MINUTES OF THE ANNUAL MEETING

of the

FRICTION MATERIALS STANDARDS INSTITUTE, INC.

Wednesday and Thursday, June 13 and 14, 1979

at

Ocean Reef Club, Key Largo, Florida

MEMBERS PRESENT	REPRESENTATIVES
Abex Corporation	R. L. Cutler
Bendix Corporation	F. E. Messier
Brassbestos Manufacturing Corp.	W. Simon
Carlisle Corporation	R. Perritt (Proxy from E. Zacharias)
General Motors Corporation	R. J. Kick
Lear-Siegler Inc.	D. J. Ogilvie
Nuturn Corporation	J. W. Greenen
P.T. Brake Lining Company	Stuart Comins
H.K. Porter Company	W. M. Sleeth
Raybestos-Manhattan Inc.	R. R. Moalli
Reddaway Manufacturing Co.	J. M. Moore
Thiokol Chemical Corporation	J. P. Gallagher
S.K. Wellman Corporation	G. A. Carrigan
Wheeling Brake Block	L. Burgess

PROXY AVAILABLE	
Scan-Pac Mfg., Inc.	H. A. Scandrett (Proxy to E. W. Drislane)

OTHERS PRESENT	
Abex Corporation	R. E. Nelson (6/13)
Bendix Corporation Heavy Vehicle Systems Group	R. E. Elliott
Delco-Moraine Division	R. E. Kettering
Nuturn Corporation	J. L. Mellow
H.K. Porter Company	R. H. Hartman
Raybestos-Manhattan, Inc.	D. E. Cunningham
	R. J. Russell
Reddaway Manufacturing Company	F. W. Barton
	J. E. Clegg
S.K. Wellman Corporation	R. Kaminski
	C. Wilson
Wheeling Brake Block	R. Burgess
	G. Stratton
Robert P. Gorman, Esquire	J. Z. Jackson
Distinguished Guest	J. L. McGovern, Jr.
Federation of European Manufacturers of Friction Materials (FEMFM)	R. Join
Friction Materials Standards Institute	E. W. Drislane

Mr. Messier, President, called this meeting to order at 1:45 P.M.

FMSI 02143

MINUTES OF JUNE 28-29, 1978 MEETING

The minutes of the meeting held June 28-29, 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 28-29, 1978 Meeting be accepted as written.

PRESIDENT'S REPORT

Mr. Messier, President, reported on actitivities 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." Mr. Messier also noted the granting of trademark registrations to FMS and FMSI and resolution of a question concerning the Consumer Product Safety Commission jurisdiction on which a question was raised at the June 1978 Meeting. It was noted that the National Highway Traffic Safety Administration has responsibility for automotive friction materials regulations and these are not under the jurisdiction of the Consumer Product Safety Commission.

Mr. Messier also addressed questions that would be raised at the meeting concerning an "Asbestos Health Hazards Compensation Act" and recent contacts by the Institute with the Toxic Substances Control Office of the Environmental Protection Agency. He thanked those who had contributed of their time in furthering the interests of the Institute and the industry.

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

This report covers activities of the Board of Directors since the Annual Membership Meeting in June 1978. It was reported at the June 19, 1978 session of the Membership Meeting that the Board of Directors had elected the following Officers for 1978-79 terms: Mr. Francis E. Messier, President; Mr. Ronald R. Moalli, Vice-President; Mr. William F. Messier, Treasurer; Mr. Edward W. Drislane, Secretary.

At the Board of Directors Meeting it was voted to retain Gorman and Cole as Legal Counsel for the 1978-79 year. The Board of Directors voted to accept the expense budget of $91,250 for the 1978-79 fiscal year. The Board of Directors voted to retain the prior year's fee formula for the 1978-79 year.

