MINUTES OF THE ANNUAL MEETING

of the

FRICTION MATERIALS STANDARDS INSTITUTE, INC.

Wednesday and Thursday, June 16 and 17, 1982

at

Sawgrass, Ponte Vedra Beach, Florida

ACTIVE MEMBERS PRESENT	REPRESENTATIVES
Abex Corporation	Robert E. Nelson, Vice President
Bendix Corporation	Francis E. Messier
Brassbestos Manufacturing Corporation	William Simon, Treasurer
Certified Brakes, Lear Siegler Company	Robert J. Anderson
Delco-Moraine Division	Donald L. Emrick
Guardian Corporation	Norman Morse
Nuturn Corporation	Larry DeFrance
P. T. Brake Lining Company, Inc.	Stuart Comins
H. K. Porter Company, Inc.	W. Max Sleeth
Raybestos-Manhattan, Inc.	David E. Cunningham
Reddaway Manufacturing Company, Inc.	John M. Moore
Thiokol Corporation	John P. Gallagher
Virginia Friction Products	Thomas Kennedy
S. K. Wellman Corporation	Gordon A. Carrigan, President
Wheeling Brake Block Mfg. Co., Inc.	Lee Burgess (6/16)

OTHERS PRESENT	
Abex Corporation	Philip H. Grim, Jr.
Bendix Corporation	James W. Armstrong
Cougar Automotive Corp. (Regional)	Alex Tabori
Delco-Moraine Division	Fred Yost
H. K. Porter Company	George J. Bohrer
P. T. Brake Lining Company	Steve Doyle
	Ben Kublin
Raybestos-Manhattan, Inc.	Donald J. Testa
Reddaway Manufacturing Company	F. William Barton
Wheeling Brake Block	Rob Burgess (6/16)
Asbestos Compensation Coalition	Dave Pullen (6/16)
	Dennis Ross (6/16)
Legal Counsel	Robert P. Gorman, Counsel
Friction Materials Standards Institute	Edward W. Drislane, Secretary

Mr. Carrigan, President, called the meeting to order at 1:30 PM, June 16, 1982. As the first order of business, Mr. Carrigan called for a roll call.

MINUTES OF MEETING OF JUNE 17-18, 1981

The minutes of the Membership Meeting held June 17-18, 1981 had been distributed. No corrections were suggested. A motion was requested to accept the minutes as written.

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

RESOLVED: To accept the minutes of the June 17-18, 1981 Membership Meeting as written.

PRESIDENT'S REPORT

Mr. Carrigan, President, presented his report. Refer to EXHIBIT 1. Mr. Carrigan noted that his service began in February 1980 and that this would be his last term as president. He advised that he would not seek another term. He noted some of the highlights of Committee reports, and advised that the new consolidated catalog would not be ready for distribution until July 1982. Mr. Carrigan thanked the Officers, Directors and Committee Chairmen for their efforts on behalf of the Institute.

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

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

REPORT ON ACTIONS TAKEN BY THE BOARD OF DIRECTORS

The Secretary prepared and read a report on actions taken by the Board of Directors since the June 1981 Meeting.

By mail ballots, the Board approved an increase in the retainer for Legal Counsel from $5,500 to $6,500 per year. They voted to terminate the Lasco Membership in the Institute because of its failure to pay the annual fee. The Board voted several times on selection of an Institute logo, but failed to make a final selection.

The only Board Meeting since June 1981 was that held earlier this week on June 15, 1982. The Board heard and approved the reports of the President and Treasurer. They approved the application filed for Licensee Membership filed by Brenier Company, Inc. The Board voted to terminate Borg & Beck de Mexico, S. A. as a Regional Member for failure to pay its annual membership fee. The report of the Investment Advisory Committee was approved which included an investment plan for about 75% of funds in U.S. Treasury obligations with the balance in the Vanguard Money Market Trust-Federal Portfolio. The Board approved the report of the Budget Committee calling for an Expense Budget of $107,500. Based on a Director's motion to increase the fee schedule to create a reserve for contingent expenses in the environmental area, the Board tabled action on the Fee Formula Committee report until the conclusion of its meeting. The report of the Public Relations Committee was accepted, and the Directors recommended that consideration of an Institute logo design be referred to the Membership at its meeting.

