continued growth in activities under Sam P. Wallace & Company of Puerto Rico, Inc., Wallace's wholly-owned subsidiary in San Juan, which is now celebrating its 15th year in Puerto Rico.

Combined in a smoothly-coordinated group, 10 different operations provide commercial mechanical work, industrial and process piping, electrical contracting, fire protection contracting, thermal insulation, food service consulting, utilities construction and sevice and maintenance for air conditioning systems.

New operation. A newly-formed Environmental Control Operation is active in the area of pollution control with three major contracts for the Puerto Rico Aqueduct and Sewer Authority. They include the Aibonito Filtration Plant, Gurago Sewage Treatment Plant and the San German Treatment Plant.

Servicing and maintaining air conditioning equipment is carried out under a specially organized Services Operation.

Arawak of Puerto Rico performs electrical and plumbing contracting. Viking Fire Sprinkler Company fabricates and installs fire protection systems. McCarty Manufacturing and Contracting Companies fabricate and install thermal insulation. All are wholly-owned subsidiaries of Wallace's Puerto Rico company.

Jointly-owned subsidiaries are: Wallace-Standard Corporation which is currently involved exclusively in hospital mechanical construction and Stanwall Fabricators, Inc. which fabricates sheet metal and metal specialty items.

Coordinated management. Wallace's wide-ranging services in Puerto Rico are under the direction of Alfonso A. Rodriguez, assisted by Pedro G. Gonzalez.

Construction is planned in 1971 of a new office and warehouse building in which all Puerto Rico operations will be consolidated.

In 1970, the largest contract in the Company's history came through Wallace-Standard Corporation for mechanical work on the Bayamon Sub-regional Hospital. The contract was in excess of $6,000,000.

Six of 14 new projects begun in Puerto Rico in 1970 were acquired through negotiations in which Wallace worked on a team basis with designers and other contractors to arrive at final construction budgets.

Aibonito Filtration Plant/Aibonito, Puerto Rico; part of a system owned and designed by Puerto Rico Aqueduct and Sewer Authority; completion scheduled, March, 1971.

Product Piping for Tanker Mooring Facility/Commonwealth Oil Refining Company Plant; Tallaboa Bay, Puerto Rico; Praeger, Kavanagh, Waterbury, Designer; completed, 1971.

WallaceInternational,Ltd.

Developers and builders of massive projects around the world are given access to Sam P. Wallace Company's technical expertise and financial strength in mechanical contracting through Wallace International, Ltd., a wholly-owned subsidiary based at corporate headquarters in Dallas.

The foremost construction firms in booming construction markets around the world are linked through cooperative efforts with this established, globe-spanning operation.

Japan. An agreement with Takasago Thermal Engineering Co., Ltd., the largest air conditioning company in Japan, calls for joint-venture participation in Japanese projects involving U. S. capital and in domestic projects involving Japanese investments.

Australia. Wallace International is associated with T. O'Connor and Sons (Pty.) Ltd., of Adelaide, in the negotiation of work throughout the country of Australia.

South Africa. Wallace International's subsidiary, HVAC South Africa (Pty.) Ltd., continues to grow in association with Murray & Stewart and Roberts Construction Companies of South Africa.

Headquarters for this subsidiary were transferred in 1970 from Johannesburg to Cape Town. Other offices are now located in Durban, Bloemfontein, South Africa and Windhoek, South West Africa.

Work in progress includes the 34-story Trust Bank Building in Cape Town; the 32-story Trust Bank Building in Johannesburg; Metje & Ziegler Office Building in Windhoek; Mobil House Building in Cape Town; H. F. Verwoerd Government Office Building in Cape Town; Champion Shopping Center and Office Building in Bloemfontein; and the Nico Malan Opera House in Cape Town, plus 49 other projects.

Consulting contracts. In many cases, foreign developers, designers and builders call on the technical capabilities of Wallace International on a consulting basis through joint-venture agreements on an individual project.

In 1970, the Company completed work on a joint-venture basis for the

El Puerto de Liverpool Department Store/Mexico City, Mexico; Chaix & Johnson Associates, Architect; J. L. Hengstler & Associates, Inc., Consulting Engineer; Completed, 1970. (A joint venture with Air-Con, S. A.)

El Puerto de Liverpool Department Store in Mexico City, Mexico. Work is continuing on Stage II and III of Acute Hospital Block on a construction management contract in Auckland, New Zealand.

Work under a construction management contract is also being continued on Maine Montparnasse, a 58-story office building in Paris, France.

Trust Bank Center/Johannesburg, South Africa.

Brown-Olds Corporation

Solidifying a position as the best-qualified local contractor for the big jobs . . . that's the role of El Paso, Tex.-based Brown-Olds Corporation under the direction of President Don E. Taylor.

Acquired by Wallace in 1967, the 30-year-old firm has an unsurpassed reputation throughout West Texas, New Mexico, Arizona and Colorado as a quality contractor able to handle large, demanding projects in every type of mechanical and industrial contracting.

Performance. Based on its record of success, Brown-Olds is building an increasing share of its volume on repeat business and contracts negotiated with owners, designers and general contractors during preliminary stages of the project.

Time and again the Company has shown owners substantial savings by completing projects on time and within budgets under cost plus fixed fee and target cost contracts.

The firm is sound. Its reputation is solid. It seeks quality work from established owners and major general contractors . . . and it performs.

Power plant. Strength in industrial contracting is evidenced by continuing work at the Phelps-Dodge power plant in Tyrone, N. Mex. Brown-Olds completed the original 8-engine plant in 1969. Current work, started in August, involves adding three new engines to the existing plant and maintenance work.

Industrial work has always been a strong point for Brown-Olds. It holds a continuing maintenance contract for the sprawling Standard Oil Company refinery complex in El Paso.

Commercial and Institutional. The largest volume of Brown-Olds work continues to be in commercial high rise and institutional work. Work is continuing on the Beaumont Hospital in El Paso, St. Mary's Hospital in Tucson, Ariz., and Housing for the Elderly in El Paso.

The State National Bank Building in El Paso is under way. The contract was won through coordination with Wallace's Design Cost Control Division.

Bidding. Brown-Olds demonstrated its ability in competitive bidding by winning the $2.5 million contract for mechanical installations in the sprawling new Civic Center in Phoenix, Ariz. Work includes convention facilities, a concert hall and underground parking.

Acquisition. Brown-Olds Corporation acquired the G. R. Williams Sheet Metal Company which now operates as a wholly-owned subsidiary of Brown-Olds. ■

Standard Oil Company Refinery/El Paso, Tex.

Webb Prudential Plaza/Denver, Colo.; Flatow, Moore, Bryan and Fairburn, Architect; Del E. Webb Corporation, General Contractor; completion scheduled, 1971.

James E. Smith & Sons, Inc.

Process and industrial piping, plumbing, heating, air conditioning and sheet metal work all are capabilities of James E. Smith & Sons, Inc.

The long-established contracting firm, based in Louisville, Ky., completed its first full year as a Wallace subsidiary in 1970 with one of its busiest calendars on record.

As part of Wallace's national network of mechanical and industrial contractors, James E. Smith & Sons performed work in every range of its capabilities throughout Kentucky, Ohio, Illinois, Indiana and Tennessee.

Established. Organized by James E. Smith, Sr. in 1937, the firm has earned the kind of sound reputation which brings it the confidence of major owners and general contractors.

It has performed repeatedly on the big jobs. It is gaining an increasing amount of work through negotiations. A substantial portion of its volume represents solid, repeat business.

The company has already performed mechanical work on a majority of the large, impressive and prestigious structures in its area. The firm goes after and wins business based on efficiency, quality of performance and speed.

Maintenance contracts. Close to 10 percent of the Company's annual volume is in the form of continuing maintenance contracts with such clients as the American Tobacco Company; James Beam Distillery, Churchill Downs, Inc.; American Saw and Tool Company; Philip Morris Company, and the International Harvester Company.

It is also doing continuing work on the sprawling Fort Knox Military Reservation at Fort Knox, Ky.

Speed. Up to 40 percent of annual volume is in industrial construction . . . work which requires skill and speed.

For the new General Electric Research and Development Center in Louisville, the Company utilized helicopters to place 110 rooftop units within one and a half days.

James E. Smith, Jr. is President of the Company. His brother, Bob Smith, is President of the Company's sheet metal subsidiary, Jesco, Inc. James E. Smith, Sr., is Chairman of the Board. ■

Kentucky Fried Chicken Headquarters Building/Louisville, Ky.; Hart, Freeland & Roberts and Edmund K. Armistead, Architects; Smith-Seckman Reid, Inc., Consulting Engineers; completed, 1970.

General Electric Research & Development Building #35/Louisville, Ky.; Albert Kahn Associated Architects & Engineers; Whiting-Turner, General Contractor; completion scheduled, 1971.

E. C. Braun Company

Headquartered in all-new facilities in Oakland, Calif., E. C. Braun Company is continuing to expand its work volume in a wide range of mechanical installations.

A major addition in 1969 to the Wallace network of established mechanical contractors, E. C. Braun Company is equipped to handle complete mechanical installations including plumbing, heating, ventilation and air conditioning.

Braun's present capacity is the highest in its history with its new offices and fabricating shop which is among the best in the business. Located on 92,000 square feet of land near the Oakland Airport, the facilities include 5,000 square feet of offices and 40,000 square feet of fabricating shop and warehouse space equipped with overhead traveling cranes.

As well as more work, Braun is seeking bigger jobs. Typical of Braun's ability to take on large projects are the jobs started in 1970.

Big jobs. The Washoe Medical Center started in Reno, Nev. is a $6 million mechanical contract for plumbing, heating, ventilation and air conditioning for seven different buildings and a large rehabilitation area.

San Dieguito Irrigation District and Santa Fe Irrigation District Joint Filtration Plant/ San Diego, Calif.; James M. Montgomery, Inc., Design Engineers; Hydrocarbon Construction Co., Prime Contractor.

One of the largest mechanical contracts in the Seattle, Wash. area is held by Braun in the amount of $4 million for the Seattle-Tacoma Airport. The firm also has a $2 million contract for heating and air conditioning work at Hayward State College in Hayward, Calif.

Hospitals. Additions to existing facilities at Kaiser Hospital in Vallejo, Calif. were undertaken in 1970, as well as additions to the Barton Memorial Hospital in South Lake Tahoe, Calif.

Bigger territory. Along with larger volume and larger jobs, Braun is taking on a larger area. To its established operations in California, Northern Nevada, Washington and Oregon, the Company is adding the states of Idaho and Alaska.

Directing the growth of E. C. Braun Company is President Joseph P. Bryne assisted by Bill Farwell, Operations Manager. ■

Washoe Medical Center/Reno, Nev.; Welton Becket and Associates and Simpson & Putnam, Architects and Engineers; Jacobsen Construction Company, Inc., General Contractor; completion scheduled, July, 1973.

Pierce Engineering Co.

The newest addition to the Wallace team, Pierce Engineering Company of Los Angeles, Calif., rounds out the Company's mechanical construction capabilities in Southern California.

A giant in its own right, Pierce was listed among the top 130 mechanical contractors in the nation at the time it was acquired in April, 1970. The firm had jumped to that position from a ranking as the 180th largest firm in 1969, a good indication of Pierce's rapid growth.

High rise leader. Pierce is unquestionably recognized as the most qualified mechanical contractor in Southern California for high rise work. Of 20 major high rise buildings in Los Angeles over 20 stories tall, Pierce has performed the mechanical installation in fourteen.

Pierce's designing, detailing and pricing capability is one of its main strengths. Through this capability, the firm acquires a substantial volume of work by acting as a member of design/construct teams during preliminary stages of major projects.

New work. Prospects for continuing growth look good with a chance to participate in no fewer than six major high rise projects scheduled for construction in the Los Angeles area in the near future.

Industrial. The firm also does its share of industrial work. In 1970, it completed mechanical installations on an engineering facilities building and a hangar for McDonnell Douglas Aircraft at Long Beach Airport. Designed to handle the new DC-10 jets, the projects involved over $1 million each in mechanical construction. Pierce also completed a $1 million mechanical installation for Trans World Airlines 747 hangar facility at Los Angeles International Airport in 1970.