During the year, the Board of Directors took several actions by mail ballot. In addition, they reviewed and made recommendations on other items of concern to the Institute. They asked the Asbestos Study Committee to review the proposed "Friction Materials Work Practices Guide" and make recommendations to the Board of Directors. Acting on recommendations by the Asbestos Study Committee, the Board voted to proceed with publication of the "Friction Materials Work Practices Guide." The Directors reviewed a report on the FMSI Qualified Employee Pension Plan. They reviewed the delinquent receivable from the Hayes-Albion Corporation and recommended pursuit of collection without use of a collection agency or legal firm. They asked Counsel to review the Consumer Product Safety Act to see if asbestos-containing brake linings were a consumer product under definition of the act. Acting on recommendations of the Asbestos Study Committee and Legal Counsel, they decided that representation would not be made to the Consumer Product Safety Commission as regards recall procedures for brake linings.

The Board of Directors voted to accept the name changes of two Regional Members. One was Francisco Stedile, S.A. of Brazil to Fras-Le, S.A. The other was Rusco de Colombia to Colfriccion, S.A. The Directors concurred on investment of Institute funds in U.S. Treasury obligations and they voted to transfer funds from a savings account to the Whitehall Money Market Fund. The Directors concurred in extending an invitation to Mr. J. L. McGovern to address the Friction Materials Standards Institute at the June 1979 Meeting. The Directors reviewed procedures as regards granting others permission to use the Institute copyrights and trademarks. The Directors voted to accept the application of the Guardian Corporation of Brighton, Massachusetts to serve as an Active Member of the Institute.

At the Board Meeting held on June 12, 1979 reports by Officers and Committee Chairmen were read and resolutions were passed accepting the reports. There were two recent applications for membership which had been considered by the Membership Committee by mail ballot immediately prior to the meeting. One was an application for Regional Membership from Canadian Distex Corporation of Canada and the other an application for Licensee Membership from Lima International Parts of Lima, Ohio. Both of these applications had been recommended for acceptance by the Membership Committee and were also recommended for acceptance by the Board of Directors at that meeting. Upon recommendation of the Delegate from Auto Friction Corporation, the Board voted to transfer membership of Auto Friction Corporation to P.T. Brake Lining Company, Inc. The Directors voted to pursue collection through Legal Counsel of the $850 receivable from Hayes-Albion Corporation. This Hayes-Albion receivable is from their failure to pay the last half of its annual fee in the year it resigned its membership.

In the fee formula area, the Directors indicated that Friction Materials Corporation of Israel (doing business as Interfriction) is participating in the brake lining category as well as in the clutch facing category. The Directors stated that participation in a category, for Regional Member fee formula purposes, is accomplished if the Regional Member offers to sell a product using the FMSI copyrights or trademarks. They directed that Legal Counsel tighten up the description to indicate participation where a Regional Member is offering that product for sale. The Directors voted for a new fee schedule which approximates a 10% increase over the 1978-79 schedule. The schedule is as follows:

Active Members: $1,050 Basic Fee plus $700 per category
Regional Members with Active Member rights: same fee as Active Members
Regional Member Regular: $1,450
Regional Member Association: $2,400
Licensee: $550

FMSI 02145

Upon reviewing the report of the Public Relations Committee, it was recommended that the Institute offer the "Friction Materials Work Practices Guide" to APRA, ASIA AND CFS for their distribution. After review of the Data Book and Technical Report, the Directors referred a question as regards listing of metallic lining releases to the Data Book & Technical Committee.

In the asbestos area, the Directors discussed EPA's proposed Voluntary Action Program for friction materials. They reviewed the letter that was received from Johns-Manville suggesting Institute cooperation with the Office of Toxic Substances Control. They also discussed the Illinois Insitute of Technology (IIT) Research Institute report which alleged that a major source of asbestos exposure in the environment comes from exposures in brake repair shops. They also reviewed a legislative draft for an "Asbestos Health Hazards Compensation Act." After considerable discussion the Board directed that the Asbestos Study Committee develop plans for an Institute response to the Board concerning both EPA's Voluntary Action Program and the legislative draft on the Compensation Act.

