MINUTES OF THE ANNUAL MEMBERSHIP MEETING

OF THE

FRICTION MATERIALS STANDARDS INSTITUTE, INC.

Tuesday and Wednesday, June 11 and 12, 1991

Harrah's Lake Tahoe

Stateline, Nevada

ACTIVE MEMBERS PRESENT	REPRESENTATIVES
Abex Corporation	Robert E. Nelson
Allied Signal, Bendix FMD	James McCool (Proxy, T. Lazarcheff)
Allied Signal, Certified Brakes	Larry Mintman, President
Brake Parts Inc.	Donald J. Delvy
Ferodo America, Inc.	Rita Grisham, Vice President (6/11)
Fibro Friction, Inc.	Joseph Nir
Friction Material Co., Inc.	Robert Scott
Frictiontech Inc.	Andy Gagnon
HKM of California Corp.	Ronald Randall
ITT Automotive Parts Supply Div.	Douglas Willsie
Motion Control Ind., Carlisle Div.	William F. Wood (Proxy, W. Kinsey)
Raymark Friction Company	Doreen Tomao
Reddaway Manufacturing Co., Inc.	F. William Barton (Proxy, E. Eggert)
TEK-Motive, Inc.	Ronald R. Moalli
Tenneco Heavy Duty Brake Ltd.	Carl Walker (6/11)
U.S. Automotive Mfg., Co., Inc.	Martin Chevalier
Wagner Brake	William Aymond (Proxy, T. Wall)
Wheeling Brake Block	Lee Burgess

ACTIVE MEMBERS - PROXIES TENDERED	PROXY FROM
Braketech Inc. (To G. N. Laycock)	A. E. Brinzey
Coan Equipment (To G. N. Laycock)	D. Ted Shumate
Delco Moraine NDH (To D. Tomao)	Donald Emrick
Fox Friction Mfg., Inc. (To G. N. Laycock)	Alex Fraser
Friction Division Prod. (To G. N. Laycock)	Robert Carney
Heavy Duty Friction Group(To G. N. Laycock)	Edward Kaufman
Satisfied Brake Prod. Inc.(To G. N. Laycock)	Stewart Kahan
Scan Pac Manufacturing (To G. N. Laycock)	Skip Scandrett
Total Brake Industries (To G. N. Laycock)	Alex Tabori

OTHERS PRESENT	
Capital Tool & Design Ltd.	Mike Greenberg
HKM of California Corp.	W. Max Sleeth
HKM of California Corp.	Mohammad Vakili
Util, SPA	Hubert Frings
Wagner Brake	John Mayer
Payne Morehouse Shafer & Harlow, Counsellors at Law	Thomas P. Weldy
Friction Materials Standards Institute	Gilbert N. Laycock, Secretary

Mr. Mintman, President, called the meeting to order at 1:35 P.M., June 11, 1991. As the first order of business, the President called for a roll call.

MINUTES OF PREVIOUS MEETING

The Secretary advised that minutes of the Membership Meeting of June 12-13, 1990 had been distributed. The President suggested that a reading of the minutes be dispensed with, as no corrections had been suggested.

Upon motion duly made, seconded and unanimously passed, it was:

> RESOLVED: To accept the minutes of the Membership Meeting of June 12-13, 1990 as written.

PRESIDENT'S REPORT

L. Mintman, President, delivered his report. Please refer to EXHIBIT 1 in the report booklet.

Mr. Mintman reviewed the new members added since last year's meeting consisting of three Active and three Licensee. He noted that the financial condition of the Institute remains sound and that the Institute had negotiated a buy-out of the remainder of the Paramus office lease. He commented that the most notable event in the past year was the Constitution revision reclassifying Canadian friction material manufacturers as Active members and noted their contributions in the past and looked forward to expanded participation in the future. He commented on the continued part number proliferation and acknowledged John Mayer of Wagner Brake as one of the major contributors of information to the Institute. He thanked all those who participated and contributed to the continued growth and stability of the Institute.

Upon motion duly made, seconded and unanimously passed, it was:

> RESOLVED: To accept the President's Report as written.