A penchant for on-time, on-budget performance has boosted the Company to the point that it does substantially more volume than any other mechanical contracting operation in the area.

Included in its present volume are such projects as a joint-venture contract with other Wallace operations for mechanical work on the new Atlantic Richfield Plaza in Los Angeles. Pierce is also performing mechanical work on the Century City Building #5 in Los Angeles.

President of Pierce Engineering is Edgar D. Pierce, assisted by Vice President Burnie Wilson. ■

Atlantic Richfield Plaza/(Placing centrifugal refrigeration units) Los Angeles, Calif.; Albert C. Martin and Associates, Architect; W. A. Di Giacomo and Associates, Mechanical Engineer; Turner and McKee Construction Company, General Contractor; completion scheduled, 1971.

Century City Building No. 5/Los Angeles, Calif.; Skidmore, Owings & Merrill, Architect; Swinerton & Walberg Company, General Contractor; completion scheduled, 1971.

Texas Automatic Sprinklers, Inc.

An ability unsurpassed in the design, fabrication and installation of automatic sprinklers and other fire protection systems throughout the Southwest is the stature of Texas Automatic Sprinklers, Inc. of Dallas.

Acquired by Wallace in 1969, the firm adds an important dimension of diversification and support to operations in a multi-state area. The Company is the nation's largest independent organization of sales offices and fabricating facilities in the business.

Sales forces are based in Dallas, Houston and San Antonio, Tex.; Albuquerque, N. Mex.; Memphis, Tenn.; New Orleans and Monroe, La., and Ft. Smith, Ark. Fabricating plants in Memphis and Houston comprise the most modern and complete such facilities in the Southwest.

Exclusive license. The Company holds an exclusive license in the Southwest for installing and distributing products for The Viking Corporation, a leading national manufacturer of Underwriter's approved fire protection devices.

Differing from other Wallace operations, Texas Automatic Sprinklers performs successfully on contracts ranging from as low as $500 to a high of $750,000, the largest in the Company's history. Number of contracts completed in a typical year . . . approximately 1,000.

Repeat business. Texas Automatic Sprinklers performs a tremendous volume of business in the form of repeat-business contracts.

Relationships developed by the Company over its 48-year history result in a high degree of awareness of and participation in all work performed within its area. A good portion of repeat and medium scope contracts are developed on a direct basis with owners. The larger jobs are still won primarily through successful low bidding. Texas Automatic's bidding record . . . excellent.

Texas Automatic seeks out and wins a substantial volume of low rise and industrial work. Through highly-developed prefabrication techniques and skilled work forces, the Company is noted for completing jobs quickly.

Dallas County Government Center parking garage/Dallas, Tex.

Texas Automatic Sprinklers, Inc. Fabricating Plant/Houston, Tex.

Texas Automatic work crews are on a new construction job site for only a fraction of the total work time required by most other types of contractors.

James R. Davenport is President of the Company assisted by Executive Vice President Leland Wiseman. Together, the men oversee all management and operations. ■

F. B. Gardner Company, Inc.

F. B. Gardner Company, Inc. gives Wallace operations along the Pacific Coast a powerful lever of diversification.

As the foremost established air conditioning contractor in that region, Gardner complements all other Wallace operations in one of the fastest growing areas of the country.

Flexibility. Headquartered in Los Angeles, the Company fabricates and installs sheet metal ductwork, and furnishes related equipment and other subcontract items for air conditioning installations. Working with Wallace's operations, or independently, the Company is flexible.

On the new Union Plaza in Las Vegas, Nev., Gardner is the air conditioning subcontractor to the mechanical contractor.

On three other major new contracts, Gardner is a subcontractor to the general contractor.

On its work on the twin towers of Atlantic Richfield Plaza in Los Angeles, Gardner is a joint-venture partner with Pierce and Sam P. Wallace Company.

Growing. Rapid growth has been a part of the Gardner operations since the firm's founding in 1946. Today, the Company has complete fabricating facilities in its headquarters at Los Angeles, as well as in Oakland and Las Vegas, Nev. Total capacity of the plants is in excess of 7½ million pounds of fabricated work annually.

With increased plant capacity, Gardner is seeking to increase its total volume in 1971. In addition, it is going after larger contracts.

Increased services will be concentrated throughout the states of California and Nevada. Operations are particularly primed to serve an increase in activity in the Bay area of California.

Indicative of Gardner's capabilities is work being performed on the Sunrise Hospital additions in Las Vegas. Gardner is carrying out a contract amounting to more than $1 million, which it developed as a member of a design/construct team.

Other current projects include the Humanities Building and the Education Building at Southern Nevada University, and facilities for the Autonetics Division of North American Rockwell which are rapidly nearing completion.

Fran B. Gardner, President and founder of the Company, heads all administrative management and operations. ■

Union Plaza Hotel and Casino/Las Vegas, Nev.; Stanley J. How & Associates and Zick & Sharp, Associated Architects; Alvine & Associates and Johnson, Joeckel & Bartley, Associated Mechanical Engineers; Blount-Yoxen, General Contractor; completion scheduled, 1971.

North American Rockwell Autonetics Division Building/Laguna Niguel, Calif.; William L. Pereira & Associates, Architect; Budlong & Associates, Mechanical Engineer; Huber, Hunt & Nichols, General Contractor; completion scheduled, 1971.

Dallas Convention Center Expansion Project/Dallas, Tex.; OMNIPLAN — Harrell + Hamilton, Architect; Manhattan Construction Co., General Contractor; James F. Cauley, Food Service Consultant; completion scheduled, 1972.

RELATED SERVICES

John Napoli and Associates, Inc.

John Napoli and Associates of San Juan, Puerto Rico, is the only firm in the Caribbean equipped to design, sell, finance, install and service complete food equipment installations.

Clients are primarily hotels, restaurants, hospitals, clubs and other institutions.

Expanding. As a wholly-owned subsidiary of Sam P. Wallace Company, Napoli has expanded its services into the continental United States and is now involved in three projects intended to prove the effectiveness of Napoli and Associates on the mainland.

Typically, the three projects are big ones. And, they are progressing smoothly. The jobs include the new Birmingham Civic Center in Birmingham, Ala.; the Dallas Convention Center in Dallas, Tex., and the Western Electric Company plant which is nearing completion in Mesquite, Tex.

In each case, work is being carefully coordinated with the appropriate Wallace divisional office. The jobs represent more than $\$^3/_4$ million in equipment and services.

Rising volume. The small contracts and supplies operation of the Company had its best year in 1970, increasing volume by 12 percent.

Additional increases are expected as a result of the Company building new display rooms which double the size of previously existing exhibit space. New administrative offices were added to the showrooms.

Projections call for an overall rise of approximately 10 percent in Company volume.

New markets, opened up throughout the Caribbean as a result of a special display of Company services made to the Caribbean Hotel Association, are expected to contribute significantly to the forecast rise in volume.

New contracts. In the closing weeks of 1970, a new contract for all kitchen facilities in the Bayamon District Hospital in Puerto Rico maintains the Company's record of having performed food service installations in every major hospital in Puerto Rico.

Another new job calls for food service facilities in the Caribe Hilton Hotel extensions in Puerto Rico.

The record. Quality performance is the stock in trade which keeps John Napoli by far at the head of its field. The firm has installed 80 percent of all kitchen and food service facilities in all of Puerto Rico's hotels.

Currently, the firm is performing 70 percent of the total contract work in its field in the Caribbean; and, as suppliers, the firm has 50 percent of the total market of all direct purchase accounts.

Operations are slated for continued expansion under the management of Company President John Napoli, Jr. and Executive Vice President Henry Garrett.

Also, Napoli is director of Corporate Activities for all Sam P. Wallace Companies in the Caribbean. ■

La Galeria/Guayama, Puerto Rico; restaurant-cocktail lounge located in a restored colonial house.

RELATED SERVICES

Central Energy Corp.

New flexibility in supplying thermal energy requirements for large buildings and complexes with no capital investment requirements from owners is the Central Energy Corporation story in a nutshell.

This publicly-owned Wallace subsidiary, under the direction of Vice President John R. Gray, has proven turnkey ability for designing, building, owning, operating and maintaining on-site plants where service is charged to clients based on actual use similarly to a utility. Such plants can also supply power generation as well as meet other specialized requirements of clients.

In some cases the Company works with architects and design engineers to provide the answer for bringing projects within rigid budget requirements.

The means for growth. Tailored to meet specific needs, each of the Central Energy plants now in operation is scheduled for future expansion while allowing clients freedom to place funds into other new facilities.

Currently on stream are plants for the University of Texas at El Paso, the South Texas Medical Center at San Antonio and the University of Texas Medical Branch at Galveston, Tex. Major increases in capacity are already under construction on the Galveston plant.

Where third party ownership is not feasible, Central Energy Corporation stands ready with qualified technical staffs to assume full operational and maintenance responsibilities for owners.

University of Texas Medical Branch/Galveston, Tex.

SUBSIDIARY

Aircraftco Services, Inc.

Following the concept of Sam P. Wallace Company itself, Aircraftco Services, Inc. is beginning the establishment of a nation-wide network of centers providing a complete range of services in the area of ground support for major airports.

Well-versed in the operation and maintenance of airport fueling systems, Aircraftco is busily bringing to a reality its "department store" concept of ground support services for scheduled and supplemental airlines and general aviation. The move into this new area is spearheaded by Aircraftco President Richard S. Robinson.

One stop. Under Aircraftco's umbrella, airlines, corporate and private pilots can look to a single source for everything from ticketing and baggage handling services and facilities to maintenance work, storage and supplies. Even hotel accommodations complete with office and meeting space and secretarial services for flying businessmen is in the offing under the Aircraftco name.

Newest venture for the Company is the assumption of fueling operations and a wide range of general aviation support facilities at Jefferson County Airport outside Denver, Colo. Representing an investment in the future, Aircraftco's 21-year agreement is expected to be a source for growing business at the airport which is scheduled for major expansions in the future. It is currently the only airport in Colorado outside Denver's Stapleton International with control tower and jet landing capabilities.

In addition to its long-established operations at Wichita Municipal Airport in Wichita, Kan., the Company is a joint-venture partner in Aircraftco Services (Canada), Ltd. geared to establish services at major Canadian airports. ■

Jefferson County Airport/Jefferson County, Colo.

Sam P. Wallace Company, Inc. & Subsidiaries

SAM P. WALLACE COMPANY, INC.

