AGENDA
MEETING OF THE MCA BOARD OF DIRECTORS
10 a.m., Tuesday, May 9, 1978
Embassy Row Hotel (Chancery Room)
Washington, D. C.

I. Opening Remarks and Introduction of Guests

II. Minutes of Meeting of April 11, 1978

III. Business Items:

(a) Report of Membership Committee
Dover Chemical Corporation

(b) Budget and Financing for Fiscal 1978-79
(Proposal mailed to Directors 4/19/78)

(c) Ratification of Technical and Functional
Committee Member Appointments (Attachment)

(d) Report of Nominating Committee

IV. Report of Director of Government Relations

V. Technical and Functional Committees (Attachments)

VI. Information Items by Directors

VII. Report of the President

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Chemical Forum Luncheon - The Madison (Dolley Madison Ballroom), Fifteenth and M Streets, N.W. Transportation from Embassy Row will be provided.

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CMA 071776

Next Meeting of the Directors - Wednesday, June 7, 1978, at 5:30 p.m. in the West Virginia Room, The Greenbrier, White Sulphur Springs, West Virginia, followed by cocktails at 6 p.m. in the Tyler Room and Dinner at 7 p.m. in the Fillmore and Van Buren Rooms.

MINUTES of the two hundred sixty-seventh meeting of the Board of Directors of the Manufacturing Chemists' Association, Inc., held at the Embassy Row Hotel, Washington, DC, May 9, 1978, at 10 a.m.

Directors:	James G. Affleck, Chairman	
	M. Blouke Carus	James W. Kent
	John T. Connor	Ralph M. Knight
	Edward Donley	Duncan J. MacLennan
	William J. Driver	John K. McKinley
	Peter J. Fass	Robert L. Mitchell
	John T. Files	Paul F. Oreffice
	Edward J. Goett	George F. Polzer
	Vincent L. Gregory, Jr.	Charles W. Smith
	Richard E. Heckert	Tom K. Smith, Jr.
	John M. Henske	Otto Sturzenegger

Alternates:
F. Scott Carpenter, Jr. (for Robert A. Charpie)
Richard Fleming (for Edward Donley)
Richard J. Hughes (for William S. Sneath)
William B. Jackson (for Fletcher L. Byrom)
Charles A. Polachi (for George F. Polzer)
C. Robert Powell (for William H. Bricker)
N. B. Sommer (for James G. Affleck)
O. P. Thomas (for M. Donald McClusky)

General Counsel: Edmund B. Frost
Outside Counsel: Daniel K. Mayers
Staff Counsel: Bruce M. Barackman

Secretary-Treasurer: George E. Best

By Invitation:
R. P. Batchelor, Jr., Diamond Shamrock Corporation
E. P. Blanchard (SOCMA), E. I. du Pont de Nemours & Company
A. C. Clark, MCA
E. J. Klecka, MCA
V. H. Peterson, MCA
J. E. Slavick, MCA
W. M. Stover, MCA

I. MINUTES OF APRIL 11, 1978, MEETING

Minutes of the April 11th Board meeting, as distributed, including the financial statement for ten months ended March 31, 1978, were approved.

II. REPORT OF THE SECRETARY-TREASURER

Exhibit A.

III. BUSINESS ITEMS

(a) Report of Membership Committee As chairman, Mr. Polzer reported the committee's having examined the qualifications of the company named below and recommended its election.

ON MOTION, duly made and seconded, it was

VOTED: That Dover Chemical Corporation be elected to membership in the Association.

(b) Budget and Financing for Fiscal 1978-79 Mr. Affleck called attention to the budget and financing proposal which was mailed to Directors on April 19 as favorably recommended by the Executive and Finance Committees.

ON MOTION, duly made and seconded, it was

VOTED: That a budget for fiscal year 1978-79 in the amount of $4,846,900, of which $4,312,900 is for operations and $534,000 for projects, be approved and presented to the membership at the Annual Meeting, funding to be provided by membership fees, plus income from investments, meetings, sale of publications, and overhead reimbursement from subscribed projects;

That the existing membership fee scale continue to apply in fiscal year 1978-79 except for increasing the maximum to $120,000;

That the maximum fee be further increased to $130,000 for fiscal year 1979-80, $140,000 for 1980-81, and $150,000 for 1981-82;

That the registration fee for the Annual Meeting be $100 and for the Semiannual Meeting $75, an increase of $25 in each case;

That the authority delegated to the President be continued at the same level, namely, to transfer among approved projects 10% ($53,400) of the total funds budgeted for them and to redistribute a like amount under operations, also to approve budget amounts up to a total of 2% ($96,938) of the fiscal year budget, with the understanding that individual amendments in excess of $10,000 would be cleared with the chairman of the Executive Committee or Board and become subject to Executive Committee approval if so desired; and

That there may be carried forward from fiscal year 1977-78 for future expenditure, in full or in part, the unexpended year-end balances of terminating budgeted projects.

(c) Ratification of Technical and Functional Committee Member Appointments   Appointments by the Executive Committee to become effective June 1, 1978, were ratified as listed in Exhibit B, with the understanding that all prior technical and functional committee member appointments will terminate the day before as a consequence of the approved reorganization.

(d) Report of Nominating Committee   Reporting as the chairman of the Nominating Committee on which Messrs. Donley and Sneath also served, Mr. Affleck presented the slate listed in Exhibit C, and this report was accepted.

(e) Report of Search Committee   With the Executive Committee serving as a search committee to find a presidential successor, Mr. Donley stated Heidrick and Struggles, Inc., has been engaged to assist, naming Messrs. McFarland and Wilson as the firm's representatives on this assignment. Mr. Donley reiterated that comments and suggestions would be welcome.

IV. REPORT OF DIRECTOR OF GOVERNMENT RELATIONS

Mr. Stover's report is attached as Exhibit D. A tabulation of the status of legislation of interest to MCA as of May 5, 1978, was distributed to those present.

Mr. Connor stressed the importance of the pending U.S./U.K. tax treaty, encouraging that it be supported without reservations.

V. TECHNICAL AND FUNCTIONAL COMMITTEES

Summaries of recent meetings of the following committees were distributed in advance with the tentative agenda:

Chemical Packaging Committee
Economic Policy Review Committee
Legal Advisory Committee
Transportation Equipment Committee

VI. INFORMATION ITEMS BY DIRECTORS

As a committee member of the Business Roundtable, Mr. Thomas spoke apprehensively about the gas deregulation legislation under current consideration, and invited individual expressions to him about it. Mr. Affleck indicated a position would be sought from MCA's Energy Conservation Committee.

VII. REPORT OF THE PRESIDENT

Mr. Driver's Staff Report is attached as Exhibit E. He called on Mr. Clark to summarize recent developments within MCA and externally in cooperation with the Association of American Railroads and the Department of Transportation directed to safer rail transport of hazardous substances. In the course of two hearings, one by a congressional subcommittee, MCA's CHEMTREC was strongly endorsed by several witnesses.

Mr. Driver reported the Executive Committee's approval earlier today to retain Covington & Burling as special counsel to institute legal proceedings appealing EPA regulations on spills of hazardous substances under Section 311 of the Clean Water Act, legal costs for which may range up to $100,000.

Mr. Driver than handed out to those present copies of the Special Review Committee's Supplemental Report on Recommended Bylaws Revisions (April 11, 1978) and the drafted Bylaws changes pursuant thereto (Exhibit F). He characterized this as the second phase of a reorganization designed to improve the Association's effectiveness, and outlined the principal changes to be accomplished. Because of the time deadline for including the Bylaws in the formal notice of the Annual Meeting, response by phone or telex by May 16 was requested.

Mr. Affleck stated the revisions as presented were favorably recommended by the Executive Committee, except for leaving to the Board whether five Board meetings a year would be preferred rather than four in view of the long span from June to November. Scheduling five regular meetings, i.e., adding one in September, was approved.