The Board approved the report of the Data Book & Technical Committee and added a special vote of thanks for the Committee's work on the new consolidated catalog. The Board approved the report of the Brake Performance Study Committee and that of the Health and Environmental Affairs Committee. Litigation in the asbestos area was discussed, and the Committee Chairman noted that the Asbestos Compensation Coalition would shed some light on this subject during its presentation. The Directors asked Legal Counsel to write Federal and applicable State agencies on availability of landfills for friction materials waste. The Committee was asked to draft a letter for Members to send to resin/chemical suppliers to secure their assistance in the waste disposal problem. It also suggested contact with associations in the chemical field for suggestions and input on waste disposal. Any question on coordination of activities or assistance to the Asbestos Compensation Coalition was referred to the new Board of Directors who would be elected at the Membership Meeting for the 1982-83 year.

The Board approved the report of the Annual Meeting Committee to return to Sawgrass in 1983, go to LaCosta in 1984 and to ask that Sawgrass do a better job of locating meeting villas in one area in 1983. The Board voted to continue the Historical Sales reporting program without change. The Board suggested a direct payment plan for Miss Duschek's pension payments. The Board considered a credit reporting plan suggested by one Director, and referred this to the Membership at its meeting. The general recommendarion was that Members list who in their company should be contacted when making credit inquiries, and that those who provided the name and telephone number of this person would be sent the master list of contacts. Any such plan would be reviewed by Legal Counsel before action is taken.

The Board voted, with six in favor and one opposed to increase the annual fee as follows: Active Members Basic Fee from $1,150 to $1,300; Category Fee unchanged; Regional Members with Active Member rights, the same fee formula as for Active Members; Regional Members (regular) from $1,450 to $1,600; Association Regional Members from $2,400 to $2,600; Licensees from $550 to $600. This item raised a question, but it was asked that discussion be held until the agenda item was called at this Membership Meeting. This report is strictly a report on activities of the Board since last meeting and report.

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

RESOLVED: To accept the Secretary's report on action taken by the Board of Directors as read

TREASURER'S REPORT

Mr. Simon, Treasurer reported on financial activities during the 1981-82 fiscal year. Refer to EXHIBIT 3.

Mr. Simon's report projected an excess of income over expenses of near $10,000 for 1981-82, based on a trial balance of accounts at April 30, 1982. His report compared projected expense items to June 30 with the budgeted figures, and noted that while there were some significant variations, actual expenses will come out quite close to budgeted expenses.

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

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

MEMBERSHIP COMMITTEE REPORT

Mr. Stuart Comins, Chairman of the Membership Committee, reported. Refer to EXHIBIT 2.

Mr. Comins noted the relative stability of the Membership during 1981-82. Among the changes noted were the additions of Cougar Automotive, and Friccion, S.A. He advised that Lasco was dropped as a Member and that Borg and Beck de Mexico, S.A. was delinquent in payments of its annual fee. Mr. Comins noted that an application had been received from the Brenier Company, Inc., a manufacturer of insulators, for Licensee Membership in the Institute.

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

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

The Secretary advised that the Board of Directors had unanimously voted acceptance of the Brenier Company application for Licensee Membership.

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

RESOLVED: To accept the application of Brenier Company, Inc., for Licensee Membership in the Institute.

INVESTMENT ADVISORY COMMITTEE REPORT

Mr. Barton, Chairman of the Investment Advisory Committee, presented this report. Refer to EXHIBIT 4.

In summary, Mr. Barton projected the investment balance to June 30, 1982 at over $180,000, an increase of nearly $15,000 over that at the start of the year. Projections were made for this year's investment income, and for the 1982-83 fiscal year. At the conclusion of the report, Mr. Barton recommended that about 75% of Institute funds be in U.S. Treasury or Agency obligations, and that the remainder be in the Vanguard Money Market Trust-Federal Portfolio.

A Yield Analysis of Institute Investments in U.S. Government Obligations was appended to the report which indicated yields to maturity in excess of 13% for all obligations maturing after this coming fiscal year. It is anticipated that the yields on U.S. Government Obligations will be in the 13 to 14% range over the next several months.