OFFICERS

*Carl P. Wallace, Chairman of the Board
*Robert R. Wallace, Chairman of the Executive Committee
*Robert D. Buckner, President
*W. E. (Pete) Frost, Executive Vice President
Phil W. Smith, Jr., Senior Vice President—Atlanta
Gary D. Cross, Vice President—Estimating
Jack H. Burgess, Vice President—Design Cost Control
John P. McClung, Vice President—Industrial
Jack W. Thompson, Vice President—Dallas
Robert L. Marwill, Vice President—Houston
Earl L. Stanford, Vice President—New Orleans
Mary E. Carson, Secretary/Treasurer

*Executive Committee

DIRECTORS

Carl P. Wallace
Robert R. Wallace
Robert D. Buckner
W. E. (Pete) Frost
Phil W. Smith, Jr.
James R. Davenport
James E. Smith, Jr.
John Napoli, Jr.
Gene H. Bishop, President—Lomas & Nettleton Financial Corporation
Robert E. Dennard, President—Dallas Rupe & Sons, Inc.
Robert E. Glaze, Partner—Trammell Crow Company

CORPORATE HEADQUARTERS

2102 Proctor Street
P. O. Box 35828
Dallas, Texas 75235 AC 214/357-4561

MECHANICAL/INDUSTRIAL DIVISIONS

Dallas
2102 Proctor Street
P. O. Box 35828
Dallas, Texas 75235 AC 214/357-4561

Atlanta
3412 Pierce Drive
Chamblee, Georgia
P. O. Box 80665
Atlanta, Georgia 30005 AC 404/451-5961

Houston
3636 West 12th Street
P. O. Box 342
Houston, Texas 77001 AC 713/869-6581

New Orleans
3600 Hessmer Street
P. O. Box 895
Metairie, Louisiana 70002 AC 504/888-3713

Design Cost Control Division
2102 Proctor Street
P. O. Box 35828
Dallas, Texas 75235 AC 214/357-4561

Industrial Division
2102 Proctor Street
P. O. Box 35828
Dallas, Texas 75235 AC 214/357-4561

MECHANICAL/INDUSTRIAL SUBSIDIARIES

Sam P. Wallace & Co. of Puerto Rico, Inc.
P. O. Box 1669
Hato Rey, Puerto Rico AC 809/767-6910
- **Arawak of Puerto Rico, Inc.**
- **The McCarty Manufacturing & Contracting Company**
- **The Viking Contracting Company**
- **Wallace Standard Corp.***
- **Stanwall Fabrication, Inc.***

Wallace International Ltd.
2102 Proctor Street
P. O. Box 35828
Dallas, Texas 75235 AC 214/357-4561
- **Wallace Internacional Mexicana, S. A.**
- **Sam P. Wallace Overseas Corporation**
- **H.V.A.C. South Africa (Pty.) Ltd.***

Brown-Olds Corporation
P. O. Drawer 9158
El Paso, Texas 79983 AC 915/532-6523
- **George R. Williams, Inc.**

James E. Smith & Sons, Inc.
P. O. Box 1887
Louisville, Kentucky 40219 AC 502/366-1405
- **Jesco, Inc.**

E. C. Braun Company
873 - 81st Avenue
Oakland, California 94621 AC 415/569-5422

Pierce Engineering
14208 South Towne Avenue
Los Angeles, California 90061 AC 213/321-6880

SPECIALIZED CONTRACTING SUBSIDIARIES

Texas Automatic Sprinklers, Inc.
2330 Summer Street
Dallas, Texas 75202 AC 214/748-9216

F. B. Gardner Company, Inc.
3311 San Fernando Road
Los Angeles, California 90065 AC 213/256-2281

RELATED SERVICES SUBSIDIARIES

Central Energy Corporation
2102 Proctor Street
P. O. Box 35828
Dallas, Texas 75235 AC 214/357-4561
- **Central Energy Corporation of San Antonio**
- **Central Energy Corporation of El Paso**
- **Central Energy Corporation of Galveston***
- **Aircraftco Services, Inc.**
  - **Aircraftco Services (Canada), Ltd.***

John Napoli and Associates, Inc.
308 Ponce De Leon Avenue
P. O. Box 5125
Puerto De Tierra, Puerto Rico AC 809/724-2929

*Joint ownership

Sam P. Wallace Company, Inc.
Annual Report for Year Ended October 31, 1970

Highlights

	Fiscal Years Ended October 31	
For the year:	**1970**	1969
Revenues	**$109,408,000**	$77,203,000
Income from Operations	**1,003,146**	442,202
Net Income	**554,327**	373,226
Net Income Per Share	**.19**	.13
At year end:		
Total Assets	**$41,310,000**	$33,638,000
Shareholders' Equity	**10,840,000**	$10,315,000
Shareholders' Equity Per Share	**3.66**	3.53
Number of Shareholders	**1,713**	1,517
Number of Shares Outstanding	**2,959,661**	2,920,629
Number of Employees (U.S. and Puerto Rico)	**3,800**	2,129

Contents

Message to Shareholders:
The fiscal year ended October 31, 1970 saw your Company pass the $100 million mark in revenues and become, according to a leading trade publication, the largest mechanical/industrial contracting firm in the world. More significantly, it was a period in which, after an expected slow start, quarterly earnings in the second half began to show year-to-year improvement. This recovery gained momentum in the fourth quarter.

Revenues for fiscal 1970 totaled $109,408,000, up 42 per cent from $77,203,000 reported for fiscal 1969. This increase primarily reflects full-year contributions for the first time of the large number of acquisitions completed in fiscal 1969. Eight companies had been acquired and ten others formed in that year. In fiscal 1970, one additional acquisition was completed.

As we had anticipated in our letter to shareholders a year ago, profit margins remained under pressure during the early months of the fiscal year from a combination of factors — inflation, extraordinary wage escalation and the unavailability of adequate manpower. However, and once again as anticipated, steps undertaken to restore profitability began to bear fruit at mid-year. Net income for the full year amounted to $554,327, or 19 cents per share, compared with the preceding year's $373,226, or 13 cents per share.

We look upon fiscal 1970 as a necessary period of base-building, when the many new operations were assimilated and transformed into meaningful contributors to the corporate whole. Refinements were made, where necessary, and a coast-to-coast and international capability was molded into an increasingly profit-oriented organization. This base-building, coinciding with the completion of a number of major projects undertaken at what proved to be unprofitable rates, is now largely completed. Sam P. Wallace Company is entering a new era, an era in which profitable growth from a more stable base is the key goal.

Internally, contributing to this new profitability are a corporate streamlining that has pared overhead while maintaining corporate capabilities at full strength; and more stringent criteria in accepting new work, combined with advanced computerized bidding procedures. Management has heightened its emphasis on cash flow and on financial liquidity and has, in fact, reduced bank debt from $3.8 million at October 31, 1969 to $1.4 million a year later. Of equal importance—perhaps more from a long-range viewpoint—are two trends within the construction industry that promise to significantly enhance companies' ability to operate profitably. One is the concept of area-wide bargaining with organized labor. Single-trade, multi-employer bargaining units are proving more able to temper the magnitude of settlements, which have climbed to record levels.

The second trend is the sharply increasing amount of work being received on a "team effort" negotiated basis rather than through conventional bidding practices. The team effort between all the various designers and contractors required to complete a given project enables the developer to see his project completed on budget and on time. Whereas conventional bidding sets forth specifications in great detail, the team effort of contractors has proven successful in devising means of accomplishing the same goals — often more satisfactorily — at lower over-all cost. The individual contractor's profit potential is increased in this type of work through efficiencies and improved technology, which result in savings to the developer. In fiscal 1970, 52 per cent of new work received was of this new type of "team effort" or negotiated work, compared with 40 per cent in fiscal 1969.

Acquired during fiscal 1970 was Pierce Engineering Co. of Los Angeles, a mechanical contractor with annual volume in excess of $3 million. In January 1971, the assets of George A. Linskie Company, Dallas-based mechanical contractor with annual gross billings of more than $6.3 million, were purchased.

At the close of the first fiscal half, Aircraftco Services, Inc. was purchased from us by Central Energy Corporation, our majority-owned subsidiary. In operating and maintaining airport fueling and related services under long-term contracts, Aircrafto conducts activities similar in concept to those of Central Energy, which also sells a product on a metered basis with monthly billing.

As we enter fiscal 1971, your company has once again established a favorable earnings trend. Management is confident that, based on its new strengths and the favorable trends affecting the Company, the performance will show significant improvement from our experience of recent fiscal years, and that the outlook for the period further ahead is most favorable.

The Executive Committee

Robert R. Wallace
Chairman of the Executive Committee

Carl P. Wallace
Chairman of the Board

Robert D. Buckner
President

W. E. Frost
Executive Vice President

February, 1971

The Sam P. Wallace Company Executive Committee: R. D. Buckner, Robert R. Wallace, Carl P. Wallace and W. E. Frost.

Much the largest of the Company's activities, mechanical and industrial contracting is often misunderstood. This work comprises two segments of the same basic industry. Mechanical work involves installation of plumbing, heating, ventilating and air conditioning systems. Industrial work entails engineering, installing and maintaining process piping systems at refineries, petrochemical plants and similar facilities.

Both of these segments have exhibited rapid volume growth, notwithstanding a series of acquisitions which further accelerated the growth curve. The Company's coast-to-coast and international scope is illustrated graphically on page 7. Newest of the mechanical subsidiaries is Pierce Engineering Co. of Los Angeles.

This nationwide network of established operations enables Sam P. Wallace Company to participate in major projects throughout the country *as a local contractor*, rather than as a contractor from a distant city. The benefits of this capability, often subtle, are nevertheless very real. They include a history of good labor relations in a given area and a stable, productive labor force which has often worked for the local Wallace operating entity for a period of several years.

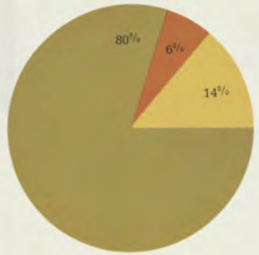
Good labor relations are vital to success in the construction industry. Unlike many industries, such as the auto

Chart *(right)* illustrates contributions to fiscal 1970 revenues of the Company's three principal areas of activity:

Mechanical/Industrial Contracting

Specialized Contracting

Related Services



MECHANICAL AND INDUSTRIAL CONTRACTING

industry, the construction industry has been characterized by highly fragmented bargaining. Sam P. Wallace Company enjoys excellent relations with both national and local unions; in fiscal 1969, Company employees in the U.S. and Puerto Rico numbered nearly 3,800, and payroll expenses exceeded $31 million. Partly as a result of the industry's fragmented situation, recent settlements within the industry have contributed significantly to the serious inflationary trends within the economy.

Consequently, management approves of Government-backed efforts to create enlarged, area-wide bargaining units. Single-trade, multi-employer bargaining units, set up under the authority of a Government commission independent of the National Labor Relations Board, appear to represent a sound alternative to the inflationary shockwaves that have reverberated through the economy.

Another favorable trend is evident in the rapidly increasing percentage of work received by the Company as part of a "team effort" negotiation, rather than through conventional bidding procedures. The latter method (still required by law on many government projects) includes specifications that fix the cost of work representing a majority of the total project cost; thus the potential for cost-saving is essentially limited to the contractor's projected profit.

Under "team effort" negotiation, the developer selects a team of designers and contractors, who are free to seek alternative means of achieving the project's goals, at no sacrifice in quality. Under this method, the variable becomes the majority-cost work (which under standard bidding was specified and thus not negotiable), and the potential for cost-saving increases sharply. Meanwhile, through incentives embraced in the "team effort" method, the individual contractor is rewarded for his ability to interact with the other participating members of the team successfully, and his profit potential is thereby enhanced. More than half of the new business now being received by the Company is on a "team effort" basis.

Both methods, of course, place a premium on the contractor's ability accurately to gauge in advance his costs of performing work. Management reports increasing success in performing this function through advanced computer technology. The Wallace data processing system, constantly assimilating vital new information, is serving as an increasingly valuable management tool in bidding; results are described as excellent and improving since installation in November 1969. This system is an integral part of the Wallace Information System, which

The market for large commercial air conditioning installations *(above)* continues to grow.

Piping installation represents a major element in mechanical contracting. *(Opposite Page)*

Process piping for chemical and other industrial facilities is an increasingly important Wallace activity.

applies the computer to virtually every aspect of the Company's operations.

Management foresees a further period of integration of its greatly enlarged mechanical and industrial contracting activities, with emphasis placed on maximizing profit potentials of existing operations. More stringent criteria are being applied to new work accepted, with the result that the backlog of unfinished work has contracted to $95 million at the fiscal year-end from $120 million at October 31, 1969. This effort, combined with efficiencies gained in a streamlining of corporate headquarters activities, is contributing to improving profit margins.

Industrial contracting work, still somewhat smaller than the Company's mechanical volume, is receiving increasing attention. Typical of the work being received is a recently completed $5 million contract for mechanical and process piping installations at a dye plant in South Carolina. The unique nature of this plant, where special dyes designed to penetrate synthetic fibers are produced, entailed highly sophisticated equipment installations, which were made to the complete satisfaction of the owner.

★ Corporate Headquarters
● Mechanical/Industrial Divisions
• Branch Offices
● Mechanical/Industrial Subsidiaries
• Branch Offices
● Specialized Contractors
• Branch Offices
○ Related Services
○ Related Services Plants and Fueling Operations
• International Projects

Darker areas indicate states which Sam P. Wallace Co. does not operate in.

Large office buildings are a mainstay of the Company's commercial work.

SPECIALIZED CONTRACTING

Complementing the Company's mechanical/industrial capabilities are two subsidiaries providing closely allied services. Their operations at present are largely regional, but plans are under study to extend their areas of activity to match the coast-to-coast and international Wallace capability. Both firms are experiencing somewhat more rapid growth in volume than the parent, and this trend should continue.

