

**Minutes of the  
CPMA Board of Governors  
Teleconference  
October 24, 2017**

**I. Call to Order**

Chairman John Marten called the meeting to order at 9:03 am. Participants: John Marten, President (Shepherd Color), Eric Christman, Vice President (BASF), Steve Camenisch (BASF), Frank Gillette (Flint Group), Ron Levi (Bruchsaler), Myron Petruch (Sun Chemical), Steve Schmidt (Sun Chemical), Dave Thompson (Heucotech), Aram Terzian (EMD Performance Materials), David Wawer & Tatiana Letcheva (CPMA). Not able to Participate: Brooke DiDomenico (Nation Ford Chemical), Bernhard Ehrenreich (Clariant), Dave Klebine (Apollo Colors), Frank Lavieri (Lansco Colors), Mark Vincent (Dominion Colour) and Brian Zoretich (Ferro Corporation).

**II. Review of CPMA Antitrust Statement**

Chairman John Marten noted that CPMA strictly follows antitrust guidelines, and that a summary of such guidelines was attached to the agenda previously distributed to the Board. The full CPMA Antitrust Guidelines can be found in the Members' Section of the CPMA website.

**III. 2018 Budget Discussion**

Chairman John Marten described the goal of today's Board conference call - to review and approve the proposed CPMA budget for fiscal year 2018. The first part of the budget presentation (attached) included a review of significant accomplishments during the past two years: new dues structure and fiscal stability, increased member engagement with federal and state government agencies, increased collaboration with partner organizations, diversified external consultant resources, extension of management services agreement with SOCMA for next three years and adoption of Strategic Plan for next 3-5 years.

The presentation also highlighted significant industry wins for 2016 and 2017. Chairman Marten presented a five-year summary of budget revenues & expenses which identified resources specifically allocated to CPMA advocacy. It described the evolution of annual public policy goals for the association, culminating in adoption of the Strategic Plan in 2017. The presentation quantified industry wins, government agency engagement, and stakeholder outreach. Chairman Marten described the mix of diversified external consultant resources (agency counsel, issues counsel, industry consultants) that established a successful track record for regulatory and legislative wins since 2014, and presented examples of how resources were deployed for Pigment Yellow 83 and TSCA Inventory Reset Nomenclature accomplishments.

Executive Director David Wawer presented an overview of the Executive Committee's proposed budget for 2018. Revenues would consist of dues (current members and new members), interest income, and non-dues revenue, such as royalties from sales of the NAPIM Handbook and licensing of CPMA-owned studies for REACH registration and other countries chemical registrations. Revenues are projected to increase by \$34K over current year budget.

Expenses categories were summarized, including industry consultants and travel & conference. Expenses are projected to increase by \$4K over current year budget.

Chairman Marten described the 2017 timeline for reviewing and approving the 2018 budget, and sending 2018 dues invoices. He concluded the presentation by asking for Board member comments and suggestions. Primary Board members' comments for the proposed 2018 were unanimously supportive. It was noted that the proposed budget was fiscally conservative, that it provided stability for members and the association, that it was more transparent and inclusive than past budgets, that it provided industry with the "best bang for the buck", and that it was accomplished smoothly in spite of significant industry changes in a tough environment during the past several years.

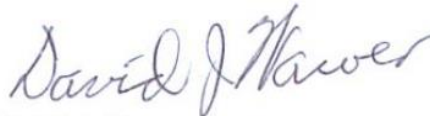
A question was raised about process and dues payments for 2018. The Board agreed that review and adjustments to existing dues levels should be reviewed in 2-3 years, primarily to reflect significant industry changes such as mergers and acquisitions. Current dues level stability allows member companies the ability to plan and budget for future association resource needs. It was agreed that the association should review individual company dues levels as necessary, when major industry changes occurred, especially with respect to mergers.

A motion was made (Christman), seconded (Levi), and unanimously approved to adopt the 2018 fiscal year budget as presented and discussed (attached). Board members from Clariant and Dominion Colour Corporation, unable to attend today's conference call, had expressed support for the 2018 fiscal year budget in communication to staff in advance of today's call.

