PLAINTIFF'S EXHIBIT

CAP-1193

A/C Pipe Producers Association

Internal Correspondence

TO Executive Committee

FROM J. C. Jackson, President

DATE July 7, 1981

SUBJECT Executive Committee Meeting

ACTION REQUIRED: Review for information and follow on discussion at 7/16/81 Executive Committee meeting

Enclosed in the order in which they appear on the meeting agenda are the following supportive documents.

IV.B.2	Second Quarter Financial Statement
V.A.1	PAC Program Status Report
V.A.1.a	JCJ correspondence, May 7, 1981
V.A.1.b	J-M Ingestion Strategy & Related correspondence
V.A.1.d	Staff Proposal: State Monitoring Program
V.A.2	TAC Program Status Report
VII.A	AACPP Membership/Dues Structure

Material relevant to the following agenda topics was forwarded previously:

V.A.1.a	K&E information requests
V.A.1.b	L&G Phase II Strategy
V.A.2.a	TAC-01-80 Final Report
VI.C	EPA Letter (i.e. Millette)
VI.D.1	1981 Fall Meeting
VI.D.2	1982 Annual Meeting

Documentation, if any, pertinent to the remaining agenda topics will be distributed at the meeting.

JCJ/ajb

Enclosures

cc: A. Kahn, Esq.
N. Rahn, Esq.
I. Adams (ATI)

copies to: Executive Committee

L. Ambler
J. Cran
L. Taylor

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MANAGEMENT INFORMATION SYSTEM	Number	MIS-21-30
	Issued	7/7/81
	Revised	

Title: FINANCIAL ACTIVITIES & FUND BALANCE
QUARTERLY STATEMENT

BALANCE SHEET
JUNE 30, 1981

ASSETS

Cash		$ 26,565.34
Petty Cash		75.00
Certificate of Deposit		320,000.00
Travel Advance		400.00
Accounts Receivable		2,052.65
Accounts Receivable - Special Counsel		15,937.73
Prepaid Rent (1)		4,456.21
Prepaid Miscellaneous (2)		200.00
Prepaid Publications		65.00
Total Assets		$369,751.93

LIABILITIES & FUND BALANCE

Accounts Payable		$ 2,322.41
Employee Taxes Payable		3,584.75
Pension Contribution Payable		4,830.00
Accounts Payable - Special Counsel		0.00
Technical Advisory Payable		2,600.00
Fund Balance - June 30, 1981		
Designated (Accrued Reserve)	$ 61,289.38	
Undesignated	295,125.39	356,414.77
Total Liabilities & Fund Balance		$369,751.93

NOTES:

(1) Deposit on office space @ $2,398.62; Prepaid July Rent @ $2,057.59.

(2) Fall Meeting deposit.