Texas Automatic Sprinklers Inc.
Operating in seven states in the Southwest with eight branch offices, Texas Automatic is a leading designer, fabricator and installer of automatic sprinkler fire protection systems. Its operating results for fiscal 1970 set new highs. This subsidiary operates independently or as part of a "total package" of contracting offered developers by Sam P. Wallace Company. The parent company believes that further geographical expansion of its fire protection system business will come most practicably through acquisitions.

F. B. Gardner Co., Inc.
In the rapidly growing Western states, this Los Angeles-based subsidiary specializes in the fabrication of sheet metal ductwork and installation of air conditioning systems. This work is carried out under subcontract from both mechanical and general contractors.

Thus, like Texas Automatic, Gardner's capabilities enable the parent company to provide "total package" contracting, thereby increasing its participation in major projects. The parent company foresees continued expansion of its sheet metal operations at other profit centers across the country. In addition to F. B. Gardner's facilities in Los Angeles, Oakland and Las Vegas, other sheet metal operations have been established in Louisville, El Paso and San Juan.

(Left) Sheet metal capabilities enable Wallace to provide "total package" contracting.

(Top) Automatic fire protection systems further contribute to Wallace's "total package" capability.

(Far right) Mechanization of sheet metal fabrication has increased volume and reduced costs.

(Right) Modern commercial building codes require fire protection in the form of sprinkler systems of the type provided by Texas Automatic Sprinklers.

RELATED SERVICES

The Company has two subsidiaries with operations offering non-construction services which nevertheless bear close relationships to the Company's basic functions.

Central Energy Corporation.
This majority-owned subsidiary — the minority interest is publicly-owned — designs, builds, owns and/or operates and maintains central power plants supplying a variety of energy needs to such institutions as universities and medical centers. These needs include chilled water, hot water and steam. An increased willingness to operate central plants owned by the customer is yielding greater opportunity, as is increased interest in the central energy concept by developers of commercial projects such as shopping centers, office buildings and similar installations. Sam P. Wallace Company serves as prime contractor for each of the plants undertaken by Central Energy.

This subsidiary's wholly-owned Aircraftco Services, Inc., acquired from Sam P. Wallace Company in a tax-free exchange of stock in May, 1970, has an important and growing stake in general aviation. At Wichita (Kansas) Municipal Airport, operations consist of into-plane fueling for scheduled and supplemental air carriers as well as general and business aviation. Support services range from operation of aircraft and baggage equipment to the ticketing of passengers at the company's counter in the terminal building. Aircraftco purchased in 1970 certain assets at Jefferson County Airport in Broomfield, Colorado, where it operates two large hangars and provides aircraft maintenance, refueling services, aircraft storage and tie-down facilities.

John Napoli & Associates, Inc.
This wholly-owned subsidiary specializes in planning, designing and furnishing food service equipment for hotels, restaurants, hospitals, clubs and other institutions. A continuing liaison with the parent company and other Wallace operations is maintained in the installation of food service facilities.

(Top) Aircraftco Services specializes in aircraft refueling and other aviation services.

(Above) John Napoli & Associates specializes in food services installations.

Central Energy Corporation provides a variety of energy requirements: chilled water, hot water and steam.

SAM P. WALLACE COMPANY, INC.
Modern commercial buildings are dependent upon the environmental services provided by mechanical systems. Wallace is the leader in this field.

- Chilled Water Systems
- Air Conditioning Ductwork System
- Plumbing Systems
- Domestic Water System
- Heating Distribution Systems
- Fire Sprinkler Systems
- Food Service Installations
- Central Plant Installations *(Central Energy)*

(Top) High-rise commercial buildings are reshaping skylines in even moderate-sized cities throughout the world.

(Above) The installation of specialized piping systems illustrates the increasing complexity of modern building methods.

(Right) Skilled craftsmen provide vital serivces in all aspects of the industry.

The U.S. economy has added another digit, reaching the $1 trillion milestone in terms of Gross National Product, and the construction industry has contributed mightily to this figure's expansion. Furthermore, rapid growth is due to continue. In the decade between 1970 and 1980, McGraw-Hill forecasts that total annual construction contracts (excluding one- and two-family houses) will jump 95 per cent to $104 billion from 1970's $53 billion.

Within the construction industry, and more specifically within the mechanical/industrial contracting sector, market fragmentation has been a way of life. However, a trend away from this highly fragmented state has emerged and is gaining momentum. As the size of individual projects increases, there are fewer firms with the capabilities and financial strength to undertake them. In what is believed to be an approximately $5 billion industry segment (and one that will grow to more than $10 billion by the end of this decade), the 200 largest mechanical/industrial contractors now account for more than $2 billion, or roughly 40 per cent, up sharply in recent years. Ranking as the world's largest mechanical contractor, according

to a comprehensive survey by *D.E.-Journal* in its 1970 "Book of Giants" issue, is Sam P. Wallace Company. Underlying Wallace's rapid rise to a position of industry leadership is its financial foundation derived in part from public ownership. The Company is now in a position to undertake virtually any project, no matter how large.

With fewer and fewer firms able to undertake giant-sized projects, a natural outgrowth has been the increasing replacement of conventional bidding procedures by "team effort" negotiating.

The residential segment of the construction industry, as it exists today, has not proven compatible with the capabilities of the Company. However, the emerging concept of the new town, constructed at one time in toto, offers considerable attraction. Heretofore, the residential market has been dominated by small builders, but the enormous size of even a single new town, complete with shopping centers, schools, hospitals and industrial plants, makes participation by the Company a desirable goal.

The construction industry has had its share of problems, well documented in the press, but new optimism is evident. Concern from responsible representatives of labor, management, Government and, to an unexpected degree, the public at large is leading to a united approach to solving the problems. And solutions are emerging. One example, discussed earlier in this Report, is the plan for area-wide bargaining. The growing concern for finding solutions to problems with the industry and the dynamic growth forecast for the next decade point to an exciting future for Sam P. Wallace Company.

(Above) The central mechanical plant will provide air conditioning services for the twin towers of the Atlantic Richfield Plaza in Los Angeles. As this project nears completion *(top)*, the Los Angeles skyline is once again transformed.

Six Year Financial Summary

Sam P. Wallace Company, Inc. and Subsidiaries

	1965	1966	1967	1968	1969	**1970**
Revenues	$45,832,757	$52,934,485	$58,573,209	$60,338,996	$77,203,045	**$109,407,765**
Total Income	$ 4,589,714	$ 6,580,759	$ 7,352,996	$ 9,522,658	$ 8,807,425	**$ 10,881,216**
Operating Expenses	3,182,523	3,645,179	4,248,751	5,536,931	7,862,075	**9,001,014**
Provision for Income Taxes	597,349	1,329,138	1,434,654	1,795,304	503,148	**877,056**
Income from Operations	809,842	1,606,442	1,669,591	2,190,423	442,202	**1,003,146**
Share in Undistributed Earnings (Loss) of 50% Owned Companies	—	91,815	236,122	(97,581)	(60,704)	**87,737**
Income Applicable to Minority Interest	—	—	—	—	(8,272)	**(40,556)**
Loss on Settled Claims	—	—	—	—	—	**(496,000)**
Extraordinary Items	29,900	36,000	—	353,264	—	—
Net Income	$ 839,742	$ 1,734,257	$ 1,905,713	$ 2,446,106	$ 373,226	**$ 554,327**
Net Income per Share	$.33	$.68	$.75	$.94	$.13	**$.19**

Financial Review

Four significant results were recorded for fiscal 1970:

Gross profit climbed to $10,010,000 from $8,199,000 (up 22 per cent). A greater increase in other income resulted in a total income of $10,881,000, compared with $8,807,000 (up 24 per cent).

Per share earnings increased impressively to 19 cents, compared with 13 cents (up 49 per cent), based on increased net income to $554,000 from $373,000. This gain came in the second half, particularly in the fourth quarter, when net income reached $413,000, or 14 cents per share.

The balance sheet at October 31, 1970 reflects a strengthened position from that a year earlier, highlighted by increased liquidity and reduced debt requirements. Bank borrowings were down from $3.8 million at October 31, 1969, to $1.4 million at October 31, 1970. The cash position was also improved. The "quick-ratio test" — comparing current assets, excluding inventories and prepayments, with current liabilities — shows an improved ratio of 1.46 to 1, compared with 1.15 to 1.

Income from operations for the year was more than double, $1,003,000 for 1970 compared with $442,000, only partly because of reduction of the Federal surtax and the resultant lowering of the effective income tax rate from 52.8 to 46.6 per cent.

Among other significant results:

Revenue from construction contracts exceeded the $100 million mark for the first time. The figure is $109,408,000 for 1970 compared with $77,203,000 for 1969 (up 42 per cent). About one-fourth of this increase came from initial full-year contributions from companies acquired in fiscal 1969. In that year, eight companies were acquired and 10 others formed: one more acquisition was consummated in fiscal 1970. Another one-fourth (approximately) of the increase represents initial billings on the giant Atlantic Richfield Plaza project in Los Angeles. The remainder of the gain came from other Wallace operations, with the largest increases reported in New Orleans and Puerto Rico.

Gross profit margins narrowed slightly as the cost of performing construction contracts rose more rapidly than revenues. The narrowing was limited by growing emphasis within the company on negotiated contracts, which allow the company to make provision for continuing inflationary pressures. Higher wages constituted an important contributing factor among these pressures.

The Company's share in undistributed earnings of 50 per cent-owned companies and minority interests in other income sources made a net positive contribution as opposed to a negative contribution a year earlier. A loss of $496,000 (net of tax effect) on unsettled claims and change orders was charged.

Consolidated Balance Sheet

SAM P. WALLACE COMPANY, INC. AND SUBSIDIARIES / October 31, 1970 and 1969

Assets	**1970**	1969
CURRENT ASSETS:		
Cash	**$ 3,363,547**	$ 1,535,160
Billings on contracts, current and retained percentages	**23,456,244**	15,859,306
Accounts and notes receivable	**2,725,247**	2,708,697
Other contracts receivable (Note 3)	**407,191**	1,085,000
Contracts in progress, net of progress billings of $60,276,730	**—**	1,970,423
Inventories, substantially at lower of average cost, or market	**1,321,336**	934,428
Advances to and estimated gross profits on joint ventures in progress (Note 2)	**1,164,308**	1,140,510
Prepaid expenses and refundable Federal income taxes	**375,147**	524,588
Total current assets	**32,813,020**	25,758,112
INVESTMENTS IN 50% OWNED COMPANIES (Note 1)	**427,220**	320,966
PROPERTY, PLANT AND EQUIPMENT, at cost (Note 2):		
Buildings and leasehold improvements	**1,026,728**	726,206
Machinery and equipment	**4,092,287**	3,385,266
Less — Accumulated depreciation and amortization	**(2,818,389)**	(2,346,792)
	2,300,626	1,764,680
Power plants leased to others, net of accumulated depreciation of $253,591 in 1970 and $120,124 in 1969 (Notes 2 and 7)	**3,460,851**	3,357,053
	5,761,477	5,121,733
INVESTMENTS IN SUBSIDIARIES, at cost, over underlying net assets acquired (Note 2)	**1,926,513**	1,629,008
OTHER ASSETS	**382,253**	808,452
	$41,310,483	$33,638,271

Liabilities	**1970**	1969
CURRENT LIABILITIES:		
Notes payable to banks and others	**$ 1,396,094**	$ 3,795,457
Current portion of long-term debt	**212,285**	173,955
Amounts due subcontractors	**6,344,639**	4,678,937
Accounts payable and accruals	**8,433,219**	5,872,664
Contract progress billings ($131,317,830) in excess of costs and estimated gross profits	**5,069,476**	—
Income taxes (Note 4) —		
Payable currently	**291,732**	360,169
Deferred to future periods	**3,904,683**	3,500,239
Total current liabilities	**25,652,128**	18,381,421
LONG-TERM DEBT, net of current portion (Note 7)	**4,616,289**	4,809,666
MINORITY STOCKHOLDERS' INTEREST IN SUBSIDIARIES (Note 6)	**202,264**	131,707
STOCKHOLDERS' INVESTMENT (Notes 1, 6 and 8):		
Capital stock —		
Common stock, par value $.66⅔; authorized 6,000,000 shares, outstanding shares 1970 — 2,239,661; 1969 — 1,840,629	**1,493,107**	1,227,086
Class B common stock, par value $.66⅔; authorized 1,680,000 shares; outstanding shares 1970 — 720,000; 1969 — 1,080,000	**480,000**	720,000
Paid-in surplus	**1,599,300**	1,625,321
Retained earnings	**7,267,395**	6,743,070
	10,839,802	10,315,477
	$41,310,483	$33,638,271

The accompanying notes are an integral part of this statement.

