# MINUTES OF MEETING

# OF THE

# BOARD OF DIRECTORS

**Monday, June 10, 1991**

**Harrah's Lake Tahoe**

**Stateline, Nevada**

## DIRECTORS PRESENT

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|---|---|
| Robert E. Nelson | Abex Corporation - Friction Products Group |
| Rita Grisham | Ferodo America, Inc. |
| Ron Randall | HKM of California, Corp. |
| William Wood | Motion Control Ind. |
| Doreen Tomao | Raymark Friction Company |
| F. William Barton | Reddaway Manufacturing Co. |

## OTHERS PRESENT

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| Larry Mintman, President | Certified Brakes<br>*Allied Signal, Inc.* |
| Douglas Willsie (Chairman, Data Book & Technical Committee) | ITT Automotive Parts Supply Div. |
| Thomas P. Weldy, Counsel | Payne, Morehouse, Shafer & Harlow<br>Attorneys at Law |
| Gilbert N. Laycock | Friction Materials Standards Institute |

## DIRECTORS ABSENT

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| Ron Tygar | Ultra Brake Corp. |

Mr. Mintman, President, called the meeting to order at 8:35 A.M.

## MINUTES OF PREVIOUS MEETING

The Secretary advised that minutes of the Board of Directors Meeting of June 11-13, 1990 had been distributed. The President suggested that a reading of the minutes be dispensed with, as no corrections had been suggested. Upon motion duly made, seconded and unanimously approved, it was:

> RESOLVED: To accept the minutes of the meeting of the Board of Directors of June 11-13, 1990 as written.

## ELECTION OF VICE-PRESIDENT

Due to the loss of Larry Belans as Vice-President, the President asked for nominations for the office of Vice-President. The Nominating

Committee recommended Ms. Rita Grisham for the office of Vice-President. This nomination was seconded.

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

RESOLVED: That the nominations for the office of Vice-President be closed.

The Secretary was instructed to cast one ballot for the election of Ms. Rita Grisham as Vice-President. The Secretary advised that the ballot had been cast.

A discussion followed concerning the replacement of Ms. Rita Grisham as Treasurer. It was decided to defer this election until the meeting of the new Board of Directors on June 11, 1991.

## PRESIDENT'S REPORT

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

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

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

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

## MEMBERSHIP COMMITTEE

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

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

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

RESOLVED: To accept the Membership Committee Report as written.

## DELINQUENT FEES

There was one Regional Member, Friccion SA of Mexico who had open invoices going back one year and had not responded to our dunning letters of 1/3/91 and 4/1/91 or our dunning fax of 5/21/91. Services to them were terminated as of April. One Director asked what happens if the Membership is terminated and we then receive a check. From past examples it is necessary to go through the application process all over again. Based on this the Board decided to defer any termination vote for 90 days and Friccion SA will be notified that the Board will vote on termination at that time if no payments are received.

## POTENTIAL LOSSES OF MEMBERSHIP

The Secretary advised the Board that there is one definite loss and two possible losses of Active Members. They are:

- Distex Industries a Division of Brake Parts Inc., advised on May 1, 1991, that they will be discontinuing Membership as of June 30, 1991. Their dues are paid in full through June 30, 1991.
- Heavy Duty Friction Group in Lawrence, Massachusetts has announced their plant closing targeted for October. Their Membership may continue under Midland Grau but it is not sure at this time. Membership dues are paid through June 30, 1991.
- Abex is considering consolidating the Canparts Membership under Winchester. Canparts still owes the fourth quarter Membership dues.

## TREASURER'S REPORT

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

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

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

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

## INVESTMENT ADVISORY COMMITTEE REPORT

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

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

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

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

## BUDGET COMMITTEE

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

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

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

RESOLVED: To accept the Budget Committee Report as written.

## FEE FORMULA COMMITTEE REPORT

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

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

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

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

RESOLVED: The Board of Directors recommend to the Membership that the fee structure for the next fiscal year remain the same as last year.