George E. Best
Secretary-Treasurer

Chemical Packaging Committee
Economic Policy Review Committee
Legal Advisory Committee
Transportation Equipment Committee

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George E. Best
George E. Best
Secretary-Treasurer

Certified correct:
JGAffleck
James G. Affleck
Chairman of the Board

EXHIBIT A

REPORT OF THE SECRETARY-TREASURER

May 9, 1978

Dollar amounts rounded from tabular details
($000)

INCOME & EXPENSE

June 1, 1977 - April 30, 1978 - 11 Months (92%)				Percent of Budget
Income -	Membership Fees	$3,249		101.215%
-	Other	730		135.185%
			$3,979	106.107%
Expense -	Operations	$3,142		90.106%
-	Projects	212		44.632%
			$3,354	84.654%

ASSETS

(As of April 30, 1978)		
Cash	$ 23	
Investments	6,697	
Miscellaneous	6	
		$6,726

CMA 071782

MANUFACTURING CHEMISTS ASSOCIATION

STATEMENT OF FINANCIAL POSITION

April 30, 1978

BALANCE SHEET

Assets

Cash		
National Savings & Trust - Commercial Account	$ 16,026	
National Savings & Trust - Payroll Account	6,000	
Imprest Funds	800	$ 22,826
Investments		
Bank Certificates of Deposit	$ 700,000	
Bank Repurchase Agreements	175,000	
U. S. Government Securities	3,217,653	
U. S. Government Agency Securities	1,202,500	
Corporate Securities	1,402,250	6,697,403
Deposits & Advances		
U. S. Government Printing Office	$ 500	
American Airlines	425	
Postage Meter	3,042	
Travel Advances	2,097	6,064
		$6,726,293

Liabilities & Fund Balances

Liabilities			
D. C. Use Tax		$ 54	
Employee Benefits		29	
Installment Purchases		6,147	$ 6,230
Reserve			
Deferred Compensation			125,625
Fund Balances			
Restricted (Schedule I (e))		$4,075,241	
Unrestricted - From Previous Fiscal Years	$1,894,371		
- Current Fiscal Year	624,826	2,519,197	6,594,438
			$6,726,293

INCOME & EXPENSE

INCOME		
Memberships Dues & Entrance Fees		$3,248,739
Income from Investments		366,282
Publications Sales		94,075
*Meeting & Special Funds (Schedule I (d))	$ 79,320	
Overhead Reimbursement Subscribed Projects (Schedule I (d))	190,165	269,485
Miscellaneous		215
Total Income		$3,978,796

EXPENSE (Schedule II)	
Management	$ 924,038
Technical - General	963,346
Technical - Chemtrec	251,064
Public Relations	532,428
Government Relations	369,148
Staff Services	313,946
Total Expense	$3,353,970
Income less Expense	$ 624,826

FOOTNOTE:

*Net Income on Completed Projects

SCHEDULE I - RESTRICTED FUNDS & MEETING ADVANCES

April 30, 1978

	Balance June 1, 1977 (a)	Receipts (b)	Expenditures (c)	Transfers To Income (d)	Balance April 30, 1978 (e)
Carry-Over of Budgeted Funds					
A -23 Hydrocarbon Emissions Control Cost Analysis	$ 45,000	$ -	$ 44,980	$ -	$ 20
A -24 Oxidant Level Control Study	24,748	-	24,748		-
OH -5 Epidemology (Mortality) Study of Petrochemical Workers/Feasibility	7,500	-	7,500	-	-
Total Carry-Over of Budgeted Funds	$ 77,248	$ -	$ 77,228	$ -	$ 20
Non-Budgeted Funds & Meetings					
Meetings, Workshops & Symposia	$ 111,816	$ 310,271	$ 196,058	$ 79,320	$ 146,709
Tank Car Mileage Compensation	81,180	5,071	40,028	-	46,223
Vinyl Chloride Research	251,530	447,263	306,549	16,412	375,832
Vinylidene Chloride Monomer Research	199,430	-	47,838	8,987	142,605
Styrene Monomer Research	167,883	27,040	96,311	7,320	91,292
Acrylonitrile Monomer Research	354,770	-	246,124	11,788	96,858
Trichloroethylene Research	150,526	94,200	118,089	20,107	106,530
Ethylene Dichloride Research	50,196	157,014	6,996	10,200	190,014
Chlorobenzenes Research	4,354	(529)	-	2,641	1,184
Phosgene Safety Research	39,678	-	12,692	5,933	21,053
Fluorocarbons Research	1,623,337	1,589,199	1,203,354	68,240	1,940,942
Allyl Chloride Research	223,413	-	88,690	3,453	131,270
Epichlorohydrin Research	250,973	-	14,646	8,335	227,992
Phthalate Esters Research	20,910	55,442	27,094	8,721	40,537
Loss Data Bank Project	3,850	12,000	12,586	-	3,264
Benzene Study	356,742	157,150	200,536	8,440	304,916
Epoxy Resins Research	-	10,000	-	3,400	6,600
Titanium Dioxide Research	-	45,500	-	1,147	44,353
Butylated Hydroxytoluene Research	-	35,000	87	5,041	29,872
Chemical Industry Trade Advisor	-	12,000	11,885	-	115
Total - Non-Budgeted Funds & Meetings	$3,890,588	$2,956,621	$2,629,563	$ 269,485	$3,948,161
Advance Membership Dues	$ 10,000	$ -	$ -	$ 10,000	$ -
Plastics Group Financial Package	$ 111,482	$ 59,600	$ 45,426	$ -	$ 125,656
Document Center/OSHA Cancer Policy	$ -	$ 5,000	$ 3,596	$ -	$ 1,404
Total	$4,089,318	$3,021,221	$2,755,813	$ 279,485	$4,075,241

SCHEDULE II - EXPENSE

BUDGET PROGRAM

April 30, 1978

	MANAGEMENT		TECHNICAL				PUBLIC RELATIONS		GOV'T RELATIONS		STAFF SERVICES		TOTAL TO DATE 11 MONTHS	
			GENERAL		CHEMTREC									
	EXPENSE	BUDGET	EXPENSE	BUDGET	EXPENSE	BUDGET	EXPENSE	BUDGET	EXPENSE	BUDGET	EXPENSE	BUDGET	EXPENSE	BUDGET
Employees	13		27		7		12		12		14		85	86
OPERATING EXPENSE														
Salaries & Related Expense	$352,825	$379,134	$543,979	$ 581,533	$127,182	$128,287	$232,255	$233,475	$$206,025	$228,342	$190,621	$190,897	$1,652,887	$1,741,668
Retirement Plan & Group Ins.	56,822	62,058	98,790	95,058	23,286	20,992	56,481	38,042	33,143	32,129	37,707	31,304	306,229	279,583
Hosp. Ins. & Health Plan	6,068	6,417	15,115	14,300	1,652	1,375	6,168	6,142	4,662	5,042	7,628	6,600	41,293	39,876
*(4)Legal Fees & Expense	414,203	295,167	27,450	36,667	-	-	-	-	23,707	27,500	-	-	465,360	359,334
Consultants & Investment Serv.	-	5,225	15,882	22,917	-	-	-	-	-	-	-	-	15,882	28,142
Audit	4,500	3,667	-	-	-	-	-	-	-	-	-	-	4,500	3,667
Rent & Premises Expense	21,534	23,558	31,905	35,292	6,987	7,746	17,707	19,800	15,031	13,200	30,953	33,504	124,117	133,100
Taxes & Insurance	17,234	14,071	32,531	26,583	67,888	108,350	14,829	12,329	15,238	11,596	15,494	12,146	163,214	185,075
Supplies & Gen. Office Exp.	8,750	11,000	26,801	33,917	2,550	2,750	13,340	18,333	13,174	11,917	6,388	7,333	71,003	85,250
Furniture & Equipment	3,511	1,833	5,031	6,600	168	5,500	-	229	3,210	1,833	14,947	550	26,867	16,545
Printing	4,498	5,225	-	2,475	1,358	1,191	4,925	4,858	-	917	-	1,558	10,781	16,224
Telephone & Telegraph	6,903	6,783	18,882	21,358	18,804	19,617	9,183	8,433	8,915	7,608	6,091	6,692	68,778	70,491
Postage	3,316	4,125	24,375	32,083	510	917	41,482	50,417	8,045	11,000	1,740	2,108	79,468	100,650
Travel & Entertainment	10,370	13,750	26,293	27,500	398	1,375	24,021	25,208	13,066	18,333	578	917	74,726	87,083
Meeting Expense	8,257	13,750	585	825	-	-	47	92	3,484	3,667	-	-	12,373	18,334
*(7)Periodicals,Books,Business Services	845	1,925	5,720	4,950	199	550	2,055	1,650	5,500	7,333	1,637	1,833	15,956	18,241
Organizational Memberships	3,243	3,208	2,449	2,567	82	92	984	917	948	1,375	162	138	7,868	8,297
Contingency	1,159	4,583	-	-	-	-	-	-	-	-	-	-	1,159	4,583
Operating Expense Totals	$924,038	$855,479	$875,788	$ 944,625	$251,064	$298,742	$423,477	$419,925	$354,148	$381,792	$313,946	$295,580	$3,142,461	$3,196,143
PROJECTS														
Technical														
*(2) Insurance			$ 15,601	$ 22,917									$ 15,601	$ 22,917
*(8) Occupational Health			-	9,167									-	9,167
*(5) Water Resources			46,417	82,500									46,417	82,500
Multi-Committee/Transportation			969	3,850									969	3,850
Multi-Committee/Publications:														
Safety			17,314	78,650									17,314	78,650
Other			7,257	23,833									7,257	23,833
Public Relations														
Community Relations							$ 17,602	$ 22,183					17,602	22,183
Consumer Information							15,952	44,643					15,952	44,643
Environmental Quality							30,370	32,083					30,370	32,083
Internal Publications							5,250	23,833					5,250	23,833
Media Relations							7,182	9,167					7,182	9,167
*(1) Water Pollution Communications							6,805	6,875					6,805	6,875
College & Hi School Teacher Awards							16,571	15,125					16,571	15,125
Education Exhibits							4,361	4,125					4,361	4,125
Education Publications							4,858	16,958					4,858	16,958
Government Relations														
*(3) Equal Employment Advisory Council									$ 5,000	$ 4,583			5,000	4,583
Trade Advisor									10,000	33,000			10,000	33,000
Staff Services														
*(6) Document Center/OSHA Cancer Policy											$ -	$ 1,833	-	1,833
Project Totals	$ -	$ -	$ 87,558	$ 220,917	$ -	$ -	$108,951	$174,992	$ 15,000	$ 37,583	$ -	$ 1,833	$ 211,509	$ 435,325
COMBINED TOTAL	$924,038	$855,479	$963,346	$1,165,542	$251,064	$298,742	$532,428	$594,917	$369,148	$419,375	$313,946	$297,413	$3,353,970	$3,631,468

*Budget Amendments

(1) by Executive Committee July 12, 1977, provides $5,000 for Water Pollution Communications; supplement of $2,500 approved by the President September 19, 1977.

