MINUTES OF MEETING

of the

BOARD OF DIRECTORS

Tuesday, June 14, 1983

at

Sawgrass, Ponte Vedra Beach, Florida

DIRECTORS PRESENT

Robert E. Nelson, President	Abex Corporation Friction Products Group
Stuart Comins, Vice President	P. T. Brake Lining Company
Francis E. Messier	Bendix Corporation Automotive Aftermarket Operations
F. William Barton	Reddaway Manufacturing Company
John P. Gallagher	Morton Thiokol Corporation Friction Division
Gordon A. Carrigan	S. K. Wellman Corporation

DIRECTOR ABSENT

Robert Mighton	Certified Brakes Lear-Siegler Company

OTHERS PRESENT

William Simon, Treasurer	Brassbestos Manufacturing Company
David F. McBride, Legal Counsel	Harwood, Lloyd, Ryan, Coyle and McBride
Edward W. Drislane, Secretary	Friction Materials Standards Institute

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Mr. Nelson, President, called the meeting to order at 8:30 AM, June 14, 1983.

MINUTES OF PREVIOUS MEETING

The minutes of the Board of Directors meeting hald on March 1, 1983 had been distributed. A Director moved that the Secretary dispense with the reading of those minutes.

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

RESOLVED: That the minutes of the Board of Directors meeting of March 1, 1983 be accepted as written.

PRESIDENT'S REPORT

Mr. Nelson, President, presented his report. Refer to EXHIBIT 1. Mr. Nelson commented on the relative stability of the Institute and its Members during the recent difficult years. He noted such accomplishments as the completion of the consolidated 1982 Automotive Data Book, selection of an Institute logo, changes in Legal Counsel, amendment of the Institute By-Laws, and changes on the Board of Directors during the fiscal year. Mr. Nelson concluded his report emphasizing the difficulties facing the industry with asbestos-related problems.

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

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

MEMBERSHIP COMMITTEE REPORT

Mr. Stuart Comins, Chairman of the Membership Committee, presented this report. Refer to EXHIBIT 2.

Mr. Comins reported on the changes in Membership during the 1982-83 fiscal year. The changes were dependent on possible termination of certain Latin American Regional Memberships. It was noted that Active Members would remain unchanged at 20. Licensees would remain unchanged--addition of Breiner, loss of Wisconsin Gasket--at 13. And, depending on terminations, Regional Members would decline from 21 to 19.

However, three actions taken between the time of preparation of Mr. Comins' report and the Board meeting, changed the expected number of Regional Members. Mex-Bestos paid its delinquent account. Applications were received from Freno, S.A. of Lima, Peru and Artazcoz, S.A.I.C. of Buenos Aires, Argentina.

The Secretary reported that an application for Regional Membership was received by the Institute from Freno, S.A. in May 1983. A bulletin was issued to the Membership advising of this application, along with background information. The application had been reviewed by the Membership Committee by mail ballot, and the Committee recommended acceptance of the application.

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

RESOLVED: To recommend acceptance of the application for Regional Membership filed by Freno, S.A. of Lima, Peru.

The Secretary advised that Duramax, S.A. of Mexico was arrears in payments of the Annual Membership Fee. Duramax had been advised of this delinquency, and was arrears in its payments for the last six quarters. They had been advised of their delinquency and told that if payments were not received, their Membership would be terminated. There has been no reply from Duramax.

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

RESOLVED: To terminate Duramax, S.A.'s Regional Membership in the Institute.

The Mex-Bestos, S.A. Regional Membership was on the agenda due to its delinquency on both trade receivables and fee receivables. The Secretary advised that Mex-Bestos, S.A. had paid in full on its account with the Institute, its check being received the week before the June meeting. No action was taken concerning Mex-Bestos, S.A.

Colfriccion, Ltda., of Colombia was the next Latin American Regional Member in arrears on its account. The Secretary advised that he had written to Colfriccion, Ltda. on this account. No payment or reply had been received as of the meeting date. The Secretary anticipated that Colfriccion would make at least partial payment on its account, so no action was taken. Colfriccion, Ltda. account balance as of June 10, 1983 was $2,104.25. As Abex has a technical licensing agreement with Colfriccion, the Secretary was asked to give Mr. Nelson a copy of the Colfriccion statement.

