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THE TOBACCO INSTITUTE, INC.

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MINUTES OF THE TWENTY-FIFTH MEETING
OF
THE BOARD OF DIRECTORS OF THE TOBACCO INSTITUTE, INC.

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The Twenty-Fifth meeting of the Board of Directors of The Tobacco Institute, Inc., was held at 10:40 A.M., on January 28, 1971, at the Hotel Regency in the City of New York, State of New York.

The following Directors were present:

Messrs. Edwin P. Finch
A. H. Galloway
W. Brooks George
G. B. Georgopulo
Milton E. Harrington
Ernest Summers

There were also present Messrs. DeBaun Bryant and A. Y. Yeaman of Brown & Williamson Tobacco Corporation; W. Knauer and Alan Tredennick of Helme Products, Inc.; Frederick P. Haas, Kenneth McAllister, and John J. Murphy of Liggett & Myers Incorporated; Thomas F. Ahrensfield, James C. Bowling and Alex Holtzman of Philip Morris Incorporated; Preston Robert Tisch and Lester V. Pollack of Loew's Theatres, Inc.; Curtis H. Judge and Arthur J. Stevens of Lorillard, A Division of Loew's Theatres, Inc.; Charles F. Benbow, H.C. Roemer, William S. Smith, Jr., and Charles B. Wade, Jr., of R. J. Reynolds Industries, Inc.; Timothy M. Cornell of Scotten, Dillon Company; Thomas W. Holley of United States Tobacco Company; A. S. Forsyth, of counsel to United States Tobacco Company; David Hardy of Shook, Hardy, Ottman, Mitchell & Bacon; J.C.B. Ehringhaus, Jr., of the Association of American Railroads; H. Henry Ramm of the Council for Tobacco Research--USA; Horace R. Kornegay, President of The Tobacco Institute, Inc., Earle C. Clements, consultant to The

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Institute; Franklin B. Dryden, Vice President-Administration of The Institute; William Kloepfer, Jr., Vice President-Public Relations of The Institute; John F. Mills, Vice President-Governmental Relations of The Institute; Edward F. Ragland, Vice President & Secretary of The Institute; Frank L. Sundstrom, Vice President of The Institute; Frank J. Welch, Vice President-State Activities of The Institute; Gilbert D. Huebner, Medical Director of The Institute; Marvin A. Kastenbaum, Director of Statistics of The Institute; Mrs. Kathryn R. Golden, Assistant Secretary of The Institute; Mrs. Donna Hilderley of The Institute; and Mr. Stanley L. Temko, of counsel to The Institute.

Mr. Kornegay presided at the meeting and Mr. Ragland served as Secretary and recorded the minutes..

President Kornegay said he was delighted to present to the meeting the application for membership in The Institute of Lorillard, A Division of Loew's Theatres, Inc. Mr. Finch, in moving that Lorillard be elected to membership, and Messrs. Galloway and Harrington, in supporting the motion, each expressed pleasure in Lorillard's return to membership in The Institute. Thereupon, upon motion duly made and seconded, it was unanimously

RESOLVED, That Lorillard, A Division of Loew's Theatres, Inc., be, and hereby is, elected to membership in The Institute effective immediately, that the Secretary be, and he hereby is, directed to notify Lorillard that it has been approved for membership, and to cause its application to be inserted in the Minute Book of The Institute.

Mr. Kornegay, on behalf of the staff, extended a hearty welcome to the new member and Mr. Tisch responded briefly, expressing on Lorillard's part a desire to cooperate in every way in the work of The Institute and the interest of the industry.

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It was stated that it would be in order to elect an additional Director to the Board of The Institute. Thereupon, upon motion duly made and seconded, it was unanimously

RESOLVED, That Preston Robert Tisch be, and he hereby is, elected to serve as a Director until the next annual meeting of the members or until his successor shall have been duly elected and qualified.

Mr. Kornegay stated that copies of the minutes of the Twenty-Fourth Meeting of the Board of Directors held at the Regency Hotel, New York, New York, on January 29, 1970, had been sent to each member of the Board. There being no additions or corrections, the reading of the minutes was dispensed with.

