

Annual Meeting Offers a “Glimpse Into the Future”

The 2005 WASDA Annual Conference, held February 27 – March 2 in San Antonio, clearly lived up to its theme: “A Glimpse into the Future.” The excellent line up of speakers, round tables and networking forums provided members with valuable insights as to what lies ahead for the waterworks industry.

The meeting got off to a lively start with a presentation by Representative Earl Blumenauer, providing a unique insider’s view of the current and future state of legislation. This timely session was one of the early benefits from our newly formed Government Relations Committee. They will continue to build on the momentum of this worthwhile presentation.

The Monday afternoon program featured a panel discussion on Antitrust laws, concerns and compliance. Understanding this critical issue should be a part of every member’s day-to-day business. The panel, with a mix of distributors and manufacturer members, was ably assisted by WASDA’s Legal Counsel, Ned Rahn. We thank Ned for the extra help. To further the antitrust education for our industry, WASDA has purchased two copies of a video entitled “The Price,” which was mentioned during the panel discussion and addresses many issues of Antitrust. The video is very expensive to purchase, but as a benefit of your membership in WASDA, you can now borrow it from the association’s video library. Contact Lindsay Groff if you are interested in borrowing this video for your next company sales meeting.

The Tuesday program featured futurist Ed Barlow. Ed had a very fast and furious presentation on the future of



waterworks distribution, as well as the business climate in general. If Ed’s presentation didn’t make you sit up and take notice, then I am not sure what would! Ed also supplied us with a full list of reading material and other sources for further research after the meeting. This presentation was followed by a roundtable workshop that dealt with specific issues we can expect to encounter in the future of our business.

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Bringing together all elements of the waterworks and sewer distribution industry for the purpose of promoting, educating and representing its participants.

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Annual Meeting Recap

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In the evenings, we explored the many restaurants and night spots of San Antonio. Our hotel was conveniently located on the famous Riverwalk (as best we can tell, nobody from WASDA went for a river swim!). The meeting was topped off with a big night out at the Buckhorn Saloon, an amazing combination of bar, restaurant and museum. The performers at the Buckhorn saloon made it a night to remember.

Thanks to all who contributed to and participated in the WASDA 2005 Meeting. With meetings as informative and educational as this, the future looks bright for WASDA!



"The Dutch Treat dinner was terrific. For a new member, it took a lot of pressure off lining up dinner appointments. What a great way to meet and mix in pleasant social environment and Terry was the consummate host."

Frank Kennedy, Sales Director for Grand Haven Meter Couplings.

New WASDA Member Benefit!

The Antitrust Panel Discussion held at the Annual Meeting proved to generate substantial interest on the topic of antitrust training. Now WASDA offers members the chance to view the classic video, "The Price." For a \$25 shipping and handling fee, members may view the most effective and watched compliance video ever made. For more details, contact WASDA Headquarters.

About "The Price"

"The classic, most effective compliance docudrama ever made. The story of sales manager Walt Ames dramatizes the costs of a Federal price-fixing case to an individual, his family, his company, and his industry.

Training Topics:

- *Sherman Act, Section 1: Criminal conspiracy to fix prices*
- *Contacts with friends who are competitors*
- *Federal white-collar criminal case: Discovery, Document search, Grand Juries, Indictment, Trial, Testimony by former friends*
- *Federal Sentencing Guidelines: Mandatory penalties, fines, jail*
- *Civil lawsuits: Treble-damage verdicts*

Overview:

This Commonwealth Classic special edition of "The Price" tells the now-famous story of sales manager Walt Ames. Ames and his friends at competing companies are riding high, building sales, increasing profits, and winning salesmanship awards. But they undermine this success by getting on the phone with each other to fix prices, allocate customers, and drive low-bidders out of the market. When an aggressive prosecution task force uncovers their illegal practices, their careers and their friendships are destroyed. Viewers see the harrowing process of a federal price-fixing investigation and its effects on co-defendants, their companies, and their entire industry."

www.commonwealthfilms.com

Message from the President

Greetings,

As 2005 begins, the year brings us many exciting changes and challenges. WASDA is evolving and moving forward as the premier venue for Distributors and Manufacturers. The addition of the Government Relations Committee will keep us abreast of what is happening in Washington. The restructuring of our other committees will enable us to move forward in a more efficient manner.