Consolidated Statement of Stockholders' Investment

SAM P. WALLACE COMPANY, INC. AND SUBSIDIARIES / October 31, 1970 and 1969

	Common Stock	Class B Common Stock	Paid-In Surplus	Retained Earnings
BALANCE, October 31, 1968	$ 703,002	$1,172,478	$ 568,447	$7,262,140
Net income for the year	—	—	—	373,226
Net income of pooled companies for the two months ended December 31, 1968	—	—	—	(113,548)
Cash dividends—				
Of pooled companies prior to acquisition	—	—	—	(2,805)
Paid on common stock; $.41 per share	—	—	—	(623,507)
Property dividend	—	—	—	(115,435)
Conversion of 678,717 shares of Class B common into common	452,478	(452,478)	—	—
Issuance of 32,900 shares and commitment to issue 16,500 shares of common stock in consideration of capital stock of purchased companies	32,993	—	662,007	—
Issuance of 57,919 shares under employees' stock option plan	38,613	—	394,867	—
Retirement of preferred stock of pooled company	—	—	—	(37,001)
BALANCE, October 31, 1969	1,227,086	720,000	1,625,321	6,743,070
Net income for the year	—	—	—	554,327
Issuance of 39,032 shares in connection with earn-out agreements of pooled companies	26,021	—	(26,021)	—
Decrease in parent's equity in majority-owned subsidiary resulting from sale of Aircraftco Services, Inc. (Note 1)	—	—	—	(30,002)
Conversion of 360,000 shares of Class B common into common	240,000	(240,000)	—	—
BALANCE, October 31, 1970	$1,493,107	$ 480,000	$1,599,300	$7,267,395

The accompanying notes are an integral part of this statement.

Consolidated Statement of Income

SAM P. WALLACE COMPANY, INC. AND SUBSIDIARIES / For the years ended October 31, 1970 and 1969

INCOME:	1970	1969
Revenue from construction contracts (Note 3)	**$109,407,765**	$77,203,045
Cost of construction contracts	**99,397,956**	69,004,150
Gross profit from construction contracts (Notes 2 and 3)	**10,009,809**	8,198,895
Other income	**871,407**	608,530
Total income	**10,881,216**	8,807,425
OPERATING EXPENSES	**(9,001,014)**	(7,862,075)
PROVISION FOR INCOME TAXES (Note 4):		
Due currently	**(210,100)**	(246,153)
Due in future periods	**(666,956)**	(256,995)
INCOME FROM OPERATIONS, before the items shown below	**1,003,146**	442,202
Loss on settled claims (Note 3)	**(496,000)**	—
Share in undistributed earnings (loss) of 50% owned companies and discontinued operations (Note 1)	**87,737**	(60,704)
Minority interest in income (Note 6)	**(40,556)**	(8,272)
Net income	**$ 554,327**	$ 373,226
EARNINGS PER COMMON SHARE AND COMMON EQUIVALENT SHARE (Note 6)	**$.19**	$.13

The accompanying notes are an integral part of this statement.

Consolidated Statement of Sources and Uses of Funds

SAM P. WALLACE COMPANY, INC. AND SUBSIDIARIES / For the years ended October 31, 1970 and 1969

SOURCES OF FUNDS:	1970	1969
Provided by operations —		
Net income for the year	**$ 554,327**	$ 373,226
Net income of pooled companies for two months ended December 31, 1968	**—**	(113,548)
Depreciation and amortization	**683,495**	557,798
Funds provided by operations	**1,237,822**	817,476
Employees' stock options exercised	**—**	433,480
Long-term debt (Note 7)	**—**	4,725,453
Minority interest in subsidiaries	**40,556**	131,707
Decrease in other assets	**426,198**	—
Total	**1,704,576**	6,108,116
USES OF FUNDS:		
Additions to property leased to others	**237,265**	1,020,577
Additions to other property, net	**1,085,974**	642,013
Increase in other assets	**—**	376,206
Increase in investments	**403,759**	759,043
Payment of dividends	**—**	626,312
Retirement of preferred stock of pooled company	**—**	74,001
Reduction of long-term debt	**193,377**	—
Total	**1,920,375**	3,498,152
INCREASE (DECREASE) IN WORKING CAPITAL	**$ (215,799)**	$2,609,964

The accompanying notes are an integral part of this statement.

Auditors' Report

ARTHUR ANDERSEN & CO.

To the Stockholders and Board of Directors,
Sam P. Wallace Company, Inc.:

We have examined the consolidated balance sheet of Sam P. Wallace Company, Inc. (a Texas corporation) and Subsidiaries as of October 31, 1970, and the related consolidated statements of income, stockholders' investment and sources and uses of funds for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

We have previously examined and reported on the financial statements for the year ended October 31, 1969. Our report dated January 30, 1970, covering those financial statements was qualified because the ultimate realization of certain claims and unexecuted change orders (for which estimates had been recorded) was not determinable. As explained in Note 3 to the financial statements, during 1970 several claims were settled for amounts less than the previously recorded estimates. The resulting loss has been reflected separately in the consolidated statement of income for the year ended October 31, 1970.

In our opinion, subject to the effect of further adjustments, if any, reflecting ultimate realization of remaining outstanding claims (see Note 3), the accompanying consolidated financial statements present fairly the financial position of Sam P. Wallace Company, Inc. and Subsidiaries as of October 31, 1970, the results of their operations and the sources and uses of funds for the year then ended, in conformity with generally accepted accounting principles which, other than for the change in the method of accounting for estimated recoveries on claims and unexecuted change orders as explained in Note 3 to consolidated financial statements, were applied on a basis consistent with that of the preceding year.

Dallas, Texas,
January 22, 1971.

Arthur Andersen & Co.

Notes to Consolidated Financial Statements

SAM P. WALLACE COMPANY, INC. AND SUBSIDIARIES / October 31, 1970 and 1969

(1) ACQUISITIONS AND PRINCIPLES OF CONSOLIDATION:

During the year ended October 31, 1970, the Company purchased all the outstanding stock of Pierce Engineering Company and agreed to make cash payments and may be required to issue shares contingent upon future earnings of Pierce. The Company also sold its wholly-owned subsidiary, Aircraftco Services, Inc., as of May 1, 1970, to its majority-owned subsidiary, Central Energy Corporation, in exchange for 158,680 shares of Central Energy Corporation's common stock. During 1969, the Company purchased all the outstanding stock of five existing companies in exchange for (a) $634,000 cash, (b) $1,671,000 notes and debentures and (c) 49,491 shares of common stock and an additional 22,500 shares issuable contingent upon future earnings. Three other companies were acquired during 1969 and accounted for as poolings-of-interest in exchange for 518,220 shares of common stock with 59,608 shares issuable contingent upon future earnings.

All majority-owned subsidiaries are consolidated in the accompanying financial statements. All significant intercompany transactions have been eliminated.

Investments in unincorporated joint ventures are recorded at the Company's cost plus its proportionate share of the undistributed earnings. Investments in corporations which are less than 50% owned are recorded at cost and the income is not recognized until dividend distributions are received. Investments in 50% owned corporations are recorded at cost plus the proportionate share of the undistributed earnings after provision for estimated taxes payable by the Company in the event of distribution in the future.

(2) METHODS OF ACCOUNTING:

Leased Property —

The leases of power plants are being accounted for under the operating method which prescribes that the aggregate rentals are reported as revenue over the life of the lease and costs and expenses are recorded as incurred.

Contracts —

The Company reports gross profits from construction contracts and joint ventures for financial statement purposes on the percentage-of-completion method. Gross profit to date is determined by applying the estimated percentage of completion of work on each contract to the estimated total gross profit on each contract. However, full provisions for significant losses or reduced profit estimations on contracts in progress are recorded in the period in which the losses become known. One domestic subsidiary reports gross profit from construction contracts for both financial statement and income tax purposes using the completed contract method.

The Company has entered into numerous mechanical contracting joint venture agreements with outside parties on a sponsored and a non-sponsored basis. Its share of gross billings on these contracts, $8,817,767 in 1970 and $7,428,184 in 1969, has been included in revenue from construction contracts.

Depreciation and Amortization —

The Company provides for depreciation based on the estimated useful lives of the properties. Substantially all depreciation is computed on a straight-line basis. The investments in subsidiaries over underlying net assets acquired will not be amortized until an event has occurred which, in the opinion of management, indicates a loss or limitation on the successful operation of the acquired subsidiary.

(3) RECOGNITION OF ESTIMATED RECOVERIES:

Sam P. Wallace Company, Inc. and certain subsidiaries have filed claims for recovery of additional costs on certain construction contracts and incurred costs on unexecuted contract change orders on certain other contracts. These arise from a number of causes and may not be settled for several years after the completion of work. It has been the Company's practice to record estimates of ultimate recoveries pending settlement; however, effective in 1970, the Company will record claims and change orders only when an agreement has been made with the customer.

Included in the 1970 consolidated statement of income is a $496,000 loss, net of tax effect, arising from settlement of certain estimated 1968 and 1969 claims and change orders. This adjustment has not been reflected in the 1968 and 1969 financial statements. Ultimate recovery of estimated amounts on certain other claims recorded in 1968 ($354,154) and 1969 ($53,037) is not now determinable. Such amounts have increased retained earnings by approximately $200,000 at October 31, 1970.

(4) INCOME TAXES:

The Company and most of its subsidiaries report income for tax purposes on the completed contract method of accounting but follow the percentage-of-completion method for financial reporting. The remaining companies are on the same accounting basis for financial and tax reporting purposes. At October 31, 1970, $8,970,000 was recorded as earned on contracts and joint ventures in progress. A reserve has been provided for Federal income taxes which will be payable in future periods when the contracts are completed. At October 31, 1970, the companies had $1,875,000 of tax-loss carry-forwards and carry-backs expiring through 1975, and $168,700 of investment tax credit carry-forward expiring through 1976, available to reduce future tax liabilities.

(5) CONTINGENCIES AND COMMITMENTS:

The Company is contingently liable in connection with ordinary guarantees incident to the construction industry and in respect to pending routine litigation which, in the opinion of management, will not result in any material losses.

(6) CAPITAL STOCK AND PAID-IN SURPLUS:

Preferred Stock —

The Company has authorized 1,000,000 shares each of no par value voting preferred and nonvoting preferred stock. No shares of either of the two classes of preferred stock are outstanding as of October 31, 1970.

Common Stock —

The Company had reserved 202,500 common shares for issuance under stock option plans. Options have been granted to certain employees under a Stock Option Agreement for 156,892 shares at prices from $4.69 to $17.50 per share. Options to purchase 57,919 shares were exercised in 1969, and options to purchase 98,973 shares remain exercisable through 1975. The underwriters of a 1968 public offering were granted an option to purchase 15,000 shares. The present exercise price is $7.41, increasing $.455 each year the option is outstanding to July 30, 1973. At October 31, 1970, the Company has reserved 720,000 shares of common stock for conversion of the Class B common stock. Approximately 308,779 common shares are reserved for issuance in accordance with earn-out agreements. Common shares reserved at October 31, 1970, total 1,173,360.

Class B Common Stock —

The Class B common stock has full voting rights and powers and is convertible into common stock on a share-for-share basis. The 720,000 shares outstanding at October 31, 1970, are divided into two series of 360,000 shares each which are convertible to common stock in successive years on or after September 1, 1971. During the years ended October 31, 1969 and 1970, 1,038,717 shares were converted into common stock.

