Executive Committee Meeting
Thursday, January 29, 1970 - 9:00 a.m.
Association Headquarters - Washington, D. C.

## Call to Order

The meeting was called to order at 9:00 a.m. by Chairman Foy with the following in attendance:

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| Edward A. Foy (Chairman) | Foy-Johnston, Inc. |
| B. M. Belcher | Benjamin Moore & Company |
| Richard G. Bull | The Sherwin-Williams Company |
| J. J. Crowley | The O'Brien Corporation |
| Allan R. Dragone | Celanese Coatings Company |
| E. C. Larsen | PPG Industries, Inc. |
| William D. Lawson | E. I. du Pont de Nemours & Co. |
| William H. Lutz | Pratt & Lambert, Inc. |
| B. A. Malm | DeSoto, Inc. |
| Paul W. Neidhardt | Glidden-Durkee Div. of SCM Corp. |
| Eric Orling | National Lead Company |
| Arnold R. Wolff | Enterprise Paint Manufacturing Co. |

## Absent

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| John S. Ayres | Cook Paint and Varnish Company |
| William R. Barrett, Sr. | Inmont Corporation |
| Ralph J. Baudhuin | The Valspar Corporation |

## Guests

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| Henry Behnke | Mautz Paint & Varnish Company |
| Louis A. Prosch | Indurall Coatings, Inc. |
| C. N. Seidlitz | Conchemco, Incorporated |
| Robert Burger | E. I. du Pont de Nemours & Co. |
| Bernard Berger | Philadelphia Pension Planning Corp. |
| Charles Martin | Risk Engineering |
| Jere Goffredo | Jere Goffredo & Associates |
| Hugh Price | DeSoto, Inc. |

## Staff

Robert A. Roland, Executive Vice President
Allan W. Gates, Secretary
Daniel S. Ring, General Counsel
Royal Brown, Director, Technical Division
Francis Scofield, Vice President, Technical Affairs
Richard Hackendahl, Director, Clean Up Bureau
James Elliott, Field Secretary

## Action Taken at Last Meeting

Secretary Gates reviewed the action taken at the last meetings of the Board of Directors and Executive Committee held at our Annual Meeting in Chicago.

## Minutes of Last Meeting

Upon motion duly made and seconded, the minutes of the last meeting were approved without reading.

## Financial Statement and Report of Treasurer

Chairman Foy stated that Treasurer Baudhuin had been called away early this morning and asked Secretary Gates to give the Treasurer's Report.

The Secretary reported that the Budget and Finance Committee had met yesterday and Mr. Tom Stewart of T. Rowe Price and Associates reviewed the investment portfolio.

The Budget and Finance Committee reviewed the financial statement for the year ended December 31, 1969, in detail, especially noting those expense items that were under the budget and produced a surplus of some $60,000. The Secretary reported that the auditors were still auditing the books and there would be some more adjustments and a new statement sent out.

Upon motion duly made and seconded, the Executive Committee approved the financial statement for the year ended December 31, 1969, and expressed their thanks to the staff departments for staying within the budget. In reviewing the salary expense it was suggested that an annual comparative statement of salaries and fringe benefits be prepared for the Budget and Finance Committee and Executive Committee.

## 1970 Calendar Year Budget Adjustments

Secretary Gates reviewed the schedule of proposed adjustments to the 1970 budget, which amounted to a net of $250 being added to surplus.

A motion was duly made, seconded and unanimously approved, recommending that the budget adjustments be made.

## Miscellaneous

Mr. Roland stated that Bradley & Vrooman had succeeded in having all the American Petrochemical subsidiaries apply for membership and a membership application including all the companies had been received on the "one-third - two-thirds" incentive basis.

The Budget and Finance Committee recommends to the Executive Committee that the applications be accepted on this basis.



Upon motion duly made and seconded, the above recommendation was unanimously approved.

## Preliminary Report on Dues Classifications

Secretary Gates reported that as of January 15, 1970, Class A reports received showed 48 increases, 9 decreases, 21 no changes, and 5 A & B combinations, making a total of 83 reports, reporting $70,195.15 for 1970 compared to $65,959.78 for 1969; an increase of $4,235.37 or 6.4%.