The “new” WASDA website will provide WASDA Members and others with a venue to learn more about us and our activities, and how to contact us. This is something that is long overdue and I commend the effort put forth by many to get it done.

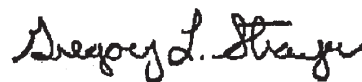
Connections, our online newsletter, also has a new look. Now you can find Committee news. Please take the time to read it online or print it and read at your leisure.

Our Annual Meeting in San Antonio was a huge success, although the weather could have been a little warmer. (I’m sure the Program Committee will handle this for the next Annual). I feel an incredible amount of input was gathered in San Antonio that will allow us to add value to our future meetings as we build on the base we’ve created. We knew from the start that the addition of Associate Members was a valuable asset, but that it would take time and work to make it succeed. With everyone’s input we are headed to new heights.

June brings us the ACE Convention in San Francisco and I look forward to seeing those of you who will be attending. It also brings us into the heart of our business years and I wish everyone the best for a successful year. Also, start to plan for our Partnership Forum Scheduled for October in downtown Chicago. It will be the biggest and best one so far.

Best wishes to you and your families for a happy and safe summer.

Sincerely,



Gregory L. Strayer



Connections is a publication of the Water and Sewer Distributors of America.

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Phone: (215) 564-3484, Fax: (215) 963-9785, or E-mail: wasda@fernley.com.

Committee Corner

Associate Member Committee

There will be a meeting of the Associate Member Committee at the AWWA National Conference in June. If any Distributor or Associate member has any questions, comments, and suggestions please forward them to me before that meeting. I can be reached at wcooper@acip-co.com or by telephone 205-325-8192.

If an Associate Member should find a distributor that is interested in WASDA, please send that contact to Lindsay Groff at Fernley & Fernley so a follow up can be made.

Walter Cooper, Chair

Management Information Committee

Current news from the Management Information Committee has us looking forward to all members completing the 2005 WASDA Statistical Survey. Please remember to have them returned by the **deadline of May 16, 2005**. Remember that this is a free tool for distributor members and one that has become invaluable on a yearly basis.

We are also working closely with the Program Committee to plan more successful future meetings. Your input from meeting questionnaires, exit surveys and individual comments will help us to plan meetings that meet your preferences with regard to location, content, and duration. Please visit our website often and watch for the latest survey from this committee, or email me at dputnam@putnampipe.com.

Dave Putnam, Chair

Membership Committee

At the San Antonio meeting, I was honored to be asked to chair the membership committee. Please join me in welcoming our new members, listed on page 6! In addition to our new members, we also have several membership applications pending.

Our membership is as follows:

	Feb/05	Apr/05
Distributor members	60	60
Manufacturers	50	54
Total	110	114

If you would like to help with the membership committee or you have specific ideas on how to increase member-

ship, please let me know.

JohnSchulte@SchulteSupply.com; phone 618-656-8383 and fax 618-656-8750.

John Schulte, Chair

Program Committee

The Program Committee is finalizing the upcoming Partnership Forum and Fall Meeting in Chicago.

The Annual Meeting in San Antonio was a huge success with nearly 200 delegates in attendance. The post-meeting survey indicates that over 50% of the respondents felt that the location, program content and length, and value for their business were either very good or excellent (a rating of 4 or 5). The Program Committee is currently incorporating the results and comments of San Antonio's Annual Meeting into planning for next year's Annual Meeting. More details will follow.

Deron Johnson, Chair

Government Relations Committee

The Government Relations Committee met by conference call on March 29, 2005 to identify committee functions and specific action items for the committee.

Three primary functions of the committee were identified. The functions identified were 1) Educate and Inform WASDA members about important industry topics, pending legislation affecting our industry, global water issues, and funding issues 2) Communicate with various governmental agencies and representatives concerning issues involving water and sewer 3) Build alliances with other organizations involved in the water and sewer business to increase effectiveness of efforts.