As regards the Institute Development Committee, the Board of Directors considered expansion of the Institute to accomodate manufacturers who did not manufacture friction materials. It was decided not to expand the Institute to include manufacturers such as Aimco as Active Members. As regards the annual meeting, the Board of Directors decided not to extend invitations to wives to attend the next meeting and selected the Homestead in Hot Springs, Virginia as the site for the June 1980 Meeting.

There were discussions concerning enforcement of the Institute's copyrights and trademarks and it was suggested that the Institute again extend an invitation to Virginia Friction Products to join the Institute as an Active Member. The Board reviewed a report by the Secretary concerning changes in insurance and information on an "Errors and Omissions" policy. An application had been filed for an "Errors and Omissions" policy but no action will be taken until the coverage and the rates have been ascertained. The Directors reviewed a letter from Legal Counsel concerning Officer and Director exposure and directed that Counsel draw up a plan for indemnification of Officers and Board Members for tort liability to third persons. The Board was advised that the trust agreement for Miss Duschek's pension had not been prepared prior to the Board Meeting. Counsel advised that he had draft copies of this trust agreement with him. However, these would have to be revised as the Board voted to increase the pension payments to Miss Duschek from $6,000 a year to $6,600 a year. The Board reviewed a report by the Secretary on his attendance at the Federation of European Manufacturers of Friction Materials (FEMFM) meeting in England in May this year.

The foregoing is a report on activities of the Board of Directors since the June 1978 Meetings.

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

RESOLVED: To accept the Secretary's report on activities of the Board of Directors for the 1978-79 fiscal year.

TREASURER'S REPORT

Mr. W. F. Messier is Treasurer of the Institute. Mr. Messier indicated that because of other commitments at Bendix he would be unable to attend the 1979 Annual Meeting and asked that the Secretary read his report.

The Secretary read the Treasurer's report. In summary, the report noted that the Institute projected about $2,000 excess of income over expenses for the 1978-79 fiscal year. The report included a conventional balance sheet and an income and expense statement, along with an analysis of variances from budget. The report concluded that the Institute had a healthy financial position.

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

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

BRAKE PERFORMANCE STUDY COMMITTEE REPORT

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

In addition, he noted the changes to DOT 121 (Air Brake Systems Standard) and a suggestion and recommendation that the NHTSA interpretation of the court decision be circulated to the Membership. His report covered the NHTSA's five year plan for rule-making 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 the lining manufacturer's identification on the edge of 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.

FEDERATION OF EUROPEAN MANUFACTURERS OF FRICTION MATERIALS (FEMFM)

It was suggested that with completion of Mr. Nelson's report that it would be appropriate to discuss activities in Europe at this time. The Secretary was asked to read his report on his attendance at the European Federation's meeting in England in May 1979. In this report, he reported on their Permanent Technical Committee's activities on correlation of vehicle tests and Chase machine tests. He indicated that there were some areas of correlation but difficulties with correlating the 80 MPH hot friction test. The Secretary reported to the Federation on activities in the United States including items such as the NHTSA five year plan, publication of the Institute's "Friction Materials Work Practices Guide," a legislative draft prepared by an industry group for an "Asbestos Health Hazards Compensation Act," and the general subject of asbestos in friction materials in the United States.

FMSI 02147

In this report, the Secretary noted work being done by FEMFM experts for the International Standards Organization (ISO). Other items noted were a warning sign for asbestos materials in Great Britain, and a slide program entitled "Asbestos--Fighting a Killer," promoted by an international union.