REPORT ON BOARD OF DIRECTORS ACTIVITIES

The Secretary reported on activities of the Board of Directors during this past fiscal year. As a portion of the activity is at the Board Meeting immediately preceding the Membership Meeting, there is no written report.

During this past fiscal year the Board of Directors approved three Active Membership applications which were in turn passed on to the full Membership and approved. The Board also approved three Licensee Membership applications. Additionally, the Board reviewed and approved the Constitution revision changing membership status of Canadian friction material manufacturers to Active and increasing the membership of the Board of Directors to nine.

The foregoing covers work done by the Board prior to June 10, 1991. The following covers work done at the Directors Meeting of June 10, 1991.

The Board of Directors elected Ms. Rita Grisham to the position of Vice President and deferred the election of a Treasurer until the "new" Board meeting. The Board reviewed delinquent fees and one Regional Member, Friccion, S.A., had open fee billings going back 12 months. The Board recommended that a ballot for termination of Membership be taken in 90 days if no dues payments are received within that time.

The Board was advised of potential losses of Membership - Distex Industries - which will come under Brake Parts Inc. Membership, Heavy Duty Friction Group, Lawrence, MA - announced plant closing in October 1991 and a possible consolidation of Canparts under Abex, Winchester. The Board reviewed the fee structure and recommended that there be defined limits which would cause Membership Fees to be raised or lowered.

The Board reviewed and discussed the issues that are facing the industry: NHTSA Regulations for brake block and passenger car linings, labeling requirements under EPA, processing and disposal requirements and the EPA Asbestos Ban. Also discussed were future concerns for the asbestos substitutes.

The Board discussed changing the Annual Meeting timing to take place over a weekend to take advantage of lower over-weekend air fares and reduce time-out-of-office for members. Also, the Board voted to expand the invitation list for the Annual Meeting to include licensees.

Upon motion duly made, seconded and unanimously passed, it was:

RESOLVED: To accept the report on the Board of Director's Activities as read.

MEMBERSHIP COMMITTEE

Ms. Doreen Tomao, Chairperson of the Membership Committee, presented this report. Please refer to EXHIBIT 2 in the report booklet.

Ms. Tomao noted that the Institute now has 89 affiliates up from 84 in June 1990, with Active Members increasing from 25 to 37, Regional Members decreasing from 38 to 29 and Licensee Members decreasing from 21 to 23. The report details the specific Membership additions, changes and losses.

Upon motion duly made, seconded and unanimously passed, it was:

RESOLVED: To accept the Membership Committee Report as written.

TREASURER'S REPORT

Ms. Rita Grisham, Treasurer, presented this report. Please refer to EXHIBIT 3 in the report booklet.

The report projected an excess of total income over expenses of $4,294. Operating income is projected to be $10,321 over the budgeted income due to additions of new members and unbudgeted income from Catalog sales. There were a number of variances from budget. The largest single variance was an unfavorable variance and was for rent due to the lack of rental income from the Paramus office and the buy-out of the remainder of the Paramus lease. All variances greater than $400 are detailed in the report. The report included a balance sheet projected for June 30, 1991, a statement of income and expenses for the 1990-91 fiscal year and a seven year financial summary.

Upon motion duly made, seconded and unanimously passed, it was:

RESOLVED: To accept the Treasurer's Report as written.

INVESTMENT ADVISORY COMMITTEE REPORT

Mr. Ron Randall, Chairman, presented the Investment Advisory Committee report. Please refer to EXHIBIT 4 in the report booklet.

Mr. Randall advised that the total investment assets projected to June 30, 1991 were $255,000 versus $255,386 at June 30, 1990. Current yields of Treasury Notes average just under 8% and Money Market Funds yield less than 6%. Interest rates still remain low so that any roll-overs of Treasury Notes may show a slight reduction in yield.

Upon motion duly made, seconded and unanimously passed, it was:

RESOLVED: To accept the Investment Advisory Committee Report as written.

