FRICTION MATERIALS STANDARDS INSTITUTE, INC., E-210 ROUTE #4, PARAMUS, N.J. 07652

MINUTES OF MEETING

of the

BOARD OF DIRECTORS

Tuesday, June 12, 1979, at 8:30 A.M.

at

Ocean Reef Club, Key Largo, Florida

DIRECTORS PRESENT

F. E. Messier, President	Bendix Corporation
R. R. Moalli, Vice-President	Raybestos-Manhattan, Inc.
R. L. Cutler	Abex Corporation
Stuart Comins	Auto Friction Corporation
W. Simon	Brassbestos Manufacturing Corporation
J. W. Greenen	Nuturn Corporation
G. A. Carrigan	S.K. Wellman Corporation

OTHERS PRESENT

R. E. Nelson, Chairman - Brake Performance Study Committee	Abex Corporation
J. L. McGovern, Jr.	Distinguished Guest
R. Join	Federation of European Manufacturers of Friction Materials
E. W. Drislane, Secretary	Friction Materials Standards Institute

Mr. Messier, President, called the Meeting to order at 8:30 A.M. The Secretary advised that Mr. Gorman, Legal Counsel could not attend this meeting as he had been hospitalized on an emergency basis on June 11, 1979 in New Jersey. The Secretary advised that Legal Counsel from Mr. Gorman's office planned to attend the remaining meetings.

MINUTES OF PREVIOUS MEETINGS

The Minutes of the Meetings held June 27-28, 1978 had been distributed. No corrections were suggested. Upon motion duly made, seconded, and unanimously passed, it was;

RESOLVED: That the Minutes of the June 27-28, 1978 Meetings be accepted as written.

PRESIDENT'S REPORT

Mr. Messier, President, reported on activities for the 1978-79 fiscal year. He commented on publication of the "Friction Materials Work Practices Guide," the history of the Institute that was prepared immediately after the June 1978 Meeting, and publication of the "1979 Brake Block Identification Catalog." He also noted the granting of trademark registrations to FMS and FMSI and resolution of questions concerning the Consumer Product Safety Commission's responsibilities which were raised at the June 1978 Meeting. It was pointed out that the National Highway Traffic Safety Administration has responsibility for automotive friction materials and these are not under the jurisdiction of the Consumer Product Safety Commission.

In addition, Mr. Messier addressed questions raised concerning the "Asbestos Health Hazards Compensation Act" and the recent contacts by the Institute with the EPA's Office of Toxic Substances Control. Mr. Messier thanked those who had contributed their time in furthering the interests of the industry.

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

RESOLVED: To accept the President's report as written.

MEMBERSHIP COMMITTEE REPORT

Mr. Gordon Carrigan, Chairman of the Membership Committee delivered the Membership Committee report. He indicated increases in Membership as shown in the written report. He also noted that there had been several changes in recent weeks which prevented him from geeting a final report until immediately prior to the meeting. Among the recent Membership activities was the recommendation that the Guardian Corporation of Brighton, Massachusetts be accepted as an Active Member. The Board of Directors and the Membership accepted this recommendation by mail ballot and voted Guardian Corporation in as an Active Member. Mr. Carrigan advised on the recent applications received from Canadian Distex Corporation of Montreal, Quebec, Canada, and the Licensee application filed by Lima International Parts & Sales, Inc. in Lima, Ohio. The Canadian Distex and the Lima International applications had been sent to the Membership Committee who had voted in favor of accepting these applications.

The Secretary advised that these applications could be reviewed and voted on by the Board of Directors at this meeting.

The application for Regional Membership filed by Canadian Distex of Montreal, Quebec, Canada was reviewed. Canadian Distex is interested in Regional Membership with the rights to market their products in the United States using the Institute's copyrights and trademarks. Canadian Distex is now manufacturing and distributing automotive disc brake pads.

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

RESOLVED: To accept the application filed by Canadian Distex Corporation, Ltd. of Montreal, Quebec, Canada for Regional Membership in the Friction Materials Standards Institute.

The Secretary advised that immediately prior to the meeting he had received an application for Licensee Membership from Lima, International Parts of Lima, Ohio. Mr. Jim Lyle of Lima International filed this application after discussions with Mr. Greenen and Mr. Mellow of Nuturn Corporation, and with Mr. Drislane of the Institute. Lima International Parts is a manufacturer of hardware used in brake repair kits and would qualify for Licensee Membership as a manufacturer of materials for the attachment or assembly of brake shoes. This is under Eligibility clause in Article III of the Constitution.