The Chairman announced that the next order of business was the election of officers of The Institute, to serve until the next Annual Meeting of the members. Thereupon, upon motion duly made and seconded, it was unanimously

RESOLVED, That the following persons be, and they hereby are, elected to the offices of the Corporation set forth after their respective names, to serve until the next Annual Meeting of the Members of the Corporation and until their successors have been chosen and shall have qualified:

Horace R. Kornegay	President
Franklin B. Dryden	Senior Vice President - Administration
William Kloepfer, Jr.	Senior Vice President - Communications
John F. Mills	Senior Vice President - Governmental Relations
Frank J. Welch	Vice President - State Activities
Edward F. Ragland	Vice President and Secretary
Frank L. Sundstrom	Vice President
Frederick Panzer	Vice President
J.C.B.Ehringhaus, Jr.	Vice President and Counsel (Effective February 1, 1971)
John J. Murphy	Treasurer
John J. Kelly	Assistant Treasurer
Kathryn R. Golden	Assistant Secretary

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FURTHER RESOLVED, That the Treasurer shall not be required to give bond for the faithful discharge of his duties, and that the Assistant Treasurer may at the discretion of the Treasurer be required to give bond for the faithful discharge of his duties in such sum and with such security as the Treasurer may from time to time prescribe.

President Kornegay then reported on developments during 1970.

In his report to the Board, Mr. Kornegay reviewed legislative and other Congressional developments, including the passage of the Public Health Cigarette Smoking Act of 1969, the Federal Trade Commission proposals relating to tar and nicotine disclosure and the industry's response thereto, Federal Communications Commission developments and the activities of other Federal agencies. President Kornegay also introduced two new officials who joined the Institute staff in 1970, Gilbert Huebner, M.D., the Medical Director, and Marvin Kastenbaum, Ph.D., the Director of Statistics. He also introduced J.C.B. Ehringhaus, Jr., who will become Vice President and Counsel of The Institute on February 1, 1971.

Mr. Kornegay then called on various members of the staff of The Institute to report on their particular areas of interest. Mr. Mills summarized various Congressional developments and also the activities of some Federal agencies. Mr. Kloepper discussed the communications program, including the developments during 1970 and the work of the Communications Committee. Mr. Welch reported on state activity matters, including a summary of the past year's activities in this area and the developments and outlook for 1971.

After these reports by individual staff members, President Kornegay concluded the staff report and expressed his desire further to improve Institute operations and its service to its members.

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Mr. Benbow was called upon for the Treasurer's report. Upon motion duly made and seconded, and without objection, the report was accepted as presented.

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Mr. Benbow then presented the report of the Budget Committee. He stated that the Budget Committee had met on January 12, 1971, to consider the proposed Institute budget for 1971 and that it was the unanimous recommendation of the Budget Committee that the budget, as modified in accordance with the Committee's suggestions and circulated as modified, be recommended to the Board for its approval. Thereupon, upon motion duly made and seconded, it was unanimously

RESOLVED, That the proposed Institute budget for 1971, consisting of "Administration," "General," and "Public Relations" sections, be and hereby is adopted.

FURTHER RESOLVED, That the President, with the concurrence of the Treasurer, is authorized to approve any expenditure in excess of any individual budgeted item in the "Administration," "General," or "Public Relations" sections of the budget, with or without the approval of the Executive Committee; provided: That the President or Treasurer shall request the approval of the Executive Committee before allowing any expenditure which would result in total expenditures in any of the "Administration," "General," or "Public Relations" sections in excess of the total amount budgeted under the particular section.

Upon motion duly made and seconded it was unanimously

RESOLVED, That there should be, and there hereby is, authorized an assessment of Additional Dues in the amount of 1,000 per cent of the annual dues of members liable for additional assessment, with payment to be made in such installments and on such dates as are determined by the Treasurer.

Mr. Finch expressed the appreciation of The Tobacco Institute, Inc., for the valuable and devoted service which has been rendered to The Institute by Mr. Charles F. Benbow as Treasurer and Mr. Zachary T. Smith as Assistant Treasurer since they had been first elected to these posts in 1967. Thereupon, upon motion duly made and seconded, it was unanimously

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RESOLVED, That the Board of Directors of The Tobacco Institute expresses its gratitude to Charles F. Benbow and Zachary T. Smith for their notable contributions to the work of The Institute as Treasurer and Assistant Treasurer for the past four years, and the Board records its appreciation to Messrs. Benbow and Smith for their diligence, invaluable advice, and wise and pleasant guidance in the discharge of the functions of their offices.

Mr. Benbow spoke briefly, stating that both he and Mr. Smith had enjoyed their service with the Institute and that they had been aided immeasurably by the work of Mrs. Golden, to whom he expressed his thanks.