Class B reports received showed 7 increases, 13 decreases, 15 no changes and 4 combination A & B, making a total of 29 reports, reporting $12,367.54 for 1970 compared to $12,357.58 for 1969; an increase of $9.96 or .1%.

Class A and B reports totaled 112, reporting $82,562.69 for 1970 compared to $78,317.36 for 1969; an increase of $4,245.33 or 5.4%.

## President's Report

President Foy stated that he would not go over his report in detail, but he hoped that everyone had read it. However, he did review his travel activities for the past quarter.

## Legal & Legislative Report

Mr. Dan Ring reported on the future CSSC activities during the coming year, emphasizing that the problem of water pollution is rapidly becoming a prime source of concern to both the government and the industry. While air pollution will remain a serious problem, the intensity of activity that was generated by the adoption of Rule 66 in Los Angeles and Regulation 3 in the Bay area is no longer present. Various other problems are arising day by day as more and more states, counties and localities are passing laws adopting regulations concerning air pollution.

## Smog Chamber Report

The three-year contract for the operation of the smog chamber at Battelle Memorial Institute will expire in March, 1970. The Program Subcommittee, CSSC, at lengthy discussions as to future direction of Air Pollution activity, decided that, while the Association should continue to remain active in this field, the really useful work with the smog chamber has been accomplished; and they recommend to the Community Services Steering Committee that the option for the renewal of the contract with Battelle not be exercised. The CSSC concurred in this recommendation.

The Program Subcommittee is now engaged in preparing a report covering the smog chamber work. This will be in two parts, a brief, relatively non-technical discussion, addressed to management, and a longer, technical report on the detailed results. These should be available this Spring, and will be published as Scientific Circulars.

The Program Subcommittee is considering various other activities that may profitably be explored.

## Report of Field Secretary

Mr. Roland stated that now that the census of paint manufacturers has been completed, we would utilize this list in a program of membership solicitation. In order to do this, we will need approximately $1,500 additional in the budget of the Field Secretary for mailing and promotional material, supplemented by the Field Secretary and the Executive Vice President's visits. This $1,500 was included in the 1970 budget adjustments which were approved.

## Request for Clarification of Certain Class A Products

Mr. Roland stated that we had a question on products manufactured by a potential member as to whether or not this should be included for dues purposes. After discussion, the consensus was that grout for ceramic tile and tile adhesives were not items covered by our classification requirements.

## NPVLA Activities on the Lead Paint Area

Mr. Roy Brown reviewed the Association's activities in the lead paint area.

The broadly increasing knowledge of the physiological effects of lead, the application of proper controls, and safeguards, together with better diagnosis and medical treatment has made possible great progress in the prevention of lead poisoning in both children and adults in the past few decades. One finds few cases of lead poisoning today among workers in lead-processing and lead-using industries.

One serious problem area remains unsolved and presents a real challenge to the Public Health Departments and Municipal Authorities of large cities. This is the absorption of lead by young children (under five years) living in poorly maintained old slum area buildings. Lead is absorbed by eating paint chips which peel or fall from interior walls and ceilings--paint which contains lead pigments and which was probably applied at least 30 years ago.

Two of the major problems involved in correcting the lead poison problem in this latter area are proper instrumentation to detect the presence of lead in the old coatings and adequate diagnostic techniques for determining a critical dose of lead in the child.

Mr. Brown reported that NPVLA was participating in an investigation in cooperation with the Atomic Energy Commission which shows promise for early development of a portable lead detection device. The AEC may soon grant funds for the development of this instrument. Federal legislation recently introduced may be of material assistance in the areas of research and diagnostic techniques and funds to actually rehabilitate dwellings found to contain hazardous old paint.

Aside from these problems there is the continuing need to communicate additional information to residents of sub-standard areas. Mr. Brown showed the Executive Committee a suggested approach which could be developed in conjunction with MEDCOM, a New York firm specializing in visual communications techniques related to medical problems.

The Executive Committee suggested that this entire effort be place before the Community Services Steering Committee for a firm program recommendation and then returned to the Board at their April meeting.