After the Secretary's report on activities at the Federation's meeting in May, Mr. Robert Join of the Federation amplified on certain activities in Europe. A question was asked about the United Kingdom label on friction material packages in the context of a labelling scheme for all carcinogenic products. The possibility of extending the United Kingdom's labelling suggestions to the European community was noted. In discussion, it was noted that in the United States the OSHA asbestos warning labels are on most US products. The British system has a special logo or symbol, which is a circle a in red colors. Mr. Join indicated that he would send a copy of this suggested symbol. Further, Mr. Join commented that the "OE only" concept in Europe is dying, and that replacement friction material manufacturers' views are now being accepted. Mr. Join was complimented on his Federations's work on correlation between Chase friction machine tests and vehicles, and it was indicated that this is a difficult and expensive program.

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

RESOLVED: To accept the Secretary's report on the Federation of European Manufacturers of Friction Materials (FEMFM) Meeting.

MEMBERSHIP COMMITTEE REPORT

Mr. Gordon Carrigan, Chairman of the Membership Committee delivered his committee's report. He indicated the increase in membership. He noted also that there had been several changes in recent weeks which prevented him from preparing a final report until the week immediately prior to the meeting. Among recent activities was the acceptance of the application by the Guardian Corporation of Brighton, Massachusetts to serve as an Active Member of the Institute. The Guardian Corporation's application had been handled by mail ballot and the Membership voted Guardian Corporation in as an Active Member just prior to the meeting.

Mr. Carrigan noted the recent application received from Canadian-Distex application and the Lima-International application. Both the Canadian-Distex application and the Lima-International application were then reveiwed at the Board of Directors meeting, and the Board voted to recommend acceptance of these two applicants as Regional Member and Licensee Member respectively in the Institute.

The Secretary indicated that the Canadian-Distex application could be considered for balloting at this Membership Meeting. It was necessary to have three-quarters of the Active Members vote affirmatively on accepting a Member. As of June 13, 1979 there were 18 Active Members. This would require an affirmative vote of 14 Active Members. There were 14 Active Members attending this meeting, including the proxy from Mr. Zacharias of Carlisle Corporation held by Mr. Perritt. This proxy had been received prior to the Annual Meeting. An additional proxy was available for voting by the Secretary, from Mr. Scandrett of Scan-Pac. This would make 15, with 14 votes necessary for accepting a new member.

FMSI 02148

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

RESOLVED: To accept the application for Regional Membership filed by Canadian-Distex Corporation of Montreal, Quebec, Canada.

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 of Lima, Ohio.

At the Board of Directors meeting which preceded the Annual Membership Meeting, Mr. Stuart Comins, Delegate from Auto Friction Corporation, asked that its membership be transferred to a sister corporation, P.T. Brake Lining Company, Inc. At the Board Meeting a resolution was passed unanimously accepting the transfer of membership from Auto Friction Corporation to P.T. Brake Lining Company, Inc.

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

RESOLVED: To accept the Membership Committee report as written.

PUBLIC RELATIONS COMMITTEE REPORT

Mr. Simon, Chairman of the Public Relations Committee reported on activities for the 1978-79 fiscal year. He mentioned releases to the trade press including the election of officers, the address that Mr. Baynes of Delco-Moraine gave at our June 1978 Meeting, and publication of the "Friction Materials Work Practices Guide." Mr. Simon thanked the President, Mr. Messier for his assistance during the fiscal year.

Mr. Simon noted that over 40,000 copies of the "Friction Materials Work Practices Guide" had been distributed to Members, and additional copies had been sent directly to outsiders. At the Board Meeting on June 12, 1979 it was recommended that the Institute contact other aftermarket organizations such as APRA, ASIA, and CFS. These would be contacted to seek their additional distribution of the booklets. These would be provided by the Institute on a no-charge basis.

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

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

BUDGET COMMITTEE REPORT

Mr. Ogilvie, Chairman of the Budget Committee read his committee's 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, rent, pension expense and legal expense, which altogether account for about 80% of the budget. These items are decided by actions of the Board of Directors--particularly salary and pension expense. The report recommended a 1979-80 expense budget of $95,810 which was about a 5% increase over the budget for the previous fiscal year. At the Board of Directors meeting on June 12, the pension payments to Miss Duschek were increased by $600 which would bring the new proposed budget to $96,410, about a 5-1/2% increase over that of 1978-79.