(2) by Executive Committee September 13, 1977, provides $25,000 for Product Liability Survey.

(3) by Executive Committee September 13, 1977, provides $5,000 Contribution to the Equal Employment Advisory Council.

(4) by the President October 14, 1977, provides $5,000 for Legal Fees to protest proposed increase in Tank Truck Freight Rates; and by the Executive Committee November 21, 1977, provides $30,000 for services of Special Legal Counsel in regard to legislative developments on energy conservation.

(5) by Board of Directors November 21, 1977, provides $75,000 for expert evaluation of EPA Toxic Pollutants Criteria for Water.

(6) by the President, December 27, 1977, provides $2,000 for MCA Document Center/OSHA Cancer Policy.

(7) by the Executive Committee January 10, 1978, provides $3,000 for Reporting Service on Product Liability.

(8) by the Executive [illegible] 1978, provides $10,000 for American Industrial Health Council/OSHA Hearings Monitor.

Exhibit B

Manufacturing Chemists Association
CHEMICAL REGULATIONS ADVISORY COMMITTEE
Effective June 1, 1978

Term ending May 31, 1979	
John Behun	Mobil Chemical Company
George S. Dominguez	CIBA-GEIGY Corporation
E. H. Hurst	Nalco Chemical Company
J. Roger McDonough, M. D.	Tennessee Eastman Company
Thomas W. Mooney	The Procter & Gamble Company
Term ending May 31, 1980	
Etcyl H. Blair, Chairman*	The Dow Chemical Company
Joel B. Charm	Allied Chemical Corporation
Richard Fleming	Air Products and Chemicals, Inc.
Curtis W. Smith	Shell Chemical Company
Melford F. Tietze	ICI Americas Inc.
Term ending May 31, 1981	
Lory A. Crisorio	Union Carbide Corporation
Donald E. Ellison	Virginia Chemicals Inc.
Taylor W. Hanavan	E. I. du Pont de Nemours & Company
L. Starr	Celanese Corporation
Monte C. Throdahl	Monsanto Company

*Through May 31, 1979

MCA
EC - 4/11/78
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Manufacturing Chemists Association
DISTRIBUTION COMMITTEE
Effective June 1, 1978

Term ending May 31, 1979	
Jack W. Bodenheimer	Shell Chemical Company
L. L. Dintiman	Union Carbide Corporation
Donald G. Griffin	PPG Industries, Inc.
James S. Paterson	Diamond Shamrock Corporation
Charles E. Webb	Pennwalt Corporation
Term ending May 31, 1980	
J. J. Clemens	Dow Chemical U.S.A.
Thomas Gordon	ICI Americas Inc.
Herbert W. Kirby	Allied Chemical Corporation
R. J. Kreps	Chevron Chemical Company
R. P. McFall	Gulf Oil Co. - U.S.
Term ending May 31, 1981	
Grant Arnold, Chairman*	Ethyl Corporation
George A. Coffenberg	Stauffer Chemical Company
Roland H. Dunlop	Monsanto Company
V. H. Goodwin, Jr.	Exxon Chemical Company U.S.A.
John H. Norton	E. I. du Pont de Nemours & Company

*Through May 31, 1979

MCA
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Manufacturing Chemists Association
ENERGY CONSERVATION COMMITTEE
Effective June 1, 1978

Term ending May 31, 1979	
M. O. Clark	Phillips Petroleum Company
Raymond E. Doerr	Monsanto Company
E. Fredericks	Engelhard Minerals & Chemicals Corporation
Daniel M. Greeno, Chairman	Stauffer Chemical Company
C. L. Knowles, Jr.	Olin Corporation
Term ending May 31, 1980	
Quentin Ebert	PPG Industries, Inc.
Thomas A. Gamble	Hercules Incorporated
Edward H. Mergens	Shell Chemical Company
Larry L. Saphier	The Dow Chemical Company
Ray J. Seitz	Pfizer Inc.
Term ending May 31, 1981	
Walter F. Allaire	Allied Chemical Corporation
Byron R. Brown, Jr.	E. I. du Pont de Nemours & Company
A. Bruce Burns	Union Carbide Corporation
Hugh R. Irvine	Exxon Chemicals U.S.A.
J. Emmett Stevens	Air Products and Chemicals, Inc.

MCA
EC - 4/11/78
BD 5/9/78

Manufacturing Chemists Association
ENGINEERING ADVISORY COMMITTEE
Effective June 1, 1978

Term ending May 31, 1979	
T. W. Booth	Tennessee Eastman Company
F. J. Heller	Phillips Petroleum Company
Allen F. Jones	E. I. du Pont de Nemours & Company
William J. Knapp	FMC Corporation
Bertrand B. Pearlman	Stauffer Chemical Company
Term ending May 31, 1980	
W. L. Henry	Dow Chemical U.S.A.
R. G. Jobe	Shell Oil Company
Anthony T. Massari	Allied Chemical Corporation
William T. McNair	Celanese Corporation
R. E. Olsen, Chairman*	Exxon Chemical Company
Term ending May 31, 1981	
Andrew G. Gibson	Olin Corporation
Gordon C. Hullar	The Procter & Gamble Company.
John W. Kelsall	Engelhard Minerals & Chemicals Corporation
T. J. Kofodimos	ARCO/Chemical Company
Walter T. Rector	Air Products and Chemicals, Inc.

*Through May 31, 1979

MCA
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Manufacturing Chemists Association
ENVIRONMENTAL MANAGEMENT COMMITTEE
Effective June 1, 1978

Term ending May 31, 1979	
E. McIntosh Cover	Olin Corporation
J. L. Gray	Chemical Products Corporation
L. P. Haxby	Shell Oil Company
E. Neil Helmers	E. I. du Pont de Nemours & Company
J. D. Underwood	Celanese Corporation
Term ending May 31, 1980	
Jackson B. Browning	Union Carbide Corporation
J. F. Byrd	The Procter & Gamble Company
Lynn D. Johnson	Rohm and Haas Company
Ernest C. Ladd	FMC Corporation
J. Richard Sayers	Monsanto Company
Term ending May 31, 1981	
E. W. Callahan, Chairman*	Allied Chemical Corporation
Anthony J. Diglio	Air Products and Chemicals, Inc.
Richard J. Samelson	PPG Industries, Inc.
Charles L. Sercu	The Dow Chemical Company
J. P. Thorn	Exxon Chemical Company U.S.A.

*Through May 31, 1979

MCA
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BD - 5/9/78

CMA 071790

Manufacturing Chemists Association
GOVERNMENT RELATIONS COMMITTEE
Effective June 1, 1978

Term ending May 31, 1979

Don A. Goodall	American Cyanamid Company
Carroll W. Hayes	Celanese Corporation
J. Wilson Malloy, Jr., Chairman	Eastman Chemical Products, Inc.
Harris C. Miller	Hooker Chemical Corporation
Jack Woolley	PPG Industries, Inc.

Term ending May 31, 1980

Robert E. Bates, Jr.	Mobil Oil Corporation
Kenneth E. Davis	Rohm and Haas Company
John T. Estes	Allied Chemical Corporation
William J. Kendrick	Air Products and Chemicals, Inc.
Jeremiah J. Kenney, Jr.	Union Carbide Corporation

Term ending May 31, 1981

Francis E. Cook	Stauffer Chemical Company
William C. Lowrey	Shell Oil Company
Charles T. Marck	Dow Chemical U.S.A.
Sam Pickard	Monsanto Company
E. Rogers Pleasants	E. I. du Pont de Nemours & Company

MCA
EC - 4/11/78
BD - 5/9/78

Manufacturing Chemists Association
INSURANCE COMMITTEE
Effective June 1, 1978

<u>Term ending May 31, 1979</u>	
Donald W. Illingworth	Hercules Incorporated
Richard E. Klingman, Chairman	UNIROYAL, Inc.
Peter F. Lopez	Celanese Corporation
William A. Miller	Dart Industries Inc.
Henry Taylor	Rohm and Haas Company
<u>Term ending May 31, 1980</u>	
Robert B. Chapman	Monsanto Company
Edward A. DeKoskie	Allied Chemical Corporation
William F. Quinn, Jr.	Engelhard Minerals & Chemicals Corporation
James R. Taylor	ICI Americas Inc.
Walter E. Winans	Stauffer Chemical Company
<u>Term ending May 31, 1981</u>	
John J. Delaney, Jr.	Olin Corporation
Fred W. Ingham	Union Carbide Corporation
Donald M. Purdy	Diamond Shamrock Corporation
David D. Ward	Air Products and Chemicals, Inc.
W. C. Zacharias	The Dow Chemical Company