Some of the specific action items identified were 1) Investigate the cost of a research organization to keep WASDA aware of hot industry topics and pending legislation 2) Create a list of organizations that have water related concerns 3) Begin organization of a Political Action Committee 4) Look for ways to increase WASDA visibility 4) Contact NUCA and AWWA to discuss a meeting concerning common water concerns.

The Committee also anticipates making a further presentation at the WASDA Fall Meeting

Ed Morrison, Chair

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Committee Corner

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Strategic Visioning Task Force

On March 14, I was fortunate to attend an afternoon workshop on Strategic Planning. This workshop was held at the offices of Fernley & Fernley in Philadelphia, PA. The presenters were Mike Romano, Past President of MHEDA (Material Handling Equipment Distributors Association) and Liz Richards, Executive Vice President of MHEDA. Though their organization is much larger than WASDA, the strategic concepts are very similar. They have progressed years down the road from where we are now. Some of this movement is do to their size (500+ members) but they credited most of their advancement to Strategic Planning, the implementation of their plan and the on going revisions to their plan.

MHEDA's Executive Committee meets once a year to do the organization's planning (strategic in nature), then gives these "global" plans to their committees. These plans are then discussed at the committee level. Each committee presents to the board for approval its plan for the upcoming year as it relates to that committee.

Though WASDA still needs more input from a larger group to finish mapping our Strategic Plan, I feel WASDA should discuss a more formal planning process for each committee. These formal plans could then be published in *Connections*, providing members a clear understanding of each Committee plan and how it relates to the well being of WASDA and its members. This concept will be discussed further at SVTF Meetings & Board Meetings.

Michael J. Dooley, Chair

Publications Committee

I would like to personally thank all of our many generous advertisers in this year's WASDA Directory. Thanks to you it was another successful endeavor. The directory is being printed and will be mailed to the membership in early summer.

As you can see, we've added a "Committee Corner" to our newsletter. Many members have asked what the committees are working on for the future of WASDA. This section provides our committees the forum to get this information out to the membership concisely. We hope this new section will make *Connections* even more informative.

If there are any suggestions or other things that you would like to see from the Publications Committee, please feel free to contact me or Lindsay.

Thank you,

Sam Peirce, Chair

Marketing Committee

The Marketing Committee continues its busy schedule during the first half of 2005. The amount of work the committee has undertaken and is working through is time consuming and too much to list in a prose format. I would like to thank all committee members for their hard work and dedication to move these projects forward. The progress we have made since January 1 is listed below in a bullet type format. Should anyone desire to give the committee input, feel free to contact any committee member to have your feelings heard.

1. We have had 92 non-member companies surveyed by phone. From the 92 surveyed 46 have requested further information &/or application packages.
2. We have a hard copy of a formal "Marketing Plan" this plan is to drive a consistent marketing message to existing & potential members to increase membership and provide greater member benefits. A formal Marketing Plan mandate came out of the SVTF & Board of Directors meetings.
3. The new WASDA web site is up and running. Please take the time to take the new web site for a test drive. The web site is still under construction so we are still open for input from all members.
4. Marketing Committee held a conference call with some members of the Membership Committee to discuss survey results, web site progress and the Marketing Plan the last week in April. We discussed how to leverage these items for increased membership as well as other marketing opportunities that have be suggested over the last 4 months.

Michael J. Dooley, Chair

Association News

WASDA Directory & Website

The WASDA 2005 – 2006 Directory will be coming your way soon. This valuable publication includes complete listings of all members as well as advertisements and helpful information on association resources. Copies will be mailed out in late May.



www.wasda.com - your source for the most current news for and about WASDA.

The new site has launched. Check out the new look and visit often for updates on association programs and news.

New! The Members' only section is now live! Take advantage of this great member benefit. WASDA members can access the members' only section with the password "antitrust."

Save the Date!

WASDA Fall Meeting
October 23 – 25
Chicago, IL

This meeting will also feature the WASDA Partnership Forum (Contact Table Program). Watch your mail for details coming your way soon.



Member News

Clow Valve announces that Peter Settini has accepted the position of Assistant Sales Manager.. Pete comes to Clow with over 17 years experience in the waterworks industry with time spent in both manufacturing and distribution. At Clow, Pete will be responsible for managing the outside sales effort. He and his family will be moving to Oskaloosa, Iowa from Rockford, Illinois. Please welcome Pete to the Clow Valve Company Sales Team.