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

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

BUDGET COMMITTEE REPORT

Mr. Sleeth, Chairman read the report of his Budget Committee. Please refer to EXHIBIT 5.

The Chairman proposed an Expense Budget of $107,500, a 6-1/2% increase over the 1981-82 Expense Budget. The principal items of increase were in Salary and wage related costs such as payroll taxes and pension expense. A line by line comparison was shown for 1981-82 Budget Figures with the proposed 1982-83 figures.

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

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

FEE FORMULA COMMITTEE REPORT

Mr. David Cunningham, Chairman of the Fee Formula Committee, read this report. Refer to EXHIBIT 6.

Mr. Cunningham's report balanced projected expenses from the Budget Committee report, and projected investment income from the report of the Investment Advisory Committee, and recommended that the Fee Formula used in the past three years (1979-80, 1980-81, 1981-82) be maintained for the 1982-83 fiscal year. Based on the Expense Budget and the projected Investment Income, income in excess of $6,000 over expenses was projected for 1982-83.

As noted earlier in the report on actions taken by the Board of Directors, the Board had voted to increase the fees by a change in the fee formula. These increases were to be as follows:

Active Member: Basic Fee Increase from $1,150 to $1,300, with no change in the category assessment.

Regional Member with Active Member rights: Same fee increase as for Active Member.

Regional Member (Regular) Increase from $1,450 to $1,600

Regional Member (Association) Increase from $2,400 to $2,600

Licensee: Increase from $550 to $600

The justification for such an increase was to establish a reserve for anticipated future costs associated with environmental concerns. It was suggested that the Fee Formula recommendations could be discussed further after the reports of the Health and Environmental Affairs Committee and the presentation by representatives of the Asbestos Compensation Coalition.

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

RESOLVED: To table discussion of the report on the Fee Formula Committee until after the report on the Health and Environmental Affairs Committee and the presentation by representatives of the Asbestos Compensation Coalition.

NOMINATING COMMITTEE REPORT

Mr. Francis E. Messier, Chairman of the Nominating Committee, presented this report. The Nominating Committee's recommendations had been forwarded by the Institute Office to the Delegates and Alternates on May 14, 1982. No comments or additional nominations had been suggested in the interim period. For background, Mr. Messier noted that the following three Directors would be completing the first year of their two year terms as of June 30, 1982:

Mr. John P. Gallagher, Thiokol Corporation
Mr. Francis E. Messier, Bendix Corporation
Mr. Robert J. Anderson, Certified Brakes, Lear Siegler Company

This committee recommended placing the following names in nomination for the Board of Directors. If elected, they would serve two year terms, the first year starting on July 1, 1982:

Mr. Robert E. Nelson, Abex Corporation
Mr. Gordon A. Carrigan, S. K. Wellman Corporation
Mr. F. William Barton, Reddaway Manufacturing Company
Mr. David E. Cunningham, Raybestos-Manhattan, Inc.

Mr. Morse asked why the Constitution and By-Laws had been amended last year to broaden participation in the Institute when the Committee recommended a nominee who would serve as a Director, and most likely as President. This was with reference to amendment of the Constitution ARTICLE V - OFFICERS, Section 2, Election and Term of Office. This amendment in effect permitted the Institute to have a President and Vice President who were not also Directors of the Institute. The Secretary advised that while this amendment permitted the Institute to have a President and Vice President who were not also Directors, it did not require it. Mr. Morse also asked why the committee did not recommend the nomination of a President and Vice President who were not also Directors. (The Committee was recommending the nomination of Mr. Nelson as President and to serve as a Director. The suggested Vice President, Mr. Comins, would not be serving as a Director if the Committees' nominees were selected).

The Chairman of the Nominating Committee asked for a recess to review these comments. The Chairman, after recess, advised that the Committee selections were made with consideration that Board Members are permitted to serve as Officers, that experience was a deciding criteria, and that experience included service on Institute Committees and long term service to and attendance at Institute Meetings. With these criteria in mind, the Committee recommended a change in the nominees, and suggested Mr. W. M. Sleeth for the Board position earlier slated for Mr. Nelson. Mr. Sleeth advised that he could not accept a position as a Director of the Institute, and asked that his name be withdrawn. The Chairman withdrew the suggested nomination of Mr. Sleeth. At this point, in order to keep with the planned program at this Meeting, the President asked that the Nominating Committee report be tabled.