#### IV. Adjournment

There being no other business, the meeting adjourned at 9:30am.

Respectfully submitted,



David J Wawer  
Secretary

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# Draft 2018 Budget

October 24, 2017

CPMA Board Teleconference



# Background (2016-2017)

- Implemented new dues structure and established fiscal stability
- Increased member engagement and value proposition (2 new members)
- Increased engagement with federal and state government agencies
- Increased stakeholder outreach and collaboration with partner organizations
- Diversified consultant resources
- Extended SOCMA Management Services Agreement for next 3 years
- Put in place a Strategic Plan for next 3-5years

	2013	2014 (6mo)	2015	2016	2017	2018
<b>Revenue</b>	978K	402K	774K	788K	732K	765K
<b>Expenses</b>	1M	415K	699K	758K	739K	741K
<b>Advocacy</b>	500K	151K	188K	278K	261K	245K
<b>Association Advocacy Objectives</b>	-	-	Issue Priorities	Public Policy Objectives	Strategic Goals	Strategic Goals
<b>External Advocacy Consultants</b>	1	1	2	3	4	4
<b>Industry Wins</b>	-	-	1	7	7	-
<b>Government Face-to-Face Mtgs</b>	1 (EPA)	1 (Canada)	6 (Canada, EPA, ITC)	10 (Canada, EPA, Congress)	10 (Canada, EPA, Commerce, SBA)	-
<b>Stakeholder Outreach</b>	1	2 (ACA, Eurocolour)	5 (NAPIM, Eurocolour, IP Consortium, ECOS)	8 (ETAD, Eurocolour, ACA, NAPIM, ACS)	12 (ETAD, Eurocolour, ACA, PIA, PCPC, SDC, SRRTF)	-

# Industry Wins 2016

- Removal of Yellow 83 from EPA Fast Track Risk Management
- Lautenberg Act retained nomenclature for inorganic pigments
- Canada Monoazo Assessment concluded no risk management required
- EPA decided not to revisit regulation on PCBs limit
- US-Canada concluded molybdenum pigments of low concern
- Corrected GADSL HCB entry to reflect current regulations
- Favorable resolution to pigment import issues with Xerox FTZ

# Industry Wins 2017

- EPA Inventory Reset Rule retained nomenclature for inorganic pigments
- EPA Nanomaterials Final Rule incorporated CPMA recommendations
- EPA Nanomaterials Guidance clarified nano definition and excludes pigments from reporting
- Final Canada Cobalt Assessment concluded no direct impact on inorganic pigments
- Canada Rapid Screening of substances concluded 14 organic pigments not toxic
- REACH guidance for registration of complex inorganic pigments
- Avoided tariff inversion on color pigments and Quad Graphics FTZ application

# 2018 Budget - Revenue

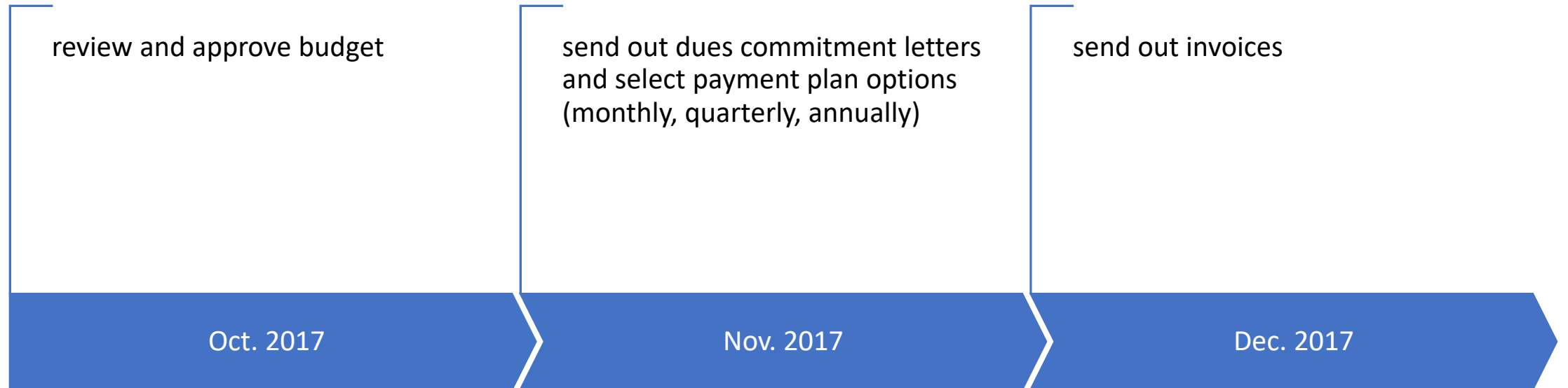
- Dues & Assessments (745K):
  - dues adjustments
  - goal of at least 1 new member
- Other Income (15K):
  - NAPIM Raw Materials Handbook
  - Access fee for REACH use of CPMA studies