The Directors discussed guidelines on collections from Regional Members. The Secretary advised that Regionals were billed the Membership Fee in quarterly installments (July 1, October 1, January 1 and April 1). The Secretary noted that he would need some discretion in billing and collecting from Regionals where currency restrictions were put in effect by Members' Governments. This was particularly true with Mexican Members over the 1982-83 period. The Secretary was directed to not make shipments of catalogs to Regionals where that Regional Member was two or more payments in arrears on the Membership Fee. Also, the Secretary was advised to write "dunning" letters to Members who were more than two fee payments (six months) in arrears on their Membership Dues, and to send copies of such correspondence to the Directors.

The Secretary advised that he had met with a Mr. Alberto Kahan, Chief Executive Officer of Artazcoz, S.A.I.C of Buenos Aires, Argentina on June 10, the last business day before the Meeting. Mr. Kahan had earlier applied for Regional Membership for Artazcoz, S.A.I.C., but the application was not complete and he had not enclosed the required $2,000 deposit for the first year's fee. Mr. Kahan had previously met with Mr. Mitchell Comins of P. T. Brake Lining and with Mr. Barton of Reddaway. Mr. Kahan's firm markets their products through Dur-Bloc International. The Secretary advised that Mr. Kahan delivered his personal check for the US $2,000 and completed the application. The application was circulated to the Board Members. It was noted that Artazcoz had plants in Ecuador and Uruguay as well as in Argentina. Their Peru plant was nationalized by the Government.

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

RESOLVED: To recommend acceptance of the application for Regional Membership filed by Artazcoz, S.A.I.C. of Buenos Aires, Argentina.

The Board Members then discussed participation of Members in the affairs of the Institute. It was noted that a special meeting of the Board was called in March of 1983 at the request of Motion Control Industries of Carlisle Corporation, but that there was no one in attendance at this Membership Meeting from Carlisle. The Secretary advised that Mr. Harris had called earlier and advised that he would not be able to attend as he would be hospitalized at that time. A reservation was made by Mr. Harris for Mr. Wayne Kinsey, the Delegate from Carlisle. That reservation was subsequently cancelled as Mr. Kinsey had a conflict in his schedule. The Secretary was directed to contact Carlisle's

Delegate to advise that representation from Carlisle was missed at this meeting. He was further directed to note that Messrs. Vachout and Zacharias had served as Directors of the Institute, and the Directors and Membership would welcome increased participation in the affairs of the Institute by a manufacturer such as Carlisle, a recognized leader in this industry. The Secretary was further advised to copy Mr. Harris on any such communication with the Carlisle Delegate.

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

RESOLVED: To accept the Membership Committee Report as written, subject to revision for the late applications for Regional Membership not noted in that report.

TREASURER'S REPORT

Mr. Simon, Treasurer, read this report. Refer to EXHIBIT 3.

The Treasurer reported on financial data projected to June 30, 1983, based on a trial balance taken on April 30, 1983, with May and June income and expenses estimated for the projection. This report projected 1982-83 excess of income over expenses of about $6,770. This was after provision for the Environmental Affairs Reserve, which the Board set up at the June 1982 Meeting. In addition, it was noted that expenses were close to budget, but that there were some variances, and these were analyzed.

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

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

It was noted that the income should project out $3,000 higher than indicated in the Report, based on the unanticipated payment by Mex-Bestos, S.A. on its account. That payment of $3,151 was received by the Institute on June 9, 1983.

INVESTMENT ADVISORY COMMITTEE REPORT

Mr. Barton, Chairman, read this report. Refer to EXHIBIT 4.

This report noted that Institute Investments should increase from about $175,000 on June 30, 1982 to about $190,000 on June 30, 1983. This increase reflects the projected net income for this year plus the establishment of a Reserve for Environmental Affairs in amount of about $8,000 based on resolutions at the June 1982 Meeting.

Investment Income would increase from approximately $17,500 to $22,000 for the 1982-83 fiscal year. This increase came primarily from higher investments in interest bearing U. S. Treasury notes, and lower investment in the Money Market Trusts.

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

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

The Secretary noted that he found it advisable to leave some funds in the Merrill Lynch Ready Assets Trust so as to earn income from these funds after interest dates, maturity of notes, etc., in order to prevent Merrill Lynch from taking undue advantage of the float between due dates and actual investment of funds when checks were "in the mail".

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

RESOLVED: To authorize the Institute to invest funds in the Merrill Lynch Ready Assets Trust.

BUDGET COMMITTEE REPORT

Mr. W. M. Sleeth is Chairman of the Budget Committee. The Secretary read this report. Refer to EXHIBIT 5.