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

RESOLVED: To accept the application for Licensee Membership filed by Lima International Parts and Sales Inc. of Lima, Ohio.

At this point Mr. Comins brought up the subject of transferring Institute Membership from Auto Friction Corporation to P.T. Brake Lining Company, Inc. It was stated that a precedent had been made when the Membership was transferred from Krasne Company to Royal Industries, and when transfer was made of the Membership from Maremont to Nuturn Corporation.

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

RESOLVED: To accept the transfer of Membership in the Institute from Auto Friction Corporation to P.T. Brake Lining Company, Inc.

After additional discussion, and upon motion duly made, seconded and unanimously passed, it was;

RESOLVED: To accept the report of the Membership Committee as written.

DELINQUENT ACCOUNTS RECEIVABLE

The Secretary indicated that Implementos Metalicos Lara, S.A. of Barquisimeto, Venezuela had not paid its annual fee for the 1978-79 fiscal year. The Institute had written Implementos Metalicos several times. Based upon mail ballot, the Board voted to terminate their Licensee membership. The Secretary then advised Implementos Metalicos of this termination of Licensee Membership in the Institute.

The Secretary advised that at the June 1978 Meeting of the Board it was decided that Mr. Cutler would contact Hayes-Albion concerning the past due receivable for the second half of the annual fee installment for the 1977-78 fiscal year. This was for $850 for the period from January 1, 1978 to June 30, 1978. Mr. Cutler was unable to affect payment by Hayes-Albion, and the Secretary was directed to write to pursue payment. The Secretary then had correspondence with Hayes-Albion Corporation concerning the $850 due the Institute, but there was no reply to the last correspondence.

The Secretary advised that he had followed the recommendations of the Board which asked that he pursue collection, without resort to threats of legal action. A director suggested that the collection be given to either a collection agent or outside attorney for collection on a contingent basis. It was suggested that the Institute's legal counsel could pursue this collection. The Secretary indicated that he did not feel it appropriate to spend more than \$850 to collect an \$850 receivable. A director suggested that it was a bad precedent to write-off this receivable without pursuing this collection more vigorously.

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

> RESOLVED: That the Secretary request Legal Counsel to pursue collection of the \$850 receivable from the Hayes-Albion Corporation.

INVESTMENT ADVISORY COMMITTEE REPORT

Mr. William Simon, Chairman of the Investment Advisory Committee, delivered this Committee's report. In summary, Mr. Simon reported that approximately \$45,000 of funds had been transferred from time-deposits into US agency obligations paying a little over 9%. Also, the Institute had invested some of its temporary funds in the Whitehall Money Market Trust managed by the Vanguard Group. This fund had been paying approximately 10% interest. The investments projected at June 30, 1979 showed about a \$5,000 increase over that for June 30, 1978.

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

> RESOLVED: To accept the Investment Advisory Committee report as written.

BUDGET COMMITTEE REPORT

Mr. Douglas Ogilvie is the Chairman of the Budget Committee. The Secretary read the Budget Committee report.

This report presented a line by line budget amount for each of the major expense categories. It noted that the major expense items are salaries, pension,rent and legal expense, which account for almost 80% of the expense budget. The Chairman recommended a 1979-80 expense budget of \$95,810 which was about a 5% increase over the budget for 1978-79.

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

> RESOLVED: To accept the report of the Budget Committee as written.

Subsequent to this, the Board voted a \$600 increase in Pension Expense, bringing the proposed budget to \$96,410.

FEE FORMULA COMMITTEE REPORT

Mr. Jim Mellow is Chairman of the Fee Formula Committee. The Secretary read his report. The Chairman indicated that there were 19 Active Members for 1979-80 declaring 35 categories. For Regional Members, with U.S. copyright and trademark rights, there were 8 members with 10 categories. The Chairman indicated that there would be 10 Regional Members-regular, and 2 trade association Regional Members. In addition, 9 Licensees had been planned.

Subsequent to gathering of the category information, applications had been received from Canadian Distex Corporation and Lima International Parts and Manufacturing Company, Inc. These, if accepted by the Membership, would increase the dues proportionately. In addition, the Chairman pointed out that he had information that Friction Materials Corporation (marketing their products as Interfriction) was participating in the brake lining category as well as in the clutch facing category, and should be assessed for an additional category. Based on the rates in effect for 1978-79, the report indicated that $82,350 of income would be produced using that formula.