At this point questions were raised concerning write-offs of receivables by the Institute. It was noted at the June 12, 1979 Board Meeting that the Institute would continue to pursue collection of the Hayes-Albion receivable for $850 for the annual fee for the last half of the 1977-78 fiscal year. In the meanwhile, a receivable of $500 from Implementos Metalicos Lara, S.A. of Venezuela had been written-off because of non-payment of dues. There had been no activity with Implementos Metalicos in the 1978-79 fiscal year. An earlier write-off of a fee receivable was that of Silver Line 4 or 5 years ago. The Institute received a small settlement on that receivable from the Bankruptcy Court in Los Angeles, California.

A member questioned details of the pension plan where over $500 is paid to Connecticut General Life Insurance Corporation to file the paper work required by ERISA. It was suggested that it might be simpler and less costly for the Institute, and better for those who receive pensions, if Individual Retirement Accounts or Keogh Plans could be used. The Secretary indicated his interest in such plans but that in their present form the Keogh Plan is only for the self-employed and the IRA does not permit a benefit level equivalent to that provided under the Institute Plan.

If the benefits to the retiree from an IRA Plan could match the FMSI Plan, it would be in the best interests of the Institute to discontinue its Pension Plan and have employees move to an IRA plan.

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

RESOLVED: To accept the Budget Committee report as written.

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

RESOLVED: To accept the 1978-79 expense budget of $96,410, which includes a $600 increase in the pension payments to Miss Duschek.

NOMINATING COMMITTEE REPORT

Mr. J. W. Greenen, Chairman of the Nominating Committee reported. He advised that the following three directors' two year terms were expiring as of June 30, 1979: Mr. Ronald L. Cutler, Abex Corporation; Mr. Ronald R. Moalli, Raybestos-Manhattan, Inc. and Mr. Francis E. Messier, Bendix Corporation. Mr. Greenen also advised that terms for the following four directors will not expire until June 30, 1980: Mr. William Simon, Brassbestos Manufacturing Corporation; Mr. J. W. Greenen, Nuturn Corporation; Mr. Stuart Comins, P.T. Brake Lining Company, Inc. and Mr. G. A. Carrigan, S.K. Wellman Corporation. Mr. Greenen submitted the names of Mr. Cutler, Mr. Moalli, and Mr. Messier for nomination to the two year terms starting on July 1, 1979 to expire on June 30, 1981. This would continue the three directors on the Board for another two year term. A motion was made that the nominations be closed. The Chairman asked whether there were any nominations from the floor. A member recommended that Mr. Kaminski of the S.K. Wellman Corporation be nominated for the two year term as Director commencing July 1, 1979 and expiring June 30, 1981. The Secretary advised that Mr. Kaminski's name could not be placed in nomination, as Mr. Gordon Carrigan of S.K. Wellman already served on the Board. A member then placed the name of Mr. John Moore of Reddaway Manufacturing Corporation in nomination for a two year term as Director.

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

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

Mr. Greenen appointed Mr. Drislane, Secretary; Mr. Jackson, Legal Counsel and Mr. Kick of the Membership to supervise the collection and counting of ballots from the Members for election of the three Board Members for the terms comencing July 1, 1979 and ending on June 30, 1981. Counsel advised that according to the Constitution and By-Laws a simple majority of the members present would be required to elect Directors. Mr. Drislane, Secretary, collected ballots from Delegates and authorized representatives of the Members. Fourteen ballots were collected. By majority vote the following three directors were elected for the two year terms: Mr. Ronald L. Cutler, Abex Corporation; Mr. Ronald R. Moalli, Raybestos-Manhattan, Inc.; and Mr. Francis E. Messier, Bendix Corporation.