The Budget Committee Report recommended a 1983-84 Expense Budget of $110,590. Individual items in the expense budget were examined and budget figures assigned. The approximate $3,000 increase in the expense budget over the 1982-83 budget was caused primarily by larger than normal increases in the Provision for Bad Debts, Dues and Subscription Expense, and Insurance Expense. The expense budget did not include the approximately $8,000 Provision for Environmental Affairs established at the June 1982 Meeting. Over half the Expense Budget is for Salaries.

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

RESOLVED: To accept the Budget Committee Report as written.

Based on subsequent discussion and action by the Board, the Salaries figure in the budget was increased by $2,500.

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

RESOLVED: To adopt an Expense Budget of $113,090 (a $2,500 increase over the proposed budget for Salaries) for the 1983-84 fiscal year.

FEE FORMULA COMMITTEE REPORT

Mr. Rob Nelson served as Chairman of this Committee, replacing Mr. Dave Cunningham who had retired. Mr. Drislane read Mr. Nelson's report. Refer to EXHIBIT 6.

The Directors reviewed the proposed budget put forth by the Budget Committee, the projected investment income from the Investment Advisory Committee Report, and the fee categories declared. They concurred with the Chairman of the Fee Formula Committee in holding the fee formula unchanged for the 1983-84 fiscal year.

With these considerations, and including continuance of the provision for Environmental Affairs Reserve at the approximate same figure as in 1982-83, the

Formula should produce a small excess of income over expenses in 1983-84.

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

RESOLVED: To adopt the same fee formula for 1983-84 as was used for 1982-83:
Active Members and Regional 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.

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

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

PUBLIC RELATIONS COMMITTEE REPORT

Mr. William Simon, Chairman of the Public Relations Committee, read his report. See EXHIBIT 10.

Mr. Simon reported on the only Institute press release in 1982-83, the election of Officers at the June 1982 Meeting. This release appeared in several automotive trade magazines, and Mr. Simon particularly paid tribute to Mr. Stuart Comins whom he described as a bastion of productive intensity in forwarding several press releases to the Committee. Mr. Simon also noted completion of the selection of an Institute logo during the 1982-83 fiscal year.

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. Gordon Smith served as Chairman of this Committee, replacing Mr. Phil Grim of Abex who retired in May 1983. Mr. Messier read Mr. Smith's report. Refer to EXHIBIT 8.

This report noted the change in Chairmen, and the change in Committee membership. The report noted final completion of the consolidated 1982 Automotive Data Book, which included brake shoe identification information in the Data Book for the first time. The report covered Committee resolutions on improvement of the Automotive Data Book. These included prominent section numbers in the catalog to enhance ease of use, a new color green for the cover to distinguish it from earlier catalogs, the addition of drawing numbers at the top of pages in the illustration section, use of the new FMSI logo on the cover and a recommendation to maintain fourteen years of model listings in the catalogs. In addition to resolving several specific questions, the Committee voted to proceed with publication of a 1983 Brake Block Identification Catalog.

The Directors reviewed this report with interest and agreed with the various resolutions passed by the Committee. In consideration of the Brake Block Identification Catalog, the Directors stated that the Committee should review and report on the idea of adding heavy duty disc brake linings in that catalog. In consideration of the "heavy duty" class, it was stated that this would be disc brake pads used on vehicles over 10,000 pounds GVW. With this possible addition to the brake block identification catalog, it was recommended that the Committee consider establishing a new set of FMSI Numbers for disc brake pads in this "over 10,000 pounds GVW" category. Currently the 700 series (all in use) and the 7000 series (numbers assigned to 7150) are used for all disc brake pads. The suggestion was that a series such as 900 and 9000 be used. The rationale for this change was that there has been much talk of disc pads replacing blocks on heavy duty vehicles.

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

RESOLVED: That the Data Book and Technical Committee consider
(1) Addition of heavy duty disc brake pads in the next issue of the Brake Block Identification Catalog, and
(2) The assignment of FMSI Numbers outside of the 700 and 7000 Series for heavy duty disc brake pads.

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

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

In reviewing the report, the Directors took no exception to the recommendations of the Committee. However, they noted that this report was open for discussion at the Membership Meeting scheduled for June 15, 1983. Input from the Membership will be asked at that meeting.

BRAKE PERFORMANCE STUDY COMMITTEE

Mr. Wayne Matthes of Abex is Chairman of this Committee. Mr. Nelson, also of Abex and former Chairman of the Committee read this report. See EXHIBIT 7.