A question was raised from the floor concerning the stability of the Institute's investments. The Secretary advised that the majority of the Institute reserve is in U.S. Treasury Notes and the working capital is in a Merrill Lynch Government Money Market Fund.

BUDGET COMMITTEE

Mr. Ron Randall, Chairman, presented the Budget Committee Report. Please refer to EXHIBIT 5 in the report booklet.

The Committee proposed an Expense Budget of $156,200 for the 1991-92 fiscal year. This is less than a 2% increase over the expense budget for the year ending. Although the total budget figure is comparable to the previous year there are changes in certain items - e.g.: Rent decreased by $7,600, general office expense increased by $1,800, pension expense increased $3,200, meeting expense and general travel expense both increased by $1,000. Other items showed less significant variations.

Upon motion duly made, seconded and unanimously passed, it was:

RESOLVED: To accept the Budget Committee Report as written.

FEE FORMULA COMMITTEE REPORT

Mr. Robert E. Nelson, Chairman of the Fee Formula Committee, presented this report. Please refer to EXHIBIT 6 in the report booklet.

Mr. Nelson noted the fee structure which was revised in 1987. The projected income using the existing fee structure is $150,400. The proposed expense budget is $156,200 giving a net loss of $5,800 comparing operating income to operating expenses. However, including investment income an excess of total income over expenses of $12,230 is projected.

In order to maintain the Institute reserve at essentially "constant dollars" the Fee Formula Committee recommended the following schedule for the adjustment of Membership Dues based on the suggestion of Mr. Henri Winter of Marshall Granger & Company Certified Public Accountants.

An average of the last three years "excess of total income over expenses (or loss)" will be compared to the Institute Reserve. The target is to allow the reserve to increase at a rate between zero and 6%.

- o If the "three year average" is in excess of 6% of the Institute reserve - Membership Dues will be lowered.
- o If the "three year average" is negative Membership Dues will be raised.

Upon motion duly made, seconded and unanimously passed, it was:

RESOLVED: To accept the Fee Formula Committee Report as written.

Larry Mintman asked what sort of notice would companies have of a change in dues structure for budgetary planning. The Secretary advised that even though June 30 is the end of the fiscal year the books are not closed until sometime in July and audited figures are not available until September or October. There may be a one year lag in adjusting the fee structure at the next year's meeting should the guidelines noted in the Fee Formula Committee Report indicate that dues should be raised or lowered.

ANNUAL MEETING COMMITTEE REPORT

Mr. Ron Randall, Chairman, presented this report. Please refer to EXHIBIT 12 in the report booklet.

The Committee recommended LaQuinta Golf and Tennis Resort in LaQuinta, California for the 1992 Annual Meeting. The resort has 25 pools, 35 spas, a world class golf course, 30 tennis courts and tennis is complimentary for guests. There are several restaurants on site and shopping in both Palm Springs and Palm Desert Mall.

Upon motion duly made, seconded and unanimously passed, it was:

RESOLVED: To accept the Annual Meeting Committee Report as written.

Mr. Mintman advised the Membership of the Board of Directors decision to consider holding the Annual Meeting over a weekend with the Board of Directors Meeting on Saturday and Membership Meeting on Sunday and ending Monday by noon. A show of hands by the Membership indicated almost unanimous approval of this change.

In order to change the meeting days from the Constitution specified "Tuesday and/or Wednesday in June" it is necessary to have a ballot of the Membership. Constitution revisions can be done at Membership Meetings with "prior notice" of the revision. Since no "prior notice" was given a mail ballot must be used.

NOMINATING COMMITTEE REPORT

Mr. Robert E. Nelson, Chairman delivered this report. There is no written report for the Nominating Committee.

The Board of Directors has four positions which run to June of 1992. They are:

F. William Barton	-	Reddaway Manufacturing Company
Rita Grisham	-	Ferodo America, Inc.
Robert E. Nelson	-	Abex Corporation
Doreen Tomao	-	Raymark Friction Company

There are three Directors whose terms expire this year. They are:

Ron Randall	-	HKM of California Corporation
Bill Wood	-	Motion Control Industries
Ron Tygar	-	Ultra Brake

Additionally, due to the Constitution revision, there are two additional positions open on the Board.