After an additional recess and meeting, Mr. Messier placed the following names in nomination for the two year twrms as Directors for the Period from July 1, 1982 to June 30, 1984:

FMSI 02104

Mr. Robert E. Nelson, Abex Corporation
Mr. Gordon A. Carrigan, S. K. Wellman Corporation
Mr. F. William Barton, Reddaway Manufacturing Company
Mr. David E. Cunningham, Raybestos-Manhattan, Inc.

Mr. Carrigan, President, called for nominations from the floor. Mr. Comins offered the name of Mr. Norman Morse of Guardian Corporation in nomination. Mr. Morse declined the nomination.

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. Robert E. Nelson, Mr. Gordon A. Carrigan, Mr. F. William Barton, and Mr. David E. Cunningham to the Board of Directors. The Secretary advised that the ballots had been so cast. The President advised that with the election of these four Directors that the Board had the required seven Members.

Mr. Messier advised the Membership that it was the Committee's intention to recommend the following slate of Officers for election at the Board of Directors meeting following the first Membership session:

For President	-	Mr. Robert E. Nelson
For Vice President	-	Mr. Stuart Comins
For Treasurer	-	Mr. William Simon
For Secretary	-	Mr. Edward W. Drislane

HEALTH AND ENVIRONMENTAL AFFAIRS COMMITTEE

Mr. Armstrong, Chairman of the Health and Environmental Affairs Committee, presented this report. Refer to EXHIBIT 9.

Mr. Armstrong noted actions taken by the Committee and the Institute Office since earlier meetings. He noted in particular that concern was rising relative to litigation in the asbestos area, and proposals for Federal Legislation in the Compensation area. Based on this concern, the Committee met with representatives of the Asbestos Compensation Coalition relative to its activities, and recommended that a representative of this Coalition address the full Membership at this Meeting.

He also noted the concern with landfill and waste disposal requirements. At its meeting, this Committee asked that the Board of Directors approve a request to the Federal EPA on approved landfills for friction materials waste, and asked that the Board suggest the means for making such a request. Mr. Armstrong reviewed general OSHA and EPA activities in areas of concern to friction materials manufacturers and noted that the Institute had written NIOSH for either a final report or a status of the NIOSH contract for "Health Hazards in Brake Lining Repair and Maintenance Workers Occupationally Exposed to Asbestos."

Mr. Armstrong discussed litigation and it was noted that if an individual was covered by workmens compensation, that party then could become a plaintiff in a third party suit against a supplier of asbestos or asbestos products. The problem with landfills was that their availability was drying up, and sites and waste transporters were less accessible and considerably more expensive. The waste problem is probably more of a chemical problem with phenols, formaldehyde, solvents and the like. It was noted that representatives of the Asbestos Compensation Coalition were at the meeting, and their presentation might answer questions in the litigation and insurance areas.

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

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

ASBESTOS COMPENSATION COALITION

The President welcomed Mr. Dave Pullen of the Asbestos Compensation Coalition to the Meeting, noting that Mr. Pullen had been invited to address the Membership after earlier contacts with Mr. Armstrong's Health and Environmental Affairs Committee. Mr. Carrigan felt it was timely that the Coalition had accepted this invitation to our Meeting because of the increased concern on litigation and insurance relative to asbestos exposure cases. Mr. Pullen introduced Mr. Dennis Ross who is also with the Coalition. Both Mr. Pullen and Mr. Ross presented the Coalition's up-date on the compensation issue and alternated in this presentation. For background, it was noted that the following were members of the Coalition: Celotex Division of Jim Walter, Asarco, Pittsburg Corning, Unarco, Johns-Manville, Raybestos-Manhattan, Amatex, and Eagle Pitcher. The earlier legislative initiatives were noted including the Hart Bill, the Fenwick Bill and the Miller Bill. The Coalition saw merits and shortcomings in each of these, and felt that while they did not have a complete package to offer at this time, they needed broader support and would encourage meaningful input from Institute Members and others. It was stated that there are now 18,000 lawsuits in the asbestos area, and there are more asbestos-related lawsuits in the courts than car accident suits. The allegations are that asbestos products manufacturers knew of the health problem and did not warn the exposed worker. Lately, the issue of "strict liability" has arisen where it would not matter if the manufacturer didn't know of the health hazards--he could be held liable in any event. (Subsequent to the Meeting, for instance, on July 7, 1982 the New Jersey Supreme Court (in Beshada v. Johns-Manville Products Corp.) held manufacturers in that State strictly liable for asbestos-induced harm regardless that due to the limited state of the art they could not then have known of the health hazards posed by asbestos.)