# 2018 Budget - Expenses

- Industry Consultants (33K):
  - Toxplus consulting (25K) – continuation of white paper project to promote proper risk assessment methods for inorganic pigments
  - Tecker consulting (5K) – annual review of strategic plan
  - Other consultants (3k) – supplemental industry expertise (ex: Westlake Science & Technology)
- Travel & Conference (36K):
  - Membership recruitment & retention
  - Industry trade shows
  - EU association partners and North American industry coalitions
  - CPMA Board & Members' Meetings

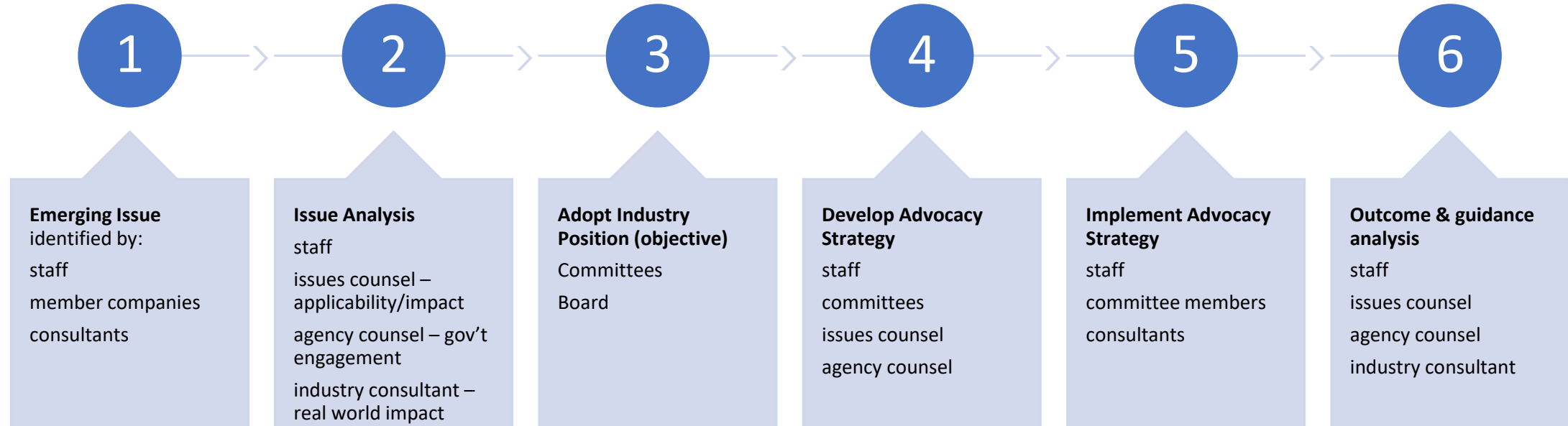