	Month of June	1981 Budget	6/30/81 YTD	% Budget	Projected Year-End
EXPENDITURES					
Compensation					
Staff Salaries	$ 10,549.99	$163,000	$ 74,633.33	45.79	$138,000
Payroll Taxes	701.58	8,300	5,805.07	69.94	8,100
Empl. Group Benefits	890.30	13,200	4,994.90	37.64	10,000
Pension Plan	805.00	10,000	5,090.00	50.90	10,100
Subtotal	$ 12,946.87	$194,500	$ 90,523.30	46.54	$166,200
Office Operating					
Office Rent	$ 2,057.59	$ 14,400	$ 8,233.41	57.18	$ 23,100
Office Oper. & Supp.	318.90	4,500	1,832.42	40.72	4,000
Xerox	817.70	7,700	4,026.32	52.29	7,700
Word Processing	173.58	8,400	18,101.11	215.49	19,500
Telephone & Telegraph	1,082.13	6,600	4,478.53	67.86	7,600
Postage, Exp. & Freight	399.52	6,000	2,874.45	47.91	6,000
Leasehold & Furniture	881.30	1,000	881.30	88.13	1,000
Subtotal	$ 5,730.72	$ 48,600	$ 40,427.54	83.18	$ 68,900
General Operating					
Expense of Employees	$ 4,213.83	$ 33,000	$ 21,130.35	64.03	$ 37,100
Automobile	129.85	500	545.78	109.16	550
Bd., Com., & Mtg.	(686.78)	30,000	34,643.38	115.48	40,500
Dues & Contributions	137.75	1,600	711.00	44.44	1,600
Subscriptions & Publ.	1.83	3,000	2,964.19	98.81	3,200
Insurance	99.00	10,600	8,832.97	83.33	8,900
Taxes	0.00	500	30.00	6.00	500
Subtotal	$ 3,895.48	$ 79,200	$ 68,857.67	86.94	$ 92,350
REP Programs					
Public Affairs Prog.	$ 32,331.61	$185,000	$ 69,333.81	37.48	$185,000
Technical Affairs Prog.	13,400.72	80,000	16,152.55	20.19	80,000
Internat'l Affairs Prog.	0.00	8,500	3,953.82	46.52	8,500
MIS Programs	0.00	1,500	764.32	50.95	1,500
Subtotal	$ 45,732.33	$275,000	$ 90,204.50	32.80	$275,000
Professional Services					
Legal - Gen'l Counsel	$ 1,625.10	$ 30,000	$ 10,096.34	33.65	$ 30,000
Legal - Sp. Counsel	111.15	0	33,007.82	-	-
Audit & Accounting	0.00	2,700	1,700.00	62.96	1,700
Statistical	700.00	9,600	4,256.58	44.34	8,450
Medical Advisory	520.00	5,000	520.00	10.40	2,500
Technical Advisory	3,932.43	0	4,954.93	-	8,000
Subtotal	$ 6,888.68	$ 47,300	$ 54,535.67	115.30	$ 50,650
Other					
Misc. & Contingency	$ 1,374.00	$ 2,400	$ 1,445.68	60.24	$ 2,400
Special Assessments	0.00	0	0.00	-	-
Subtotal	$ 1,374.00	$ 2,400	$ 1,445.68	60.24	$ 2,400
Total Expenditures	$ 76,568.08	$647,000	$345,994.36	53.48	$655,500

PROGRAM STATUS

Committee	PAC
Issue Date	July 2, 1981

Program		Schedule			Cost
NUMBER	MODULE/TASK	1980	1981	1982	P-Plan A-Actual
PAC-01-80	RAP/Task 1				P-$105,000 A- 91,035
PAC-02-80	PEP/Task 3A				P-$ 27,150 A- 8,447
	PEP/Task 3B				P-$ 10,150 A- 31,492
	PEP/Task 3C				P-$ 6,650 A-$ 4,412
	PEP/Task 3D				P-$ 17,150 A- 189
	PEP/Task 3E				P-$ 62,775 A- 21,817
	PEP/Task 4A				P-$ 3,150 A- 3,365
	PEP/Task 4B				P-$ 7,150 A- 1,438
	PEP/Task 4C				P-$ 25,300 A- 13,581
	PEP/Task 4D				P-$ 25,750 A- 0
PAC-04-80	SMP/Pending				P-$ 15,000 A- 0

Cash Flow $	1	6000*	61195		*Prior FY 80 Programs
	2	3000*	43890		
	3	52500	49475		
	4	65300	32865		
	T	126800	187425		
YTD Expense $	1	6000*	15,682		*Prior FY 80 Programs
	2	2771*	53,652		
	3	51305			
	4	55283			
	T	115359	69,334		

