

CHEMICAL MANUFACTURERS ASSOCIATION

EXECUTIVE COMMITTEE MEETING

Tuesday, March 6, 1990

Board Conference Room, CMA Offices  
Washington, D.C.

1. The meeting was called to order at 8:30 a.m. by Chairman McBrayer.  
There were present:

H. Eugene McBrayer, Chairman	John W. Johnstone, Jr.
Bruce C. Gottwald	Robert D. Kennedy
Glen H. Hiner	Robert A. Roland
J. Roger Hirl	F. Quinn Stepan
David S. Hollingsworth	

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

By Invitation: David L. Baird, Jr., Exxon Chemical Company  
E. P. Blanchard, Jr., E. I. du Pont de Nemours & Co.  
Robert D. Bradford, Olin Corporation  
Geraldine V. Cox, CMA  
Kenneth B. Davis, Rohm and Haas Company  
Clyde H. Greenert, Union Carbide Corporation  
Jon C. Holtzman, CMA  
Joel T. Hutt, GE Plastics  
James D. McIntire, CMA  
Mort Mullins, Monsanto Company  
Mark D. Nelson, E. I. du Pont de Nemours & Co.  
Michael A. Pierle, Monsanto Company  
R. Ken Rushin, Eastman Kodak Company  
Langley A. Spurlock, CMA  
William M. Stover, CMA  
Ron Van Mynen, Union Carbide Corporation  
Duke Watkins, Allied Signal Inc.  
Ben Woodhouse, The Dow Chemical Company

2. Minutes of Last Meeting The minutes of the January 16, 1990 meeting were approved after clarifying the status of the federal legislative advocacy recommendations.

3. Treasurer's Report Mr. Herrman reported that through the eight months ending January 31, 1990, the Association had received revenue of \$23,276,600 and had incurred expenses of \$11,695,700, with variances being within anticipated ranges. He indicated that the financial projection for all of 1989/90 is contained in the 1990/91 budget which had been mailed to all Executive Committee members prior to the meeting.

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4. Committee Appointments Mr. Van Vlack presented appointments to various standing and special committees. These were approved as set forth in Exhibit A.

5. President's Report Mr. Roland highlighted several developments. These included:

- o A scheduled meeting for that afternoon with Jack Lawn, Administrator of the Drug Enforcement Agency, to discuss closer cooperation on halting the diversion of legitimate chemicals to illegal drug manufacture.
- o The results of the February 7-8 International Council of Chemical Associations (ICCA) meeting where the international statement of health, safety and environmental principles were tentatively adopted, a decision was made to include the participants' elected officers in the next meeting in October; and the possible expansion of the group to include the Australian CIC.
- o The status of an OSHA study being conducted by the John Gray Institute of Lamar University on safety for contract workers in the oil and chemical industries.

6. Finance Committee Report

a. Background and Proposed 1990/91 Budget

On behalf of Mr. Popoff, Dr. Blanchard presented the Finance Committee's recommendations for the Association's 1990/91 budget and fee schedule. He reported on the committee's March 1 meeting where the following items and issues were reviewed:

- o The Board authorized expenditure of \$3 million from reserves for the Responsible Care Earth Day advertising effort, resulting in a net projected decrease in reserves for the 1989/90 fiscal year of \$1,225,000 and a resulting reserve level of \$6,189,000.
- o The preliminary budget recommendations for the 1990/91 fiscal year would result in a small contribution to reserves of \$15,700, bringing the reserves up to a level of \$6,204,000. He noted that the existing CMA reserve policy indicates that they should be maintained in a range of 25-50% of operating expenses and that the projected 1990/91 reserve level of \$6.2 million would be only slightly above the 25% reserve floor.
- o The preliminary budget of \$24,817,500 was reviewed by the Finance Committee, with the various CMA departmental vice presidents presenting the various programmatic elements. He indicated that the committee felt that the budget was well prepared and documented and represented an appropriate balance between internal and external resource expenditures. It was clear that the majority of the budget increases were the result of Board initiated and approved programs (pending expanded grassroots capability, state affairs, Responsible Care, and global climate activities). These

Board initiated or approved activities account for approximately 50% the proposed budget increase. The remainder is allocated to increases in the core program.