Property Dividend —

In July, 1969, Sam P. Wallace Company, Inc. distributed to its shareholders, one share of common stock, $.01 par value, of Central Energy Corporation for each five shares of common stock or Class B common stock of the Company. After distribution of the stock, Central Energy Corporation was owned approximately 82.5% by the Company and 17.5% by the Company's shareholders. After the Company sold its subsidiary, Aircraftco Services, Inc. to Central Energy Corporation during 1970 as described in Note 1, the Company's ownership increased to approximately 83.3%.

Earnings per Common Share and Common Equivalent Share —

Earnings per common share and common equivalent share are based on the weighted average shares of common stock and Class B common stock outstanding during the years ended October 31, 1969 and 1970, and include the shares issued in poolings as adjusted for the July, 1969, stock split. Shares issuable as of October 31, 1970, in accordance with the earn-out provisions of the agreements relating to the companies acquired were utilized in determining the weighted average shares outstanding. Outstanding stock options were not considered in determining the weighted average shares since the effect on earnings per share would not result in dilution.

(7) LONG-TERM DEBT:

Long-term financing of $3,511,268 collateralized by Deed of Trust on leased power plants is payable in equal monthly installments of $27,829 including interest at 7¾% through 1993. Unsecured notes and debentures of $1,099,000 payable in installments through 1984 at interest rates from 6½% to 7% have been issued to former stockholders of acquired companies. Other long-term notes with various interest rates are payable in installments to 1992.

(8) PROFIT SHARING AND PENSION PLANS:

The Company and most of its subsidiaries have voted to adopt the Retirement Plan for Employees of Sam P. Wallace Company effective January 1, 1971, subject to Internal Revenue Service approval. This Plan is a noncontributory, trusteed-type pension plan for all qualified regular employees with one year of service, not covered by other plans. The new plan supercedes the various profit sharing plans, under which $61,563 was contributed in 1969 and $2,500 in 1970.

One of the subsidiaries has a pension plan in effect which remains unchanged. The unfunded prior service costs applicable to this plan were approximately $1,500,000 and the net assets of the pension plan exceed vested benefits. The cost of this plan was $155,013 in 1970, and $131,786 in 1969. The subsidiary follows the policy of funding accrued pension costs.

Officers and Directors

OFFICERS

Carl P. Wallace
Chairman of the Board
Robert R. Wallace
Chairman of the Executive Committee
R. D. Buckner
President
W. E. Frost
Executive Vice President
P. W. Smith, Jr.
Senior Vice President - Atlanta
Gary D. Cross
Vice President - Estimating
Jack H. Burgess
Vice President - Design Cost Control
John P. McClung
Vice President - Industrial
Jack W. Thompson
Vice President - Dallas
Earl L. Stanford
Vice President - New Orleans
Robert L. Marwill
Vice President - Houston
Mary E. Carson
Secretary/Treasurer
Executive Committee

DIRECTORS

Carl P. Wallace
Robert R. Wallace
R. D. Buckner
W. E. Frost
P. W. Smith, Jr.
James R. Davenport
James E. Smith, Jr.
John Napoli, Jr.
Gene H. Bishop, *President*
Lomas & Nettleton Financial Corp.
Robert E. Dennard, *President*
Dallas Rupe & Son, Inc.
Robert E. Glaze, *Partner*
Trammell Crow Company

CORPORATE HEADQUARTERS

2102 Proctor Street
P. O. Box 35828
Dallas, Texas 75235 (214) 357-4561

Transfer Agent
First National Bank in Dallas

Auditors
Arthur Andersen & Co.

Legal Counsel
Thompson, Knight, Simmons & Bullion

Offices

DIVISIONS

Dallas
2101 Proctor Street
P. O. Box 25828
Dallas, Texas 75235 (214) 357-4561

Atlanta
3412 Pierce Drive
Chamblee, Georgia
P. O. Box 80665
Atlanta, Georgia 30005 (404) 451-5961

Houston
3636 West 12th Street
P. O. Box 342
Houston, Texas 77001 (713) 689-6581

New Orleans
3600 Hessmer Street
P. O. Box 895
Metairie, Louisiana 70002 (504) 888-3713

Design Cost Control Division
2102 Proctor Street
P. O. Box 35828
Dallas, Texas 75235 (214) 357-4561

Industrial Division
2102 Proctor Street
P. O. Box 35828
Dallas, Texas 75235 (214) 357-4561

MECHANICAL/INDUSTRIAL SUBSIDIARIES (and Affiliates*)

Sam P. Wallace & Co. of P.R., Inc.
P. O. Box 1669
Hato Rey, Puerto Rico 00919 (809) 767-6910

Arawak of Puerto Rico, Inc.
1663 Ponce De Leon Ave., Stop 24
Santurce, Puerto Rico 00909 (809) 725-0113

McCarty Contracting Company of Puerto Rico, Inc.
104 Calle Del Rio
Santurce, Puerto Rico 00914 (809) 722-3995

McCarty Manufacturing Compay of Puerto Rico, Inc.
104 Calle Del Rio
Santurce, Puerto Rico 00914 (809) 722-3995

Viking Fire Sprinkler Company of Puerto Rico, Inc.
104 Calle Del Rio
Santurce, Puerto Rico 00914 (809) 724-2540

Viking Manufacturing Company of Puerto Rico, Inc.
104 Calle Del Rio
Santurce, Puerto Rico 00914 (809) 724-2540

Wallace-Standard Corporation*
P. O. Box 3986
San Juan, Puerto Rico 00936 (809) 767-1300

Stanwall Fabricators, Inc.*
P. O. Box 3986
San Juan, Puerto Rico 00936 (809) 767-1300

E. C. Braun Co.
873 81st Avenue
Oakland, California 94621 (415) 569-5422

Brown-Olds Corporation
P. O. Drawer 9158
El Paso, Texas 79983 (915) 532-6523

G. R. Williams Sheet Metal Works, Inc.
9032 Roseway Drive
P. O. Box 17463
El Paso, Texas 79917 (915) 859-9105

Pierce Engineering Co.
14208 South Towne Avenue
Los Angeles, California 90061 (213) 321-6880

James E. Smith & Sons, Inc.
7308 Grade Lane
P. O. Box 1887
Louisville, Kentucky 40201 (502) 366-1405

Jesco, Inc.
7308 Grade Lane
P. O. Box 1887
Louisville, Kentucky 40201 (502) 366-1405

Wallace International Limited
2102 Proctor Street
P. O. Box 35828
Dallas, Texas 75235 (214) 357-4561

Wallace Internacional Mexicana, S.A.
Leibnitz No. 1, 6° Piso
Col. Anzures
Mexico 5, D.F.

HVAC South Africa (Proprietary) Limited*
P. O. Box 4506
Capetown, South Africa

SPECIALIZED CONTRACTORS

F. B. Gardner Co., Inc.
3311 San Fernando Road
Los Angeles, California 90065 (213) 256-2281

Texas Automatic Sprinklers, Inc.
2330 Summer Street
Dallas, Texas 75202 (214) 748-9216

RELATED SERVICES

Central Energy Corporation
2102 Proctor Street
P. O. Box 35828
Dallas, Texas 75235 (214) 357-4561

Aircraftco Services, Inc.
2102 Proctor Street
P. O. Box 35828
Dallas, Texas 75235 (214) 357-4561

John Napoli and Associates, Inc.
P. O. Box 5125
Puerto de Tierra
Puerto Rico 00906 (809) 724-2929

Sam P. Wallace Company, Inc./2102 Proctor Street/P. O. Box 35828/Dallas, Texas 75235

INSIDE SRC

SAM P. WALLACE CO., INC.

SUMMER 1971

SAM P. WALLACE COMPANY, INC.
MECHANICAL/INDUSTRIAL CONTRACTORS

To: All Employees

From: Carl P. Wallace
Chairman of the Board

This is your first report on the progress of the new S. R. C. Safety Plan . . . a plan that involves every level of management and personnel from Corporate Management to the superintendents and foremen on the firing line on every job throughout the world. I have personally visited many of our offices and jobs with Leonard Smith, our Insurance Risk Manager, and we intend to visit all areas of company operations within the next few weeks. I feel that this program is of such importance that it warrants all of the time and thought that we have devoted to it.

I speak for Corporate Management when I say that we are vitally concerned about the safety and welfare of our employees and their families. I would be less than honest if I did not mention that we are also interested in reducing the cost of our insurance, which would enable all our corporate divisions to bid more competitively on future projects. We must be competitive to obtain new work . . . we must obtain new work to make a profit . . . we must make a profit to secure the welfare of all employees and their families.

No one knows better than Corporate Management that the keys to the success of our safety campaign are our superintendents and foremen. They need and deserve all the help we can give them. So I ask each of you personally to take our National Safety Program as seriously as I am doing. Let's help our men on the firing line to reduce the waste and carnage of on-the-job accidents.

To all our superintendents and foremen, I ask you to use your knowledge and experience to help reduce this waste . . .to anticipate and help prevent on-the-job accidents which can result in tragedy for your men and their families . . . or in serious liability claims against your company. Awareness of safety is not something for the other fellow. You must be the safety leaders on your jobs.

Carl P. Wallace
Chairman of the Board

DALLAS OFFICE: 2102 PROCTOR STREET ▪ P.O. BOX 35828 ▪ DALLAS, TEXAS 75235 ▪ 214/357-4561

The S [savings] R [refund] C [control] PLAN

If you have not heard the name, "SRC Plan" by this time, you have either had the volume on your hearing aid turned down or you are very, very new with the Sam P. Wallace organization.

There must be a reason behind all this sound and fury. There is.

Stop and think for a moment, and you will realize that insurance premiums are a considerable part of our company's operating expenses. Any plan which will tend to reduce these premiums will allow the company to bid work more competitively.

The SRC Plan is such a program and, in this, you have a big stake.

If the company can operate more competitively, it stands to reason that it can submit lower bids on future work. Lower bids mean more successful bids. More successful bids mean more jobs. It is as simple as that.

We do not have to say that more jobs mean more security for everyone.

If you have had a chance to see the SRC film presentation you have an idea of what is involved. If not, you will have an opportunity to see the film and a complete presentation of the plan. This plan is considered so important to the company that your board chairman Carl P. Wallace and a team of experts are making the rounds of every Profit Center and meeting with management and the superintendents.

Leonard Smith of Weatherford Smith Thomas, your company's insurance advisors, will tell you that the workings of the SRC Plan are very simple. And we must suppose they are — to an insurance expert, but — frankly — we are more interested in what the plan will *do* rather than in how it *works*.

Boiled down to its bare essentials, the plan will enable your company to reduce the cost of its insurance, BUT ONLY IF we can reduce the number of accidents on the job and cut down the liability losses which the company suffers. The savings could be considerable. Our insurance advisors tell us that the company could reduce its insurance costs by half-a-million dollars or more per year, if the plan is successful.

We can no longer dismiss claims against the company with the thought that it is the insurance company that pays. Without going into the workings of the plan, almost every dollar paid out on a claim is Wallace money. Look sharp, fellows, you're now in the insurance business!

What happens to any savings in costs achieved through this SRC Plan? Through a unique provision of the plan, any savings, effected under the program, will be returned to the Profit Centers which made the savings possible through accident prevention.

While the plan is geared to reduce operating insurance overhead, there was another provision of the plan which attracted the top management of the company. This provision calls for a comprehensive national safety plan which would involve everyone in the Wallace family from corporate management to the superintendents and foremen on the job.

At the top level, the managers of each Profit Center have been appointed members of the National Safety Committee. Bob Wallace, Carl Wallace, Pete Frost and R. D. Buckner are co-chairmen of this committee. Carl Wallace, your chairman of the

(See PLAN Page 7)

Carl P. Wallace addresses a Wallace family Profit Center meeting in Puerto Rico. Your chairman of the board has taken on a major roll in this SRC Plan, and has traveled many thousands of miles to help present the plan to Wallace family divisions.

WATER
is for Pipes...

It was 8:46 a.m. on a cold winter day when the alarm on the expansion tank in the building was tripped. Somewhere a water line had broken. With employees and customers crowding into the building, frantic maintenance men found the break 17 minutes later and shut off the water to the line. But not before the water had damaged a large office area.