MCA
EC - 4/11/78
BD - 5/9/78

Manufacturing Chemists Association
OCCUPATIONAL SAFETY AND HEALTH COMMITTEE
Effective June 1, 1978

Term ending May 31, 1979	
R. D. Fulwiler	The Procter & Gamble Company
Richard O. Howard	Virginia Chemicals Inc.
John M. Pardee	Eastman Kodak Company
Robert E. Rutherford	Gulf Science and Technology Company
Arlin G. Voress	Union Carbide Corporation
Term ending May 31, 1980	
Linda M. Casey	Ashland Oil, Inc.
Robert M. Clyne, M. D.	American Cyanamid Company
Carl De Martino, Chairman*	E. I. du Pont de Nemours & Company
H. L. Kusnetz	Shell Oil Company
W. Mayo Smith	Air Products and Chemicals, Inc.
Term ending May 31, 1981	
Emil E. Christofano	Hercules Incorporated
Benjamin Brace Holder, M. D.	Dow Chemical U.S.A.
Richard L. O'Connell, M. D.	Olin Corporation
Jack S. Snyder	Merck & Co., Inc.
Frank A. Ubel	Minnesota Mining and Manufacturing Company

*Through May 31, 1979

MCA
EC - 4/21/78
BD 5/9/78

Manufacturing Chemists Association
PATENTS AND INFORMATION RETRIEVAL COMMITTEE
Effective June 1, 1978

Term ending May 31, 1979	
Edith Baker	Hercules Incorporated
John J. Hagan	American Cyanamid Company
Robert C. Kline, Chairman	E. I. du Pont de Nemours & Company
William L. Krayer	United States Steel Corporation
Thomas I. O'Brien	Union Carbide Corporation
Term ending May 31, 1980	
John B. Clark	Monsanto Company
Robert C. Clement	Shell Oil Company
Joanne M. Egan	Air Products and Chemicals, Inc.
Pauline Newman	FMC Corporation
Patrick O'Leary	Gulf Oil Corporation
Term ending May 31, 1981	
John Erickson	Minnesota Mining and Manufacturing Company
Lloyd L. Mahone	Stauffer Chemical Company
Roy H. Massengill	Allied Chemical Corporation
Richard G. Waterman	Dow Chemical U.S.A.
Jacqueline N. Weitzel	PQ Corporation

MCA
EC - 4/11/78
BD - 5/9/78

Manufacturing Chemists Association
TAX POLICY COMMITTEE
Effective June 1, 1978

Term ending May 31, 1979	
Frederick T. Barbour, Chairman	Rohm and Haas Company
Matthew P. Landers	Pfizer Inc.
Joseph R. Levee	J. T. Baker Chemical Company
Robert C. Plumb	American Cyanamid Company
Thomas M. Rasmussen	Monsanto Company
Term ending May 31, 1980	
Fred M. Cassidy	Exxon Chemical Company
Robert E. Glass	Shell Oil Company
Robert J. Moody	FMC Corporation
Cornelius P. Powell	Air Products and Chemicals, Inc.
Glenn W. White	The Dow Chemical Company
Term ending May 31, 1981	
William M. Bellamy, Jr.	Union Carbide Corporation
Richard W. Brust	Minnesota Mining and Manufacturing Company
Wallace J. Clarfield	Olin Corporation
Theodore Killheffer	E. I. du Pont de Nemours & Company
G. Wesley Read	El Paso Products Company

MCA
EC - 4/11/78
BD - 5/9/78

Exhibit C

Nominating Committee Report
for year beginning June 1, 1978

Chairman of the Board	Edward Donley
Vice Chairman of the Board	Tom K. Smith, Jr.
Chairman of the Executive Committee	John M. Henske
President	William J. Driver [pending installation of successor]

Directors

Terms ending May 31, 1981

Edward E. Barr, President, Sun Chemical Corporation
Richard M. Bressler, President, ARCO/Chemical Company
J. Earl Burrell, President, PPG Industries, Inc.
William J. Ferracone, President, Chemicals Group, Crompton & Knowles Corporation
Emerson Kampen, President, Great Lakes Chemical Company
Seymour S. Preston III, President, Pennwalt Corporation
Toy F. Reid, Vice President, Eastman Kodak Company
Jack B. St. Clair, President, Shell Chemical Company
William G. Simeral, Senior Vice President, E. I. du Pont de Nemours & Company
Raymond C. Tower, President, FMC Corporation
Alexander B. Trowbridge, Vice Chairman, Allied Chemical Corporation
H. Kent Vanderhoef, Chairman and President, Kay-Fries Chemicals, Inc.

Terms ending May 31, 1979

Edward Donley, Chairman, Air Products and Chemicals, Inc.
*Richard J. Hughes, Senior Vice President, Union Carbide Corporation

*Succeeding Mr. Sneath who will resign as of May 31, 1978

MCA
[illegible] - 5/9/78

Exhibit D

REPORT BY THE DIRECTOR OF GOVERNMENT RELATIONS

WILLIAM M. STOVER

MAY 9, 1978

TAX REFORM LEGISLATION IN LIMBO

The House Ways and Means Committee began markup of the tax reduction/tax reform package, H.R. 12078, on April 17 under an ambitious schedule which calls for completion of markup by May 26 and filing of a Committee report by June 1. However, the Committee is already well behind schedule. Most markup sessions were postponed, ostensibly because of a conflict with the resumption of the energy conference. It is also clear, however, that time is needed for the Administration and its supporters to regroup and to arrive at acceptable alternatives which can draw support from a majority of the Committee. During this period, President Carter met with several groups of Ways and Means Committee members from both parties. Resumption of the markups is indefinite.

There appears to be little enthusiasm for tax reform at this time either in the Ways and Means Committee or in Congress as a whole. In fact, a group of Ways and Means Committee Democrats, headed by Charles A. Vanik (D.-Ohio), has proposed that the President's tax cut/tax reform proposal be scrapped in favor of the mere extension of present tax cuts.

To date the Ways and Means Committee has not reached decisions on the items of principal concern to the chemical industry, such as corporate tax rate reductions, other capital formation incentives, and foreign tax matters, such as DISC and deferral.

MCA COMMENTS ON INTEGRATION OF TAXES

On the last day of House Ways and Means Committee tax hearings in early April, Chairman Al Ullman invited interested persons to testify on his proposal for partial integration of personal and corporate income taxes. MCA did not testify at this session, but we later submitted a written statement on the subject, as an extension of Mr. Affleck's testimony March 6 in which he expressed MCA support for the principle of eliminating double taxation of corporate earnings.

Among the more important points included in our statement was a recommendation that the proposal should take into account, for purposes of computing the shareholder credit account, the allowable foreign tax credit and the investment tax credit. Similarly, we proposed that consideration be given to computing taxes paid, for purposes of the shareholder credit account, prior to deductions such as accelerated depreciation. We also suggested that where a corporation suffers a net operating loss prior to the effective date of the proposal, income taxes, for purposes of the shareholder credit account, should not be reduced in the carry-forward year.

VOTE DUE IN JUNE ON THE U. S. - U. K. INCOME TAX TREATY

The Senate Foreign Relations Committee approved the United States - United Kingdom Income Tax Treaty on March 15. Senate floor action on this Treaty has now been postponed at least until June.

A provision of the Treaty which would restrict the states' methods of taxing multinational corporations is controversial and has been opposed by California and several other states. During Senate floor dabate on the Treaty, Senator Frank Church (D.-Idaho) is expected to propose that a reservation be attached to Article 9, paragraph 4, of the Treaty, which would limit the methods states may use in apportioning income for state income tax purposes.

A number of companies, primarily those with business connections in the U. K., strongly oppose the attachment of any reservation to the Treaty and have urged their Senators to support ratification of the Treaty without reservation.

ENERGY: NATURAL GAS

Selected members of the House and Senate natural gas conference committee met on April 21 in the continuing effort to resolve their differences. This leadership group announced that an agreement had been reached, but a subsequent dispute arose as to the exact details. Senate spokesmen claim a conference majority in favor of the agreement, which was described by Senator Henry M. Jackson as "right down the middle" between previous positions. The vote among House conferees is less certain. After a largely unproductive session last week, the full House/Senate conference meets again today to hear staff discussion of a re-drafted version of the compromise.

ENERGY: TAXES

The energy tax conferees will not meet prior to an agreement being reached by the natural gas pricing conferees. However, hints of progress toward a natural gas agreement spurred some recent activity.

A user tax proposal was prepared by the Joint Committee on Taxation at the request of Congressmen Ullman (D.-Ore.) and Ashley (D.-Ohio). The MCA joined with a coalition of business organizations in requesting that the user tax proposal be scrapped, and communicated with each energy tax conferee to that effect.