# 2017 Timeline



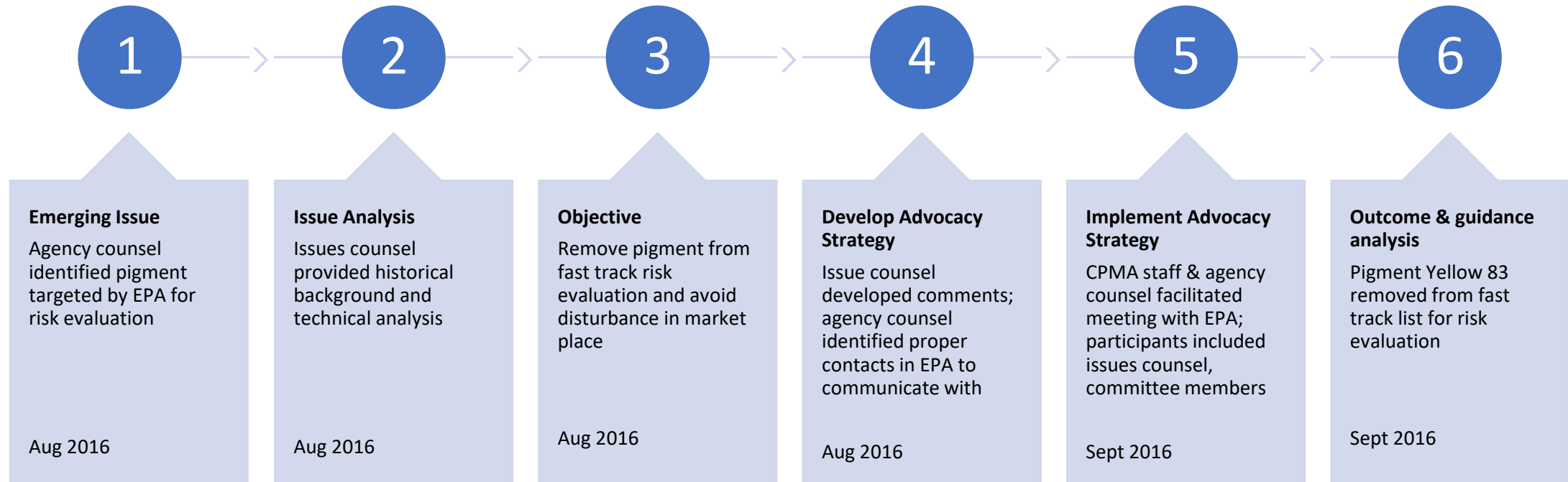
# Key External Advocacy Resources

- **Issues Counsel:** extensive knowledge of historical CPMA stakeholder engagement and member activities. Provides impact analysis and historical context. (*annual retainer*)
- **Agency Counsel:** extensive experience working with Agency staff and effectively targeting messaging for successful industry outcomes. (*hourly rate/ as needed basis*)
- **Industry Consultants:** extensive experience working in the color pigments industry and knowledge of practical real world implementation/impact of regulations. (*hourly rate/as needed basis*)

