

MINUTES of the three-hundred tenth meeting of the Board of Directors of the Chemical Manufacturers Association, Inc., held in the Monroe Room, The Palmer House, Chicago, Illinois, on Monday, November 17, 1986. There were present:

Directors:	W. H. Clark, Jr. - Chairman	
	Robert C. Forney - Vice Chairman	
	Robert A. Roland, President	
	Dexter F. Baker	George J. McNally
	Cyril C. Baldwin, Jr.	Howard M. Nelson
	Robert D. Cadieux	L. John Polite, Jr.
	Carlyle G. Caldwell	Seymour S. Preston, III
	J. Douglas Campbell	M. Whitson Sadler
	Lester E. Coleman	Roy Sambrook
	Robert W. Davis	James F. Schorr
	John T. Files	Harold A. Sorgenti
	Bruce C. Gottwald	Edwin L. Stenzel
	Earle H. Harbison, Jr.	Otto Sturzenegger
	Emerson Kampen	O. Edward Wall
	Carl W. Lorentzen	Konrad M. Weis
	John S. Ludington	William Wishnick
	H. Eugene McBrayer	
	Keith R. McKennon	

Secretary:	Charles W. Van Vlack
Treasurer:	Gary C. Herrman
General Counsel:	David F. Zoll

By Invitation:	Thomas A. Caldwell - American Cyanamid Company
	R. James Comeaux - Fina Oil and Chemical Company
	David W. Carroll - CMA
	Geraldine V. Cox - CMA
	Kenneth E. Davis - Rohm and Haas Company
	Richard L. Davis - Chemical Industry Council of California
	Myron T. Foveaux - CMA
	Clyde H. Greenert - Union Carbide Corporation
	Edward D. Griffith - ARCO Chemical Company
	Jon C. Holtzman - CMA
	E. Hamilton Hurst - Nalco Chemical Company
	Conrad S. Kent - (SOCMA) Stauffer Chemical Company
	Michael A. Pierle - Monsanto Chemical Company
	Vernon R. Rice - E. I. du Pont de Nemours & Company
	Charles T. Seay - Exxon Chemical Americas
	George J. Sella - American Cyanamid Company
	William M. Stover - CMA
	Max L. Turnipseed - Ethyl Corporation
	Benjamin Woodhouse - Dow Chemical U.S.A.

1. MINUTES OF THE SEPTEMBER 15-16, 1986 MEETING

The meeting was called to order at 1:30 p.m. on Monday, November 17, 1986, by Chairman Clark. The minutes of the September 15-16, 1986 meeting were approved as distributed. Mr. Clark welcomed Mr. Campbell to his first meeting as a CMA Director.

2. REPORT OF THE EXECUTIVE COMMITTEE

Chairman Sorgenti reported on the items discussed and the actions taken by the Executive Committee on the preceding day. Those items and actions included:

- ° Approved appointments to fill vacancies on various Association standing and special committees.
- ° Approved and recommended for Board action, the Nominating Committee's Report to fill two vacancies on the Board of Directors and to make a reassignment on a Board Committee.
- ° Heard a report on the activities of the Ad Hoc Liability Reform Work Group which was authorized at the September meeting. The Executive Committee agreed that further efforts were needed in the area of state tort reform, particularly the development of "model" legislation that could form the basis for industry advocacy in various states. A follow-up report was requested for the January meeting.
- ° Heard a report on the air toxics survey which was mailed to all Executive Contacts in October. The importance of Executive Contact support within member companies for the air toxics policy was reiterated.
- ° Approved and recommended for Board action, a proposed International Trade Committee policy on industrial "targeting."
- ° Briefly discussed the beginning of the Association's 1987/88 budget process.
- ° Approved and recommended for Board action, the Membership Committee's report recommending election of four new companies to CMA membership.
- ° Briefly discussed the following items which will be presented in more detail at this Board meeting:
  - Dexter Baker's report on international trade
  - Hazardous waste minimization program
  - Insurance Committee Annual Report
  - California Proposition 65
  - Congressional legislation report
  - Election results

- ° Heard a report on Clean Sites Inc. and agreed that the officers would review this subject further and report back to the Executive Committee in January with recommendations for industry action.