The status of the crude oil equalization tax (COET), considered the backbone of the Carter energy program, remains uncertain. Mr. Ullman was recently quoted as speculating that the tax might have to be set aside for the present, with Congress proceeding to complete work on the four other segments of the President's program.

SENATE DEBATE NEARS ON LABOR LAW REFORM

The Senate leadership has now agreed that floor debate on labor law reform will begin May 15. Opponents of S. 2467 are expected to mount a filibuster in an attempt to prevent passage of the bill, since there are insufficient votes to defeat it outright. Critical votes will therefore come when proponents move to invote cloture (cut off debate).

MCA is working with a broad coalition of business groups to oppose the bill. We expect that the first test vote to invoke cloture may come as early as May 19, and we have alerted member companies to the need for a renewal of contacts with their Senators, urging that they support the filibuster and oppose cloture.

Organized labor continues to consider this bill its top legislative priority, and can be expected to step up the pressure on Senators during the Memorial Day Recess, May 26 - June 5. The best hope of blocking the bill lies in "extended debate" which would force the Senate leadership to lay it aside in order to move on to vital appropriations bills and other important measures.

A study on the economic impact of S. 2467 was released on April 11. Noted economist Dr. Pierre Rinfret pointed out in his report that the proposed amendments to the National Labor Relations Act would have a widespread negative impact on the economy. The study concluded that the proposed bill would increase the Consumer Price Index by about three percent for every ten percent increase in the unionization of American workers. In addition, the proposed legislation would raise the average hourly earnings in the manufacturing sector each time a non-union business becomes unionized.

SENATE COMMITTEE TO MARKUP LOBBYING REFORM BILL

On April 26, the House of Representatives passed a lobbying disclosure bill (H.R. 8494), by a vote of 259 - 140. The House bill includes two objectionable floor amendments which would: (1) expand the definition of lobbying to include "grassroots contacts"; and (2) require a registered lobbying organization that allocates more than one percent of its budget for lobbying to disclose details of its financial support from those who provide more than $3,000 to the organization.

The Senate Governmental Affairs Committee, chaired by Senator Ribicoff (R.-Ct.), is scheduled to begin markup of lobbying disclosure bills, including S. 2971 (Ribicoff), on May 10 and 11. The Ribicoff bill is even more complicated and onerous than the House-passed bill. Another Senate bill (Muskie-Mathias, S. 2026) appears less objectionable. MCA is supporting the efforts of a business coalition to stop the Ribicoff bill, and working to modify the Muskie-Mathias bill into a more acceptable form.

We have urged that member companies promptly contact their Senators, and especially members of the Governmental Affairs Committee, requesting opposition to the Ribicoff bill.

HOUSE SUBCOMMITTEE APPROVES LIMITED AMENDMENT TO THE TOXIC SUBSTANCES CONTROL ACT

On May 4 the House Subcommittee on Consumer Protection and Finance completed markup of a clean bill, H.R. 12441 (Eckhardt), and passed it on to the full Interstate and Foreign Commerce Committee.

The new bill amends Section 29 of the Toxic Substances Control Act, authorization for appropriations, by striking out $16,200,000 for the fiscal year ending September 30, 1978, and inserting $50,000,000. No other changes to existing law are contained in H.R. 12441. It is likely that the full Interstate and Foreign Commerce Committee will approve and report the bill without amendment by the May 15 deadline. The staff indicates there is a possibility the bill will then be brought to the House floor under suspension of rules as early as the first Monday in June. If this approach is adopted, floor amendments would not be germane.

Assuming House approval of the authorization bill, it can be anticipated that the Senate will request a conference. We will then step up the process of educating conference committee members concerning the undesirable substantive amendments to TSCA contained in the Senate-passed S. 1531.

Exhibit E

STAFF REPORT

by

William J. Driver

May 9, 1978

In a letter to members of the conference on the energy tax portion of the National Energy Plan (NEP), I strongly urged the elimination from the NEP of any tax on the business use of oil and gas. The letter was prompted by a March 23 business use tax proposal drafted by the Joint Committee on Taxation.

The user tax concept was originally proposed by President Carter, and under the Administration's proposal, a tax of 90 cents per barrel would be imposed on industrial use of oil beginning in 1979. This would rise to $3.00 per barrel in 1985 and thereafter. The tax on natural gas would begin at $1.05 per barrel in 1979. It would make natural gas, per Btu content, equal to the cost of distillate oil by 1985, after which the tax would be phased out.

The President's user tax proposal underwent significant modification in the House and Senate. The tax on industry now would apply only to oil and gas used as fuel in unspecified "certain" boilers, turbines and other internal combustion engines, and would be based on a complicated tier system.

In my letter, I said that the proposed tax would have an adverse impact on our industry's positive balance of trade and would duplicate objectives already addressed by conference agreements in coal conversion and energy conservation. I pointed out that the proposed tax would discriminate against industrial boilers relative to utilities and would create a complex bureaucratic system, which, from an accounting standpoint, might be impossible to administer.

* * * *

On April 10, I wrote to the chairman of the House Ways and Means Committee about his proposal to eliminate partially the double taxation of corporate earnings. These comments augmented Jim Affleck's MCA testimony of March 6 before the committee on President Carter's tax proposals. I stated that the Association favors the principle of eliminating double taxation, not just because it is a serious inequity, but because double taxation has contributed to the low rate of capital formation and the reliance on debt rather than on equity financing.

* * * *

In response to a request to present our views on the Department of Energy's regulatory process, we expressed concern that we cannot contribute earlier to the policymaking and regulatory process. One specific regulatory area that needs reviewing, we said, is the obvious conflict between the regulatory objectives of the Clean Air Act and the objectives of the energy program to increase the use of coal and reduce dependency on imported oil. We applauded proposals that the non-regulatory Energy Information Administration review proposed and final departmental regulations and recommended that EIA serve as DOE's data collection agency, since it would require periodic reviews of data and regulations. We urged a vigorous campaign to eliminate unnecessary regulations.

* * * *

Efforts continue to convince Special Trade Representative Robert Strauss he should avoid making large tariff cuts on almost all chemicals in the multilateral trade negotiations. A congressional visitation campaign is being carried out through MCA's Government Relations Committee. Twenty-five to thirty congressmen have been contacted, including Russell Long, chairman of the Senate Finance Committee, and Al Ullman, chairman of the House Ways and Means Committee. We are telling the congressmen of the industry's concern if the tariff cuts on chemicals are made as planned. The congressmen are asked to intercede with Ambassador Strauss and to request that certain chemicals be exempted from the tariff cut agreement. There is considerable evidence that the congressmen are responding favorably, but there is no evidence that Ambassador Strauss has altered his plan.

An effort also was made to inform the White House of the chemical industry's views and to request White House intercession with Ambassador Strauss. Bill Sneath, Jack Connor, Dick Heckert and Myron Foveaux met with Messrs. Rubenstein and Ginsberg of the White House on April 27 for a good interchange of information and ideas. The White House feels very confident that Ambassador Strauss will bring back a good agreement from Geneva. The industry made it clear it hoped to be in agreement with the Administration when the trade agreements were presented to Congress, probably in 1979. The impression was left that there might be opposition. The White House people agreed to contact Ambassador Strauss about the meeting and discuss our proposals. The door was left open for additional contacts.

* * * *

OSHA has not yet published proposals on chemical substances identification or on how to handle medical and industrial hygiene records. We expect the latter proposal to be published separately very soon. Our views on how to handle the chemical identification issue have been incorporated in an an alternate proposal drafted by a special MCA task group. The alternative, the task group feels, improves worker safety and health, but in a practical way. It focuses on chemical hazards in the workplace and on protective measures to be taken and does not simply list all substances to which an employee may be exposed, whether or not the substance may be potentially harmful. The plan also provides for maintaining the confidentiality of proprietary information and builds on the successful training practices of companies.

* * * *

The Subcommittee on Consumer Protection and Finance of the House Commerce Committee heard testimony on April 26 from Steven Jellinek, EPA's assistant administrator for toxic substances. A roundtable discussion, at which MCA would have participated, has been postponed for the third time because of Chairman Eckhardt's involvement in the energy legislation conference committee. Commenting on Senate-passed amendments to the Toxic Substances Control Act, Mr. Jellinek repeated EPA's belief that the agency is not the correct one to administer federal indemnification programs for victims of chemical poisonings. Mr. Eckhardt said that this issue and consideration of a rulemaking amendment would be considered when the roundtable discussion by industry, labor, environmental groups and EPA could be rescheduled. We expect that the full committee will authorize additional funds for the implementation of TSCA by May 15, with no substantive amendments being included.

* * * *

The Executive Committee has approved a proposal to hire a consultant to perform a rail systems analysis to identify problem areas in safety. The analysis will be used as a basis for developing ways to prevent rail accidents and to control the inadvertent release of chemicals. The proposal was made by the Task Force on Rail Transportation of Hazardous Materials of MCA and the Association of American Railroads. Costs, estimated at $100,000 to $150,000, will be shared equally by MCA and AAR. Our share will come from an assessment on member companies of not over $2 per tank car.