As a result of their considerations, the Finance Committee report reflected the following:

- o That the proposed 1990/91 budget sent to the Board for action at the April meeting include an analysis of the level of change arising from the Board recommended programs versus the longer standing committee initiated programs.
- o That the Epidemiology Resource and Information Center (ERIC) pilot project could conclude as a CMA project by the end of the 1990/91 fiscal year and that various options for its future could be developed, including implementing it through the American National Standards Institute (ANSI) process.
- o That the enhanced economic function within CMA be continued and its visibility heightened.
- o That Board members be apprised of their companies' membership status in the various state CICs with the goal being to enhance the participation of CMA member companies in these local organizations.
- o Support member company participation in the State Initiatives Contingency Fund and advocate the concept to other associations which have similar initiative concerns but who may not currently be carrying their share of the overall industry effort.
- o Encouraged the staff to continue to seek and implement appropriate cost containment and efficiency measures to help offset some of the impact of increasing costs, and to document those efforts and results.

In conclusion, Dr. Blanchard reported that the Finance Committee unanimously recommended approval of a fiscal year 1990/91 budget of \$24,817,500.

In the ensuing discussion, the following issues were raised and comments made:

- o Discussed the impact of the proposed communication program on the Association's reserve policy. It was clarified that since at this time the proposal was being contemplated as a special assessment rather than as part of the base dues, that the expenditures covered by the proposed expanded communication program would not be included in the basis used for determining the reserve percentage. It was also noted that the assessment for the five year, \$50 million communications program (if adopted) could be used to replenish the reserves used in the interim Earth Day advertising effort.

- o Following a brief discussion of its objectives, accomplishments, and status, requested an overall report on the ERIC project.
- o Discussed the general direction and magnitude of the budget and the role of the Executive Committee in program review and sunset.

Following the discussion, the proposed 1990/91 budget of \$24,817,500 was unanimously approved and recommended for Board consideration as summarized in Exhibit B-1.

b. Proposed 1990/91 Fee Schedule

Dr. Blanchard then presented the 1990/91 fee schedule as endorsed by the Finance Committee. He reviewed the changes made last year in the Definition of Chemical Sales and the procedure adopted for recommending periodic increases in the maximum fee level. He also reviewed the committee's discussion of increasing the maximum fee level for 1990/91 to reflect the average percentage sales increase by companies not at the maximum. Otherwise, the recommended fee schedule remained unchanged. The appropriateness of the level of the maximum had been discussed in detail at the Finance Committee and was reviewed briefly for the Executive Committee. Following the discussion, the proposed 1990/91 fee schedule was unanimously approved and recommended for Board consideration as set forth in Exhibit B-2.

c. Funding for Proposed Expanded Communications Program

Dr. Blanchard then reviewed the Finance Committee's assignment to review and recommend an option to fund a five year, \$50 million expanded communications program, should such a program be subsequently approved by the Board. He emphasized that it was not the Finance Committee's assignment to address the merits of such a program. He reported that three options had been considered (Exhibit B-3).

Mr. Herrman then presented the three options which were under consideration: (1) assessment as a percentage of dues paid; (2) assessment as a percentage of chemical sales, with a cap; and (3) assessment as a percentage of chemical sales with no cap. He also reviewed the background for each option and its relative impact on small, medium and larger companies and responded to a number of questions on how the options were devised and how they would operate.

Dr. Blanchard then commented on the Finance Committee's discussions of the three options. Important considerations included: the need to limit the impact on smaller companies and the degree to which a "communications equity" component should be considered as a result of major company advertising programs. He indicated that after considerable discussion, the Finance Committee had unanimously recommended Option 2. General discussion followed of the merits of the various options, their relative equities, and how they would be perceived by the membership. It was pointed out that the differential in cost for non-maximum companies between options 2 and 3 was relatively minor. There was also considerable discussion of the justification for a "cap" in the case of an advertising program assessment, with

strong views being presented on both sides. Concern was also expressed that differences over the funding mechanism should not overshadow the Board's and membership's deliberation of the merits of the proposed program.

Following the discussion, it was agreed that the three options and the Finance Committee's recommendation would be presented to the Board in April for discussion and comment and that final action on the funding issue would be taken concurrent with final action on the substantive aspects of the proposed communications program (estimated to be June at the earliest).