ASBESTOS STUDY COMMITTEE REPORT

Mr. Harry Wagner, is Chairman of the Asbestos Study Committee. The Secretary read Mr. Wagner's report.

Mr. Wagner reported on work that the Committee had completed. In particular he pointed to the "Friction Materials Work Practices Guide" which was published during this past fiscal year. Over 40,000 copies were then sold to the Membership. This booklet was completed by the Committee and the Task Force in the early part of the 1978-79 fiscal year. Mr. Wagner pointed to his concern on industry sponsored legislation proposing a "federal" Asbestos Health Hazards Compensation Act. He was particularly concerned by the proposed financing of a compensation fund based on a tonnage assessment imposed upon industry. Mr. Wagner questioned the effects that such legislation could have on friction materials manufacturers. Mr. Wagner also pointed to recent activity by the Environmental Protection Agency's Office of Toxic Substances Control. A report prepared for them by the IIT Research Institute, pointed to brake repairs as an area of concern as regards asbestos exposure. The Chairman asked for input from the Directors and Members on an industry position, and recommendations on how to support such a position.

An area of immediate concern in Mr. Wagner's report was the legislative draft of an "Asbestos Health Hazards Compensation Act." A draft had been circulated to the Membership in May 1979. In the original draft manufacturers of automotive friction materials were considered to be Class I parties who would be assessed $325 per ton based on consumption 15 years prior to its contribution. It was pointed out that friction materials manufacturers were subsequently dropped into a Class II category where the assessment would be $32.50 per ton. Whether this was occasioned by the friction materials manufacturers' reaction to this draft legislation is not certain.

A member questioned some definitions concerning the "responsible party." In the draft this indicates that it is a corporation, partnership, joint enterprise or other entity engaged in (1) the manufacture and sale of any product or substance containing asbestos, and (2) the import for sale or distribution of products containing asbestos. Then there is a reference to tobacco manufacturers. One question concerned who is the "first processor." Where a friction materials manufacturer purchases all yarn with the asbestos in the yarn wouldn't the provider of the asbestos yarn be the first processor? Or would it be the processor who finishes the asbestos yarn and sells it first as a finished product. It was suggested that an answer cannot be made at this meeting. Definitions of items such as a first processor would be part of the complications of such legislation. As indicated, the "responsible party" doe apply to importers but it would be difficult to assess importers of friction materials 15 years ago to pay in current years. If such legislation were to be effective in 1980 manufacturers would then pay their first assessments based on 1965 asbestos consumption. In response to a question, the Secretary indicated that it was his belief that Johns-Manville was the main proponent of the suggested legislation. Also in response to a question, the Secretary indicated that he had called the Asbestos Information Association (AIA) and Mr. Pigg indicated that the AIA had no position on this legislation. However a member suggested that it is likely that AIA would have a different position than would a friction materials manufacturer.

A member suggested that with these problems facing our industry that the situation is similar to conditions in the middle 60's when the various states were proposing safety legislation for brake linings and the Federal Government was proposing regulations after passage of the National Traffic and Motor Vehicle Safety Act. It was suggested that the industry should make a solid presentation to the Federal regulatory authorities concerning proposed regulations effecting friction materials manufacturers.

It was stated that at the Board of Directors Meeting on June 12, the Directors planned to ask the Asbestos Study Committee to make recommendations concerning the Institute's position in the areas of an "Asbestos Health Hazards Compensation Act," and regulations by the EPA's Office of Toxic Substances Control. It asked what supporting data do we have for an industry position. What type of supporting data would the Institute need? How would the Institute go about getting this data? It was recommended by the Board that the Asbestos Study Committee come back to the Board with a plan for action by the Institute. After such a plan is presented the Board would act on planned activities and positions for the Institute. It was suggested that in some cases the Delegates would need the support of their management. They might be asked to have people serve on a Task Force concerning these problems. It was stated that the Institute does not have the information necessary to present a solid case to Washington. The Institute will need good information, statistics and perhaps medical history. While it was suggested that the Institute and its members should be responsive to the regulatory input, a member asked what could be done now. At this point, a member suggested that one thing that could be done was to write letters to Senators or Congressman concerning the problems our industry faces in their districts. At this point the President, Mr. Messier, showed a special report that was put out by the United States Chamber of Commerce entitled "A Letterwriters Guide to Congress." It was suggested that this was a worthwhile report and copies should be distributed to the Membership. The Secretary was directed to have copies distributed.

