MINUTES OF MEETING

of the

BOARD OF DIRECTORS

Wednesday, April 5, 1989

Sheraton-Newark Airport, Elizabeth, New Jersey

DIRECTORS PRESENT

Robert E. Nelson	Abex Corporation Friction Products Group
Arthur V. Moore	Carlisle Corporation Motion Control Industries
Rita Grisham	Nuturn Corporation
F. William Barton	Reddaway Manufacturing Co.

OTHERS PRESENT

W. Max Sleeth, President	HKM of California, Corp.
Edward W. Drislane, Secretary	Friction Materials Standards Institute
Gilbert N. Laycock	Friction Materials Standards Institute

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Mr. Sleeth, President, called the meeting to order at 9:00 AM. It was noted that a quorum was present. The Secretary advised that three Directors had earlier advised that they would be unable to attend this meeting.

MINUTES OF PREVIOUS MEETING

The minutes of the previous meetings of June 13-14, 1988 had been distributed. It was suggested that the Secretary dispense with the reading of the minutes. Upon motion duly made, seconded and unanimously passed, it was:

RESOLVED: To accept the minutes of the Board of Directors meetings of June 13-14, 1988 as written.

ELECTION OF OFFICERS

Officers were elected at the June 14, 1988 Board Meeting to serve until June 30, 1989. With the hiring of Mr. Laycock to replace Mr. Drislane, it was recommended that Mr. Laycock succeed Mr. Drislane as Secretary of the Institute. Mr. Sleeth called for nominations for the office of Secretary. The name of Mr. Gilbert N. Laycock was presented to serve as Secretary. The nomination was seconded. Upon motion duly made, seconded and unanimously passed, it was:

RESOLVED: That nominations for the office of Secretary be closed.

Whereupon Mr. Drislane was instructed to cast one ballot for the election of Mr. Laycock as Secretary. Mr. Drislane advised that the ballot had been so cast.

It was recommended that a new interim office of Assistant Secretary be established to ease the transition at the Institute Office. Mr. Sleeth called for nominations for the office of Assistant Secretary. The name of Edward W. Drislane was presented to serve as Assistant Secretary. The nomination was seconded. Upon motion duly made, seconded and unanimously passed, it was:

RESOLVED: That nominations for the office of Assistant Secretary be closed.

Whereupon the Secretary was instructed to cast one ballot for the election of Mr. Drislane as Assistant Secretary. The Secretary advised that the ballot had been so cast.

With the elections noted above, the following will serve as Officers of the Institute until June 30, 1989:

W. Max Sleeth	-	President
Larry Mintman	-	Vice President
Larry Belans	-	Treasurer
Gilbert N. Laycock	-	Secretary
Edward W. Drislane	-	Assistant Secretary

BANKING RELATIONSHIP

It was noted that it was the intention of the Institute to continue its banking relationship with The Midland Bank, Paramus, New Jersey. Mr. Laycock would establish a bank account in Connecticut later this year for the Institute's regular and payroll accounts. Upon motion duly made, seconded and unanimously passed, it was:

RESOLVED: That The Midland Bank, Paramus, New Jersey, be and hereby is designated as a depository of this corporation.

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

RESOLVED: That, until further order of this Board of Directors, any funds of this corporation deposited in The Midland Bank be subject at any time and from time to time upon checks, notes, acceptances or other instruments or orders of payment when signed on behalf of this corporation by the President, Vice President, Treasurer, Secretary, Assistant Secretary, with 2 signatures required for the Regular Account and 1 signature required for the Payroll Account.

The Merrill Lynch Cash Management Account was discussed. Mr. Laycock will replace Mr. Drislane, and it was recommended that the Treasurer and the President be authorized to place security orders and sign checks for the Cash Management Account. Upon motion duly made, seconded and unanimously passed it was:

RESOLVED: That the President, Treasurer, and the Secretary be authorized to transact business for the Institute's Cash Management Account at Merrill Lynch.

HARRIET G. DUSCHEK PENSION TRUST

Mr. F. W. Barton and Mr. E. W. Drislane have been acting as Trustees for the Pension Trust for benefit of Harriet G. Duschek. It was recommended that Mr. Laycock replace Mr. Drislane as Trustee and that Mr. Barton continue as a Trustee. Also, it was suggested that a third Trustee be named, and Mr. Mintman's name was suggested. Upon motion duly made, seconded and unanimously passed, it was:

RESOLVED: That the following serve as Trustees of the Pension Trust for benefit of Harriet G. Duschek: Mr. F. William Barton, Mr. Gilbert N. Laycock, and Mr. Larry Mintman.