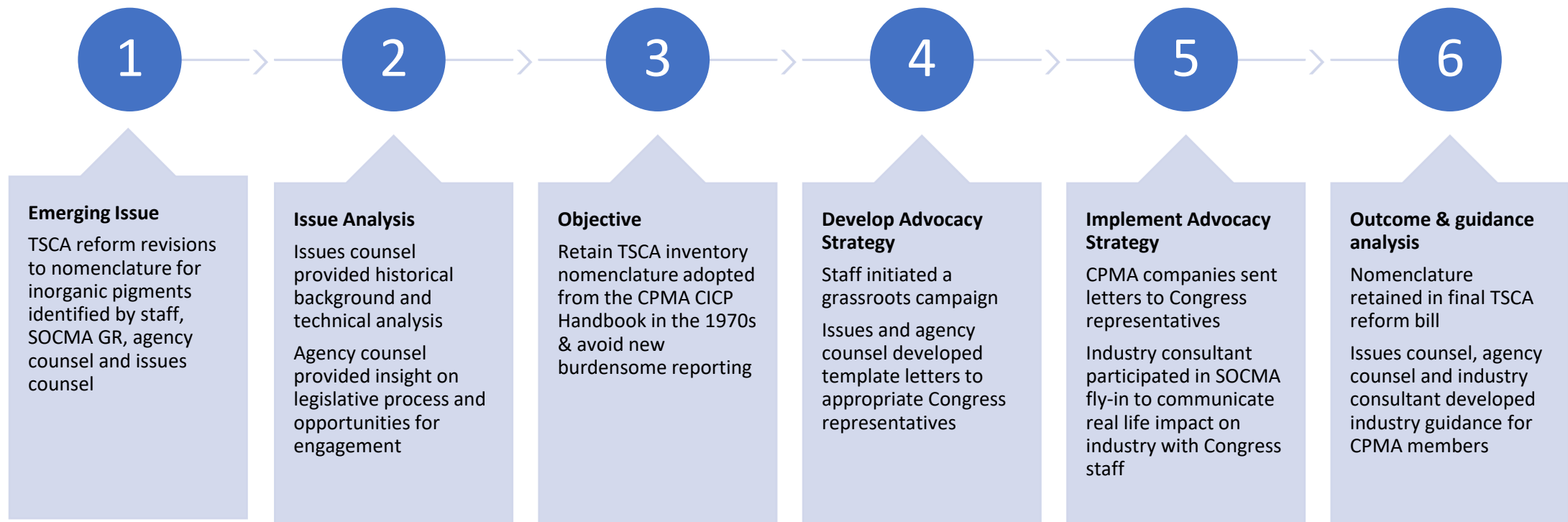
# Issues Advocacy Process



# Example: Removal of Yellow 83 from TSCA Fast Track Risk Evaluation



# Example: Inventory Reset Nomenclature



**COLOR PIGMENTS MANUFACTURERS ASSOCIATION, INC.**  
**2018 Fiscal Year Budget (Approved 10/24/17)**

<u><b>INCOME</b></u>	<b>BUDGET FY17</b>	<b>PROJECTED FY17</b>	<b>DRAFT BUDGET FY18</b>	<b>BUDGET VARIANCE</b>
Dues & Assessments	720,000	725,000	745,000	20,000
Interest	5,500	5,500	5,500	-
Members Meeting Income	0	0	0	-
Other Income	5,500	1,000	15,000	14,000
<b>TOTAL INCOME</b>	<b>\$ 731,000</b>	<b>\$ 731,500</b>	<b>\$ 765,500</b>	<b>\$ 34,000</b>
 <b><u>OPERATING EXPENSES</u></b>				
Management Fee	350,722	350,722	385,983	(35,261)
Agency Counsel	35,000	44,000	37,500	6,500
Issues Counsel	175,000	175,000	178,000	(3,000)
General Counsel	15,000	15,000	15,000	0
General Counsel Expenses	1,500	1,500	1,000	500
Industry Consultants	25,000	24,500	33,000	(8,500)
Acctg-Auditor	9,000	9,000	9,000	0
Acctg/Bookkeeping	24,000	24,000	0	24,000
Board, Membership & Committee Mtgs	7,500	7,500	7,500	0
Website-CPMA	10,000	1,500	0	1,500
Memberships & Dues	12,500	10,500	12,500	(2,000)
General Office Expenses	6,000	6,000	6,000	0
Marketing	7,500	7,000	7,500	(500)
Travel & Conference	36,000	32,000	36,000	(4,000)
Depreciation/Amortization	5,000	1,500	5,000	(3,500)
Reserve--Contingency	5,000	25,000	5,000	20,000
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 724,722</b>	<b>\$ 734,722</b>	<b>\$ 738,983</b>	<b>\$ (4,261)</b>
<b>NET INCREASE (DECREASE)</b>				
<b>IN FUND BALANCE</b>	<b>\$ 6,278</b>	<b>\$ (3,222)</b>	<b>\$ 26,517</b>	<b>\$ 29,739</b>

Revised 9/11/17