The increase in litigation has several roots. There has been an erosion in the exclusivity of workmens compensation as the remedy incases of exposure. The plaintiff bar favors this activity as the fees are on a contingent basis. Some State Workmens Compensation Programs are plainly inadequate requiring that claims be filed within two or three years of exposure. Some State plans are now moving to requirements of two to three years after manifestation of the disease.

Mr. Pullen suggested the poor distribution of funds to the injured party with distribution of a typical $100,000 award. Such an award could go up to $60,000 in fees, $5,000 in costs, $10,000 to repay Workmens Compensation, and the final $25,000 to the injured party for lifetime medical costs. Counting the costs of the defendant parties, and including the costs of defending successfully where no award is made, it may cost $200,000 to get $15,000 to the injured party. This system of awards is wasteful, and it is suggested that some other system should be better. A suggestion that there be fifty uniform laws in this area for the 50 States is both unrealistic and costly. It is suggested additionally that such uniform plans in the 50 States do not bring the United States Government in as a participant when the Government-run shipyards of World War II have been responsible for a majority of the cases in litigation today. Mr. Pullen and Mr. Ross suggested that if a State-by-State approach is not the solution, that the solution may be the Federal Government, acting on Four Principles:

1. Settlement be prompt, adequate and equitable
2. Proof of injury would be on clearly defined medical evaluation (avoiding the "Black Lung" theory where any exposure is sufficient proof).
3. Costs would not be dumped on the taxpayers--the burden must be on those responsible.
4. Such settlement would provide the exclusive remedy, prohibiting third party litigation.

The Government would itself bear 50% of the total costs, as roughly 50% of exposure occurred in shipyards at wartime.

Mr. Pullen noted the three earlier legislative initiatives on asbestos compensation: S1643 - the Hart Bill, HR5224 - the Fenwick Bill, and HR5735 - the Miller Bill. Both the Hart Bill and the Fenwick Bill are dead. While the Miller Bill is technically alive, it is probably politically dead.

The Coalition has recommended a new legislative approach. Among the advantages would be that it does not federalize workmens compensation, but rather works within the existing State workmens compensation framework. It would safeguard the funding, as the implementing resolutions would have a limited life of five or ten years, and the entire resolution could be terminated if the pay-out exceeded the funds available, which would reinstate tort litigation as the remedy. In other words, this would avoid possible unlimited funding which could result from legislation of the "black lung" variety.

Copies of a "Summary of the Occupational Disease Compensation Improvement Act and the Implementing Resolution for Asbestos Related Diseases" were distributed. The Coalition had prepared these Summaries to describe generally the legislative approach recommended. The Act would be a generic approach not limited to asbestos which could function for a range of occupational diseases. This would relate to the types of diseases, the provision of benefits, interaction between Federal and State Programs, and financing of the fund. The proposed Act would provide that this remedy was the exclusive remedy for those injured by the occupational disease. The Act would provide for Implementing Resolutions for the different occupational diseases and these resolutions would provide for a limited life of the resolution and that the resolution could be terminated if the pay-out exceeded available funds absent enacting additional authorizations.

It was suggested that if the existing system of tort liability is not changed that there will be bankruptcies within this industry. There may even be bankruptcies by the insurance carriers, as there now are 400 to 500 new cases being litigated monthly. It was noted that solutions to this problem were complex, and that if there is no solution many asbestos products manufacturers may go out of business. The Coalition at this time requests input from any interested party and that when a draft of the legislation is available, the Institute and its Members might help with constructive criticism of the proposed Act. Now is the time to discuss the plan, and as nothing is now cast in concrete, this is the best time for input. It was stated that the Coalition should have the language ready in the next month or so and would hope to have copies ready for the Institute and other interested parties at that time. They would hope to have the proposed Act in the legislative hopper by late 1982.