A member stated that there was Canadian data available concerning asbestos exposure studies that might be of interest. Mr. Carrigan was asked if he could get the name of this Canadian study and send it to the Institute. It was suggested that if Institute members have their own, or have access to fiber count information in brake repair shops, and have any medical history or other on such repair shops, this could be most valuable. Mr. Join commented on the World Health Organization's conclusion concerning asbestos as a carcinogen.

The Asbestos Study Committee will be asked to gather information and present proposals for the Institute as regards representing friction materials manufacturers with regulatory authorities. It was stated that the Asbestos Information Association has been quite strong in their representations concerning the overall asbestos industry, but they have not been able to articulate viewpoints of the friction materials industry. As regards the report prepared by the Illinois Institute of Technology Research Institute (IIT report) there were comments made that some of the conclusions in this report were rather "squishy." Several rebuttals are being made to the IIT Research report, but a main problem is that they are extrapolating results from the studies by Mount Sinai Hospital on New York Municipal Garages to the general repair shop. The general repair shop does not grind or machine brake linings and their main exposure comes from blowing out the wear debris. There is a question as to whether there is any real release of asbestos fibers as such by this particular operation. All studies show that the asbestos fibers in wear debris are quite short and cannot be measured under the OSHA definition of a fiber longer than 2 micron length. However, Dr. Selikoff's team, working with the World Health Organization, has apparently come to a conclusion that there is no safe level for asbestos exposure. Mount Sinai alleges that the fibers shorter than 1 micron that cannot be viewed optically are just as hazardous as the longer fiber asbestos.

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

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

FEE FORMULA COMMITTEE REPORT

Mr. Jim Mellow, Chairman of the Fee Formula Committee reported. The written report that had been prepared prior to the meeting was based on categories reported by Active Members and assessments on Regional Members and Licensees based on the fee schedule in effect for the 1978-79 year. Based on this fee formula, using last year's rates, the projected fee income for 1979-80 would have been $82,350. Mr. Mellow advised that at the Board of Directors meeting on June 12 the Directors voted an increase of approximately 10% in the fee formula. This was made to project fee income of approximately $90,000. Mr. Mellow indicated the following fee structure as voted by the Board of Directors.

Active Members: Basic fee: $1,050 per member
Categories: $700 per reported category
Regional Members with US rights: same fee structure as Active Members
Regional Member regular: Increase fee to $1,450
Regional Member Associations: Increase fee to $2,400
Licensee Members: Increase fee to $550

FMSI 02153

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

RESOLVED: To accept the Fee Formula Report as written with the revisions voted by the Board of Directors.

INVESTMENT ADVISORY COMMITTEE REPORT

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

A question was raised concerning the expense budget for a non-profit corporation. The Institute's investments show about $175,000 balance, which is approximately the same as the Institute's retained earnings on the balance sheet. A question was asked as to what accumulation of capital a non-profit corporation could have. Counsel indicated that the accepted rule by the Internal Revenue Service is that a non-profit organization can have retained earnings approximating 2-1/2 times its annual expenses. There is no problem for the Institute at this time, as the 2-1/2 figure would permit accumulated retained earnings of over $225,000.

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

RESOLVED: That the report of the Investment Advisory Committee be accepted as written.