7. Expanded Public Communication Program

a. Earth Day Advertising

Mr. Hiner presented a status report on the Earth Day advertising program authorized at the January Board meeting. He indicated that the program was on schedule, with the research completed and the final ad selected. The media placement schedule had been implemented and the video news release and radio spot had been completed and would be distributed to the membership in the near future. The membership had been alerted to the decision to place the ads and a few companies elected to remove their names. Finally, a public information brochure had been prepared for general distribution, an inquiry fulfillment number had been established, and preparations had been made for post-ad research of its reach and impact.

b. Expanded Communications Plan

Mr. Hiner explained that the paid advertising was only one part of an overall communications program which was being developed to reach the following audiences with our messages: plant communities, the media, federal government officials, state and local officials, students, educators, the general public, etc. The final five year plan, which will be further developed for discussion at the April Board meeting and further refined for the May membership meetings, will reflect the following: research results reflecting the effectiveness of the April advertising; a more comprehensive presentation of the broad based communications program; the results of an agency search for the best creative media approach to deliver our public message; and a recommendation on a practical and equitable funding mechanism for raising the necessary revenue.

Finally, he described the timetable for taking action on the proposal which included the discussion at the April Board meeting, three regional meetings in May for Executive Contacts, and a final vote by the Executive Committee and Board in the summer (June-September).

There was general discussion of the concept of a broader based communications program and how the various elements such as grassroots, education, community outreach, etc. could be better linked with each other to carry the new messages being developed for the public as well as the Association's traditional advocacy messages. There was also discussion of the role of the Association in science education versus general education and discussion of potential messages to be communicated beyond the Responsible Care commitment.

It was the consensus of the Executive Committee that the proposed program was evolving in an appropriate direction.

8. CHEMSTAR Mr. Spurlock presented proposed changes in the CHEMSTAR Policy Committee Charter (Exhibit C-1) and Panel Guidelines (Exhibit C-2). He also presented the proposed new Business Council Guidelines (Exhibit C-3) which were amended to change the approval process for establishing councils. Following brief discussion, Exhibit C-1, C-2 and C-3 (as amended) were approved.

9. Clean Air Act Mr. Nelson presented a status report on the Clean Air Act reauthorization, focused on the pending floor action in the Senate based on the compromise reached by the Senate leadership and the Administration. He identified those areas where additional improvements were necessary such as residual risk, MACT definition, credits for early reductions, accidental release, and permitting and enforcement. The Clean Air Working Group (CAWG) grassroots efforts were discussed as was the outlook in the House which was expected to begin committee markup in mid March. It was agreed to issue an additional grassroots alert to Executive Contacts requesting Senate contacts on key floor issues.

10. Superfund Reauthorization Mr. Mullins reviewed the Association's Superfund implementation and reauthorization activities and the key issues which were emerging for the forthcoming debate. He identified the various impacts of the existing Superfund law within the membership and the resultant differing views on priorities. He discussed three potential reauthorization scenarios (simple extension, reauthorization with some changes, and major restructuring) and the likely crossover impacts of Superfund issues on RCRA reauthorization. He then outlined the Association's preliminary strategy which was to be a player in the debate, to be prepared on the issues likely to be debated, to be mobilized to participate as an advocate and to be flexible in responding. He also urged the Executive Committee to consider mechanisms to allow flexible policy responses to issues as they arise. This was taken under advisement. The Executive Committee agreed that the presentation should be made to the full Board in April.

11. Food Contamination Protection Mr. Watkins presented a proposed policy on the protection of food from contamination during transportation, together with several amendments reflecting suggestions that had been received after the Executive Committee materials had been mailed. The proposed policy, as amended and set forth in Exhibit D, was approved.

12. ILO Chemical Safety Convention Mr. Van Mynen presented a proposed position to guide the Association's comments to OSHA on the proposed ILO Chemical Safety Convention. There was general discussion of several elements of the proposed convention and the need for ongoing coordination with the rest of the business community on this issue. The proposed position, as set forth in Exhibit E, was approved.

13. Product Composition Mr. Van Mynen presented a proposed policy on product composition with several amendments which had been suggested by Executive Committee members. The proposed policy, as amended and as set forth in Exhibit F, was approved.

14. MSDS Guidelines Project Mr. Van Mynen presented a proposal for a cooperative project with OSHA on testing CMA's draft MSDS guidelines with other parties who use MSDSs. Funding for this effort would be provided by both CMA and OSHA, with CMA's share allocated in the approved 1989/90 budget and the proposed 1990/91 budget. This project, as described in Exhibit H, was approved.


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The meeting was adjourned at 11:30 am.



Charles W. Van Vlack  
Vice President-Secretary

Certified correct:



H. Eugene McBrayer, Chairman  
Executive Committee