A question then arose concerning category declarations by the Friction Materials Corporation of Israel. The Secretary advised that based on decisions at the June 1978 Meeting, he had billed Friction Materials Corporation for additional categories. In response to this billing the Secretary received a letter from Friction Materials Corporation stating that while they intended to enter the brake lining category, they were actually selling only clutch facings in the United States at that time and should only be assessed for the clutch facing category. There was discussion as to whether a member is participating in a category if he offers a product for sale even if he is not actually making deliveries. The Chairman had sent in sales literature showing use of the Institute's copyrights and trademarks by Interfriction. The Secretary stated that he could understand a disagreement concerning participation in a fee category if a member was not actually shipping the product.

The Secretary was directed to review the write-up for category declaration and specifically require declarations where a member is using the Institute's copyrights or trademarks in offering a product category for sale in the United States market. The Secretary was directed to have this change reviewed by Legal Counsel. It was further stated that the Board of Directors is responsible for the fee structure and its definitions are what determines participation in a category.

With last year's (1978-79) fee schedule, we could anticipate approximately $82,000 in revenues. This, along with $14,000 of interest and dividend income would give total income of $96,000, and would just about cover projected budget expenses. In response to a question, the Secretary indicated that the Institute's net worth is approximately $175,000. The question was raised as regards how much retained earnings a non-profit association could accumulate without incurring the displeasure of the Internal Revenue Service. The Secretary stated that he believed the figure given by Counsel at a past Board Meeting was that the retained earnings of an association could be somewhere between 2 to 3 times its annual budget. It was indicated that the Institute could increase its fees and therefore increase its reserves. A point was raised that with the increased activity in the asbestos area that additional funds may be needed. Also, it was pointed out that there is an unfunded liability to Miss Duschek for her pension, which would reduce the Institute's net worth appreciably if removed from net worth.

At this juncture in the meeting, it was suggested that the decision as regards fee formula be deferred until other activities of the Board had been reviewed. After the reports on asbestos and pension funds were delivered, and the Board had reviewed problems in both areas, it was suggested that the fees be increased so that dues would approximately cover budgeted expenses. It was then recommended that an increase in the order of 10% be put into effect as of July 1, 1979. It was also stated that these figures should be rounded for billing purposes, and that the total income should be projected to increase to approximately $90,000. Based on these guidelines the following fee formula was derived:

Active Members - basic fee increase from $1,050 to $1,150
Category Fee - increase from $650 to $700
Regional Members with US copyright and trademark rights - same fee as Active Member
Regional Member Associations - increased from $2,200 to $2,400
Licensees increased from $500 to $550

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

RESOLVED: To accept the new fee formula for the 1979-80 fiscal year as shown in the above schedule.

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

RESOLVED: To accept the report of the Fee Formula Committee as written, with increased fee levels for the 1979-80 fiscal year.

PUBLIC RELATIONS COMMITTEE REPORT

Mr. Simon, Chairman of the Public Relations Committee, reported on activities for the 1978-79 year. He pointed out some of the releases that appeared in the trade press including the election of officers, the address Mr. Baynes, Chief Engineer of Delco-Moraine, gave at our June 1978 Meeting, and publication of the "Friction Materials Work Practices Guide." In particular, Mr. Simon thanked the President, Mr. Messier, for his assistance during the past year. Mr. Simon indicated that the Institute had distributed 40,000 copies of the "Friction Materials Work Practices Guide" to Members, and approximately 500 directly to individual parties who requested copies. It was suggested that wider distribution could be accomplished by offering copies of the booklet to the Automotive Parts Rebuilders Association (APRA). It was suggested that the Institute offer the APRA free catalogs for their distribution. Another director suggested that in addition to sending copies to the APRA it might be well to make an offer of free copies to the Council of Fleet Specialists (CFS), and to the Automotive Service Industries Association (ASIA). The Secretary was directed to contact APRA, CFS and ASIA and ask if they would wish to have copies for distribution to their members.

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

RESOLVED: To accept the report of the Public Relations Committee as written.

DATA BOOK AND TECHNICAL COMMITTEE

Mr. Phil Grim is Chairman of the Data Book and Technical Committee. In his absence the Secretary read Mr. Grim's report.

The report covered such items as the membership of the Committee and the treatment of trademarks in the Institute catalogs. Mr. Grim indicated that a new printer had been taken on for printing the "1979 Supplement to the 1978 Brake Shoe Identification Catalog." He also discussed items such as computerized typesetting and various technical matters.