3. REPORT OF THE NOMINATING COMMITTEE

Reporting as Chairman of the Nominating Committee, Mr. Clark presented nominations to fill vacancies on the Board of Directors caused by the resignation of Jack E. Crawford of Mobil Chemical Company and Charles E. Stewart of Diamond Shamrock.

ON MOTION, duly made and seconded, it was

VOTED: That Robert G. Weeks, President, Mobil Chemical Company, be elected a Director and member of the Program Committee through May 31, 1987, to fill the vacancy created by the resignation of Jack E. Crawford, same company.

That R. James Comeaux, Vice President, Chemical Division, Fina Oil and Chemical Company, be elected a Director and member of the Membership Committee through May 31, 1987, to fill the vacancy created by the resignation of Charles E. Stewart, Diamond Shamrock Chemical Company.

That Harry Corless, Chairman of the Board, ICI Americas, be elected a member of the Finance Committee through May 31, 1987.

4. REPORT OF THE MEMBERSHIP COMMITTEE

Chairman Caldwell advised that the Membership Committee had examined the qualifications of the companies listed below and recommended their election to membership.

ON MOTION, duly made and seconded, it was,

VOTED: That General Chemical Corporation, Sandoz Crop Protection Corporation, EM Industries, Inc., and Halterman, Inc. be elected to membership in the Association.

5. REPORT OF THE EMPLOYEE BENEFITS COMMITTEE

Mr. Kampen reported on the meeting of the Employee Benefits Committee which took place on October 30, 1986. The purpose of the meeting was to review CMA's employee benefits and to acquaint the committee with some of the changes

which may be required as a result of the recently approved tax reform legislation. In addition, the committee, acting in its review and audit capacity, reviewed the activities of the Association's Administrative and Legal Departments.

Mr. Kampen briefly reviewed the benefits currently provided to CMA's employees. He indicated that it was the general consensus of committee members that the benefits were consistent with the benefits provided by other trade associations. The cost of these benefits is approximately \$1.1 million. He reviewed developments relating to the defined benefit pension plan, including minor technical adjustments to the plan required by the IRS and a recommendation of the committee that up to 50% of the assets be diversified into equity investments. The assets are currently invested in guaranteed interest contracts yielding 9.4%.

Mr. Kampen also described developments relating to the Association's 401(k) plan, IRS approval of which is pending a final ruling on the appropriateness of trade associations and similar organizations having 401(k) plans. He indicated that pension counsel advises that it is most likely that a favorable determination will be forthcoming.

Overall, he reported that the committee's judgment was that the benefits provided were appropriate for an Association of CMA's size, with the possible exception of the need for a dental plan. He also indicated that the committee would be reviewing specific recommendations regarding possible plan amendments which may be required in response to the Tax Reform Act and that these would be covered in a later report with formal action requested of the Board. Minutes of the October Employee Benefits Committee meeting will be mailed to all Directors.

## 6. ASSOCIATION ACTIVITIES

a. Treasurer's Report Mr. Herrman reported that through October 31, 1986, the Association had received revenue of \$13.5 million and had incurred expenses of \$4.9 million. He also indicated that membership dues as received for 1986/87 will very closely approximate the amount projected in the budget. In looking toward how the Association might conclude the current fiscal year, he indicated that revenue overall would be at least \$80,000-90,000 less than budgeted, resulting from lower than expected investment revenue and lack of external financial support which was originally expected from another association. On the positive side, revenues are up from seminars and workshops, sale of publications, and special project areas. On the expense side, results from the first five months were generally favorable with positive variances in a number of areas. Overall, Mr. Herrman projected that by year-end the Association may achieve break even, or at worst, a small use of reserves. He indicated that a full financial report would be sent to Directors reflecting results through the end of the second quarter.