* * * *

We continue to appear before various panels to discuss chemical industry programs for safe rail transportation of hazardous materials. The latest appearance was by Al Clark before the Subcommittee on Government Operations to explain the operations of CHEMTREC. On April 13, he spoke before the Federal Railroad Administration, which is considering imposing the same requirements for type 105 tank cars now being retrofitted on type 112 and type 114 tank cars. MCA supports using shelf couplers, but recommends deferring other considerations until after further study.

In this connection, Secretary of Transportation Brock Adams will address the Chemical Forum today. He is expected to announce a revised and accelerated timetable for retrofitting rail tank cars used to transport hazardous materials.

* * * *

We have told the Office of Management and Budget that EPA's request for generic clearance of all data-gathering activities under certain sections of the Clean Water Act of 1977 is excessive. EPA, we said, would then have full discretionary power to accumulate an excessive amount of specific information, far beyond that needed to assess the impact of technology guidelines. We recommended that EPA be requested to withdraw their proposal and use the data it already has or which is available to it from state agencies, to make the evaluation it needs. Because of numerous requests from industry, OMB held a public hearing on May 8 on EPA's proposals. Ed Frost appeared for MCA in order to emphasize member company concern about the unreasonably broad and unnecessary data gathering that is implicit in EPA's request.

* * * *

I have approved funding for a research program recommended by the Technical Panel on Chlorobenzenes to conduct teratological studies and cosponsor research currently in progress under the supervision of the Central Toxicological Laboratory of Imperial Chemical Industries Limited. Total costs, including those of administration and supplemental research, are estimated to be $180,000.

I have also approved, as part of the vinylidene chloride research program administered by MCA, new work to investigate the toxicological differences between four mice strains as well as the pharmacokinetics and metabolism of mice. The cost of the additional work is estimated to be about $130,000, including administration.

* * * *

Exhibit F

M A N U F A C T U R I N G   C H E M I S T S
A S S O C I A T I O N

Special Review Committee For
Examination of the
Objectives, Structure, and Programs
Of The Association

SUPPLEMENTAL REPORT ON RECOMMENDED
BY-LAWS REVISIONS

April 11, 1978

FOREWORD

Establishment of a Special Review Committee was authorized by the Executive Committee of the Board at its meeting in April 1977 for the purpose of undertaking a current examination of the objectives, structure and programs of the Manufacturing Chemists Association in a manner similar to prior Board-level examinations in 1957, 1962 and 1968.

The Special Review Committee began its work in July 1977 under the chairmanship of Mr. Werner C. Brown and has met frequently since that time. The other members of the Committee are Messrs. James G. Affleck, Edward Donley, William J. Driver, Richard E. Heckert, Harry D. McNeeley, Paul F. Oreffice, George F. Polzer and Tom K. Smith, Jr. In January 1978 the Board approved the Committee's final report of its findings and substantive recommendations with respect to Association policy in various areas. In same month the Committee also undertook an examination of the Association's By-Laws (Appendix A)*. In doing so, the Committee's particular focus was upon the structural interrelationships of the Board of Directors, Executive Committee and the offices of their respective chairmen and the President of the Association.

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*Omitted in Attachment to Board of Directors Minutes for May 9, 1978

The authority of each such executive officer and body, including its responsibility for supervision, was carefully reviewed in an effort to determine whether the existing structure, both as set forth in the Association's By-Laws and in related practices and procedures, provided a rational and effective allocation of authority and duties among them and one which lent itself to accomplishing the Association's stated objects. In particular, the Special Review Committee was concerned with the sufficiency of the existing structure to accomplish certain objects enumerated by the Board by resolution adopted March 12, 1963, as amended January 13, 1970, including the following:

> "1. To provide leadership to its members, and to represent them in presenting industry interests, views and recommendations to the legislative and executive branches of the Federal government (and to state and local governments where appropriate) on those matters which affect the industry's health, vigor and well being. . . ."

In the course of its review, the Special Review Committee reaffirmed its strong support for an organizational structure wherein allocation of authority and responsibilities is carefully balanced among the Board, the Executive Committee and the President of the Association. The Committee rejected as inappropriate the approach taken by certain industry trade associations which have invested a single executive officer or body (for example, the association president) with disproportionate authority to direct its policies and manage its operations.

The Committee believed, however, that the appropriate "balance" could be preserved while facilitating more aggressive decision-making and response to major problems, including advocacy of commonly held industry positions on public issues, by investing the Executive Committee with greater responsibility than that with which it has been previously endowed. It was recognized that the workload of the Executive Committee would be commensurately increased while that of the Board itself would be lessened, thus requiring fewer Board meetings. At the same time, consistent with continuing growth of the Association's membership -- 18 percent over the past five years -- and providing wider representation of the membership, the Committee has recommended enlargement of the Board.

The Special Review Committee has sought, by its recommendations, to avoid derogating from the authority and responsibilities of the office of the President, the latter being a full-time professional staff executive whose role, among other important responsibilities perceived by the Committee, includes being the Association's chief public spokesman and advocate. It was felt that a Board having a broader base of member representation and an Executive Committee having relatively greater responsibility would facilitate more incisive Board-level action which, in turn, would provide greater impetus and support to the Association's chief staff executive and his colleagues. The Committee did not believe that the authority of the President by virtue of the powers of his office as expressly set forth in the By-Laws requires any significant change. Even so, by following the more active direction of the Executive Committee, it is intended that he become as aggressive an executive or strong an advocate on various matters as the Executive Committee itself may determine from time to time.

While no proposal has been made to recast the By-laws definition of the President's authority, the Committee puts forth its recommendation that the President provide the direct link between the Committee chairmen, including chairmen

CMA 071810

of the technical and functional committees, and the members of the Executive Committee and Board. It was felt that the feasibility of this recommendation was assured by reason of the Board's recent action in reducing the number of committees requiring liaison with these bodies and oversight of their activities. Direct linkage through the office of the President was believed to be necessary to enable more timely and discreet response to committees' requests for authoritative direction and support. The proliferation of committee growth in the past, with attendant diffusion of staff support, was seen as having adversely affected, in the Committee's opinion, the effectiveness of Board-level contact, support and direction.

Finally, as a policy matter, the Special Review Committee recommended that the Association's By-laws be amended to follow the practice of virtually every other trade association in providing for indemnification of officers and directors. It was believed that this was also consistent with the recommendation for more aggressive Board-level executive and staff action.

WERNER C. BROWN, Chairman
HARRY D. McNEELEY, Vice Chairman
JAMES G. AFFLECK
EDWARD DONLEY
WILLIAM J. DRIVER
RICHARD E. HECKERT
PAUL F. OREFFICE
GEORGE F. POLZER
TOM K. SMITH. JR.

April 11, 1978

CMA 071811

PROPOSED AMENDMENTS

TO THE BY-LAWS OF

MANUFACTURING CHEMISTS ASSOCIATION

Pursuant to the direction of the Special Review Committee at its meeting held on March 6, 1978, the following proposal for revision of Articles V, VI and VII of the By-Laws of the Manufacturing Chemists Association is set forth for consideration by the Executive Committee of the Board of Directors of the Association. If the Executive Committee so approves, this proposal will be submitted to the Board of Directors and thereafter to the Annual Meeting of the Association to be held on June 8, 1978, together with specific language revisions prepared by the General Counsel of the Association for adoption pursuant to Article XI of the Association's By-Laws.

Proposed Amendments to Article V

("Board of Directors")

Section 1. Functions and Powers

(1) This provision should be revised to increase membership of the Board of Directors to a maximum of 49

directors, including 45 directors elected in accordance with Section 3 of the Article, and the Chairman of the Board, the Vice Chairman of the Board, the Chairman of the Executive Committee and the President as _ex officio_ members.

Committee Comment: The By-Laws now provide for a maximum of 37 directors, including the four principal executive officers of the Association. By operation of Section 3, 15 new directors instead of 11 directors will be elected each year under the existing system of staggering successive three-year terms. The increase in Board membership generally reflects the growth in the membership of the Association.

(2) References to specifically enumerated powers of the Board should be deleted.

Committee Comment: The Board's powers should be more generally stated, to-wit, to manage the business, property and affairs of the Association. To facilitate broader representation of the membership on the Board and to encourage improved attendance by Board members, regular meetings would be scheduled on a quarterly rather than monthly basis. Specific references to the power of the Board of Directors to control property and expenditures would be deleted to remove any implication that transactions affecting the Association's property or its expenditures would require Board approval in each instance and to reflect existing practice and procedure.

Section 2. Eligibility

(1) This provision should be revised to reflect the fact that the Chairman of the Board, the Vice Chairman of the Board, the Chairman of the Executive Committee, and the President of the Association should be *ex officio* members of the Board who shall be elected to such offices by action of the Board of Directors.

Committee Comment: The Chairman of the Board, the Vice Chairman of the Board and the Chairman of the Executive Committee, and the President are now elected by the Annual Meeting of the membership.

Section 3. Election

(1) This provision should be revised in a manner consistent with the revision of Sections 1 and 2 of this

Article to reflect the proposed revision of the method of electing certain of the principal executive officers of the Association by the Board of Directors as set forth above.