Welcome New Associate Members!

COMPANY

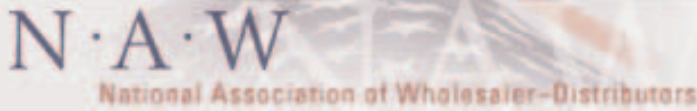
Diamond Plastics Corporation
Hydrant Repair Parts, Inc.
PWEagle
Sensus Metering Systems
Vinyltech PVC Pipe
NAPAC, Inc.
Vestal Manufacturing Company
GA Industries, Inc.
Grand Haven Meter Couplings & Source Casting Sales
Vanderlans & Sons
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Price Discrimination Ruling

On March 7, 2005, the U.S. Supreme Court agreed to review a federal appeals court decision which greatly expanded a seller's liability exposure under the Robinson-Patman Act ("RPA"), the federal price discrimination law. (Volvo Trucks North America, Inc. v. Reeder-Simco GMC, Inc., Docket No. 04-905). Under the Eighth Circuit's ruling, a manufacturer who grants a discount to a wholesaler-distributor to obtain a specific customer's order could not safely limit its price concession to the competitive circumstances of that sale. Instead, the manufacturer that offers a lower price to one of its wholesaler-distributors due to a competitive situation risks an RPA violation unless it offers the same price to all its wholesaler-distributors throughout the U.S. for several months in the future.

For example, if a manufacturer elected for competitive reasons to give a discount to a wholesaler-distributor in North Dakota in connection with a particular bid situation, the Eighth Circuit's decision would arguably require that the manufacturer give that same discount on all similar products sold anywhere in the United States, even if the manufacturer extended the lower price in North Dakota in order to capture a high profile customer or to win business away from the manufacturer's competition.

This decision may adversely affect a wholesaler-distributor in two ways. First, the wholesaler-distributor who requests a price adjustment from the manufacturer in order to obtain a sale may be rejected because the manufacturer is forced to follow a uniform price policy throughout the U.S., to avoid RPA liability. This inflexibility makes it difficult to remain competitive. Second, a wholesaler-distributor who sells product to customers that are resellers will be held to the same RPA exposure as the manufacturer in the above example. The RPA applies not only to a manufacturer's pricing practices, it governs the pricing of all product sellers who sell to resellers.

Appeals Court Decision

Over a vigorous dissent, the 8th Circuit Court of Appeals upheld a jury verdict of over \$4 million in favor of a truck

dealer in a price discrimination claim under the RPA against a truck manufacturer. This case is significant because successful RPA cases are a rarity and it has the potential to broaden a seller's price discrimination exposure under the RPA. The 8th Circuit includes AK, IA, MN, MO, NE, ND and SD.

Before this decision, a manufacturer had potential RPA liability exposure only if: the manufacturer sold the same product at different prices to different wholesaler-distributors; the wholesaler-distributor paying the higher price lost sales to the "favored" wholesaler-distributor as a result of the price difference; and the requisite injury to competition was established. While a manufacturer may still defend an otherwise unlawful price difference using the RPA's meeting competition and cost justification defenses, the defendant in this case did not successfully prove these defenses.

Critics of this decision argue it could dramatically expand RPA liability for sellers. The Eighth Circuit's ruling permits a plaintiff to assert a claim by showing that another reseller received a better price than plaintiff at some other time, in some other place, and in connection with sales to some other customer.

Competitive Bidding Process

In the heavy truck industry, units are generally manufactured only after an end user (such as a trucking company or fleet operator) solicits competitive bids from dealers such as Reeder for several competing OEM's (e.g., Mack, Ford, Freightliner). During this bidding process, dealers such as Reeder seek concessions (discounts) from Volvo for a price below the standard wholesale price, which then allows the dealer to offer a lower price to the end user. Reeder claimed that Volvo gave other "favored" Volvo dealers greater discounts than Volvo granted Reeder, producing lower profits for Reeder on its successful bids and lost profits on its unsuccessful bids.