RESERVE FOR ENVIRONMENTAL AFFAIRS

The next agenda item called for a review of the Institute's Reserve for Environmental Affairs. There is a $29,200 credit balance on the Institute's books, a reserve for which charges were made against income over four fiscal years (those ending June 30, 1983, 1984, 1985 and 1986). This has been shown on our financial statements as a separate item under our "retained earnings" section. It is in essence a restricted fund section of our accumulated excess of income over expenses.

A Director asked about the origin of this reserve. Mr. Drislane advised that this was set up in 1982 at the urging of Mr. Stuart Comins. The reserve was to be accumulated by an approximate 10% increase in the membership fees, which increase was put into effect during the 1982-83 fiscal year. The reserve was established for possible Institute funding of consultant fees, captive-insurance start-up or for contacting regulatory authorities as concerns problems with asbestos, the handling of hazardous waste, etc.

The fee increase was rescinded two years later, and the charges to income ceased after the fiscal year ended June 30, 1986. There is no continuing need for this reserve.

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

RESOLVED: To remove the Reserve for Environmental Affairs from the Institute's Balance Sheet and take this $29,200 into income in this 1988-89 fiscal year.

ANNUAL MEMBERSHIP MEETING AT SAWGRASS

Mr. Drislane advised that when he attempted to make the booking for Sawgrass for the June 1989 meeting, he was referred to the Marriott at Sawgrass as rental agent. After several interchanges with the Marriott, it became apparent that they were attempting to rent us space in the Marriott and in Villas adjacent to the Marriott. Mr. Drislane could not get a commitment from the Marriott for the villas on the ocean side of Highway AlA, where past Sawgrass accommodations were located. In December 1988 it became obvious that the Marriott could not provide us with these accommodations, and at that time the Institute contacted the Sawgrass Country Club. Arrangements were made with representatives of the Sawgrass Country Club who could accommodate us in the Villas and the Oceanside Suites that were used during our 1986 Sawgrass meeting.

As we are dealing with the Sawgrass Country Club, the Institute would not be able to recover the cost of the Tuesday Evening Banquet by a meal surcharge or an MAP plan. The Institute has had a $10 registration fee for the past 20 years. Since that fee was established, we have added a reception for the Members (hors d'oeuvres and cocktails) on Monday Evening, and have invited the spouses or guests of Members to the Reception and Banquet on Tuesday Evening. All these affairs are subsidized by the Institute, and since it cannot recover part of the cost by a separate meal charge, it is suggested that an increased registration fee for both Member and guest be established. A registration fee of $30 was suggested, and one Director questioned if that would be sufficient. While it would not cover the cost of the reception/banquet on Tuesday Evening, it would at least make a dent in the total bill.

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

RESOLVED: To establish a $30 Registration Fee for both Member and guest for the June Membership Meeting, effective with the June 1989 Meeting.

In response to another question, Mr. Drislane advised that the Meeting was scheduled for June 18-21, 1989. June 18 is a Sunday, and that would be arrival day for Officers, Directors, and Technical Committee Chairmen. The full membership would arrive on Monday, June 19. Wednesday, June 21 would be departure date.

Mr. Drislane advised that because of its current organization, the Sawgrass Country Club could not provide us with the usual Board of Director's Dinner on Sunday night. They could, however, provide us with hors d'oeuvres and bar service in Mr. Drislane's Villa, but without the full dinner. It was suggested that with this arrangement, spouses and guests of the Officers and Directors could attend, and this might be preferred to the formal reception and dinner for Officers and Directors only.

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

RESOLVED: That a reception and bar service at Mr. Drislane's Villa be scheduled for Officers, Directors, and Technical Committee Chairmen and their spouses/guests for Sunday Evening, June 18, 1989.

A Director asked where attendees would go for registration. At earlier Sawgrass meetings, guests checked in at a facility immediately to the West of The Sawgrass property, on the road leading into the TPC Golf Course. This building was also part of the realty sales group of Arvida/Sawgrass. Mr. Drislane stated that he did not know the specific registration location or procedure at this time, but would hope to have it straightened out when the meeting notices go out to the Members.

FEE BILLING - MEMBERS

Mr. Drislane noted that Virginia Friction Products of Walkerton, Virginia had not paid its membership fee for the first half of the 1988-89 fiscal year. Mr. Sleeth advised that Virginia Friction is no longer in business and that their assets had been acquired by Total Brake Industries Ltd. of Quebec, Canada. It was further noted that with this acquisition, Total Brake Industries would now have two categories - the disc pads manufactured in Quebec and the drum linings now coming from the Virginia plant.