A director asked regarding the criteria for selecting imported cars for inclusion in the Brake Shoe Identification Catalog. The Secretary advised that the Committee does not have arbitrary registration figures for selecting vehicles that will be included in the Brake Shoe Identification Catalog. However, it reviews registrations for imported vehicles and in general includes all vehicles with registrations in excess of 20,000 cars in a model year. However, registrations are not a hard line on which imported cars are selected, but registrations are used for guidance. The Committee votes on adding or deleting imported cars in the Brake Shoe Identification Catalog. Based on their selection somewhere in excess of 98% of imported cars are included in the Brake Shoe Identification Catalog. The only cars that are not included are cars such as Rolls Royce, Alfa-Romeo, Porsche and a few others. A problem with the Brake Shoe Identification Catalog is that additional listings call for additional illustrations which would boost the catalog page counts.

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

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

IDENTIFICATION OF METALLIC TYPE BRAKE LININGS

The Secretary advised that he had been asked concerning the possible noting in bulletins and catalogs that a certain brake lining release was a metallic lining. In other words, where a vehicle used an original equipment metallic lining it had been suggested that a designation of some type be used to indicate that it was metallic in the bulletins and catalogs. There currently are some original equipment passenger cars and heavy duty vehicles (such as police interceptors) that use semi-metallic type linings. Apparently the suggestion would cover not only semi-metallic materials, but sintered metallics if they were used.

The Secretary indicated that in some cases it is difficult to know exactly which vehicles use metallic materials. It was pointed out by one director that our numbering systems indicate size and drilling and what will fit a certain application. Indicating compounds would be a new area for the Institute. The Secretary indicated that he had some difficulty with this suggestion and was concerned should inaccurate information on metallic versus organic linings result in liability to the Institute. It was pointed out that the Institute had recently added a disclaimer drafted by Legal Counsel which indicated that the catalogs and bulletins indicate dimensions and drilling only and in no way refer to the quality of the materials used. It was stated that this is a difficult subject to pass decision on at this time. After further discussion, it was decided that the question of identification of metallic type friction materials in Institute's catalogs be referred to the Data Book and Technical Committee for review.

BRAKE PERFORMANCE STUDY COMMITTEE

Mr. Nelson, Chairman of the Brake Performance Study Committee, delivered his committee's report. The Chairman reported on the suggested changes that the Committee recommended to the Defense Construction Supply Center concerning Brake Lining Specification HH-L-361. Suggestions were made for friction and wear levels using a J-661 quality control type procedure. The Chairman reported in detail on the recommendations made to the Defense Construction Supply Center on this Federal specification.

In addition, he covered the changes to DOT 121 (Air Brake Systems Standard) and a recommendation that the NHTSA interpretation of the court decision on DOT 121 be circulated to the Membership. His report covered the NHTSA's five year plan for rulemaking which had several items concerning aftermarket brake linings and automotive brake systems. In addition, Mr. Nelson mentioned the Vehicle Equipment Safety Commission's V-14 Regulation for a brake wear warning device, and a recommendation made to the Vehicle Equipment Safety Commission concerning the height of a lining manufacturer's edge code identification on drum brake linings.

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

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

ASBESTOS STUDY COMMITTEE REPORT

Mr. Harry Wagner is Chairman of the Asbestos Study Committee. The Secretary read Mr. Wagner's report. The Chairman reported on work that the Committee had completed and in particular the "Friction Materials Work Practices Guide" of which over 40,000 copies were sold to the Membership. This booklet received wide distribution and was completed in the early part of the 1978-79 fiscal year. Mr. Wagner pointed to the Committee's concern on industry sponsored draft legislation proposing a Federal "Asbestos Health Hazards Compensation Act" with a fund financed by a tonnage assessment imposed upon the asbestos products manufacturing industry including friction materials. Mr. Wagner was particularly concerned about the effects that such legislation could have on friction materials manufacturers. He also noted recent activity by the Environmental Protection Agency's Office of Toxic Substances and in particular a report rendered to them by the IIT Research Group. This report pointed to brake repair as an area of concern as regards asbestos emissions to the environment. The Chairman asked for the views of Directors and Members on how to more vigorously pursue support of an industry position in these areas.

A director commented that Dr. Nicholson in his preliminary work on brake repair had indicated that exposure in these shops was perhaps less than at first suggested.

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

RESOLVED: To accept the report of the Asbestos Study Committee as written.

