PLAINTIFF'S EXHIBIT AIA-101

ASBESTOS INFORMATION ASSOCIATION
NORTH AMERICA
1835 K Street, N.W., Washington, D.C. 20006 • (202) 223-4885

BOARD OF DIRECTORS MEETING

December 9, 1976

Mayflower Hotel — Washington, D. C.

Pursuant to notice, a meeting of the Board of Directors was held December 9, 1976, in the Mayflower Hotel, Washington, D. C. The meeting was called to order at 9:03 A.M.

The following Directors were present:

Harry Babilon (for William C. Clark)	Asten-Hill Limited
George Barge	Atlas Asbestos Co.
W. H. Beasley	Cement Asbestos Products Co.
John H. Chidester	Brunswick Fabricators, Inc.
Thomas A. Dougherty	Certain-teed Corp.
Dennis E. Eldred	Vermont Asbestos Group
William Fassuliotis	GAF Corporation
E. H. Feierabend	Abex Corporation
Guy G. Gabrielson, Jr.	Nicolet, Inc.
Clarence A. Herbst, Sr.	Resinoid Engineering Corp.
John W. Hollingsworth	Dresser Industries (Magcobar Div.
John H. Marsh	Raybestos-Manhattan, Inc.
James J. McHugh (for George Vogel)	National Assn. of Filter Mfgrs.,
Joseph T. Mooney	Monsey Products Co.
James J. O'Dowd (for J. M. Ciskowski)	Jim Walter Research Corp.
Robert B. Pilmer	Garlock of Canada, Ltd.
Dimitry Poutiatine	Johns-Manville Corp.
H. B. Rhodes, Ph.D. (for W. C. Thurber)	Union Carbide Corp.
John Riopelle	The Bendix Corporation
Kurt Schwarz	Supradur Manufacturing Corp.
E. R. Zacharias	Molded Materials Co.

Also present: B. J. Iwarsson, Abex Corp.; Alfred E. Netter, Supradur Manufacturing Corp.; William H. Vockroth, Monsey Products Co.; R. H. Mereness, Executive Director, AIA/NA; Adrian May, Esq., Wendell B. Alcorn, Jr., Esq. & Thomas O'Connell, Esq., Cadwalader, Wickersham & Taft; Richard T. Davis, CPA, Frank C. Frantz & Co.; and B. J. Pigg, Administrative Assistant, AIA/NA.

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Introduction

Mr. Dougherty welcomed attendees and acknowledged new directors and other persons representing member companies in the absence of designated representatives. He said Mr. Feierabend of Abex Corporation had advised of his promotion within his company and change of address necessitated his withdrawal from the Board. His replacement as Abex representative in the Association will be advised. Mr. Dougherty thanked Mr. Feierabend for his interest and support of the Association in his capacities as director and Executive Committee member. It was announced that Huxley Development Corp. had joined the Association. Mr. Adam Novak will be the firm's representative in the Association.

Minutes

On motion, minutes of the preceding meeting, September 8, 1976 were approved as submitted.

Financial Report

Mr. Barge reviewed the financial report for the eleven-month fiscal period ending November 30,1976. He invited attention to the two major expenditures during November of $12,143 and $8,920 for work in connection with the Association's construction industry study and legal-medical research program respectively. Mr. Barge said, on an accrual basis, he estimates that expenditures and income (including receipts from recent special assessment (18%) of membership dues) for 1976 would approximate the same total, i.e., $369,000 income vs. $371,000 expenditures. Total income from the special assessment is expected to be $49,100. Mr. Barge stated that he expected the Association's net worth beginning balance for 1976 of $57,000 would be essentially the same for 1977 after all obligations in 1976 are paid.

As of Nov. 30, 1976 the Association had total assets of $136,486; liabilities of $39,134; and a net worth of $97,352. On motion, the financial report was accepted as submitted.

International Asbestos Information Conference (IAIC) Hamburg, W. Germany, Nov. 3-5, 1976

Mr. Marsh said he would speak to international events of the past 12 years which pertain to the asbestos industry, the establishment of the International Asbestos Information Standing Committee, the recommended work program of the Committee, the means for achieving this work, and the actions taken at the International Asbestos Information Conference in Hamburg, Nov. 3-5, 1976. He referred to a number of international meetings beginning in 1964 dealing with the biological effects of asbestos. He said there had been very little if any U.S. industry representatives at some of the early meetings but U.S. industry interest began to change commencing with a meeting in Lyon, France in 1972 following formation of AIA/NA. He stated at a meeting in Paris in 1974, attended by himself and the Executive Director, AIA/NA, it

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was agreed that a continuing international body representing the industry should be established. An Ad Hoc working group was formed to study the matter and, upon its recommendations, a Standing Committee of International Conference of Asbestos Associations was established on July 9, 1975 with AIA/NA being a charter member, representing the U.S. Mr. Marsh then read excerpts from a report of the Standing Committee's activities in 1975 and 1976 and outlined future work of the Committee as presented at the Hamburg meeting. (Note: A report of the Hamburg meeting, including the foregoing report, was forwarded to members by AIA/NA Memo. of 11/24/76.)