Report from Clean Up-Paint Up-Fix Up Bureau

Mr. Richard Hackendahl stated that the Association has been endeavoring to develop a broader base of financial support for CuPuFu. Several large industrial companies have been approached with a view toward funding a part of the total Clean Up Program; specifically, the National Cleanest Town Contest and Awards program.

Union Carbide has agreed to underwrite the expenses of the National Cleanest Town Contest for 1971. Their intention is to provide this support for all future years; however, their commitment will be made on an annual basis for budgeting purposes.

Policy control of the Contest and other Clean Up activities will remain the same as presently conceived. The Union Carbide Company will be prominently mentioned, however, as a co-sponsor of the National Cleanest Town Contest.

After considerable discussion, motion duly made and seconded to approve and accept a contribution from Union Carbide to the Clean Up Bureau was unanimously approved.

Industry Scholarship Survey

The Paint Industry Education Bureau Trustees have requested NPVLA assistance in assembling data regarding scholarship assistance by member companies.

As indicated by Executive Committee policy, all surveys must have the approval of the Executive Committee before they are undertaken.

Upon motion duly made and seconded, the above mentioned survey, a copy of which was in the meeting book, was unanimously approved.

Membership Opinion Study

Mr. Robert Burger of the Du Pont Company reviewed graphically for the Committee the results of the questionnaire sent to all committee members regarding committee activities.

The Executive Committee felt that the results of this survey should be conveyed to the various committee chairmen for review by their respective commities, and they felt that a continuation of this study would be helpful to the Association.

It was suggested that an effort be made to improve the response to the pilot survey by a follow-up letter. A second report should be made at the April Board of Directors meeting when a decision will be made whether or not to survey all members.

Employees Pension Plan

Mr. Bernard Berger reviewed for the Executive Committee the split funding method to which the Association's employees pension plan has been changed. He then reviewed the supplemental plan he developed which will give employees additional benefits and which will be paid for with the savings from the change to the split-funding method. The supplemental plan is in addition to all the rights, benefits, and coverages under the original pension plan.

Motion duly made and seconded to approve the supplemental plan for increased employee pension benefits was unanimously passed.

Motion duly made and seconded to establish as a matter of policy a quarterly review and report to the Executive Committee of the employees' pension plan was unanimously passed.

Motion duly made and seconded to have the Treasurer or some other member of the Executive Committee serve as a trustee of the employees' pension trust fund was unanimously passed.

## Directors Liability Insurance

Motion duly made and seconded that the Secretary be empowered to investigate the cost of liability insurance for directors and officers of the Association and Verlan Ltd. was unanimously passed.

## Board of Directors - Verlan, Ltd.

In order to complete the incorporation procedure for our Captive Insurance Company, the following slate of Directors is proposed: For one year - E. A. Foy, Robert A. Roland, Allan R. Dragone; for two years - William R. Barrett, John L. Armitage; for three years - Ralph J. Baudhuin, Arnold R. Wolff.

Upon motion duly made and seconded, the proposed Board of Directors for Verlan, Ltd. were unanimously approved.

Mr. Martin stated that with respect to legislation matters concerning the captive company, most of the details have been taken care of. He just completed an underwriting report in order to confirm the estimated cost of insurance regarding the response of members participating in the program. We need serious inquiries or commitments from companies representing at least 50 plants and $250,000 in premium before we will be able to quote rates to those companies. This is a basic threshold we should pass to commence operations, and we should be underwriting risks in early spring. He stated we would have a uniform rate with the re-insurers but the rates with members would be based on the type of risk they represent.

## Verlan, Ltd. - Funding

At the Executive Committee meeting in Chicago, we were authorized to invest $50,000 in cash for costs and capital stock with up to an additional $200,000 in loans if needed. The Bermuda law firm strongly urges that the captive company be organized with an authorized capital of $500,000 but that stock be issued only in amounts required for operations. The remaining stock would be unissued. This does not increase the initial NPVLA cash obligation beyond the approved $50,000 or the further commitment not to exceed an additional $200,000 if needed. In the event a call is made against this letter commitment, additional stock could be issued in exchange for the additional funding.

A motion duly made and seconded approving the above recommended change was unanimously approved.