Finally, he indicated that requests for 1986 chemical sales data would be mailed in December and that a prompt reply no later than January 28 would be appreciated.

b. Program and Issue Developments Mr. Roland reported on activities since the September meeting relating to the Association's air toxics control policy. He reviewed several communications which had been sent to Executive Contacts urging their personal support for this initiative. He also reported that the air toxics survey had been reviewed and revised by the officers and had been

mailed to all Executive Contacts on October 31. He commented on the importance of member companies returning the requested survey data by November 26, as it will be very instrumental in fashioning the Association's posture for the hearings likely to occur early in the 100th Congress.

Mr. Roland next discussed progress on the regional Executive Contact meeting program and indicated that the meeting dates and locations had been set and that letters of invitation were being mailed. Chairman Clark requested several Directors to do some follow-up calls to invitees to urge their attendance. There followed a general discussion of the format and content of the meetings.

Finally, Mr. Roland reported on efforts on the "Anti Drug Abuse Act" which was passed in the closing days of the Congress. He expressed his appreciation to several members of the Government Relations Committee for their particular efforts in eliminating many potentially onerous provisions.

Mr. Roland then introduced several of the Departmental Vice Presidents who highlighted the following issues from the President's Report (Exhibit A).

- ° Dr. Cox reviewed the major impacts of the recently enacted Superfund bill and the various Association activities planned to prioritize and address them.
- ° Mr. Zoll reported on several Superfund workshops and on a litigation victory in a vinyl chloride suit under §112 of the Clean Air Act which has major implication for CMA's air toxics policy.
- ° Mr. Stover reported on the activities of the Candidate Information Task Group and on the plans for the Association's Grass-roots Program in 1987.
- ° Mr. Holtzman reported on trade press relations, movement of Proposition 65 to other states, a planned January workshop on air toxics communications, and on the use of the Miamisburg Videotape produced by CMA.

#### 7. REPORT OF THE CHEMICAL INDUSTRY TRADE ADVISOR

Mr. Baker, in his capacity as the Chemical Industry Trade Advisor, reported on trade issues and trade-related economic developments. Highlights of his report included:

- ° OCITA activities (coalition of CMA, SOCMA, SPI and NACA)
- ° Trade trends
- ° Recent activities in the 99th Congress and the outlook for trade legislation in the 100th Congress
- ° International trade negotiations (MTN Round in Uruguay)
- ° Status of free trade negotiations with Canada.

Mr. Baker stressed the importance of maintaining an industrial manufacturing base in the U.S.. He also urged continued support for CMA's International Trade Committee and the Association's related trade activities.

8. PROPOSED POLICY ON FOREIGN INDUSTRIAL TARGETING

Mr. Turnipseed presented the International Trade Committee's proposed policy on foreign industrial targeting. He indicated that this will clearly be an issue in the upcoming consideration of trade legislation. The targeting paper is the fifth in a series of policy positions which the ITC had brought forward to the Board for approval in the past several years which included: generalized system of performance, intellectual property rights protection, US-Canada free trade agreement and multilateral trade negotiations (MTN). The issue of the mandatory nature of the proposed remedy was raised and questioned as to its appropriateness in the light of the worldwide nature of the industry. Mr. Turnipseed responded that the policy would only call for a mandatory remedy in those cases where there is actual injury to the domestic industry, and the policy still leaves the President discretion to determine what the nature of the mandated remedy should be.

ON MOTION, duly made and seconded, it was

VOTED: That the proposed policy on foreign industrial targeting, as set forth in Exhibit B, be approved.

