

Wesley Knight
Market Manager – Personal Trust
Direct Line 405.936.3929

November 29, 2017


BANK OF OKLAHOMA
THE PRIVATE BANK

Bank of Oklahoma
9520 N. May Avenue, Suite 200
Oklahoma City, Oklahoma 73120

Re: Jones Family Trusts

Jones Trust Family Beneficiaries:

I am writing to provide information concerning: monthly production numbers for the Quarry; cash on hand; distributions to be paid by the Trusts; Agreed-Upon Procedures Report; and the Lease Re-Opener.

I. Production and Royalty

For the month of October, Lafarge North America, Inc. ("Lafarge") is reporting they shipped 103,033 tons from the Quarry. This resulted in royalty for the October production of approximately \$29,694. Also included, is the rate calculated adjustment of \$6.04 for a September 2017 royalty. Enclosed is a copy of the October Shipping Report for the Quarry.

Set out in the table below are the current and historical production amounts.

<u>PRODUCTION</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
October	292,113	232,315	236,337	103,033
Year to Date (YTD)	2,714,813	2,920,934	2,994,173	2,373,284

Set out in the table below are the current and historical royalty amounts.

<u>ROYALTY</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
October	\$ 81,295	\$ 65,052	\$ 66,765	\$ 29,700
YTD	\$ 749,726	\$ 817,516	\$ 844,891	\$ 681,519
YTD: Avg Royalty Rate/Ton	\$0.2762/ton	\$0.2799/ton	\$0.2822/ton	\$0.2872/ton

II. Cash on hand

As of November 28, 2017 the Trusts had available cash on hand of \$46,754. \$10,431 of this amount is held in the Tax Escrow accounts and \$36,323 of this amount is available for potential future arbitration and Trust expenses. Please note that if an agreement is reached with Lafarge, therefore avoiding the need for arbitration, then any excess funds reserved for arbitration will be used to cover expenses related to the recent mediation with Lafarge and upcoming taxes due in December 2017/January 2018. Please note that the current property tax bill due is \$54,820.57.

III. Beneficiary Distributions

The Bank is distributing \$26,000 for the November 2017 beneficiary distribution.

Handwritten notes:
- "NOVEMBER" written vertically in large letters.
- "Jones trusts" written in a circle.
- "Allen report" written in a circle.
- "2006" written in a circle.
- "Monetary - 30 days" written in a circle.
- "Breast" written in a circle.
- "Feb." written in a circle.

Set out in the table below are the current, and historical, distributions to beneficiaries.

<i>DISTRIBUTION</i>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
November	\$ 60,000	\$ 60,000	\$ 56,000	\$ 26,000
YTD	\$ 614,000	\$ 792,000	\$ 874,000	\$ 545,000
YTD: Avg dist/month	\$ 55,818	\$ 72,000	\$ 79,454	\$ 49,545

For November 2017, the Trusts set aside \$3,600 for future taxes, and did not reserve additional amounts for potential future arbitration expenses. Actual expenses paid during the month of October include \$30,144.56 in legal expenses related to the lease re-opener with Lafarge, which had been accrued for in prior months.

IV. Agreed-Upon Procedures Report

Enclosed is a copy of the Independent Accountant's Report on Applying Agreed-Upon Procedures to verify the tonnage reported from Lafarge for the period from January 1, 2014 through December 31, 2015, as prepared by W. Allen Priest, CPA ("Priest Report"). The Priest Report identifies certain issues that warrant further investigation. Bank of Oklahoma has informed Lafarge of these issues and expects the issues to be fully addressed. Bank of Oklahoma is mindful of the language of the Lease and is attempting to enter into an agreement with Lafarge which will ensure the Trusts can continue to accept royalty payments and preserve the Trusts' ability to assert causes of action against Lafarge, should the issues in the Priest Report not be resolved to Bank of Oklahoma's satisfaction. Bank of Oklahoma will promptly inform all beneficiaries if the Trusts refuse to accept royalty payments from Lafarge.

Some of the issues identified in the Priest Report are as follows:

1. It appears that Lafarge is paying the Trusts a royalty at the time that the tonnage is being sold by Lafarge, not when it actually physically leaves the quarry. This is not an issue when it is removed by truck, but can have an impact when removed by barge. There may be a time delay (up to 4-6 weeks) between pickup and final delivery/sale and this could cause one year's royalty to be incorrect because the royalty for that tonnage is not being paid until the following year.
2. Pages 2-3: The Priest Report shows that there were data entry errors in the sample pulled. In the instances where the Priest Report shows that the recomputed total was higher than the ticket total, Lafarge would owe royalty on that tonnage.
3. Pages 3-6: The Priest Report shows that there were errors in the barge table being used. In those cases where the Priest Report shows that the recomputed total was higher than the original ticket, Lafarge would owe royalty on that tonnage.
4. Pages 7-9: The Priest Report identifies an issue tracking the shipments listed on each barge. The Priest Report indicates that the tracking spreadsheet shows the load was going one destination, but that it may have been diverted to another location in transit, so it is not clear where the tonnage was ultimately sold and royalty paid to the Trusts. In these cases, Lafarge will need to provide evidence that the load was delivered, note where it was delivered, and prove that the royalty was paid on these tonnages.

IN ACCORDANCE WITH SECTION 77 OF SUBCHAPTER 8 OF KRS SECTION 386B, NOTICE IS HEREBY GIVEN THAT ANY CLAIMS AGAINST BOKF NA DBA BANK OF OKLAHOMA AS TRUSTEE ARISING OUT OF ANY EVENTS OR ACTIONS DETAILED IN THIS LETTER WILL BE BARRED UNLESS RAISED WITHIN ONE (1) YEAR.

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5. Bottom of Page 9: There was a handwritten ticket on 12/30/15 for 9 tons, but the Priest Report shows that payment for this tonnage was not paid because 2016 was not included in Mr. Priest's review. Lafarge may owe a royalty for this amount or the Trusts may have been paid these tons at the beginning of 2016. Lafarge will need to provide evidence of payment.

V. Lease Re-Opener

Bank of Oklahoma is currently working on an agreement with Lafarge with regard to the reopener, which we expect will be concluded within the next 30 days. Bank of Oklahoma will promptly notify the beneficiaries once it is concluded.

Sincerely,



Wesley Knight

Senior Vice President

Market Manager – Personal Trust

BOKF, NA, dba Bank of Oklahoma

Encl.