The court and jury found evidentiary significance in the "Volvo Vision" announced by Volvo in 1998 at its annual dealer conference. The Vision was a dealer consolidation strategy, with a Volvo executive predicting that the number of Volvo dealers would go from 146 to 75 in two

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years, under-performing dealers would not be around and the surviving dealers would have larger markets. Reeder suspected that it was one of the dealers targeted for elimination.

At trial Reeder relied on four scenarios to demonstrate its RPA injury and to calculate its damages:

- Instances in which Reeder lost sales to a non-Volvo dealer because Volvo failed to quote Reeder the same discount it gave to another “favored” Volvo dealer, in a separate sale to a different end user.
- Instances where Reeder sold Volvo trucks to an end user, but did not make as much profit on the deal because another “favored” Volvo dealer received a greater discount from Volvo, in a separate sale to a different end user.
- An instance where Reeder and another Volvo deal-

er, who received a better discount from Volvo, both lost the sale to a non-Volvo dealer.

- One instance where Reeder lost a sale to another Volvo dealer who received a 1% greater discount from Volvo, where the end user had a long-standing business relationship with that “favored” Volvo dealer.

As the dissenting justice noted, except for the last instance, this evidence only shows that Volvo failed to give Reeder sufficient discounts to allow it to compete with non-Volvo dealers, which is not a RPA violation. There was evidence of only two occasions where Reeder competed head-to-head with a “favored” Volvo dealer for a sale to the same end user. Nevertheless, the appeals court majority upheld the jury verdict.

The case will be argued in the U.S. Supreme Court’s fall term.

When in Philadelphia, visit WASDA Headquarters at Fernley & Fernley, Inc.

WASDA members traveling to Philadelphia are invited to stop by and say hello, or even get some work done, at the offices of WASDA’s management firm, Fernley & Fernley, Inc. This is an excellent opportunity to learn about the many people and procedures “behind the scenes” that make WASDA work. The offices also include spacious and modern meeting space, which may be convenient if you need to set up a meeting while in the city. Or, keep the office in mind if you are traveling and find that you have gaps in your schedule and need to check email and return phone calls. Contact Executive Director, Lindsay Groff, if you have plans to be in Philadelphia and want to visit WASDA offices while you are there. The staff of WASDA and Fernley & Fernley would welcome the opportunity to show you around the headquarters office.

WASDA Headquarters is located just seven short blocks from the Convention Center. You can take a 10-minute walk or a 4-minute cab ride to reach WASDA Headquarters at 100 North 20th Street, 4th Floor.



Your Volunteer Organization is Our Businesssm

Calendar of 2005 Industry Events

AWWA Annual Conference and Exposition (ACE)

June 12 – 16
San Francisco, CA

WASDA Fall Meeting

October 23 – 25
Chicago, IL

Water Environment Federation (WEF)

WEFTEC.05
October 29 – November 2
Washington, DC

Important! The WASDA Partnership Forum (Contact Table Program) will be held at the Fall Meetings starting in 2005.

Important Board decisions impacting meeting attendance

In order to allow all members to benefit from future WASDA meetings, the Board of Directors voted to open all meetings to all members. Associate members are invited to attend both the Annual and Fall Meetings in their entirety to take advantage of the excellent networking and educational opportunities available.

Prospective members may attend one meeting as a prospect before joining WASDA.

WASDA WELCOMES YOUR INPUT

MEMBERS OF WASDA ONLY, please use this form to provide WASDA with news about your company and input on issues you'd like to see covered in *Connections*.

Member News

List any recent employee promotions, branch openings, strategic alliances, acquisitions, etc.:

Topic Suggestions

Are there any issues you'd like to see addressed, such as market conditions, improving your operations, international issues, business technologies, ISO certification, etc., in a future issue of *Connections*? Suggest an article and author or submit an article yourself.

Quality Kudos

Has your company recently been recognized for its "quality" efforts: ISO certifications, favored distributor, special awards, etc.? Share your success with other WASDA members by listing the information here:

WWW Update

Since the printing of the directory, if your company has acquired a new website or email and would like to publish the update in *Connections*, please list it here:

Submitted by:

Name: _____ Title _____

Company: _____ Phone: _____

Your e-mail address: _____ Company e-mail address: _____

Return this form by fax to: WASDA • Lindsay Groff • 215-963-9785