Mr. Marsh reviewed actions taken at the Hamburg meeting affecting the newly defined International Asbestos Information Conference and distributed a pertinent report. (Copy attached for directors not present at meeting.) He spoke of advantages to the industry that stem from the international organization and emphasized the "indivisibility of the industry problem," i.e., adverse situations occurring in one country invariably impact on other countries. A discussion followed and Mr. Marsh provided further assessment of the work and importance of the international body. Mr. Dougherty expressed appreciation to Mr. Marsh for his excellent report and thanked him for his representation of AIA/NA in the deliberations of the international group. At the Hamburg Conference Mr. Marsh was designated a member of the IAIC Executive Committee.

Association Captive Insurance Co.

Mr. Gabrielson invited attention to his letter to Directors dated November 12 which addressed the concept of an AIA/NA captive insurance company. He spoke to problems confronting the industry in regard to cancellation of product liability insurance coverage, increases in product liability insurance premiums and higher deductable features. He explained that there is reason to believe that some customers of Association members view the product liability problem as an indication that an impartial judge, i.e., the insurance companies, has come to the conclusion that asbestos is a more hazardous material than industry has told them. Unavailability of such insurance could also accelerate the search for substitute materials.

Mr. Gabrielson said the Executive Committee had concluded that it might be desirable to contract for a feasibility study to further explore the concept of AIA/NA incorporating its own captive insurance company. He outlined the concept stating that he was not an expert in insurance matters and suggested the following questions for resolution by the Board: (1) would the Directors be interested in a captive insurance company for purposes of obtaining their respective company product liability insurance? (2) do directo: think that creation of an AIA/NA captive insurance company would be of interest to their customers, slow the search for alternative materials, and thereby be of assistance in the marketplace? He stated that the Executive Committee had recommended that the Association retain a consultant to conduct a study covering the

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feasibility and cost of establishing a captive insurance program.

A lengthy discussion followed. A motion was made to authorize Mr. Gabrielson to act as agent for the Association and engage the services of a consultant to study the feasibility and cost of establishing a captive insurance program. Cost of the study not to exceed $11,200 was approved by majority vote. Mr. Dougherty said every effort will be made to have the study completed in time for consideration at the March 1977 Directors meeting. He proposed the establishment of an insurance committee for liaison with the consultant during conduct of the study. Members having individuals in their respective companies with insurance expertise were requested to submit such names to the Executive Director at the earliest practicable date. Mr. Poutiatine said that J-M's manager of insurance, Walter Curtner, was availabe to assist the Association on this project.

Work in Connection with OSHA Asbestos Standards

Mr. Gabrielson, Chairman, Asbestos Regulation Task Force, said there had been no change in status of OSHA's proposed revision to the asbestos (manufacturing) standard. The Inflationary Impact Statement (IIS) prepared by CONSAD Research Corp. has not yet been certified by the Department of Labor. He explained that, while no official word has been received, the delay in certification continues to make it more likely that the Association's primary recommendation of combining the public hearing for proposed asbestos manufacturing and construction standards will be affected.

Mr. Gabrielson reviewed the background and subsequent approval by Directors of a technological feasibility and economic impact study for an asbestos standard for the construction industry now being conducted for the Association by Equitable Environmental Health, Inc. (EEH). Cost of total study (three phases) is estimated to be $150,000. Phase I (review of data sources) has been completed; however, it developed that there was not as much data in published literature as was expected. Some of the shortfall of data will be obtained in Phase II through field interviews. He referred to two disappointments experienced in Phase I of the study. Limited success in obtaining basic data from construction contractors was experienced. In an effort to acquire this type of information, Mr. Gabrielson called attention to an EEH prepared survey questionnaire (copy attached) and requested members who sell asbestos-containing products to the construction industry to assist EEH. He suggested that persons in marketing might make contact with contractor customers by telephone to solicit the information requested by the questionnaire. Mr. Beasley suggested that EEH consider advising companies by letter in advance of telephone inquiries. Such letter could provide identification of prospective caller and afford the company being contacted an opportunity to collect the requested information in advance of a telephone call. A discussion of the questionnaire followed. Mr. Gabrielson

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said the gathering of this data was important to the industry, as the results could lend support to a recommendation for limiting the applicability of an asbestos standard for the construction industry. When data is obtained from contractors it should be telephoned to EEH, (Dr. Philip LeClare - (516) 364-9500).