An unusual occurrence? Try this one.

During the night, an eight-inch cast iron fire water supply line separates at a mechanical joint and floods the basement of a building under construction, causing thousands of dollars in damage to electrical and other equipment and in re-construction costs.

Or how about this one?

In what would have been a comedy of errors if the results had not been serious, a series of drains was installed two inches too high for the weep holes to allow draining of water which collected under the top concrete slab of a multi-layered floor. The mistake slipped by everyone, including city inspectors who were on the job. The resulting water collection beneath the slab damaged the floor and resulted in thousands of dollars of re-construction costs.

All of these incidents are lumped together in insurance company parlance under the general heading, "Water Damage" — an area of mounting concern in all risk management circles.

It is certainly an area of major concern for the Sam P. Wallace Company. The direct cost of water damage losses to your company is substantial. These losses are paid with corporate dollars.

It would seem to be a good time to take a hard look at this category of claims known as "Water Damage".

When one attempts to generalize, however, one runs into the dismaying fact that water damage comes in all shapes and sizes. For example, there was the eight-inch water supply to a building under construction which required a thrust block on a 90° angle at the building wall. The block was poured, alright, but in resilient sand. The hydraulic thrust simply overpowered the block and the line separated. The break poured 465,000 gallons of water, mud and filth into the basement of the building.

In a similar situation, failure to brace an eight-inch supply line adequately before back-filling caused a misalignment. The joint was forced together, but separated later under the hydraulic pressure. Another basement of water was the result.

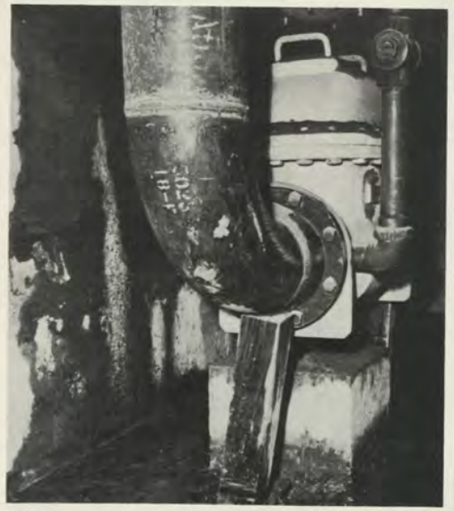
In the furniture section of a large department store, a journeyman failed to attach one sprinkler head. When the water was turned into the line, the result was an expensive water damage sale.

On a large industrial job, a water drain was installed with a reverse slope. The result was flooding from backed-up water.

On a large hotel job, a defective valve, not properly checked, caused damage to expensive carpeting and furnishings.

Then, there was the workman who turned on the water in a partially finished building without first inspecting for open lines. Sure enough. One had been left uncapped. The resulting flood was in the area of a mass of telephone cables. The result was a damage claim for thousands of dollars.

Bad as accidents may be in buildings under construction — bad for the company's reputation and costly — some of the worst incidents of water damage are those in buildings which have been completed and occupied.



A temporary support (not shown in picture) held this detector check valve in place during proper testing. This temporary strut was probably displayed during the general contractor's pouring of a concrete thrust block. Note that this block is far short of the mark, and valve and pipe have shifted to the right (center of valve should be over center of block). The only supports of the assembly are the leaning wood struts on either side which were used by the general contractor when pouring the thrust block. These wood supports failed to stop lateral movement which caused joint separation. (See right.)

Lets Keep It That Way!

From the number of incidents of this latter type, it must be apparent that testing with present methods is not yet the answer to all of our problems. A veteran engineer was telling us recently of a job on which he had worked. It seems that there was a copper joint which had been prepared for soldering, but was never soldered. Probably a lunch break interrupted the work. This particular joint, simply jammed together, held through the most rigid of tests. The building was completed and occupied for three months. Then, a sudden hydraulic thrust caused a separation. It resulted in extensive water damage to occupied offices.

This is not to say that tests are unimportant. Not by a long shot! Proper testing, according to job specifications, is the method we use to uncover a majority of problems. But from the number of problems which arise after testing, we must assume that present testing methods are not the ultimate answer.

Is there such an answer?

There is probably not one single answer, but a study of recent insurance claims on water damage uncovers several areas of concern. The first of these is the obvious one: sloppy workmanship.

An ill-fitting and badly soldered joint is an example of sloppy workmanship. The antidote is pride of workmanship. The expedient answer is closer supervision by foremen and superintendents.

A companion of sloppy workmanship is carelessness. The man who turns on a valve without being sure that the system is capped, or the man who fails to install one sprinkler head, is careless. But in this case, the experience of the superintendent can be brought to bear on the problem. He can anticipate these problems from knowledge gained on other jobs and can make certain that his foremen warn the crews of possible pitfalls.

With a portion of the floor chipped away, this is the separated mechanical joint. The two rods in the picture are merely a part of the concrete reinforcement. When the detector check valve (see picture left) shifted, it obviously caused this joint to pull apart. In order to check out the rest of the line, it was necessary to chip away floor the entire length of the pipe. This eight inch cast iron fire water supply line had withstood a test of 200 pounds per square inch for two hours as specified. The break occurred after the building was occupied.

The third area is ill-defined, but we feel that, if corrected, it could save many hundreds of thousands of dollars. We call it "lack of initiative." In studying case histories of water damage claims, we find case after case where one word from any workman on the site could have saved the day. Superintendents, through their foremen, should encourage the men to speak up if they have the feeling that something is wrong. This is true, even if the specifications call for a particular technique. Specs have been wrong before, and it does not cost a cent to revue them with the project engineer.

This encouragement of the men to speak up is equally true in the case of possibly defective components. If a threaded connection cannot be turned easily three-and-a-quarter turns by hand, there may be damaged threads. If a workman suspects sand holes in castings or sees scratches on a facing, he should be encouraged to report these to his foreman. It then becomes the foreman's responsibility to okay or reject the fitting.

In this day and age when we can send a man to the moon and bring him home, it seems strange that we cannot lick the problem of water damage. On the other hand, perhaps we can lick the problem if we adopt the "zero defects" technique used in space technology. Every fitting must be tackled as though the whole project depends upon it. It really does.

At the superintendent level, we must be aware of the causes of potential water damage, and encourage our foremen to take a more active inspector's role in many of the simple everyday tasks which we have always taken for granted.

As a guide to causes of water damage, we have outlined the following:

A. BAD PIPING JOINTS
1. Improper soldering
2. Poor threading (forced or dirty)
3. Bad solvent weld joints (plastic)
4. Leaky gaskets
5. Leaky unions
6. Mechanical seal failures

B. DEFECTIVE FITTINGS
1. Defective threads
2. Sand holes in castings
3. Distorted fittings
4. Defective anchor rods
5. Scratched facings

C. IMPROPERLY ADJUSTED DEVICES
1. Packing nuts
2. Relief valves

(See WATER Page 7)

Photograph taken of a break in a 2½ inch copper secondary chill-hot water return line before the components were removed. The separation occurred at a 45% angle joint in the ceiling-hung pipe. Examination showed that the pipe was irregularly inserted into the filling socket and the solder interface was also irregular with a portion of the circumference sub-standard. The results of the investigation indicated that the pipe was not assembled in a workmanlike manner.

NEW INSURANCE FORM TO SPEED REPORTING

One of the first moves in the SRC Plan taken by Carl Wallace and the company's risk managers, Weatherford Smith Thomas, was to insure the prompt reporting of all accidents.

There is a valid reason for the prompt report. Insurance circles know that little claims have a way of developing into bigger claims if there is not a prompt investigation. The only way for this investigation to begin is to notify the insurance company of the problem.

All accidents, no matter how small or insignificant they might appear to be, should be reported by the responsible party immediately.

To help speed up this reporting, Weatherford Smith Thomas has designed a simplified reporting form for all accidents, other than those involving Workmen's Compensation. The form is called the Wallace Corporate Family Insurance Claim Report. Once this simple form is completed, it can be snapped apart and the designation of each copy is clearly printed at the bottom. Just complete, snap apart, and mail.

Injuries to workmen, covered by Workmen's Compensation, are still to be reported on Employer's First Report of Injury Form. Be sure to include the Company, Branch and Job Number, and mail a copy to the Wallace corporate headquarters.

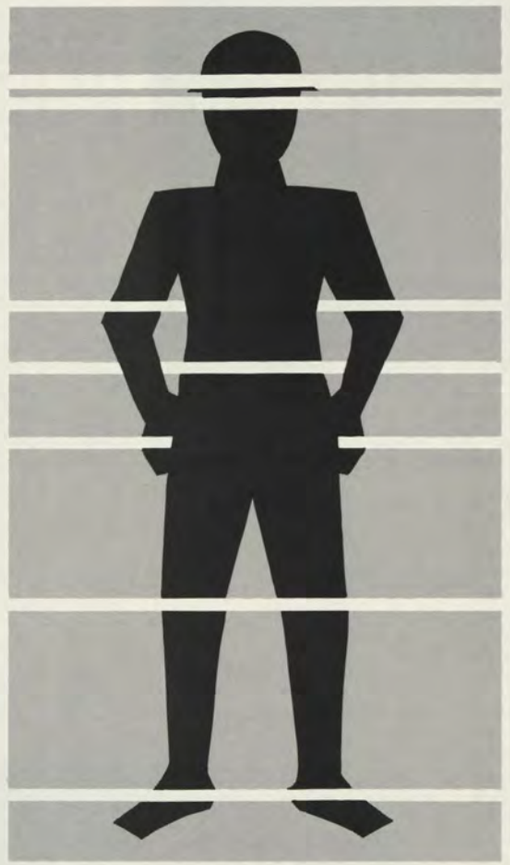
If there is damage or an injury to others, in addition to the man covered by Workmen's Compensation, the accident should also be reported on the Wallace Corporate Family Insurance Claim Report.

By a prompt report on Workmen's Compensation cases, you are helping the injured man by starting the paper work on his insurance at once. By a prompt report on other damage or injury cases, you may be saving the company tens of thousands of dollars by starting an insurance investigation early.

WALLY SAYS —

"It's easier for you to move a ladder two feet than for us to move you two miles to a hospital!"

The SCOREBOARD



No. Injuries		Percentage of Total
38	Head	7
122	Eyes	22.6
33	Arms	6.1
64	Trunk	11.9
112	Hands	20.7
41	Legs	7.6
55	Feet	10.2
75	Miscellaneous	13.9

Total Workmen's Compensation Losses 540

This little man tells quite a story. The figures are a breakdown of the Workmen's Compensation losses within the Sam P. Wallace Company for a one-year period from Ocotber, 1969, to October 1970. On the left hand side, the figures indicate accidents which affected the indicated portion of the body. On the right hand side, the figures are the percentage of the total. It is a shocking fact that 540 of our family were injured in a single year. We must take steps to reduce this toll. Study this chart and visualize the type of accidents involved in injuries to each part of the body, then let us all take preventative steps to cut down on each type of accident. For example, injuries to the eyes make up almost a quarter of the total, which would seem to indicate that we are not using the protective devices available to us to protect the eyes. And the tragic part of eye injuries is that more than 70% of the victims do not regain full sight in the injured eye.

HOLLYWOOD WAS NEVER LIKE THIS!

Leonard Smith (standing) enjoys a joke with (from left to right) Carl Wallace, Buck Buckner, and Bob Wallace on the set of the SRC Plan film. The action was moved to a Dallas motion picture sound stage because of the problems of lighting in the Wallace boardroom at corporate headquarters. The device in the foreground is a "cookie" used to break up the light wall with shadows.

Wallace Executive Committee Filmed For SRC Presentation

When the SRC Plan was in its formative stages, one fact became apparent to management: the only chance for its success was to involve every possible member of the Wallace family in its workings. But how do you explain a rather long and involved plan?

The suggestion was made that it might be explained in a motion picture film. Suppose a film were to be produced which would show Leonard Smith, senior vice-president of Weatherford Smith Thomas and the originator of the plan, presenting it to the Wallace Executive Committee in its final form? Was this possible?