INSTITUTE DEVELOPMENT COMMITTEE REPORT

Mr. Ron Cutler serves as Chairman of the Institute Development Committee. There was no written report for this committee as Mr. Cutler met with other members of the committee on June 12 to review items referred to it. An item referred to the Institute Development Committee concerned the possible enlargement of the Institute to include manufacturers who did not manufacture friction materials. This was occasioned by a request of Aimco Industries Limited of Canada to be considered as an Active Member of the Institute. This was discussed at the June 12 Board of Directors Meeting and the Directors, by a vote of 6 to 1, decided that they would not consider enlarging the Institute to include companies that do not manufacture friction materials. As regards the specific request of Aimco, it was noted that they had been accomodated in that a representative from Aimco had been invited to sit as an Associate on our Data Book and Technical Committee. In response to a question, the type of member who would have been considered had the Institute considered expansion would be manufacturers such as Aimco, Wagner, EIS and others.

DATA BOOK AND TECHNICAL COMMITTEE REPORT

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

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

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

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

HISTORICAL SALES REPORT

The Secretary reported on the Historical Sales Program for calendar year 1978. He showed the list of all members who had reported during calendar 1978. It was noted that of 18 Active Members, 14 reported at least once during calendar 1978. It was also pointed out that 4 Regional Members with the rights of Active Members had reported statistics at one time during calendar 1978. A member stated that it would be well to try to get additional reports from members to get better sales statistics information. The Secretary indicated that some members had difficulty with the Historical Sales Program this past year. For example, Mr. Carrigan was unable to report Wellman figures because of difficulties with computers for two recent installments but had now started reporting again. Mr. Burgess indicated that they had been subpoenoed by the Federal government concerning their sales statistics and were no longer participating in the program for that reason. Because of changes at Safeguard their last report was missing, and because of changes at Lear-Siegler in New Castle, the report for the last quarter was not sent in. Mr. Ogilvie was asked if he would contact Mr. Anderson in Danville to file these statistics. The Secretary indicated that certain members did not participate because they were not marketing automotive type friction materials. Some industrial product information does not fall into the type of reporting categories used in our program.

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

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

ANNUAL MEETING COMMITTEE REPORT

Mr. Ross Kettering, Chairman of the Annual Meeting Committee read the report. His report recommended that the Institute return to the Ocean Reef Club in 1980. In case there was dissatisfaction with Ocean Reef, the Committee recommended the Homestead in Hot Springs, Virginia. In addition, the report made recommendations on inviting wives to the Annual Meeting, and if so resorts in the area near Disney World were suggested.

At the Board of Directors Meeting on June 12, 1979, because of the dissatisfaction expressed with Ocean Reef Club, the Board voted to accept the recommendation to attend the Homestead in Hot Springs, Virginia in June 1980. Also, at that meeting, the Board voted against the recommendation to invite wives to attend the Annual Meeting.

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

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

OTHER BUSINESS

There being no further items on the agenda, the President asked if there were other items of business to be conducted. A member asked about the Aimco request to become an Active Member. It was explained that one reason that Aimco had requested Membership was to participate more fully in decisions as regards lining and shoe assignments and also to provide information of this nature to the Institute. The Aimco request was somewhat satisfied by the appointment of a representative from Aimco as an Associate member of the Data Book and Technical Committee. A representative from Aimco has continued to serve on this committee.

A question arose as concerns use of the FMSI numbers and problems with manufacturers who might not be eligible for Institute Membership. The Secretary advised that he had received an application from World Auto Parts in Buffalo, New York. World Auto Parts was not a manufacturer of either friction materials or shoes and and was not eligible to serve as either an Active Member or a Licensee. World Auto Parts was anxious to use the copyrighted FMSI numbers and trademarks in marketing their products. They operate on an exchange basis, taking old cores and reselling them for use in the aftermarket. It was suggested that perhaps something could be done to make a licensee type membership available on a fee basis to manufacturers like World Auto Parts even though they were not now eligible for Membership. This question was referred to the Institute Development Committee for their recommendations.

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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: 10:00 AM

E. W. Drislane
Secretary