EPA VOLUNTARY ACTION PROGRAM ON BRAKE REPAIR AND LEGISLATIVE DRAFT ON "ASBESTOS HEALTH HAZARDS COMPENSATION ACT"

The Secretary had earlier advised the Board of Directors as regards correspondence he had with Mr. Dick Carter of Johns-Manville concerning a voluntary action program by the EPA's Office of Toxic Substances on brake repair shops. This program was perhaps supported by the IIT research report which indicated that brake repair work may be a significant cause of exposure to asbestos. The Secretary reported on a meeting he had a few days prior to the Board Meeting at the EPA Office in Washington. The Secretary called Mr. Richard Guimond at the EPA's Office of Toxic Substances to arrange an appointment with Mr. John De Kany to review the brake repair area and what might be done in a voluntary action program. The Secretary reported on his meeting and indicated that one subject that came up was possible substitutes for asbestos in brake linings. Mr. Guimond asked specifically whether there were substitutes available. This question was triggered by an article that appeared in "Automotive Industries" which indicated that Raybestos would be discontinuing manufacture of asbestos containing friction materials. Raybestos representatives indicated that the article in "Automotive Industries" was most inaccurate.

The Secretary reported on the IIT research report and indicated some of the indictments on exposure against the brake repair shops. One critizism of the report concerned the releasibility of asbestos in a brake shop that does not machine friction materials. Most brake shops do not machine the material. One director indicated that a major automotive brake repair chain had directed that brake lining grinders be removed from the brake repair shop. The EPA plans to make an advanced notice of proposed rulemaking in August 1979 concerning actions to be taken in this area, and is soliciting industry's cooperation. They would like industry to provide information on asbestos exposures. They would like information on the potential hazards. I had indicated to the EPA concerning brake lining wear debris, that the best analysis that I was aware of was in the Dr. Jackó report for EPA in 1973. Mr. Moalli indicated that Raybestos had written to "Automotive Industries" as regards correction of the article. One director stated that asbestos in friction materials amounts to about 3 to 4% of total asbestos consumption.

It was questioned whether the Friction Materials Standards Institute could bring sufficient information together to help the EPA with a Voluntary Action Program. It was stated that the APRA members place inserts into some electrical parts packages on how to assemble certain parts. Perhaps the Institute might be able to have its members put some suggestions, such as the "3 Do's and 3 Don'ts" for handling asbestos-containing friction materials, in their packages.

It was stated by one director that the Asbestos Information Association was not representing friction material manufacturers as such. He stated that the friction material segment of the industry is not being represented by any other group and that the Institute should become the spokesman for its industry.

It was suggested that perhaps other organizations such as APRA could be asked to have their members put inserts in packages to warn not to raise dust. Another director suggested that this problem also effects manufacturers of grinding and drilling equipment. Perhaps manufacturers of such equipment might be interested in joining with the Institute in recommendations for proper exhaust ventilation and other instructions on the proper machining of friction materials. It was stated that the major source for asbestos dust in the air is going to be from a grinder in the brake shop. A Director stated that surveys made of toll booths did not show significant asbestos emissions to the atmosphere at these places. The main point of asbestos emissions would be where the material is ground or otherwise machined. Mr. Join mentioned that in Europe the FEMFM has sponsored independent organizations to make fiber counts. He suggested that perhaps similar undertakings might be feasible in the States.

A Director suggested that the Institute's Asbestos Study Committee should be expanded, and support should be solicited from the management of all Members. In response to a question, the Secretary indicated the membership of the Asbestos Study Committee: Mr. Harry Wagner, Chairman, Carlisle Corporation; Mr. Jeffrey Nicholson, Abex Corporation; Mr. David Stone, Bendix Corporation; Mr. James Armstrong, Bendix Corporation; Mr. Isaac Weaver, Raybestos-Manhattan. It was suggested that the Asbestos Study Committee review the asbestos regulatory question to identify where the problems exist.

During this discussion on the EPA Voluntary Action Program it was difficult to separate activities from the agenda item concerning the "Asbestos Health Hazards Compensation Act." It was stated that probably the major input for the draft of the "Asbestos Health Hazards Compensation Act" had come from Johns-Manville. A director stated that the draft had been given to the Department of Labor suggesting action on such an Act. It was stated that the friction materials industry is not being represented by the Asbestos Information Association as regards problems of our industry.