The Committee met after the Directors meeting and, after much discussion, recommended the following nominations for terms to serve from July 1, 1991 to June 30, 1993:

Andy Gagnon	-	Frictiontech Inc.
Ronald Moalli	-	TEK-Motive Inc.
Ronald Randall	-	HKM of California Corp.
Douglas Willsie	-	ITT Automotive Parts Supply Division
William Wood	-	Motion Control Industries

The President asked if there were any nominations from the floor. There were no nominations from the floor.

Upon motion duly made, seconded and unanimously passed, it was:

RESOLVED: That nominations for the Board of Directors be closed.

The Secretary was directed to cast one ballot for the election of Mr. Andy Gagnon, Mr. Ronald Moalli, Mr. Ronald Randall, Mr. Douglas Willsie and Mr. William Wood to serve two year terms until June 30, 1993. The Secretary advised that the ballot had been so cast. The Secretary advised that with the election of these five Directors, the Board had the required nine Members.

HEALTH AND ENVIRONMENTAL AFFAIRS COMMITTEE

Ms. Rita Grisham, Chairperson, presented this report. Please refer to EXHIBIT 9 in the report booklet.

Ms. Grisham presented a summation of significant events; the Occupational Safety and Health Administration July 20, 1990, formal announcement of revised standards governing exposure to asbestos, the Environmental Protection Agency, National Emissions Standards for Hazardous Air Pollutants Amendments of November 20, 1990, a review of the Clean Air Act, the Toxicity Characteristic Leaching Procedure, the Ban on Asbestos and the labeling requirement for all friction material.

Upon motion duly made, seconded and unanimously passed, it was:

RESOLVED: To accept the Health and Environmental Affairs Committee Report as written.

Ms. Grisham suggested that each company write or phone:

1. Your Congressmen/woman
2. Ms. Linda J. Fisher
   - Assistant Administrator for Pesticides & Toxic Substances
   Environmental Protection Agency
   401 M Street S.W.
   Washington, DC 20460
3. William K. Reilly - Administrator
   Environmental Protection Agency
   401 M Street S.W.
   Washington, DC 20460
4. Solid Waste Officials

She stressed that each letter should be personalized with respect to the impact which the ban would have on your individual business. The letters should stress the economic impact which will happen when the ban on "processing" goes into effect in 1993 for clutch facing and 1996 for brake shoes when the rebuildable steel core becomes classified as "hazardous waste" because it may have asbestos lining attached to it and cannot be "processed".

Several members noted that the impact of the "ban" goes well beyond the automotive and truck on-highway applications with examples of rebuildable friction material devices in marine applications, oil well drill rigs, mining and construction equipment, overhead cranes and elevators, etc.

The discussion continued with several members noting that efforts be made to identify the non-asbestos materials that are now being put into the stream of commerce so that when those brakes or clutches come back to a rebuilder they can be treated as "non-hazardous" and subsequently re-processed.

It was also noted that the replacement brake lining sets must follow the original equipment sets in terms of non-asbestos replacement. At this time there is no listing available from the O.E. manufacturers or any other source as to which vehicles/applications currently are supplied with non-asbestos materials.

INSTITUTE PENSION PLANS

The Secretary reported on the Institute Pension Plans. Please refer to EXHIBIT 10 in the report booklet.

The Secretary reported that there are two plans in effect. The Simplified Employee Pension Plan (SEPP) for current employees contributes 15% of eligible employees salaries to the employees IRA and a pension trust established by the Institute for benefit of Harriet G. Duschek. The trust pays Ms. Duschek $550 monthly and as of December 31, 1990, has assets of $39,952. It was noted that since 1980 the trust has paid Ms. Duschek $72,600 and still has 72% of the principal remaining.

Upon motion duly made, seconded and unanimously passed, it was:

RESOLVED: To accept the report on Institute Pension Plans as written.

HISTORICAL SALES REPORTING

The Secretary reported on the Historical Sales Program for the past year. Please refer to EXHIBIT 11 in the report booklet.