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

RESOLVED: To terminate the Virginia Friction Products Membership for failure to pay the membership fee.

Ms. Grisham asked about the change in category declaration by Nuturn where it dropped the clutch facing category and now is reporting 3 categories rather than 4. Mr. Drislane, advised that in the reduction from 4 categories to 3 categories, that Nuturn would still be in Class 1, the top class of directors. With either 3 or 4 categories, the fee payable to the Institute is "within the top one-third bracket of annual fees paid." There would be no change in the eligibility of a representative from Nuturn having a seat on the Board as a Class 1 Director.

Mr. Laycock was asked about the general organization of various Echlin/Brake Systems/Raybestos marketing and manufacturing operations. He noted that in March 1985 Echlin acquired the Brake Systems Div. of Raymark Corp. with manufacturing facilities in Stratford CT (automotive) and Peterborough Ont. (block) selling under the Raybestos trademark. The Sales & Marketing Depts. were transferred to Franklin Park IL in June 1986 and more recently to Elmhurst IL. The Peterborough facility was closed in July 1987 with equipment transferred to Friction Materials Inc. (formerly PT, BT, Autofriction) Lawrence MA, Prattville Manufacturing Inc. (formerly Molded Industrial Friction) Prattville AL and Itapsa, Mexico City. The Brake Systems Inc. side of the manufacturing facility in Stratford CT closed in March 1988 (The Raymark Manufacturing in Stratford continues but is part of Raymark Corp. in Manheim PA, not Echlin). The equipment in Stratford was transferred to Distex Ind., Montreal, Distex Ind., Milton, Ont., FMI, Lawrence, MA, PMI, Prattville AL, and Itapsa, Mexico City. Brake Systems Inc. has become part of Brake Parts Inc., an Echlin subsidiary. Raybestos Products Company in Crawfordsville,IND. is a subsidiary of Raytech Corp. with no connection with Echlin. Mr. Laycock disclaimed knowledge of these operations since January 13, 1989, and changes may have been made since then of which he is unaware.

MOVE OF OFFICE FROM NEW JERSEY TO CONNECTICUT

Of the questions on leasing in Connecticut and terminating the lease in New Jersey, the most immediate problem is with the lease in New Jersey. For background, the current lease in New Jersey involves a monthly rental of $1,157.03. This is for an 830 square foot office, which is adequate for current Institute operations. This figures out to a nominal rental of $16.73 per foot. (1157 x 12) ÷ (830).

It was noted that if the Institute were to terminate its lease at September 30, 1989, it would still have 27 months to go with a projected liability of $31,240. However, it must be noted that the $1,157.03 figure is part basic rent and small parts due to escalation and electricity charge. The monthly rental is figured as follows:

Minimum Rent	$1,020.90
Escalation	80.46
Electricity	55.67
Total	$1,157.03

As a refund was received on the 1987 "escalation" and the electricity would not be used if not there, there may be some allowance in these areas, but the best that can do is $136.16 per month or $3,675 over 27 months. There is a $533.33 rent security deposit held by the landlord.

Certain figures were discussed and the possibility of sub-leasing was noted. A Director suggested that the Institute could consider $10 a square foot rental which might be of interest to prospective tenants. Over 24 months this would amount to about $16,600 recovery of rent. As regards the mechanics of a sub-lease, it was suggested that the Institute could engage a realtor to arrange the sub-lease and act as a rent collection agent.

It was suggested that before going further on this, that the Institute contact the landlord and ask about: (1) A possible buy-out of the remaining 27 months of the lease - assuming September 30; (2) Arrangements to sub-lease the office space. Mr. Drislane was asked to write the landlord to get information on these two possibilities. This data is to be collected so that it would be in form for review by the Board of Directors at the June 1989 Meeting.

As regards the Connecticut lease, Mr. Laycock was asked to gather facts on the availability of space in the 830 square feet area, along with rental costs and lease terms - 5 years, 3 years, etc. It was asked that preliminary data be gathered in this area and be ready for the Board of Directors at the June 1989 Meeting.

PROFESSIONAL SERVICES

Our auditors Marshall Granger & Co., CPA are located in Mamaroneck, New York. We have had the same auditors since before 1970, and they do our historical sales reporting work as well as the audit. They were asked if they service clients in the New Haven area and they replied that they have clients in that area. Mr. Laycock advised that Shelton, Connecticut is nearer Mamaroneck than

Paramus. It was agreed that Marshall Granger & Co. would be kept as the Institute accountants after the move to Connecticut.