It was stated that there really are two problems: (1) the EPA Voluntary Action Program, and (2) draft legislation for the "Asbestos Health Hazards Compensation Act." It was suggested that the Asbestos Study Committee should define the problems and make recommendations and suggest plans as to how to deal with (1) activities at the Office of Toxic Substances, including a Voluntary Action Plan, and (2) the legislative draft for an "Asbestos Health Hazards Compensation Act." The Committee will be asked to determine how much of a commitment can be made from companies in supporting its recommendations. Should the industry take a position as regards the Asbestos Health Hazards Compensation Act? What action should the industry take? Should the FMSI become a spokesman for the friction materials industry as regards the Toxic Substances Control Act and the Asbestos Health Hazards Compensation Act? It was recommended that the Asbestos Study Committee review these problems and then come back with a proposal to the Board of Directors.

One Director suggested that some of the data might be already available such as epidemiological studies on workers, asbestos counts made in their brake repair shops, and health history information on their workers. This type of information might support Institute positions in dealing with the Office of Toxic Substances on a Voluntary Action Program. A Director suggested that a firm time frame be established for the Committee to review this and come back to the Board of Directors with its recommendations. It was pointed out that in working on a Voluntary Action Program this may be just one part of the problem with the Toxic Substances Control Act. The thrust must be on how to react to the full Toxic Substances Control Act. In other words, this would not be just a one time response but an ongoing response to regulations from the Environmental Protection Agency. It was suggested that studies may have to be run within our own organization to support viewpoints expressed to the EPA. Mr. Nelson suggested that these problems are similar to the heavy activity of the Brake Performance Study Committee during the mid-60's when the first laws were being proposed for aftermarket brake linings. Perhaps fiber counts by membersare called for as well as release of exposure and medical information that may already be on file. Where members have fiber counts in shops and health history for brake repair workers, thiscould be valuable in dealing with the Voluntary Action Program.

When the Asbestos Study Committee has reviewed these problems recommendations would be made to the Board of Directors. The Board will then review recommendations of the Asbestos Study Committee and suggest restraints and direction for action. It may be necessary to solicit certain experts for guidance on this question. A Director stated that this Committee may have to be completely reorganized, and possibly broadened beyond asbestos. It was stated that as there will be a new President installed on July 1, 1979, the Committee should be oriented towards more emphasis on hygienic and environmental expertise rather than the clean-up side of factory operations. The new President will be directed to have this committee make recommendations on (1) an ongoing response to the EPA's Office of Toxic Substances and (2) a position and response on the legislative draft for an "Asbestos Health Hazards Compensation Act."

INSTITUTE DEVELOPMENT COMMITTEE REPORT

Mr. Ron Cutler is Chairman of the Institute Development Committee. There was no formal report prepared in advance of the meeting as it was Mr. Cutler's intention to discuss items referred to the Committee with Committee members at Key Largo.

The main subject was the request that the Aimco Division of ITT Industries had made for consideration as an Active Member of the Institute. Under the Constitution and By-Laws, Aimco Division is not eligible to serve as an Active Member of the Institute as it is not a manufacturer of friction materials. A question was asked as to whether the Aimco request had been acted on. The President indicated that by having Mr. Dan Sills of Aimco serve as an Associate Member of the Data Book and Technical Committee, that Mr. Schnurr of Aimco was satisfied that they were able to give input to the Institute. However, the question was were they still interested in serving as an Active Member of the Institute. It was indicated that Aimco was satisfied with its current status.

A director stated that the question of Active Membership for manufacturers such as Aimco, Wagner and EIS was not the same as that in the early 1970's where hydraulic parts manufacturers were interested in membership.

In the earlier study, brake parts manufacturers such as Echlin were interested in serving as Active Members. An expansion of the Institute at that time would have required new expertise, a new section in the Institute, and perhaps an increase in staff. The information in which Aimco was interested was already being gathered in preparation of the Brake Shoe Identification Catalog and the Automotive Data Book. It was stated that this was a broader question than just the application of Aimco Industries to serve as an Active Member. Would there be an advantage to having manufacturers like Aimco or Wagner serve as Active Members in the Institute? Both Aimco and Wagner have common problems with other members of the Institute. Perhaps they could be of help to the Institute. It was suggested that a motion be made as regards possible expansion of the Institute for a manufacturer of brake shoes marketing lined shoe assemblies.

Upon motion duly made, seconded and passed with 6 in favor and 1 opposed, it was;

> RESOLVED: That the Institute would not expand Active Membership eligibility to include manufacturers who do not manufacture friction materials.