The Coalition's proposals were opened for questions and discussion. In answer to a question on cooperation with the Coalition, Mr. Pullen noted that the Coalition would welcome applications for Membership in the Coalition from interested parties. Questions were asked on financing the fund and it was noted that assessments would be made on a formula based on each manufacturer's defendant settlements and judgements and on the number of pending lawsuits.

Mr. Pullen noted that it was possible that his company (Johns-Manville) might end up being assessed a higher proportion of the costs of the fund, but that such a program would compensate those funding it with injured parties giving up tort rights. The efficiency of such a program would be that up to 85% of the costs now consumed in tort litigation could be eliminated. He noted that currently about 2% of cases go to verdict, and about 65% have been defendant verdicts. As some other than Johns-Manville cases have had 85% defendant verdicts, Johns-Manville may end up paying a higher percentage fee than others. It was noted that one defendant had won 16 out of 18 cases, and that the process of settlement has increased litigation. Some defendants may reappraise their litigation strategy and prefer going to verdict rather than settling.

It was noted that Dr. Selikoff had predicted 10,000 excess lung cancer deaths per year from asbestos exposure along with 2,500 asbestosis cases and 2,000 to 3,000 mesothelioma cases. While most observers believe Dr. Selikoff's projections are too high, this is an indicator of the scope of possible litigation. One party questioned if an alleged victim of asbestos exposure could readily make his claim through the intended compensation fund, wouldn't this open even more claims than tort litigation. In response, it was noted that some observers feel the "jackpot" settlement of tort litigation is more attractive to the alleged victims.

With this open discussion concluded, Mr. Armstrong, Chairman of the Institute's Health and Environmental Affairs Committee, suggested that Mr. Pullen's and Mr. Ross's presentation had given the Members a broader perspective on the issues, and he asked for more participation of the Members in the work of his committee. It was stated that some Members may wish to participate as individual Members of the Coalition, and that the Institute wished the Coalition to maintain liaison with the Institute through its Health and Environmental Affairs Committee. It was asked that the Coalition place the Institute on its mailing list, and that the Institute would forward data on to its Members. Mr. Pullen and Mr. Ross projected that the draft of the proposed new legislation would be availble in two or three weeks, and that a draft would be sent to the Institute at that time. In response to a question, it was noted that there was no sponsor for such proposed legislation at this time.

The President thanked Mr. Pullen and Mr. Ross for their efforts on this presentation of position by the Asbestos Compensation Coalition.

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

RESOLVED: To thank Mr. Pullen and Mr. Ross of the Asbestos Compensation Coalition for their presentation at this meeting.

FEE FORMULA COMMITTEE (PART 2)

Earlier in the meeting, the Members discussed a proposed increase in the annual fee with a change in the fee formula. It was moved that this item be tabled until after presentations by the Health and Environmental Affairs Committee and members of the Asbestos Compensation Coalition. The President called for additional discussion on this agenda item.

The Board of Directors had voted to increase the annual fee by a change in the fee formula as follows:

Active Member: Basic Fee Increase from $1,150 to $1,300, with no change in the category assessment

Regional Member with Active Member rights: Same fee increase as for Active Member

Regional Member (Regular) Increase from $1,450 to $1,600

Regional Member (Association) Increase from $2,400 to $2,600

Licensee: Increase from $550 to $600

As indicated earlier, the Board wished to establish a "reserve" with the additional fee payments to plan for that time when additional monies may have to be spent on consultants or other costs to help solve problems in the waste disposal area, and other areas of environmental concern. Such reserves could only be built to a certain point, and if funds were not expended the reserve could be closed and monies made available for general purposes—in effect reducing the fees. Concern was expressed on creation of such a reserve when the Institute had been generating an excess of income over expenses for the past several years.

Upon motion duly made, seconded and passed with ten Members in favor and five Members opposed, it was:

RESOLVED: To adopt the following fee formula for 1982-83: Active Members and Regionals with Active Member rights: Basic Fee $1,300; Category Fee $700; Regional Member (Regular): Fee $1,600; Regional Member (Association): Fee $2,600; Licensee: Fee: $600.