Section 5. Meetings

(1) This section should be revised to provide for the conduct of regular quarterly meetings of the Board of Directors in January, April, June and November of each year, with provision made for special meetings of the Board at any time when called by the Chairman of the Board, the Vice Chairman of the Board, the Chairman of the Executive Committee or the President of the Association, or upon the written request of five members of the Board of Directors.

Committee Comment: The Board of Directors has tended to function more as would the meeting of general shareholders of a corporation rather than as an action-oriented body. Its function as a widely representative body approving or disapproving action or planning initiatives of the Association should be strengthened by expanding such representation while recognizing that it is not well constituted to originate and develop such initiatives. It is also believed that fewer meetings will promote the improvement of agenda presentations and attendance at meetings of the Board.

(2) Express provision would be made to designate the June meeting of the Board of Directors as the Annual Meeting of the Board to reflect existing practice and to conform with other proposed revisions of the By-Laws' provisions for the periodic election of officers and members of the Executive Committee which are set forth, infra.

Section 6. Quorum

(1) This provision should be revised to provide that a quorum for meetings of the Board of Directors will be at least one-third of its members.

Committee Comment: This amendment is intended to retain approximately the same minimum number of directors as the standard for constituting a quorum, notwithstanding the proposed expanded membership of the Board.

Section 8. Committees

(1) The characterization of the Executive Committee should be revised to provide for its establishment as a standing committee rather than as an optional committee.

Committee Comment: This change would not only reflect existing practice but underscore the view of the Special Review Committee that the Executive Committee is an important executive body of the Association which should exercise a stronger decision-making role.

(2) Provision should be made for the annual election of members of Executive Committee at the Annual Meeting of the Board of Directors in June of each year. In accordance with existing practice, each member will serve until the next annual meeting or until his successor is appointed and qualified.

Committee Comment: This revision will serve to make express provision for the existing practice.

(3) This section should be revised to provide that, when the Board of Directors is not in session, the Executive

Committee shall possess and may exercise all of the powers of the Board with respect to managing the business, property and affairs of the Association, including all matters of policy and administration.

Committee Comment: The existing By-Laws provide that the Executive Committee may function "in respect of urgent matters which require action before the next Board meeting and as to which it is not practicable to secure the vote of the Board". This narrow definition of the authority of the Executive Committee is at variance with the widespread practice of major industry-wide trade associations as well as the Committee's perception of the proper role of the Executive Committee.

(4) Provision should be made for regularly scheduled meetings of the Executive Committee to be held once each month, with further provision made for special meetings of the Executive Committee when called by the designated executive officers of the Association or on the written request of three members.

(5) The existing By-Laws provision entitled "Other Committees" should be expanded to provide for the appoint-

ment by the Executive Committee of such special technical and functional committees as it deems necessary or advisable and the chairmen of such committees.

Committee Comment: The Executive Committee will receive from the chairmen of existing technical and functional committees a description of their objectives and working strategies. Each will be reviewed and, if desirable, approved by the Executive Committee. We further contemplate that the President will initiate from time to time specific recommendations to the Executive Committee for the formation of other technical and functional committees and restructuring of existing committees as circumstances require. Regularly scheduled presentations by each committee before the Executive Committee and Board, or both, shall be arranged at least annually.

(6) Reference should be made to the Board's power to fill vacancies on the Executive Committee and the authority of the Board or the Executive Committee to fill vacancies among members of other committees.

Committee Comment: This revision is appropriate to conform the provisions of the By-Laws to the existing practice.

Section 10. Special Provision with Respect to the President

(1) This provision should be deleted as unnecessary if the proposed revisions of Sections 3 and 4 of this Article are made as described above.

Section 11. Alternates to Directors

(1) The provision whereby a director may designate a proxy to attend Board meetings in his stead and to vote on matters of pending business would be deleted.

Committee Comment: The Committee believes that change of this practice, which is not commonly followed by the Boards of other trade association, will promote attendance at quarterly Board meetings. Despite this change of practice, a director may continue to send a representative (as may any other member of the Association) to attend any Board meeting as an observer.

Proposed Amendments to Article VI
("Officers")

Section 1. Number and Election

(1) This section should be revised to provide for the annual election of all executive officers of the Association by the Board of Directors at its Annual Meeting rather than by the Annual Meeting of the Association.

Committee Comment: A conforming amendment of Section 1 of Article VII should also be made with respect to the Annual Meeting of the Association.

Section 5. The President

(1) No significant amendment of the description of the powers and duties of the office of the President is required and, accordingly, none is recommended other than the making of any technical changes necessary to conform this provision with the language of other provisions. Notwithstanding this, the Committee views many of the other proposed changes as measures which will strengthen the role of the President and permit the President to act even more aggressively than in the past. Administratively, he will be the direct link between the committees and the staff, on the one hand, and the Executive Committee and the Board, on the other hand. He

will personally see, for example, that appearances by chairmen of committees are made at both scheduled dates for such appearances and, whenever required from time to time, at other meeting dates.

New Section Proposed. Indemnification of Officers and Directors

(1) Provision should be made for the indemnification of officers and directors of the Association to the extent permitted by the law.

Committee Comment: Consideration of the procurement of appropriate insurance is also in order.

Proposed Amendments to Article VII ("Meetings")

Section 1. Annual Meeting.

(1) Reference to the election of officers at the Annual Meeting of the Association membership would be deleted. The members would, however, continue to elect the directors of the Association other than ex officio members of the Board.

PROPOSED AMENDMENTS TO THE BYLAWS

(Language to be deleted struck through;
new language underscored)

Article V -- BOARD OF DIRECTORS
~~Section 1. Functions and Powers~~

~~The business and affairs of the Association shall be managed by a Board of Directors consisting of the Chairman of the Board, the Vice-Chairman of the Board, the Chairman of the Executive Committee, the President, and up to thirty-three (33) additional Directors. It shall be the duty of the Board of Directors to establish and direct the policies of the Association, to control its property and operations, to be responsible for the expenditure of its funds and to exercise all of the powers of the Association, except as otherwise provided by law or by these Bylaws.~~

Section 1. Membership, Functions and Powers

The business, property and affairs of the Association shall be managed by a Board of Directors composed of the Chairman of the Board, the Vice Chairman of the Board, the Chairman of the Executive Committee, and the President as ex officio members, and up to forty-five (45) additional Directors who shall be elected by the membership.

Comment: The Bylaws now provide for a maximum of 37 directors, including the four principal executive officers of the Association. By operation of revised Section 3, 15 new directors instead of 11 directors will be elected each year under the existing system of staggering successive three-year terms. The increase in Board membership to forty-five (45) plus four ex officio members generally reflects the growth in the membership of the Association.

The Board's powers in the revised section are generally stated in terms of the power to manage the business, property and affairs of the Association. Specific references to the power of the Board of Directors to control property and expenditures would be deleted to remove any implication that transactions affecting the Association's property or its expenditures would require Board approval in each instance and to reflect existing practice and procedure.

Article V -- BOARD OF DIRECTORS
Section 2. Eligibility (Second and Third sentences)

No Director who has served a full three-year term shall be elected to a second consecutive three-year term, but may be re-elected after an interval of one year. The Chairman of the Board, the Vice Chairman of the Board, the Chairman of the Executive Committee, and the President shall be eligible to serve as ex officio Directors without regard to the time limitation of this section; and the President may be chosen from the public at large. ~~A Director serving as Chairman of the Executive Committee during the concluding year of said Director's term may be re-elected to a contiguous one-year term if also elected to serve concurrently as Chairman of the Board, continuation of such directorship being contingent on holding the latter office.~~

Comment: The Chairman of the Board, the Vice Chairman of the Board, the Chairman of the Executive Committee, and the President are to be elected by the Board at its Annual Meeting and will serve ex officio without regard to the bylaw limitation on Directors' tenure. Instead, eligibility of Executive Officers will be left to the discretion of the Board subject to Article VI, Section 1.

Article V -- BOARD OF DIRECTORS
Section 3. Election (First andThird sentences)

The Directors other than ex officio Directors shall be classified in respect of the time for which they shall severally hold office, by dividing them into three classes.... The ~~President~~ Chairman of the Board, Vice Chairman of the Board, Chairman of the Executive Committee and President upon election to ~~that~~ such offices shall become ~~a~~ Directors without further election.

Comment: These revisions are made to provide consistency with revisions of Article V, Section 1 and Article VI, Section 1.

Article V -- BOARD OF DIRECTORS
Section 4. Vacancies

Any vacancy among the members of the Board of Directors may be filled until the next Annual Meeting of the Association by the Board, or, if not filled by the Board, by the members of the Association at a special meeting. The term "vacancy" as used in this Section shall include any directorship which is unfilled as the result of the election of a Board member as one of the officers who is an ex officio member of the Board or the result of the death, resignation, removal or disqualification of a Director.

Comment: This revision is to conform with Article V, Section 1.