ANNUAL MEETING COMMITTEE REPORT

Mr. Ross Kettering is Chairman of the Annual Meeting Committee. The Secretary read the Chairman's report. It recommended that the Institute return to the Ocean Reef Club in Key Largo, Florida for the June 1980 Meeting. If for some reason Key Largo is ruled out in 1980 the report recommended that the Homestead in Hot Springs, Virginia be the location for the 1980 Meeting. It was also suggested that wives be invited to the 1980 meeting. After considerable discussion concerning facilities at Ocean Reef with particular emphasis on the golfing it was decided that the Institute would not return to Ocean Reef for the 1980 Meeting. The Homstead was selected for the 1980 Meeting.

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

RESOLVED: That the Homestead in Hot Springs, Virginia be selected for the June 1980 Annual Membership Meeting.

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

RESOLVED: That wives not be invited to attend the Annual Membership Meeting.

The Secretary advised that some members had complained that the Board's selection of the Meeting site resulted in the Members having no say thereon. In earlier years the Board had allowed members to vote on selection of the Meeting site. It was stated that while this could be desirable, there was too much controversy concerning selection of the Meeting site and it was simpler to have the Board of Directors make the decision. It was pointed out that the Constitution and By-Laws specifically states that the Meeting site be selected by the Board of Directors or by the President. It was stated that opening up selection of the meeting site to the floor at the Annual Membership Meeting would only trigger additional controversy and it was stated that recommendations of the Members will certainly be considered when a meeting site is selected.

The Secretary advised that when the Institute permitted Regional Members to have the same rights to copyrights and trademarks as Active Members, that these Regional Members had all rights except those to vote and to serve as Officers and Directors. The question was whether a Regional Member could designate an agent to attend the Annual Membership Meeting. The Directors indicated that based on the Constitution and By-Laws, that Regional Members paying the same annual fee as Active Members have the right to attend the Annual Meeting and therefore if they designate an agent or other party to attend this meeting they would certainly be welcome. The Secretary was directed to extend an invitation to Regional Members paying the same annual fee as Active Members for all Membership Meetings.

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

RESOLVED: To accept the report of the Annual Meeting Committee as written.

PROTECTION OF INSTITUTE COPYRIGHTS AND TRADEMARKS

The Secretary advised at the June 1978 Meeting that the Carreras family was back in the friction materials business. However, he had not noted any literature by their Virginia Friction Products using the copyrighted FMSI numbers and systems or the Institute's trademarks. However, he indicated that it was his understanding that Midco (which is operated by Mr. Goodreau in Middletown, Connecticut) was using the Institute's copyrighted numbering systems and trademarks in marketing products, and that some of these products were purchased from Virginia Friction Products. Ballots had been returned by the Board of Directors in early 1979 concerning the Institute denying permission to use the Institute's copyrights and trademarks to a party purchasing non-member's products when that party is also buying member's products. There was some disagreement by Board Members as to whether the Institute should take this action. It was suggested that rather than take action of this nature the Institute should write a letter to Virginia Friction Products inviting them to serve as an Active Member of the Institute. It was also suggested that Mr. Goodreau could be called to ask his help in having Virginia Friction Products become a Member of the Institute. It was felt that it would not be appropriate to adopt a hard attitude as regards a party using the copyrighted FMSI numbers and trademarks where that party was buying products from members of the Institute.

It was also suggested that if anyone has information concerning Virginia Friction Products use of the copyrighted FMSI numbers or trademarks that such evidence be sent to the Institute Office.

LIABILITY INSURANCE COVERAGE

At the June 1978 Meeting of the Board of Directors the Secretary was asked to gather data concerning Liability Insurance Coverage. The Secretary reported on his endeavors with Davis Dorland & Company, its agents, to get information concerning this insurance coverage. The report covered several letters and contacts with Davis Dorland in which they at first ignored the Institute's request and subsequently gave information concerning Comprehensive General Liability policy. The Institute changed its coverage from an Owner-Landlord-Tenant type of policy to a Comprehensive General Liability policy with coverage for $1,000,000. This would primarily cover accidents and injuries to outsiders or others that could be brought against the Institute. The purpose of getting Comprehensive General Liability was that it would cost about $30 more per year than the Owner-Landlord-Tenant policy, and additional coverage could be added to this policy. In order to get costs and coverage on an Errors and Omissions policy the Institute filed an application for this type coverage. It indicated it would seek $1,000,000 coverage on an Errors and Omissions policy, with a $2,000 deductible feature. With this application the agent will contact insurance companies and then advise on the premimums. Davis Dorland & Company feels that an Errors and Omissions policy might be quite expensive but it will gather information for submission to the Institute after it has received information from the carriers.