FMSI 02109

BRAKE PERFORMANCE STUDY COMMITTEE REPORT

Mr. Nelson, Chairman of the Brake Performance Study Committee, presented this report. Please refer to EXHIBIT 7.

Mr. Nelson's report noted that activity in the brake regulation area affecting brake lining manufacturers had been limited. The main Institute activity had been in the area of amending Vehicle Equipment Safety Commission Regulation V-3. The Institute had petitioned VESC for amendment of this regulation, and had attended meetings and a hearing in the Washington area concerning this amendment. The specific problem had to do with intended original equipment linings with reduced friction on the drum rears on the new front wheel drive cars. In order to get balance, friction levels had been dropped to a point where the original material might not conform to Regulation V-3 as now written--particularly for the Normal Friction coefficient. The VESC Committee has proposed modifying V-3 per the Institute recommendations, and final vote on such a change will come at a full meeting of the VESC later this Summer.

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

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

DATA BOOK AND TECHNICAL COMMITTEE REPORT

Mr. Phil Grim, Chairman of the Data Book and Technical Committee presented his Committee report. Refer to EXHIBIT 8.

Mr. Grim reported on several areas of Committee action and concern. Among these were the addition of off-highway coverage in the Data Book, postponement of any action on a new Brake Block Identification Catalog until later in 1982, and specific questions that had been referred to the Committee.

Mr. Grim's report emphasized the work done on consolidation of the Brake Lining and Clutch Facing information in the Automotive Data Book with the Brake Shoe information in the Brake Shoe Identification Catalog. The general style, layout and consolidation patterns were worked on by the Committee and at a meeting prior to the Committee meeting by Mr. Grim, Mr. Drislane and Mr. Hudson of Abex. The rules for the consolidation, general instructions and other considerations for the new catalog were worked out and put into final form. These then formed the structure of the new catalog which was submitted to printers for bid in January 1982.

The Chairman had hoped to have copies of the new "1982 Automotive Data Book" on hand for the meeting, but actual typesetting of the catalog has been slow. The contract for the catalog had been awarded to Corley Printing Company of St. Louis, who had printed three earlier Institute Supplements, but who had never before printed a full catalog. That award, in retrospect, was probably faulty. While it might be assumed that a newly designed catalog with considerably more pages than earlier catalogs, would take a longer period to be prepared, this catalog is now running nearly two months late. Mr. Grim projected that the new catalog should be printed about July 1, 1982.

On review of Mr. Grim's report it was noted that one paragraph was missing from the original draft. This was Paragraph C - use of the designations "DA" to designate air actuated disc brakes.

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

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

One Member asked that his appreciation be deferred until after he had received copies of the new catalog.

PUBLIC RELATIONS COMMITTEE REPORT

Mr. Simon, Chairman of the Public Relations Committee, reported for this Committee. Refer to EXHIBIT 11.

Mr. Simon reported that the only press release in 1981-82 was that on the election of Officers at the June 1981 Meeting. This was released to the automotive trade press and appeared in several trade publications. An item of larger concern for the Committee was the work on an Institute logo.

The Members were advised that the Board of Directors had taken several ballots during the year on selection of a logo. The Directors were unable to select a logo and on a few occasions decided on "None of the above." The Directors reviewed this question at the June 15, 1982 meeting of the Board and were again unable to make a selection, and asked that this question be referred to the Membership at this Meeting.

Copies of the logos which had survived the earlier selection process were circulated to the Membership. After several comments and suggestions, the Membership was asked to ballot. Logos F and H were favored about equally by the Members. The Secretary was directed to have Logos F and H cleaned up and presented by a professional artist, after which the Directors will be asked again to ballot.

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

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

HISTORICAL SALES REPORTING

The Secretary reported on the Historical Sales Program for the calendar year 1981. Refer to EXHIBIT 12.