Now, those involved knew that 20-minute films take months to complete, An examination of schedules showed that the Wallace Executive Committee, composed of Carl and Bob Wallace with Pete Frost and Robert D. (Buck) Buckner, could collectively devote exactly one morning to the film crew. Leonard Smith managed to squeeze in one day. The film was due to be shown to the January Managers Meeting in less than two weeks from the filming date. It sounded impossible.

Joe Graham and Rip Collins of J & J Productions, experts in industrial filming, were called in on the job. They went to work.

To the producers, the filming presented more problems than just the time element. Because it was an ad-lib presentation, there would be no script. There was no way to get an exact repeat of a sequence to utilize various camera angles. To overcome this difficulty, Graham devised a two-camera set-up which would film the action from two angles at the same time. But this required a special lighting technique. A survey of the Wallace boardroom showed that such extensive lighting was impossible there.

So, the meeting was moved to a hastily-constructed motion picture set of a boardroom on a Dallas sound stage. The morning was spent in concentrating on the filming of the members of the committee, and they were finally dismissed on time, at noon. In the afternoon, pickup shots of Leonard Smith were made.

This was only the beginning. The work print had to be edited with the sound track, and a 50-minute presentation cut down to 20 minutes without losing any of the points of the plan. By burning midnight oil, the producers had the film into the laboratory in time to make delivery on the day specified.

But the film business is never simple. When the print of the finished

(See FILM Page 7)

Leonard Smith, originator of the SRC Plan, takes direction on a point from producer Joe Graham (right) on the set of the SRC Plan motion picture. The pretty gal unfortunately does not appear in the film. She was the make-up technician.

COMPUTERIZED SCORES IN OUR NEXT REPORT

To some folks, this is the Age of Aquarius. To others, it is the Age of the Computer. And THE SCOREBOARD (See Page 5) of future issues of INSIDE SRC will depend upon our computer.

As a matter of fact, this large, voracious electronic marvel is already devouring the reports which have been arriving from each of the Wallace family Profit Centers around the world since the SRC Plan went into effect. At this very moment, the tapes are whirling, the discs are twirling and the electronic eyes are blinking as the computer digests this information and prepares to give us a read-out on our quarterly scores.

In our next issue, The Scoreboard will feature a breakdown of accident figures, so that you will know exactly where your operation stands in relation to others in the Wallace family. Because each operation employs a different number of workmen, we have arrived at a formula which we feel is fair to all. The accidents will be listed according to the number of man-hours worked.

So, be on the lookout for our next issue. You may be well on your way to that Grand Prize!

WATER

(Cont'd from Page 4)

Perhaps this list will start you thinking. We hope so. We also hope that you will help to come up with even partial solutions to this complex problem.

If you have any constructive ideas, please pass them on to your Profit Center Quality Control Coordinator. He will see that your ideas are placed in the hands of a special committee which has been formed in each Profit Center to study and analyse this problem. The results of these studies will be sent on to corporate offices in Dallas for further study. Any possible solutions, received from around the country, will be re-directed back to each Profit Center and each job site superintendent.

If we all put our minds to it, we can lick this problem!

TEAMWORK MAKES FOR SUCCESS

Representatives of the Wallace company, Weatherford Smith Thomas, and Fireman's Fund Insurance joined to help make the Dallas SRC Plan meeting in April a success. Seated, left to right: Leonard Smith, senior vice-president, Weatherford Smith Thomas; Carl P. Wallace, chairman of the board, Sam P. Wallace Co.; Jack Thompson, Dallas manager, Wallace; and L. A. Smith, regional vice-president, Fireman's Fund. Standing, left to right: Ken Barfield, Dallas quality control coordinator, Wallace; John Bray, president, Central Energy Corp.; Dennis Lagadinos, Weatherford Smith Thomas; and representing Fireman's Fund, Ted Payne, Bob Nichols, John McClung, Ted Brennan, Leavitt Dearborn, and Harold Morgan.

FILM

(Cont'd from Page 6)

film was screened on the delivery day, it was found that a laboratory technician had misread an edge number in matching the work print to the original footage, and the wrong scene appeared in the print.

Corrections were made and the film printed again. At 11 p.m., Rip Collins picked up the print from the laboratory and delivered it to Leonard Smith and Carl Wallace who held their own private screening at 1 a.m. Later that morning, the film was screened at the Managers Meeting.

When you see this film at the Profit Center meetings, remember, it is not as cut and dried as it may seem on the screen.

WALLY SAYS —

"He who operates power tool standing in water may rise to the occasion!"

PLAN

(Cont'd from Page 1)

board, has assumed the administration of all activities of Quality Control. In addition to traveling to all Profit Centers to personally present the plan, he and Leonard Smith will continuously monitor all loss-causing conditions throughout the world-wide operations of the company and oversee any problems which may arise in the prompt reporting of all claims.

Management recognized immediately that the success or failure of the program rested with the job superintendent and the decision was made to involve the superintendents in the program from the beginning. This led to the idea of taking the presentation of the plan to each Profit Center and talking directly to these key men.

The weekly Job Site Meetings were devised to utilize the experience of the superintendent in analysing the

(See PLAN Page 8)

Ten Commandments of Power Tools

Nothing has changed our industry more in our lifetime than the emergence of power tools. These devices have allowed the journeyman to work faster, easier and more efficiently. They have made new techniques possible. But with the common use of power tools have come certain obligations on the part of the user. We know that each of you knows every one of these common rules of safety, but then, so did the many thousands of our fellow workers who were injured last year while using power tools. Review this list of common safety rules and try to impress them on your memory so that you will follow them automatically. And when you see a man in your crew mishandling a power tool, call it to his attention. You may save a finger, his sight, or even his life. Following these simple safety rules is the only way to make sure that we do not fall victims of the very tools of our trade.

1. KNOW YOUR TOOLS. Learn the applications and limitations of each of your tools. Study the potential hazards of the use of each.
2. USE ONLY WHEN GROUNDED. Most power tools today have a three-wire cord. The third wire is a ground, and is there for the user's protection against dangerous electrical shock. The plug is intended to be inserted into a three-hole receptacle. Always use a three-wire extension cord. If it is necessary to use an adapter to a two-hole receptacle, make certain that the adapter wire is attached to a ground connection. Never remove the ground prong from the plug.
3. DO NOT MODIFY YOUR TOOLS. Never remove a guard from a power tool. It was placed there by the manufacturer for your protection. It is permissible to remove the "Dead Man's Switch" on some power tools, as this is a potential hazard in industrial use.
4. AVOID DAMP OR WET FOOTING. Any electrical device is dangerous when the footing is damp or wet. If it is necessary to use a tool under these conditions, insert a dry board or other insulating material under your feet.
5. SELECT THE RIGHT TOOL FOR THE JOB. Never use a small tool to do the work of a heavier model. Never force a tool. The tool should do the work; not your body. Power tools last longer and operate safer when used at the rate the manufacturer intended.
6. DISCONNECT BEFORE SERVICING. By disconnecting the electrical cord before changing bits, blades, cutters, etc., you assure yourself that the tool cannot start up accidentally.
7. CHECK TOOL BEFORE STARTING. Remove adjusting keys or wrenches. A flying key or wrench can be a potent missile.
8. CARRY THE TOOL PROPERLY. Never pick up and carry by the cord. A loosened connection can cause a short. And never carry a connected tool with your finger on the switch. Accidental starts cause painful and serious injuries.
9. USE BOTH HANDS ON TOOL. Wherever possible secure the work so that it frees both hands. It is a lot safer to work this way than to use one hand on the work and one hand on the tool. Never overreach with a power tool. It throws you off balance.
10. WEAR PROPER WORK CLOTHES. Avoid loose clothing and cuffed trousers. Leave jewelry at home. A combination of power tools and a ring can cost a finger. Wear face guards and safety glasses when the situation calls for it. Eye injuries were the most prevalent type of injuries in the company last year.

PLAN

(Cont'd from Page 7)

problems of the previous week and in anticipating future safety problems. Each superintendent was asked to make a report of each meeting, and these reports will be carefully monitored at corporate headquarters. In addition, these meetings keep safety and safety precautions in the minds of your foremen.

A new and much simplified form has been designed for accident reports, and the overall plan stresses the need for prompt reporting of all accidents.

Meanwhile, behind the scenes, Weatherford Smith Thomas is actively working with safety engineers from one of the nation's largest insurance companies in analysing all reports and devising corrective action in problem areas.

These safety engineers will be paying regular visits of inspection to Wallace family construction sites. You may never know that one of these experts is in your area, but — believe us — he will look over your job site. From the reports of these engineers will come recommendations to help you improve safety conditions.

This report is an integral part of the SRC Plan. In future reports, we will try to pinpoint problem areas and areas of concern. We will attempt to give the superintendent all of the help that corporate management can muster in promoting safety on job sites.

Each report will bring you a breakdown of the accident picture in each Profit Center of the Wallace operation. In this way, you can readily compare your operations with those of others throughout the world, and — perhaps — you'll find that you are leading the pack in your backyard in the race for the annual incentive award. We hope so!

Case History of an Accident #1

Charley S. was a good man to have on the crew. He was always ready to lend a hand, even when it was not a part of his job. ■ So, when his friend, Mike, called out "Help me with this, will ya, Charley," it never occurred to Charley to refuse. ■ He knew better. But he automatically bent over and grabbed the end of the four-inch pipe. He had just started to straighten up, when something in his spine gave way. Charley could not have straightened up for anything in this world or the next. ■ Charley had plenty of time to think during his month's stay in traction. And he had some bitter words to say to himself. Of course, he knew better. He knew how to bend his knees when lifting a heavy object. It was just a momentary lapse — a lapse which was to change his life. ■ Of course, Charley was protected by Workman's Compensation. This took care of his entire hospital and doctor expenses. And there was a loss-of-income payment, but this amounted to less than half of Charley's previous take-home pay. ■ This is when he and his wife, Karen, started to dip into their savings account. After all, that was what it was for — an emergency. ■ Charley was a strong man and he could live with the pain, but he kept waiting for improvement so that he could return to the job. The improvement was slow in coming, and, after three months, the doctor laid it on the line. Charley would never work on a construction site again. ■ The company was great about it. They found Charley an office job. But the truth of the matter is that office jobs do not pay what on-the-site construction jobs pay — unless one has an engineering degree. ■ By now, the savings account was exhausted. Charley and Karen were forced to sit down and take stock of the situation. He had a job and no one was going to starve. But there was $400 less a month coming into the family coffers than before. They would have to adjust their way of living. ■ They sold their home and bought a less expensive place with a reduction in monthly payments. Vacations were to be curtailed — at least, for this year. Chuck and Billy would give up summer camp and operate on reduced allowances. Kathy's ballet lessons were suspended for the summer. Charley voluntarily gave up his night out with the boys, and Karen agreed that her weekly beauty shop appointments were an unnecessary luxury. That new car was pushed off into the indefinite future. ■ It is a whole new way of life. And if anyone feels that they have nothing to worry about in an accident because they are protected by Workman's Compensation, ask Charley. ■ The other day he was doodling on a scratch pad. He is 40 now. If he works until retirement age 20 years from now, he will make $96,000 less than he would have earned in his previous job. ■ Can you blame Charley for being mad at himself. After all, he new he should have bent his knees before picking up that pipe!

INSIDE SRC is a quarterly safety report published for its employees by the Sam P. Wallace Company, Inc., in cooperation with Weatherford Smith Thomas, as a part of the company's Savings Refund Control (SRC) Plan. Editorial supervision is by Joe Graham and Rip Collins, J & J Productions. All communications should be addressed to Carl P. Wallace, Chairman of the Board, Sam P. Wallace Company, Inc., 2102 Proctor Street, Dallas, Texas 75235.


WALLY
by PAUL SWAN
NOW EVERYONE PAY CLOSE ATTENTION — WE'RE READY TO TEST THE WATER SYSTEM TODAY —
— SO FOR GOSH SAKES DONT ANYONE TURN ON THE WATER UNTIL WE CAP THE FIFTH FLOOR!
BAGLEY, DOES THAT MAGAZINE HAPPEN TO TELL US WHAT TO DO NOW?
WAN