Article V -- BOARD OF DIRECTORS
Section 5. Meetings

Regular meetings of the Board of Directors shall be held ~~once each month except in July and August,~~ ~~and except in any other month in which such a meeting is determined to be unnecessary by the Chairman of the Board and the President.~~ - four times a year in January, April, June and November. Special meetings of the Board may be held at any time when called by the Chairman of the Board, or by the President, or by written request of three members of the Board. Meetings of the Board shall be held at such time and place within or without the State of New York, as it may determine from time to time. The June meeting of the Board of Directors shall be the Annual Meeting of the Board for the election of officers, the appointment of the Executive Committee, and the transaction of other business.

Comment: The Board of Directors has tended to function more as would the meeting of general shareholders of a corporation rather than as an action-oriented body. Its function as a widely representative body approving or disapproving action or planning initiatives of the Association should be strengthened by expanding such representation while recognizing that it is not well constituted to originate and develop such initiatives. To facilitate broader representation of the membership on the Board, and to encourage improved attendance by Board members regular meetings should be scheduled on a quarterly rather than a monthly basis. It is also believed that fewer meetings will promote the improvement of agenda presentations and attendance at meetings of the Board. To conform with existing practice and other revisions of the Bylaws, express provision should be made to designate the June meeting as the Annual Meeting of the Board.

Article V -- BOARD OF DIRECTORS
Section 6. Quorum

A ~~majority~~ - One third (1/3) of all the members of the Board of Directors shall constitute a quorum, and when a quorum is present, except as otherwise provided by law or by these Bylaws, action may be taken by the affirmative vote of a majority of those present.

Comment: This amendment is intended to retain approximately the same minimum number of directors as the number which now constitutes a quorum, notwithstanding the proposed expanded membership of the Board.

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Article V -- BOARD OF DIRECTORS
Section 8. Committees

~~Executive Committee. The Board of Directors may appoint an Executive Committee of not less than five of its own members, including the Chairman of the Board, the Vice Chairman of the Board, the Chairman of the Executive Committee, and the President of the Association. The members of the Executive Committee other than the elected officials heretofore named shall serve during the pleasure of the Board. The Executive Committee shall have and may exercise between meetings of the Board (a) all the powers and functions of the Board in respect to urgent matters which require action before the next Board meeting and as to which it is not practicable to secure the vote of the Board, and (b) such other specific powers and functions as the Board may delegate to it from time to time. Three members shall constitute a quorum of the Executive Committee.~~

Executive Committee. The Executive Committee shall be a standing committee composed of the Chairman of the Board, the Vice Chairman of the Board, the Chairman of the Executive Committee, and the President as ex officio members, and at least five (5) other Directors who shall be appointed by the Board of Directors at its Annual Meeting and serve until the next Annual Meeting of the Board. Vacancies on the Executive Committee shall be filled by the Board of Directors at its regular meetings. The Executive Committee shall possess and may exercise all the powers of the Board of Directors with respect to conducting the business and affairs of the Association, including all matters of policy and administration, except when the Board of Directors is in session. It shall keep the Board fully informed concerning the business and affairs of the Association. Regular meetings of the Executive Committee shall be held in accordance with the schedule it shall prescribe. Special meetings may be held at any time when called by the Chairman of the Board, the Vice Chairman of the Board, the Chairman of the Executive Committee, or the President of the Association or on the written request of three (3) members. One-third (1/3) of all the members of the Executive Committee shall constitute a quoroum of the Executive Committee.

Comment: This change would not only reflect existing practice but underscore the view of the Special Review Committee that the Executive Committee is an important executive body of the Association which should exercise a stronger decision-making role. This revision will also serve to make express provision for the existing practice regarding appointment of Executive Committee members. The existing Bylaws provide that the Executive Committee may function "in respect of urgent matters which require action before the next Board meeting and as to which it is not practicable to secure the vote of the

Board". This narrow definition of the authority of the Executive Committee is at variance with the widespread practice of major industry-wide trade associations as well as the Special Review Committee's perception of the proper role of the Executive Committee. In accordance with the broadened role and responsibilities of the Executive Committee under the revised Bylaws provision is made for regular monthly meetings and special meetings.

Membership Committee. At its ~~first~~ Annual Meeting each year ~~(following the Annual Meeting of the Association)~~ - the Board of Directors shall appoint a Membership Committee consisting, among others, of three of its members, one of whom it shall designate as Chairman. Its duty shall be to receive and pass upon each application for membership in the Association, and to report to the Board of Directors, as to the eligibility for membership of each applicant.

Comment: This change is to conform with the change in Article V, section 5.

Technical and Functional Committees. The Executive Committee may from time to time appoint such technical and functional committees as it shall deem necessary or advisable, each of which shall have such field of interest or activity, with such powers and duties, as the Executive Committee shall from time to time by resolution determine. The chairman and members of each such committee shall be appointed by the Executive Committee which shall also be empowered to fill vacancies.

Comment: Appointment of other committees by the Executive Committee is consistent with the expanded authority of the Executive Committee.

Rules and Regulations. Each committee appointed by the Board of Directors or the Executive Committee may, unless otherwise directed by the Board (or the Executive Committee if the committee was appointed by the Executive Committee) adopt such rules and regulations for the conduct of its affairs as it may deem desirable. Such rules and regulations as may be adopted shall be those that are appropriate for the conduct of the committee's affairs, consistent with the policy of the Association and subject to review and approval by the Board of Directors (or the Executive Committee if the committee was appointed by the Executive Committee) in those instances where the Board or the Executive Committee may deem such review and approval desirable.

Comment: These changes conform this provision to foregoing changes which provide for Executive Committee appointment and supervision of "other committees."

Article V -- BOARD OF DIRECTORS
~~Section 10. - Special Provision with Respect to the President~~

~~Notwithstanding the other provisions of this Article V, one Director (who may be nominated and elected to serve as President of the Association) may be chosen from the public at large. There shall be no limitation of time with respect to the number of consecutive terms that such Director may serve, either as Director or as President.~~

Comment: This Section should be deleted as unnecessary in light of the proposed revisions of Article V, Sections 1, 2, and 3, and Article VI, Section 1.

Article V -- BOARD OF DIRECTORS
~~Section 11. - Alternates to Directors~~

~~Any Director who desires to do so may designate an alternate to represent him at those meetings of the Board which he is unable to attend. Designation of alternates shall be subject to the approval of the Board of Directors. Any alternate who has been so designated and approved shall be entitled to cast the vote of the Director whom he represents at any meeting of the Board which he attends, and alternates shall be counted in ascertaining whether or not a quorum is present.~~

Comment: Change of this practice, which is not commonly followed by the Boards of other trade associations will promote attendance at regular Board meetings.

Article VI -- OFFICERS
Section 1. Number and Election (First sentence only)

The Officers of the Association shall consist of a Chairman of the Board, a Vice Chairman of the Board, a Chairman of the Executive Committee, a President, one or more Vice Presidents, and a Secretary-Treasurer, each of whom, except the Vice Presidents and the Secretary-Treasurer shall be an ex officio member of the Board of Directors. Except for the Vice Presidents and the Secretary-Treasurer, the Officers shall be elected annually ~~at the Annual Meeting of the Association,~~ by the Board of Directors at the Annual Meeting of the Board.

Comment: This section is revised to provide for the annual election of all executive officers of the Association by the Board of Directors at its Annual Meeting rather than at the Annual Meeting of the Association. This should promote a closer interrelationship between the Board, the executive officers, and the Executive Committee.

Article VI -- OFFICERS
Section 5. President

There ~~may~~ shall be elected as President an executive who will devote his full time to the affairs of the Association. The President, ~~if full-time,~~ shall not be limited with respect to the duration of his service either as President or as a member of the Board of Directors. The President, in the absence or disability of the Chairman and Vice Chairman of the Board and the Chairman of the Executive Committee, shall preside at all meetings of the Board of Directors and Executive Committee. He shall also perform such other duties as are incident to the office of President, or as may be designated by the Board of Directors.

Comment: These revisions are technical changes to conform this provision with the language of other revisions and to present practice. Nevertheless, many of the other proposed changes should be viewed as measures which will strengthen the role of the President and permit the President to act even more aggressively than in the past. Administratively, he will be the direct link between the committees and the staff, on the one hand, and the Executive Committee and the Board, on the other hand. He will personally see, for example, that appearances by chairmen of committees are made at both scheduled dates for such appearances and, whenever required from time to time, at other meeting dates.

Article VII -- MEETINGS
Section 1. Annual Meeting (First sentence only)

The Annual Meeting of members of the Association for the election of ~~Officers and~~ Directors and other purposes, shall be held during the month of June each year, at such time and place, either within or without the State of New York, as may be fixed by the Board of Directors.

Comment: This revision is made in conformance with the changes in Article VI, Section 1.

Article VIII -- MISCELLANEOUS
Section 4. Indemnification of Directors and Officers

Directors and Officers of the Association shall be indemnified against expenses and liabilities arising by reason of the fact that they are a Director or Officer of the Association in accordance with and to the full extent permitted by the Not-for-Profit Corporation Law of the State of New York.

Comment: This new provision explicitly provides for the indemnification of Officers and Directors mandated by the Not-for-Profit law of the State of New York.

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