9. REPORT OF THE INSURANCE COMMITTEE

Mr. Caldwell presented the annual report (Exhibit C) of the Special Committee on Insurance. He highlighted major changes in the nature and availability of insurance and both the short and long-term impacts on the chemical industry of these changes. He reviewed the major activities of the committee since its inception in January 1986, including:

- ° Development of a white paper on the insurance crisis and its impact on the chemical industry
- ° Congressional testimony on the availability and cost of liability insurance
- ° Conducting two open insurance forums
- ° Developing a survey on risk management practices
- ° Participation in hazardous waste/insurance litigation activities
- ° Establishing dialogue with insurance industry representatives
- ° Participation in the National Association of Insurance Commissioners (NAIC) Advisory Committee on Environmental Liability Insurance

As to future activities, the committee will seek to expand participation beyond CMA member companies in the semiannual insurance forms, pursue constructive dialogue with the insurance industry on issues where we have a common interest, and finalize the survey on risk management practices and experiences. Following Mr. Caldwell's presentation, there was a brief discussion of the outlook for resolving some of the elements which were continuing to exacerbate the insurance issue.

10. HAZARDOUS WASTE MINIMIZATION PROJECT

Mr. Seay presented an interim report (Exhibit D) on progress in developing a hazardous waste minimization program for the Association and its member companies. Highlights of his report included:

- CMA annual survey on hazardous waste
- RCRA provisions requiring waste minimization
- Probable Congressional oversight hearings on RCRA in 1987-88
- EPA and OTA reports on progress and outlook with respect to hazardous waste minimization activities
- Potential role of TSCA PMN procedure on waste minimization for specific substances
- State initiatives
- Objectives of the proposed CMA program
- Benefits of early industry action
- Status of the EMC draft proposal
- Invitation to other companies to participate in the planning effort

In concluding his presentation, Mr. Seay stressed that the goals of the proposed program were to:

- Assist member companies' waste minimization
- Support legislative and regulatory advocacy
- Communicate the industry's collective performance

He indicated that a final proposal will be presented for approval at the January meeting.

11. CALIFORNIA TOXICS INITIATIVE (PROPOSITION 65)

Mr. Davis presented a report on the outcome of the referendum in California on Proposition 65. On behalf of the California business coalition which worked to defeat the initiative, he expressed his gratitude for the strong financial backing the effort had received from the chemical industry nationally. He expressed his thanks in particular to the officers for their personal efforts in this regard.

Mr. Davis reviewed the campaign strategy and its execution, and commented on the business coalition's expectation, based on numerous polls, that the issue was still winnable up until the last hours of the campaign.

He reviewed the future plans of the California business community to deal with the initiative now that it had become law. He indicated that the business coalition will remain in place and that it finished the campaign solvent. Legal opinions are being prepared on the options available to challenge the initiative or elements of its implementation. Legislation will be introduced to clarify several portions of the initiative. Contacts are underway with the state Department of Health Services on the regulatory aspects of implementation.

Following Mr. Davis' presentation, there was general discussion of the election in California, the various strategies that might be employed for implementation, and the outlook for activity in other states. There was general consensus that this was a matter of great concern and that the industry would need to be better prepared if it were to successfully address the fundamental issues raised by Proposition 65 when it surfaces in other states.

12. FEDERAL LEGISLATIVE ACTIVITIES

a. Superfund Following up on the presentation made to Mr. Denyes at lunch, the Board expressed its appreciation to him for a job well done in pursuing the successful reauthorization of Superfund. Mr. Stover briefly reviewed the key elements which contributed to CMA's success in Superfund. There was discussion of the need to develop some additional materials for use with EPA and the media as the implementation of the new law begins.

b. Other Legislation Mr. Stover reviewed the outcome of several other priority pieces of legislation which were being actively considered in the closing days of the Congress. His summary is attached as Exhibit E.

c. Election Results Mr. Stover reviewed the results of the November Congressional and State elections and offered some observations on their potential impact on CMA interests in the year ahead.

13. PAST CHAIRMAN'S REMARKS

Chairman Clark introduced Mr. Sella for some brief remarks. Mr. Sella emphasized that one of the key lessons of Superfund was the importance of CEO involvement in the outcome and he urged that Directors and other Executive Contacts continue their personal involvement in priority legislative issues.

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On motion, the meeting adjourned at 4:40 p.m.



Certified correct:

W. H. Clark, Jr., Chairman  
CMA Board of Directors



Charles W. Van Vlack  
Vice President-Secretary

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