Mr. Temko suggested that it would be desirable for the Board to ratify certain new employment contracts and amendments to other employment contracts which had been entered into, with the approval of the Executive Committee, since the last meeting of the Board. Thereupon, upon motion duly made and seconded, it was unanimously

RESOLVED, That the Agreement between The Tobacco Institute, Inc., and Mr. Horace R. Kornegay, as amended by letters of May 26, 1970, and December 24, 1970, be, and hereby is, approved and ratified;

FURTHER RESOLVED, That the Agreement dated December 23, 1970, between The Tobacco Institute, Inc., and Mr. Franklin B. Dryden be, and hereby is, approved and ratified;

FURTHER RESOLVED, That the Agreement dated April 22, 1970, between The Tobacco Institute, Inc., and Gilbert D. Huebner, M.D., be, and hereby is, approved and ratified;

FURTHER RESOLVED, That the Agreement dated April 1, 1970, between The Tobacco Institute, Inc., and Marvin A. Kastenbaum, Ph.D., be, and hereby is, approved and ratified;

FURTHER RESOLVED, That the Agreement between The Tobacco Institute, Inc., and Mr. William Kloepper, Jr., as amended by letter of December 23, 1970, be, and hereby is, approved and ratified;

FURTHER RESOLVED, That the Agreement between The Tobacco Institute, Inc., and Mr. John F. Mills, as amended by letters of May 26, 1970, and December 23, 1970, be, and hereby is, approved and ratified;

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FURTHER RESOLVED, That the Agreement dated December 23, 1970, between The Tobacco Institute, Inc., and Dr. Frank J. Welch be, and hereby is, approved and ratified, and

FURTHER RESOLVED, That a copy of each of the employment contracts and amendments above approved and ratified be annexed to these minutes and be made a part thereof.

It was also suggested that it would be in order for the Board to ratify an employment contract with Mr. J.C.B. Ehringhaus, Jr., who will start his service with The Institute commencing February 1, 1971. Thereupon, upon motion duly made and seconded, it was unanimously

RESOLVED, That the Agreement dated January 18, 1971, between J.C.B. Ehringhaus, Jr., and The Tobacco Institute, Inc., be, and hereby is, approved and ratified; and

FURTHER RESOLVED, That a copy of such Agreement be annexed to these minutes and made a part thereof.

To reflect the requirements of the New York Not-For-Profit Corporation Law, it was recommended that the By-Laws be amended to make express provision for the Executive Committee. Thereupon, upon motion duly made and seconded, it was unanimously

RESOLVED, That the By-Laws of The Institute be, and they hereby are, amended by adding thereto the following new Article VI, and by renumbering the succeeding Articles VI through X as Articles VII through XI:

ARTICLE VI

EXECUTIVE COMMITTEE

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The Board of Directors, by resolution adopted by a majority of the entire Board, may designate from among its members an Executive Committee consisting of three or more directors, which to the extent provided in such resolution shall have all the authority of the Board except as otherwise required by law. Vacancies in the Executive Committee may be filled by the Board of Directors at any meeting of the Board. The Executive Committee shall keep regular minutes of its proceedings and report the same to the Board of Directors when requested by the Board. The Executive Committee shall meet upon the call of its Chairman or the President of The Institute. The presence of four members shall constitute a quorum for the transaction of business.

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In addition, on motion duly made and seconded, it was unanimously

RESOLVED, That there be, and it hereby is, established an Executive Committee to consist of eight members of the Board, to be designated by the Board, and that said Committee shall have and exercise all of the powers and authority of the Board in the management of the business of this Corporation as may lawfully be delegated to it by the Board; and

FURTHER RESOLVED, That the following members of the Board shall constitute the Executive Committee of the Board until the next annual meeting of the Board:

Joseph F. Cullman, 3rd, Chairman
A. H. Galloway, Vice Chairman
Louis A. Bantle
Martin J. Condon, III
Edwin P. Finch
W. Brooks George
Milton E. Harrington
Preston Robert Tisch

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It was suggested that it would be in order to make appointments for the Budget Committee to review the annual proposed budget of The Institute and to report to the Board of Directors thereon. Thereupon, the following persons were unanimously appointed as members of the Budget Committee:

John J. Murphy, Chairman
Zachary T. Smith
Thomas F. Ahrensfield
John V. Blalock
Thomas W. Holley
Edward G. Kontos

It was also recommended that the Board appoint H.C. Roemer to the Pension Committee under the Pension Plan for Employees of The Institute. With the unanimous appointment of Mr. Roemer, the Pension Committee consists of Messrs. W. Brooks George, H. C. Roemer, and A. Y. Yeaman.