PROGRAM STATUS	Committee	PAC
	Issue Date	July 2, 1981

Program		STAFF UPDATE
Number	Module	
PAC-01-80	RAP	Task 1 - Economic Impact Analysis transmitted by AACPP counsel to Kirkland & Ellis. Tasks 3-4 - K&E requested AACPP to prepare position papers on (a) monitoring information and the technological feasibility of improved dust control in A/C pipe plants and (b) exposures during installation and use frequency of abrasive disc saw. On 6-29-81, Staff requested Executive Committee to contact AIA/NA counterparts and grant AACPP access to confidential information necessary to complete position papers. Initiation of all other tasks still deferred pending outcome of regulatory negotiations with EPA.
PAC-02-80	PEP	Inserts or "Tip-Ons" (legislative, public health official and water utility") for A/C Pipe and Drinking Water distributed to member companies. Distribution to legislators and public health officials in California, Texas, Arizona, Nevada to be completed 7-17-81. Distribution to the Provinces of Canada held due to postal strike. Reprints of AACPP response to article in Water Engineering and Management to be distributed in mid-July. L&G preparing outline of recommended revisions to A/C Pipe and Drinking Water booklet and A/V program. Press releases to trade and environmental media continue. "A/C Advisory" (health facts sheet) distribution to members and state health departments to start in 7-8-81. Staff soliciting statements from industry and independent medical consultants supporting the safety of A/C pipe. These may be used to solicit formal EPA statement on safety of A/C pipe. Product promotion ad produced and run once in AWWA Journal, but withdrawn at Committee request. Advertising program thrust redirected at 6-9-81 PAC meeting; alternate product promotion advertising concept to be prepared for review. PAC voted not to proceed with product safety ad. "Bill stuffer" being circulated to water utilities for external input. AWWA seminars scheduled for Texas, California-Nevada, Inter-mountain, Florida and Kentucky-Tennessee sections. Agency submitted proposal for transition to "proactive" PR program; proposal letter balloted on 6-29-81.
PAC-04-81	SMP	Revised program proposal and cost to be letter balloted on 6-6-81 and discussed at Executive Committee meeting on 7-16-81.

A/C Pipe
Producers Association

Internal Correspondence

TO Board of Directors

FROM J. C. Jackson, President

DATE May 7, 1981

SUBJECT

ACTION REQUIRED: Review for information

During the 4/16/81 Board of Directors meeting action on a Public Affairs Committee recommendation that AACPP be responsive to information needs identified by Kirkland & Ellis for use in ongoing negotiations with EPA was deferred pending review of a Staff memorandum to be prepared by the President outlining:

1. The status of EPA negotiations to date.
2. The role of AACPP vis a vis AIA/NA.
3. Specific information needs.

The purpose of the following memorandum is to be responsive to that request and to clarify any perceived misunderstandings relative to jurisdictional overlaps between AACPP and AIA/NA.

Generally, AACPP's health, environment and government affairs activities can be categorized as follows:

A. Monitoring
B. Agency/Congressional Liaison
C. Rulemaking
D. Field Problems

A. Monitoring

On a routine basis, AACPP monitors all federal legislative developments and regulatory/funding agency developments which might have an impact on the A/C pipe industry, including related water and sewer pipe markets. Monitoring consists of reviewing selected publications and where deemed advisable distribution of specific information culled from these publications to either the Public Affairs Committee or the Executive Committee.

Aside from periodically exchanging information specifically related to asbestos regulation and not generally available through public channels of communications, AACPP's monitoring activities are separate and distinct from AIA/NA since the Association's interests are not confined to the asbestos issue but encompass a broad spectrum of trade issues, e.g. procurement policy, product specification, economic trends, etc.

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B. Congressional/Agency Liaison

By Association policy and Board directive, AACPP does not lobby for or against proposed federal legislation nor are direct contacts made with any member of the Senate or the House of Representatives and their staffs. When necessary or desirable, congressional liaison is effected through the Public Affairs offices of its member companies. This policy extends even to guest speakers invited either to the Association's Annual Industry Conference or Fall Washington Workshop.

On an "as needed" basis, AACPP maintains contact with all public works, i.e. water and sewer pipe, agencies and selected regulatory agencies, primarily EPA's Office of Drinking Water and Municipal Environmental (MERL) and Health Effects (HERL) Research Laboratories in Cincinnati. Historically, AACPP has deferred to AIA/NA for direct liaison with other EPA offices, OSHA and CPSC.

C. Rulemaking

With but one exception, AACPP has deferred either to its member companies or AIA/NA special counsel, Kirkland & Ellis, for the preparation and submission of industry comment on all asbestos rules/regulations proposed by the regulatory agencies. The one exception was comments prepared by AACPP Staff/Counsel requesting an exemption from CPSC's Advanced Notice of Proposed Rulemaking (ANPRM) for asbestos on the basis A/C pipe was not a consumer product or within the statutory authority of the Commission.

Presently AACPP Staff participates as an observor at AIA/NA Executive Committee meetings for the purpose of:

1. Monitoring on a regular basis the status of industry, i.e. AIA/NA, initiatives.
2. Acting as an independent reviewer of responses prepared by AIA/NA on those issues which will have a direct impact on the A/C pipe sector.
3. Coordinating, and where appropriate collecting, information relative to the defense of the A/C pipe sector.
4. Ensuring that A/C pipe's case is not weakened in the broad defense of other product sectors and reserving the option of proceeding independently if desired or necessary.