The report covered the activities of the Historical Sales Statistics Program for the calendar year 1990. It was reported that a total of twenty three members reported sales statistics for the final quarter full year report, this is up from 16 in December 1989. A Ten Year Rolling Summary 1980-89, was distributed to all members who reported during the second quarter and a Rolling Summary 1981-1990 was distributed to all members who reported during the final quarter.

Upon motion duly made, seconded and unanimously passed, it was:

RESOLVED: To accept the report on Historical Sales Reporting as written.

BRAKE PERFORMANCE STUDY COMMITTEE REPORT

Mr. William Wood, Chairman, delivered the Brake Performance Study Committee Report. Please refer to EXHIBIT 7 in the report booklet.

Mr. Wood presented an update of the status of SAE J1801 and SAE J1802. The recommended practice for marking, SAE J1801, is still under discussion and since there are no established values for performance (SAE J1802), any discussion are premature. SAE J1802 is still undergoing testing at various locations.

Upon motion duly made, seconded and unanimously passed, it was:

RESOLVED: To accept the Brake Performance Study Committee Report as written.

Bob Nelson reviewed the history of the SAE J1801 and J1802 procedures. The work on these procedures started over five year ago. The markings as specified by SAE J1801 were originally sawcuts in the block which would give and indication of the "effectiveness" (input vs output) as determined by SAE J1802. This was changed to an impression stamping which is still under discussion. The SAE J1802 is a full brake dynamometer test as opposed to a one square inch sample for the chase dynamometer tests used to determine edgecodes.

Dynamometer testing is on-going. One of the difficulties being encountered is correlation from test to test on the same machine and test to test on the same material on different machines.

Eventually the same type of test, relating to "effectiveness" will be used for passenger car brakes. The same correlation problems will exist and the identification problem will be much more difficult as the lining segments for disc and drum brake are much smaller than block.

DATA BOOK AND TECHNICAL COMMITTEE REPORT

Mr. Doug Willsie, Chairman, presented this report. Please refer to EXHIBIT 8 in the report booklet.

Mr. Willsie noted the roster revisions of the Committee during the past year and presented the current roster of the Committee. There were no meetings of the committee during the past year, however, agenda items have been accumulated for the next meeting and are included in the report. New part number assignments during the past year were detailed and overall represent a 21% increase over the 1989-90 fiscal year. Computerization of the catalog data was noted to have an effect on speed of preparation, accuracy and cost of the catalog. He acknowledged those who have contributed new part information to the Institute and asked for continued support of the membership.

Upon motion duly made, seconded and unanimously passed, it was:

RESOLVED: To accept the report of the Data Book and Technical Committee as written.

A discussion followed concerning the type of materials which are supplied on vehicles as original equipment in terms of asbestos, non-asbestos. Several companies are working on this type of list but no one has a complete listing.

The proposed agenda which was presented was discussed. It was stated that although the agenda is ambitious many of the items may not see resolution at the meeting but could be given to study groups for investigation and possible resolution at a follow-up meeting.

OTHER BUSINESS

Ron Moalli brought to the attention of the Membership a House of Representatives Bill called the "Design Innovation and Technology Act of 1991". This bill would re-write patent law in such a way as to give original equipment manufacturers a monopoly on automotive replacement components and put aftermarket suppliers and rebuilders out of business.

INTRODUCTION OF OFFICERS

Mr. Mintman advised the Membership on the election of Officers for the 1991-92 fiscal year. The election took place at the meeting of the Board following the June 11 session of the Annual Membership Meeting. The Board elected the following Officers for the 1991-92 year.

President	-	Mr. Lawrence S. Mintman
Vice President	-	Ms. Rita Grisham
Treasurer	-	Mr. Ed Eggert
Secretary	-	Mr. Gilbert N. Laycock

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There being no other business brought to the attention of the Membership, upon motion duly made, seconded and unanimously passed, it was:

RESOLVED: To adjourn

Adjourned at 10:00 A.M. June 12, 1991

G. N. Laycock
Secretary