Mr. Temko also stated that it would be in order to make some changes in the authorizationsto sign or countersign checks of The

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Institute drawn on the various Institute accounts. Thereupon, upon motion duly made and seconded, it was unanimously

RESOLVED, That until otherwise ordered Bankers Trust Company of New York City be, and it hereby is, authorized to make payments from the funds of this Corporation on deposit with it, upon and according to the check of this Corporation, signed by Horace R. Kornegay, Earle C. Clements, or John F. Mills, and countersigned by Franklin B. Dryden, Edward F. Ragland, Frank J. Welch, John J. Murphy, John J. Kelly or Kathryn R. Golden, or signed and countersigned by any two of the following Directors: Messrs. Louis A. Bantle, Joseph F. Cullman, 3rd, and Milton E. Harrington.

In addition, on motion duly made and seconded, it was unanimously

RESOLVED, That on and after February 1, 1971, and until otherwise ordered, the National Savings and Trust Company, Washington, D. C., be and it hereby is authorized to make payments from the accounts of this Corporation on deposit with it only by check signed in the name of this organization by: Horace R. Kornegay, Earle C. Clements, Franklin B. Dryden, John F. Mills, Frank J. Welch, Edward F. Ragland, John J. Murphy and John J. Kelly, or any of them, until further notice in writing to the National Savings and Trust Company, and the said National Savings and Trust Company shall not be required in any case, to make inquiry respecting the application of any instrument executed in virtue of this resolution or of the proceeds therefrom, nor be under any obligation to see to the application of such instruments or proceeds.

In addition, on motion duly made and seconded, it was unanimously

RESOLVED, That the Treasurer of The Tobacco Institute, Inc., is authorized and instructed to open a deposit account for and in the name of said organization with The First National Bank of Washington, Washington, D.C., to deposit therein funds of the organization, and that said account may be drawn on only by check signed in the name of the organization by Horace R. Kornegay, Earle C. Clements, John J. Murphy and John J. Kelly, or any of them, until further notice in writing to The First National Bank of Washington, and the said Bank shall not be required, in any case, to make inquiry respecting the application of any instrument executed by virtue of this resolution or of the proceeds therefrom, nor be under any obligation to see to the application of such instrument or proceeds.

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Mr. George announced that during the year the industry had lost through death George V. Allen and J. V. Morrow, both former officials of The Institute and devoted friends of the industry. Thereupon, upon motion duly made and seconded, it was unanimously

RESOLVED, That the Board of Directors of The Tobacco Institute expresses on behalf of all the members of The Institute our deep grief and sense of loss at the passing of Ambassador George V. Allen, who made lasting contributions to The Institute and to the tobacco industry in his distinguished service as President of The Institute, who served the Country with ability and devotion in a series of important ambassadorial and other diplomatic posts, and who labored long and well for education in his service and devotion to his alma mater, Duke University; and

FURTHER RESOLVED, That all those who knew Ambassador Allen will miss both his wise counsel and his good fellowship; and

FURTHER RESOLVED, That the President of The Institute convey to the family of Ambassador Allen the condolences of the members of The Institute and a copy of this resolution.

Thereupon, upon motion duly made and seconded, it was unanimously

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RESOLVED, That the Board of Directors of The Tobacco Institute expresses its sorrow and loss on the passing of James Vernon Morrow, who served The Institute well for many years and who throughout his life was a friend and aide to the tobacco industry; and be it

FURTHER RESOLVED, That all those who were fortunate enough to know J. V. Morrow will miss his good counsel, his knowledge and love of tobacco and the industry, and his unfailing good humor and zest for life.

Mr. Kornegay then discussed briefly the Guidelines for Authority and Responsibility of The Institute. The revised form of the Guidelines was distributed, and the changes from the previously circulated draft summarized. After discussion, the Guidelines were accepted by the Board.

Mr. Kornegay called upon Mr. H. Henry Ramm, who has recently assumed the post of Chairman of The Council for Tobacco Research--USA.

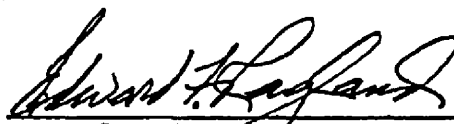
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Mr. Ramm briefly reported on the activities of the Council.

The President then called upon Senator Earle C. Clements, who spoke briefly on the developments during the past year, the revised organization of The Institute, and his pleasure at having worked with the many fine people in The Institute and the industry during his tenure as President of The Institute and now in his capacity as consultant to The Institute.

There being no further business, and without objection, the meeting was thereupon adjourned.


Secretary

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