In regard to the last point, AACPP has identified, and in selected instances developed, program elements, e.g. recommended work practices, ADL economic impact analysis, required to build an affirmative case for the A/C pipe sector in asbestos rulemaking proceedings.

Lastly, AACPP is participating with AIA/NA through Kirkland & Ellis in preliminary discussions with EPA to determine the basis for a negotiated regulation. AACPP participation has been and will be limited to those issues shown on the attached "issue matrix" which have a direct bearing on the A/C pipe sector.

D. Field Problems

At the State and local level, AACPP acts as the prime coordinator for responding via a standard approved protocol to A/C pipe related field problem. Responses at the

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State and local level on other neral asbestos related issues are left to the discretion of AIA/NA.

AACPP's involvement at the State and local level includes:

1. The selection and coordination of special counsel.
2. The preparation and presentation of testimony.
3. The coordination of any required litigation.

In summary, the interface between AACPP and AIA/NA is one of active cooperation and, only if necessary, independent action on those regulatory issues which have a direct impact on the A/C pipe sector and related markets. On all other issues, AACPP presently defers to AIA/NA. Finally, the decision whether AACPP should and will act independently of AIA/NA resides with the Association's Board of Directors.

Status of Negotiated Regulations

Four meetings have been held between EPA and the industry to date. At the March 6, 1981 meeting discussion was confined to setting the tone/ground rules for future meetings and preliminarily reviewing issues/priorities of concern to EPA.

At the second meeting, March 11, 1981, resolution was reached on the attached "issue matrix" plus documents were exchanged outlining the principles of labeling as well as the basis for the categorization of products to be labeled.

On March 24, 1981, discussion continued on labeling issues, including typical language which might be included in any proposed EPA label. Further consideration of the labeling issue has been deferred pending development of specific language/format, i.e. prototype, which was assigned jointly to Rich Guimond, EPA, and Tim Hardy, Kirkland & Ellis. The meeting concluded with agreement the next regularly scheduled meeting would focus on A/C pipe issues.

On April 2, 1981, discussion focused on issues relevant to A/C pipe and of initial concern to EPA. Preliminary information needs were explored with EPA requesting the following specific items:

A. Current plant exposure levels and opportunities for further reductions in the A/C pipe sector.

B. The frequency of abrasive disk cutting and the effectiveness of existing recommended work practices in mitigating airborne exposures in the field.

C. The current manufacturing/marketing status of A/C air duct.

A meeting scheduled for April 21, 1981 was postponed.

In summary, negotiations between EPA and the industry to date have been solely exploratory in nature with neither EPA nor AIA/NA making any hard and fast commitments. It has been agreed that pending the development of data on the specific A/C pipe information needs identified above, further discussion of the A/C pipe sector will be held in abeyance.

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The next meeting between EPA and AIA/NA is scheduled for sometime in mid-May and will address issues relevant to the friction materials product sector. AACPP will not participate in this meeting.

JCJ/ajb

Enclosure

cc: A. Kahn, Esq.
N. Rahn, Esq.

copies to: Board of Directors

L. Ambler
J. Cran
J. Grinda
P. Martinex
L. Taylor
J. Zacharias

Chrono

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ASBESTOS ISSUES

SUBJECT AREAS	A-C PIPE	A-C SHEET	FRICTION MATERIALS	ASBESTOS TEXTILES	FLOORING	ROOFING	ASBESTOS PAPER AND MILLBOARD	PAINT, SEALANTS, AND COATINGS	PLASTICS	GASKETS AND PACKING	DRILLING MUDS	DISCONTINUED PRODUCTS
LABELING												
WORK PRACTICES												
EXPOSURE A. Occupational B. Construction C. Consumers D. General Environment												
MEDICAL EVIDENCE A. Inhalation B. Ingestion												
USE RESTRICTIONS												
INFORMATION COLLECTION AND RESEARCH												
DEMOLITION AND DISPOSAL												
EDUCATION AND TRAINING												
AIR EMISSIONS												
EFFLUENT GUIDELINES												
WATER CRITERIA												

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