Mr. Gabrielson then commented on cooperation received by EEH with the manufacturing industry in gathering essential information. He said a gap existed in data pertaining to the flooring industry. Mr. Gabrielson urged AIA/NA members in this segment of the industry to supply EEH with the requested data at the earliest possible date, otherwise, the lack of data in this area will have an adverse impact on the total effort.

Mr. Gabrielson said the Association is deeply indebted to Dr. Rhodes, Union Carbide Corp. and co-chairman of the AIA/NA Ad Hoc Committee for Construction, for his selfless and tireless contribution to this complex and demanding project. (Dr. Rhodes also serves as chairman of the AIA/NA Standards & Technical Committee.)

A general discussion followed concerning problem areas and anticipated results of the EEH study.

Revision of Association By-Laws

Mr. Dougherty reviewed the background for which the Executive Committee felt revision of Association By-Laws was in order. He referred to consideration of this matter at the June 10 and September 8 Directors meetings. He said some administrative corrections are necessary, ambiguities exist, and Association membership is now restricted to one class. A draft revision of the the By-Laws was forwarded to Directors by AIA/NA Memo dated 10/22/73. AIA/NA Memo of Nov. 15 advised that a vote on revision of the By-Laws would be taken at the Dec. 9 meeting of directors. Following discussion, and on motion, the proposed revision to Association's By-Laws was unanimously approved, a quorum of Directors being present.

Legal-Medical Research Program

Mr. Gabrielson reminded Directors that the primary purpose of the Legal/Medical Research Program is to improve the quality of defenses for asbestos companies involved in third party liability suits in tort. He explained briefly the specific research work now ongoing in the legal area by Cadwalader, Wickersham & Taft and Philip Enterline, Ph.D., University of Pittsburgh, in review of medical literature.

Wendell Alcorn, Esq., Cadwalader, Wickersham & Taft, special counsel to the Association was introduced. Mr. Alcorn reviewed his background and interest in asbestos-related litigation cases. He said that the asbestos industry has served as a guinea pig

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of American jurispudence with respect to occupational diseases. He spoke in detail to the liability problem confronting the industry and the history of this problem as it has evolved through the courts. Mr. Alcorn said he expected three or four additional memoranda of law prepared by his office for members and associate members of the Legal-Medical Research Committee would be available by Dec. 31. (Two memoranda have already been distributed.) Reference was made to progress in developing a clearing house of information on asbestos-related cases that have been litigated in the United States to date. Mr. Alcorn spoke to the interface of his work with that of Dr. Enterline.

The Executive Director invited attention to the list of members and associate \members on the AIA/NA Legal/Medical Research Committee and suggested that Association members who have not designated a committee member for purposes of providing a contact with special counsel should consider doing so by advising the Executive Director who would notify special counsel, in turn. In regard to Dr. Enterline's project, Mr. Gabrielson said work on the bronchogenic cancer portion of the literature review is complete with exception of about 20 German papers now pending translation and review. A large segment of the mesothelioma literature review is also complete. Mr. Gabrielson explained that a decision to include asbestosis in the literature review had bee made to determine when this disease was related to different products, industries or processes. In addition, the decision has been made to include literature review of other types of cancer sometimes related to asbestos exposure, e.g., laryngeal and gastrointestinal. Mr. Gabrielson said Dr. Enterline has completed most of the literature review for the period 1933-1968 and that he estimates the total project is 50% complete. The final product will consist of (1) complete file of all papers reviewed; (2) critical quotations from each paper; (3) card file index with brief summary of each paper; and (4) a scholarly paper.

Mr. Gabrielson said special counsel had commenced with interviews with various physicians suggested by Dr. Weill for recognized knowledge in asbestos-related disease who might qualify as expert witnesses in any injunctive proceeding initiated by the Association or in other litigation. It was suggested that two types of witnesses may be required in court cases in order that both condition of plaintiff and state of the medical art could be addressed.

1977 Proposed Budget

Mr. Barge reviewed in detail the Association's proposed budget for fiscal (calendar) year 1977. He explained that total dues income for 1977 should be $370,000 to support regular operating expenses plus special projects now approved and under-way or proposed. (Legal-Medical Medical Research Program -- $25,000; EEH technological feasibility and economic impact

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study -- $116,000; Captive Insurance Company Feasiblity Study - $11,200.) Membership and travel associated with the International Asbestos Information Conference will approximate $18,000. The $370,000 figure represents an increase of about 14% over total dues (including the recent 18% special assessment) paid by members in 1976 which amounted to $323,000.

Mr. Barge noted that the proposed budget reflected identical totals for receipts and disbursements. He said he envisioned that the Association's current net cash reserve of about $57,000 would meet the needs of good business practices.