His report noted the participation during calendar year 1981. The Secretary advised that because of some "in-and-out" participation, the program had been criticized by a few Members. One Member noted constructively that the reports for the fourth quarter contained about 40% of the sales for all classes for the full year. As a result, the Accountants were asked to review the results, which they did. They noted that if five respondents who reported for the fourth quarter, who had not reported earlier, had not reported at year-end, that quarter would have taken the more nearly expected 25% of sales for the year. This was reported to the Members, but this did not satisfy two Members. One indicated that it would withdraw from the program if all participants did not participate for each quarter. Suggestions were made for withholding the assembled information from respondents who did not respond each quarter.

The Directors had earlier reviewed these critisms of the program. The general response was that it is known that this program is not all-inclusive and the Members will have to project the possible losses when one Member or another does not report. With its deficiencies, the historical sales reporting program is too meaningful to be discontinued. The Members concurred and it was agreed that the program would be continued without change.

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

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

ANNUAL MEETING COMMITTEE REPORT

Mr. John M. Moore, Chairman of the Committee, delivered this report. Please refer to EXHIBIT 13.

In summary, Mr. Moore recommended that the Institute return to Sawgrass in 1983, in continuance of the Institute's policy of attending the same site for two years if the first year is satisfactory. For 1984, Mr. Moore recommended LaCosta, in Carlsbad, California, in the San Diego area. As back-ups, his Committee recommended Sandpiper Bay and Grenelefe, both in Florida.

The Board had earlier voted to accept the Committee's recommendations and asked the Secretary to contact LaCosta to see if space was available for the Institute in July 1984. Mr. Drislane advised that he and Mr. Moore had talked with LaCosta on June 15, 1982, and space would be available at that time. The Secretary was asked to proceed with the return to Sawgrass in 1983 and meeting at LaCosta in 1984. The Secretary was further asked to request Sawgrass to locate those attending next year's meeting in villas near one another. Several Members were dissatisfied with the spread out locations of the villas assigned to the Institute.

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

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

GOLF TOURNAMENT COMMITTEE

Mr. Ben Kublin, Chairman of the Golf Tournament Committee, addressed the Members on this Committee's suggestions. He noted that only eight Members participated in this year's Golf Tournament. The Membership was asked if changing the Tournament to an afternoon match might help increase participation. Several Members felt this would be unsatisfactory because the meeting itself might suffer an attendance loss, and that the morning format was particulary welcome in the Sunbelt locations where the Institute plans to meet. Mr. Kublin asked if a revised match with a mixing of the good golfers and the occasional golfer into teams with each golfer hitting the next ball would be of interest. It was suggested that this subject could not be resolved at this Meeting, and that the Golf Tournament Committee Chairman decide on the format, or offer his suggestions for more participation prior to next year's meeting.

The President thanked the Chairman for his work on this year's Tournament, the presentation of awards, and his suggestions for increased participation in the golfing.

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

RESOLVED: To accept the report of the Golf Tournament Committee as read.

CREDIT REPORTING SERVICE

The Board of Directors considered a suggestion for a credit reporting service at its earlier meeting. After discussion at the Board meeting, it was recommended that Members individually list the individuals at their companies who should be contacted for credit information. This list would include name, address and telephone number, and those submitting this information would have access to the Institute compiled list. The Board asked that this subject be an agenda item at the Membership Meeting.

Mr. Comins was asked to present background on this concept. He indicated that since Institute Members dealt with the same customers and were aware of the credit capabilities of these parties, that it would be advantageous to those extending credit to have access to this information. The idea of a service such as that provided Members of MEMA or CFS was discussed. The original suggestion was for the Institute to set up a credit reporting system for its Members similar to the MEMA and CFS plans. Some possible shortcomings of such a plan were noted should the plan send out information on a customer which turned out to be incorrect. One party asked what was wrong with Dun & Bradstreet and it was indicated that was a good service but when someone is going under, it is usually too late with the information.

The Members generally concurred in an exchange of information on who should be contacted in their organizations for credit information. This would be done with a filing of information with the Institute as to who should be contacted for credit information giving name, address and telephone number. The Institute would ask for this information and would then distribute a "master list" to those who provided the information. The Institute Office was instructed to review this with Legal Counsel before proceeding

* * * * *

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

RESOLVED: To Adjourn

Adjourned at 9:40 AM

E. W. Drislane
Secretary