The report noted the revision of Regulation V-3 by the Vehicle Equipment Safety Commission, in line with Institute recommendations for granting V-3 approval where certain linings have friction ratings below ED. The report noted the demise of the VESC subsequent to this revision. The changes at AAMVA, where the Equipment Approval Program was replaced with a Safety Equipment Compliance Program, were discussed. The Chairman conducted a poll of four manufacturers who all indicated they were continuing with the AAMVA's Compliance Program.

The Chairman reported on formation of a task force called the Truck/Trailer Brake Research Group. This group was chaired by Sid Williams of NHTSA, with participation by American Trucking Association (ATA), Motor Vehicle Manufacturers Association (MVMA) and Truck Trailer Manufacturers Association (TTMA). The problem is with compatibility of brakes between the towing vehicle and the trailer. Mr. Williams will be contacting the Institute for input.

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

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

HEALTH AND ENVIRONMENTAL AFFAIRS COMMITTEE

Mr. Jim Armstrong of Bendix is Chairman of this Committee. Mr. Messier read the Chairman's report. Refer to EXHIBIT 9.

Mr. Armstrong reported on activities taken by the Committee and the Institute since the last meeting. This included a review of a Mount Sinai report on a NIOSH contract entitled "Investigation of Health Hazards in Brake Lining Repair and Maintenance Workers Occupationally Exposed to Asbestos." This report was unable to show an excess incidence of asbestos-related diseases in the workers studied. The Institute also distributed guidelines on repeated OSHA violations, forms for compliance with EPA requirements for asbestos reporting, and an update on progress of compensation legislation for asbestos diseases. In summary on compensation, there has been no actual progress on the legislative front.

Mr. Armstrong reported on OSHA's plans to accelerate its schedule for revision of the permissible exposure levels (PEL) for asbestos. In accordance with OSHA's announced plans, there should be an advance notice of proposed rulemaking early this Summer. The Directors concurred that if OSHA does come out with proposed rulemaking in this area that the Institute should respond.

In attempting to qualify OSHA's possible PEL's, it was stated that OSHA may, after some lower proposals, adopt a ceiling exposure of 5 fibers per cc (down from 10) and to a time weighted average exposure of 1 fiber per cc (down from 2). Any such projections are conjecture at this time as no one has seen any OSHA drafts.

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

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

PRODUCT LIABILITY INSURANCE

This item was added to the agenda for this meeting. This subject had been discussed at the special meeting of the Board of Directors on March 1, 1983 at which time it was resolved to extend an invitation to an insurance broker to address this June meeting on such areas as group liability insurance, possible off-shore insurance and other forms of joint insurance in the product liability area. Prior to the meeting, the Institute was advised that Frank B. Hall, an international insurance broker, declined the invitation to address the Institute on group product liability insurance.

Among the suggestions at the outset of this discussion was whether the Institute should consider product liability insurance through its Health and Environmental Affairs Committee, or should a new Committee be formed for this purpose. Based on the Frank B. Hall invitation it was stated that insurers are not particularly interested in additional business when that business involves asbestos. A Director stated that it was a "lesson in Futility" when attempting to secure product liability insurance where asbestos products are involved. It was also noted that in the field of general product liability insurance, asbestos is specifically not covered. In one case, a Director stated that up to within 30 days of policy renewal, one cannot be sure if coverage will be renewed if the insured has used or is using asbestos in his products.

An area of significant cost is the legal fee. These fees in some cases are as costly to the manufacturer as the actual settlement. The suggestion was made that since all defendants in these cases have similar exposure that much of the additional cost for legal fees could be controlled if one Lawyer or Law Firm represented several or all of the defendants. Another Director stated that it would be difficult to get his Corporate Counsel to pool the defense when in many cases the settlements are allocated to one manufacturer or the other after difficult negotiations between defendant parties and plaintiff/defendant counsel. Counsel noted the likely conflict of interest problem in having one Law Firm represent more than one client where there are possible different culpabilities and thus potential exposures depending on the factual circumstances. After additional discussion on possible conflicts, no action was taken as regards group product liability insurance.

PRODUCT LIABILITY ALLIANCE

The Secretary read from a solicitation from the Product/Liability Alliance, which is a pooling of several manufacturers and trade associations to lobby for federal legislation in the product liability area. The Alliance was asking for the Institute's support and a $100 contribution. The Directors took no action on this request.