Mr. Drislane noted that at the June meeting it is the practice to engage or retail legal counsel for the ensuing year. Our By-Laws read as follows:

> At each annual meeting of the Members of the Institute, legal counsel shall be retained by the Board of Directors to serve at the pleasure of the Board. It shall be the duty of the Secretary to send such counsel notice of all meetings of the membership and the Board of Directors, and it shall be the duty of such counsel to be present at all such meetings.

Mr. Drislane suggested that since the Office will be moving to Connecticut, the new Secretary may wish to engage counsel in that area after the move. He further suggested that preparatory to the next Board meeting where counsel will be retained, that the Board decide its course of action. It could recommend that counsel be engaged on a time and charges basis for any work in the Paramus area, and that new counsel be retained after the move to Connecticut.

It was noted that this section of the By-Laws was the work of Mr. Les Stickles, first counsel to the Institute after its incorporation as the Friction Materials Standards Institute. This section was amended once to make it less onerous on the Institute. Mr. Drislane advised that if this section was to be changed, it would require balloting by the full membership.

A Director asked about requirements of other associations. Mr. Drislane stated that he had seen charters or By-laws without specific reference to retention of legal counsel. He was asked to search his files and send the Board copies of the wording used by other associations on retention of counsel. The Board Members asked that this information be circulated before any action is taken on amendment of this section of the By-laws.

As regards action at the June 1989 meeting, upon motion duly made, seconded and unanimously passed, it was:

> RESOLVED: That any retention of counsel for the period immediately after July 1, 1989 be made on a time and charges basis and not on a retainer basis for the full fiscal year.

Mr. Drislane will review wording in other associations' Constitution or By-laws as regards retention of counsel and forward it to the Board before taking further action as regards amendment of the Institute's By-laws.

ACCESS TO PRODUCT INFORMATION

The President noted that under the subject of other business, he is concerned about what Mr. Drislane considers the biggest problem facing the Institute - access to product information. Mr. Drislane has noted that his access to brake lining data at General Motors is through Don Emrick, of Delco Moraine

Division and for Chrysler, through Jim Knoll now at Chrysler Brake Engineering in Highland Park. The Ford information comes primarily through Bendix. The most difficult areas are in providing detail prints of disc brake steel, and in getting detailed lining drawings (disc or drum) on the imports. This is particularly true for the medium to heavy imports such as Iveco, Isuzu, Hino, and certain captive imports for GM, International, etc.

It was suggested that FMSI purchase parts and make drawings from the purchased parts. The Institute has an arrangement with one member where we are provided parts and the Institute prepares drawings from these parts. This is the case with all imported passenger cars and light trucks both disc and drum. However, these drawings are general illustrations, and do not have detailed dimensions.

As most imported cars use integrally molded discs and there is some movement towards domestics taking integrally molded discs, the Institute has been able to provide disc pad assembly drawings. However, where domestic disc pads are riveted, there has been difficulty in accessing drilled pad drawings and steel drawings.

One Member noted that his company prepared drawings for certain imported disc pads and would be willing to provide copies to the Institute.

One Director stated that there is a problem in providing detailed prints to the Institute where the original equipment customer states that their drawings are proprietary or confidential. This makes it difficult for the original equipment lining supplier to provide the Institute with certain prints. There was discussion on this problem.

It was suggested that the members be advised that the Institute can make FMSI assignments even where certain detail dimensions are removed or where alternate drawings with general dimensions are used. It was suggested that this might make the members more amenable to providing drawings.

It was noted earlier that the Institute prepares most of the imported drum and disc releases from samples, without detail dimensioning. It was recommended that the Institute add disclaimer wording on these prints that the drawings or illustrations were prepared from samples and are not presented as detailed manufacturing prints.

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

RESOLVED: That the Institute add disclaimer language on its prints prepared from samples that drawings were prepared from samples and that these prints were not to be considered manufacturing prints.

<u>OTHER BUSINESS</u>

A Director asked about a recent Institute Bulletin on used equipment and machinery, and if there had been much response to that bulletin. Mr. Drislane advised that there had not been a significant response, and that those who had replied were interested in purchasing equipment. There were no replies indicating equipment for sale. This information will be released in a bulletin shortly.

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

RESOLVED: To adjourn

Adjourned at 11:30 AM.

E. W. Drislane
Assistant Secretary