Legal Counsel had been asked at the June 1978 Meeting to review the Institute's liability exposure and the Directors liability for actions by the Institute. On May 1, 1979 Mr. Gorman addressed a letter to the Secretary citing various decisions and suggested near the conclusion of his letter that "We regard the theoretical liability as just that and advise that individual directors and/or officers of FMSI need not be concerned given the existing state of the law so long as they don't knowingly engage in or allow negligent conduct. We have located no New Jersey or New York case imposing liability on directors or officers in such context."

In the last paragraph of Counsel's letter he stated as follows "Section 722 of the New York Not-For-Profit Corporation Law authorizes indemnification of directors for tort liability to third persons. The Board should consider--perhaps this June-- adopting such an indemnification plan. The significance of indemnification lies not so much in the payment of any judgement but in the protection of the individuals from the expense of defending a lawsuit." The Directors reviewed this recommendation by Counsel.

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

> RESOLVED: That Legal Counsel prepare an indemnification plan for Officers and Directors in line with the recommendation in Counsel's letter of May 1, 1979.

HISTORICAL SALES PROGRAM

The Secretary reported on the Historical Sales reporting program for calendar year 1978. Since the first of the year a few members who used to report are no longer reporting. The Accountants had not received statistics from Safeguard Automotive for the 12 months ended December 31, 1978 nor for the 3 months ended March 31, 1979. In addition Lear-Siegler data for the 3 months to March 31, 1979 had not been received. This data was formerly compiled at the World Bestos operation in New Castle, Indiana, but as New Castle has now shut down there has been no reporting in 1979. The Secretary was directed to contact Mr. Ogilvie to seek Lear-Siegler figures for the ensuing quarters in 1979.

INSTITUTE PENSION FUNDS

Mr. Drislane and Mr. Simon are Trustees of the Institute Pension Plan. Mr. Drislane reported on the pension plan and its assets through December 31, 1978. In response to a question it was indicated that the data shown in the report, for the period July 1 to December 31, 1978 is cumulative and indicates all receipts and disbursements since the beginning of the plan in 1973. The total investments at the bottom of the report are investments as of December 31, 1978.

The directors reviewed the report and in particular the pension payments to Miss Duschek.

After review of these payments, upon motion duly made, seconded and unanimously passed, it was;

> RESOLVED: To increase the direct pension payments to Miss Duschek by 10% to $6,600 per year.

FEDERATION OF EUROPEAN MANUFACTURERS OF

FRICTION MATERIALS (FEMFM)

The Secretary reported on the meeting of the Federation of European Manufacturers of Friction Materials (FEMFM) which he attended in Great Britain in May 1979. The report mentioned work on correlation of Chase Machine tests and vehicle tests, and general activities of the Technical Committee of the Federation during the past year. The Secretary reported on items he had discussed at the Managing Council and General Assemblies of the FEMFM, and in particular the asbestos problems in the United States.

Upon completion of this report, Mr. Robert Join, Secretary of the Federation commented on the report and on activities in Europe during the past year. Mr. Join stated that the Federation has apparently convinced authorities that the idea "OE for replacement" is unsatisfactory as a brake lining standard for Europe. Mr. Join also commented on some of the problems and activities of the European Federation on the asbestos question in Europe. Mr. Nelson commented on the difficulty with Chase Machine correlation with vehicle tests on the 80 hot friction levels. He indicated that the external heaters on the Friction Test Machine simply cannot build up heat as fast as a brake can at 80mph. Mr. Nelson was complimentary of the work that the European Federation had done as regards correlation of machine tests and vehicle tests.

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

RESOLVED: To thank Mr. Robert Join for the information presented on activities relating to friction materials in Europe.

INTRODUCTION OF MR. J. L. McGOVERN, Jr.

The Secretary advised that the honored guest at the 1979 Annual Meeting was Mr. Jim McGovern formerly of Raybestos-Manhattan, Inc., who had long served the Institute. While the agenda indicated that there would be an introduction of Mr. McGovern, one director stated that Mr. McGovern needed no introduction. The Board welcomed Mr. McGovern to the meeting.

OTHER BUSINESS

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

RESOLVED: To Adjourn

Adjourned: 1:40P.M.

E. W. Drislane
Secretary