ANNUAL MEETING COMMITTEE

Mr. Jay Moore is Chairman of the Annual Meeting Committee. Mr. Barton read Mr. Moore's report. See EXHIBIT 13.

In summary, Mr. Moore recommended that the Institute not return to LaCosta in 1985, but select a site in other areas--primarily the Northeast or Midwest. The sites recommended were: (1) Radisson Ferncroft, Danvers, Massachusetts, (2) Dunfey-Hyannis, Hyannis, Massachusetts, (3) Carson Inn, Itasca, Illinois, (4) Abbey on Lake Geneva, Lake Geneva, Wisconsin and (5) Inn of the Mountain Gods, New Mexico.

The Ferncroft was ruled out as it develops that the property is in foreclosure. The Abbey at Lake Geneva was ruled out as it did not have golf on its property. The New Mexico location was ruled out as to difficulty of access. The Directors selected the Dunfey-Hyannis Hotel and Resort as Number 1, and the Carson Inn-Nordic Hills Resort as Number 2.

A comment was made that the Cape Cod area in mid June might be risky from a weather viewpoint.

Selection of the LaCosta site for 1984 was questioned. At this date the only commitment the Institute had made to LaCosta was a $100 deposit, so there was little to be lost by cancellation at this time. After additional discussion, the Directors stated that the Institute would keep its LaCosta commitment for 1984.

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

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

RESOLVED: To select Dunfey-Hyannis Hotel and Resort as Number 1 choice for 1985 with Carson Inn-Nordic Hills Resort as Number 2 choice.

HISTORICAL SALES REPORTING

Mr. Drislane read his report on Historical Sales Reporting. See EXHIBIT 12.

The report for calendar 1982 indicated improved consistency of reporting over that of the prior year. There was relatively regular reporting by 19 Members during 1982. There were no criticisms of the data during the year.

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

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

INSTITUTE PENSION PLANS

Mr. Drislane and Mr. Simon are Trustees of the Pension Plan for Miss Duschek. Refer to Mr. Drislane's report, EXHIBIT 10.

The Secretary advised that the Institute established a Simplified Employee Pension Plan (SEP) in 1980, replacing a Defined Benefit Plan which was terminated earlier that year. The Institute contributes 15% of eligible employees' salaries. The contribution for 1982-83 was $6,912. The preliminary budget figure for contribution in 1983-84 is $7,800. The Institute has no control over investment of contributions after they are made. There is a minimum of paper work for the SEP.

The Trustees reported that the Trust for benefit of Harriet Duschek would have total assets of about $53,100 at June 30, 1983. This Trust was started with a $55,000 contribution on January 1, 1980, meaning that Principal has been invaded for only $1,900 as of this June 30, and payments have been made at the $550 monthly rate for 3-1/2 years.

The Secretary advised that based on recommendations at the June 1982 Meeting, Miss Duschek's payments are being made to a direct deposit account at Miss Duschek's Savings and Loan Association. A Director inquired about Miss Duschek's health. The Secretary had visited Miss Duschek in the Summer of 1982. Her health at that time was not good, as she was forgetful, disorganized and confused. She has apparently failed further since that time. She is apparently approaching senility, and the Secretary advised that some acquaintances in this area were trying to get her into a Nursing Home.

Questions were asked as to the status of the Trust payments to the direct deposit account. If Miss Duschek becomes a charge of the State, County or City, what would be the status of these payments? Would they be taken by the State, County or City for Miss Duschek's benefit? While Counsel indicated the status of these payments would be determined by New York law, it was suggested that the Institute check with local acquaintances who were trying to make arrangements to get Miss Duschek into a Nursing Home. The Secretary was asked to follow-up on Miss Duschek's status.

OTHER BUSINESS

Mr. Comins asked that the Institute consider taking a position on stopping the manufacture of asbestos brake linings. He suggested that this could be done in the form of a comment on OSHA proposals on asbestos control or in whatever form might be considered the best approach for announcing such a position. An advantage of taking the "stop manufacturing" approach is the possibility that the Government could take a position that asbestos brake linings could not only not be manufactured but that they could not be sold after a certain date. Mr. Comins stated that taking such a position might put this industry into a better posture before Government and the public. The Directors considered Mr. Comins' suggestions and recommended that this subject be an agenda item for the June 15-16 Membership Meeting. This would be brought up under the "New Business" section of the agenda.

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

RESOLVED: To adjourn

Adjourned at 12:20 PM.

E. W. Drislane
Secretary