A discussion followed concerning the establishing of defined triggers to raise or lower Membership Dues. The concern was to not put our status as a not-for-profit trade association in jeopardy. The Institute's reserve has grown from $14,801 in 1948 with the assets of the Brake Lining Manufacturers Association (BLMA) to $255,000. This is an annualized rate of growth of approximately 7%. The simplest and most workable was to compare the last three years average excess of total income over expenses to the total reserve. Using 6% and 0% of the total reserve as triggers to lower or raise dues. This was one of the options put forth by Marshall Granger & Company. It is simple and workable. One Director noted that in nine of the past ten years our budget was more than our operating income and that any excess income was derived from income from reserve but that a portion of the income from reserve was used to cover operating expenses.

## BRAKE PERFORMANCE STUDY COMMITTEE REPORT

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

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

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

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

Bob Nelson also reviewed the SAE J1801 and J1802 procedures. Several years ago the American Trucking Association (ATA) petitioned NHTSA to recognize the procedures and Representative John Dingle from Dearborn, Michigan is also involved and is pressuring NHTSA to get the procedure adopted.

The impact of whatever the final ruling is for truck and brake block, will also be felt eventually on the automotive side because there is a similar group under Jim Trainor working parallel but perhaps a little behind the truck group for the automotive side.

## DATA BOOK AND TECHNICAL COMMITTEE REPORT

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

Mr. Willsie noted the roster revisions of the Committee during the past year and presented the current roster of the Committee. There were no meetings of the committee during the past year, however, agenda items have been accumulated for the next meeting and are included in the report. New part number assignments during the past year were detailed and overall represent a 21% increase over the 1989-90 fiscal year.

Computerization of the catalog data was noted to have an effect on speed of preparation, accuracy and cost of the catalog. He acknowledged those who have contributed new part information to the Institute and asked for continued support of the membership.

A tentative list of agenda items for the Data Book and Technical Committee was presented. These agenda items are an accumulation of questions or topics which were gathered since the last meeting.

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

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

A discussion followed concerning the possibility of adding an agenda item to determine either by application or by set identity those parts which are asbestos or non-asbestos as original equipment.

It was suggested that the Data Book and Technical Committee try to have a meeting prior to the APRA Meeting in October and since a number of the Board Members will be in Nashville for the APRA Meeting the Data Book and Technical Committee could report to the Board at that time.

## HEALTH AND ENVIRONMENTAL AFFAIRS COMMITTEE

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

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

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

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

A discussion followed concerning the implementation dates of the asbestos processing ban which are August 25, 1993 for clutch facings and August 25, 1996 for automotive brake linings. A letter from Ed Eggert of REDCO was read. It was essentially a position paper concerning the effect of the asbestos processing ban on Reddaway and its customers and the cost impact of the ban on the end users. It asked that FMSI and all the Members of FMSI to write their congressmen to put forth the industry position.

## INSTITUTE PENSION PLANS

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

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

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

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

## HISTORICAL SALES REPORTING

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

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

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

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

## ANNUAL MEETING COMMITTEE REPORT

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

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

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

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

Larry Mintman brought up the possibility of holding the meeting over a weekend to take advantage of over-weekend air fares and reduce the time out-of-office for the Membership. A tentative schedule would be Board of Directors Meeting on Saturday and Membership Meeting on Sunday and Monday. The Secretary advised that changing the meeting to over a weekend would require a Constitution revision. As Article VII Membership Meeting Section 1 states "the Annual Meeting of the Members shall be held each year on a Tuesday and/or Wednesday in June at a place to be designated by the Board of Directors or by the President."

It was suggested that the change be presented to the Membership and if favorable response is received the Constitution revision can be undertaken as soon as possible.

## OTHER BUSINESS

The Secretary asked if the list of invitations could be expanded to include Licensee Members. Those currently invited to the Annual Meeting are Active Members and Regional Members exporting to the U.S. The Institute has received input and information from the Licensees and over the past few years several Licensees have asked to attend.

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

RESOLVED: To expand the list of invites to the Annual Meeting to include Licensee Members.

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

RESOLVED: To adjourn

Adjourned at 12:05 P.M.

G. N. Laycock
Secretary