## Verlan, Ltd. - Management Agreement

Chairman Foy reported that the Insurance Subcommittee felt that the management agreement of Verlan, Ltd. should be executed by the directors of Verlan, Ltd.

## Color Program

In response to the Executive Committee's inquiry, Mr. Hugh Price, DeSoto, Inc., a member of the NPVLA delegation to the Inter Society Color Council and a member of the Color Marketing Group, presented a recommendation developed by the ISCC delegation dealing with the preparation of the "color library." The purpose of this effort would be to identify all colors which can be practically and economically produced by the paint industry. These colors would be universally identified so that all companies could reproduce them. Such a color library would be useful for individual manufacturers in preparing proprietary color systems. No effort would be made to promote or define certain groups of colors; this would be the purpose of each company. Similarly, it is not the purpose of this program to standardize any given number of colors.

After considerable discussion, the Executive Committee enunciated a policy clearly stating that they were not in favor of the recommended project and urged the Association to adopt a cautious attitude toward all activities in the area of color marketing which might infringe upon the efforts of individual companies.

The Committee expressed its appreciation to Mr. Price for appearing and explaining the proposal of the ISCC delegation.

## Industrial Finishing Association

Industrial Finishing Magazine, owned by the Hitchcock Publishing Company has initiated action leading to the establishment of a new industry association, comprised of individual memberships from manufacturers and users of industrial finishing equipment and materials. The proposed name is Chemical Coatings Association.

According to surveys they have conducted, there is a growing need among finishing specifiers, applicators, and personnel involved in these operations for educational opportunities in the form of a Trade Show.

There is the distinct possibility that such activities could become directly competitive with the operations of our own Chemical Coatings Division. Initial conversations with representatives of Industrial Finishing Magazine indicate that they are not desirous of disrupting our present or future activities, but further discussion will be held and the matter will be considered by the Chemical Coatings Steering Committee at their meetings on January 15 and 16, and their comments will be passed to the Executive Committee for further consideration.

Motion duly made and seconded recommending that we table any action concerning this group until the Chemical Coatings Committee can voice a stronger opinion was unanimously passed.

## Aerosol Coating Manufacturers Association

We have been advised that 16 companies have organized an aerosol coating manufacturers association. It has been suggested that these companies might better be serviced by the staff and facilities of NPVLA. A proposal to this effect will be presented to this group in New York City on March 19, 1970.

Of the 16 companies listed as regular members of the Aerosol Coating Manufacturers Association, 9 are Class A members of NPVLA. A tenth company is a Class C member of the Chicago Association. An eleventh company is a law firm and not eligible to join NPVLA.

NPVLA By-laws provide that Class A members must manufacture coatings. Some of the above companies could be considered manufacturers under a broad "value added" concept, even though they merely assemble components into a finished product. Prior to our exemption from the Fair Packaging and Labeling Act, the Federal Trade Commission required such packagers to be represented on the label in order to protect the general public.

The Executive Committee agreed that a broad "value added" definition of manufacturing was appropriate and that the development of an aerosol coatings manufacturers committee within the Association was unanimously approved.

## Annual Meeting

The Chairman stated that a report on the questionnaire sent to the members concerning the past Annual Meeting was included in the meeting book for their information.

## Raw Materials Survey

At the December 3, 1969, meeting of the Industry Suppliers Committee, Mr. Roland discussed with this group the relevance and importance of the Raw Materials Survey. It was their general feeling that the sample report was too small to be significant and that steps should be taken to improve participation. I emphasized the fact that this service was provided primarily for raw material suppliers and that we have encountered difficulty in securing responses from Class A members.

The Industry Suppliers Committee unanimously recommended that the Raw Materials Survey be conducted on a bi-annual basis and that data reported be submitted to their Committee for comment and analysis prior to publication of the survey.

The Management Information Committee would prefer to retain the current schedule of surveys, i.e., on an annual basis, except for the Compensation Surveys.

Motion duly made and seconded directing that the Raw Materials Survey be published every other year was unanimously passed.

Adjournment

Upon motion duly made and seconded, the meeting was adjourned at 3:30 p.m.

Respectfully submitted,

Allan Gates

Secretary