Following discussion, and on motion, the Association's budget for 1977 as proposed, was approved. (Attachment)

Mr. Dougherty proposed that the following dues formula for fiscal (calendar) 1977 be approved by Directors:

1. Regular Members

a) Dues for users of raw asbestos fiber will be based on a millage rate of dollar value of asbestos fiber consumed (freight excluded) in previous calendar year with a minimum of $2,000 per annum.

b) Dues for miners of asbestos fiber will be on a millage rate of dollar value asbestos fiber sold in North America during previous calendar year with a minimum of $2,000 per annum. The millage rate will be one tenth of the rate established for consumers of raw fiber.

c) Dues for sellers of asbestos fiber will be $2,000 per annum, the minimum rate for all members.

Millage rates will be determined by the Association's accountant following receipt of pertinent information from members obtained through use of a confidential questionnaire.

2. Associate Members

Dues will be a flat rate of $500 per annum.

Section 2.03 Associate Membership Qualifications. *Any firm or corporation which meets the Qualifications set forth in Section 2.01 and is involved in a secondary or consumer industry as defined herein is eligible for an associate membership:*

A) Secondary Industries -- those industries that continue the manufacturing process with an intermediate product (one in which the fiber has previously been modified in a primary industry) and further processes modifies or fabricates to produce either another

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intermediate product or a finsished product;

B) Consumer Industries -- those industries that purchase a finished asbestos-containing product and apply, install, erect or consume the asbestos-containing product without further physical modification of the product. (By-Laws)

Following discussion and on motion, the dues formula as proposed by Mr. Dougherty were approved.

Canadian Situation

Mr. Pilmer referred to a recent determination by the Workmen's Compensation Board in Ontario relating asbestos with gastrointestinal cancer as a compensable disease. He suggested that this ruling might have a significant impact on workmen's compensation boards elsewhere in Canada and the U.S.

Mr. Barge spoke to the recently published report of the Beaudry commission in Quebec. The three-member commission, headed by Judge Réne Beaudry, was named to study health conditions in the asbestos industry. The impact that the report will have on legislation is not known. He said thus far no public statement has been made by the Government of Quebec as to its planned reaction to the Beaudry Report; however, the Report has been used as a basis for extensive adverse reporting in the press regarding the industry. Among recommendations in the Report are : (1) an average permissible level of exposure to asbestos dust of 2fp/cc should be established, with certain qualifications pertaining to measuring methods, and (2) employment in the asbestos industry be so ruled as to prohibit the hiring of people who are tobacco users. Mr. Barge said the report concerns itself with exposure to chrysotile and the statement is made, "As far as crocidolite and amosite -- the committee is of the opinion that the use of these two types of fiber must be totally banned. No exposure should be tolerated for any worker." Mr. Barge also spoke of the possible impact of recent elections in Quebec and concerns with "nationalization" of the asbestos industry.

Remarks of the Executive Director

In the interest of time, the Executive Director said he would confine his remarks to a brief review of the asbestos situtation within Federal regulatory agencies, excepting OSHA which was reported on by Mr. Gabrielson.

In EPA, current emphasis is on implementation of the new Toxic Substances Control Act. It is not expected that orovisic of Act will affect asbestos in the immediate future. Emphasis

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is directed to chemical substances. EPA will make decision by December 1977 whether to propose standards for control of "asbestos" emissions from taconite plants based on current ongoing studies. Revised National Drinking Water Regulations to establish treatment techniques or maximum contaminant levels are scheduled for issuance in May 1977.

MESA's Federal Metal and Nonmetal Mine Safety Advisory Committee has recommended change for current 5fp/ml to 2fp/ml with probable effective date late 1977. Since public advisory committee proceedings were "open", a public hearing on this proposal is not necessary or planned. The newly established Bureau of Mines Metalurgy Research Center, College Park, Maryland, involved with asbestos particle identification was discussed. This unit is providing material for the HEW-NIEH ongoing four-year oral feeding study of animals to investigate ingestion of asbestos fiber.

It was reported that a report on the petition filed with the Consumer Product Safety Commission (CPSC) by Natural Resources Defense Council, Inc. and the Consumer's Union of the U.S.A., Inc. for promulgation of a rule banning certain asbestos-containing patching compounds is now under review by the CPSC solicitor. AIA/NA submitted comments to CPSC on the matters being investigated.

Establishment of the new category of associate membership in the Association provides a means of greater effectiveness in fulfilling the Association's objectives. Directors were encouraged to make contacts within the industry to advise of the Association's work, promoting membership in either regular or associate category as appropriate. Upon being advised of possible membership interest, AIA/NA staff will provide follow-up communication.

Other Business

The next regular meeting of Directors is scheduled for March 10, 1977, at Stouffer's National Center Hotel, Arlington, Virginia, commencing at 9:00 A.M.

Adjournment

There being no further business the meeting was adjourned at 3:12 P.M.

R. H. Mereness
Executive Director (Secretary)

December 14, 1976
Enclosures
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