FILE NAME: Friction Materials Standards Institute (FMS)

DATE: 1986 Mar 11, June 17 & June 18

DOC#: FMS065

DOCUMENT DESCRIPTION: Board of Directors Meeting Minutes, Some Missing Pages (patterned after SAE J661) is not satisfactory as a rating means for brake linings and particularly for brake blocks.

Members of SAE are aware that SAE J661 is not a satisfactory procedure for brake lining evaluation. The first draft procedure from the Brake Effectiveness Task Force addressed two principal objectives stated by the TTBRG: (1) A meaningful test procedure; (2) permanent identification. Mr. Nelson stated that the draft procedure is workable and that the procedure is aimed at aftermarket blocks. A full brake test on an inertia dynamometer patterned after the requirements of Federal Motor Vehicle Safety Standard 121 (DOT 121) is a start as regards developing a meaningful test procedure.

A question was raised as to how the Institute or its Members can participate in the work of developing a new procedure. This can be done through the Institute's Brake Performance Study Committee. This Committee has representation from most of the block manufacturers: Abex, Bendix, Brake Systems, Carlisle, Nuturn and P.T. Brake. There are representatives of several of these same companies on the SAE Brake Effectiveness Task Force (Abex, Bendix, Brake Systems and Carlisle). In addition, Mr. Drislane is a Member of the SAE Task Force. The Institute has been requested to comment on Task Force recommendations. The Brake Performance Study Committee has been sent copies of all Task Force work to date and while it has met on earlier TTBRG correspondence, it has not commented to the Institute on the Task Force work. The individuals who serve on the Task Force are not the same as those who sit on the Institute's Brake Performance Study Committee. The Task Force representatives have commented in detail to the Task Force during its meetings.

The Brake Performance Study Committee will be asked directly to comment to the Institute so that these comments can be relayed to the SAE Task Force. Also, the Secretary was asked to advise the full Membership concerning SAE Task Force activities and these draft recommendations.

PRODUCT LIABILITY INSURANCE

Mr. Christopher Robinson, of Leslie & Godwin in London, and of Frank B. Hall in the United States, was invited to attend this Board Meeting to advise on the feasibility of setting up a captive insurer for interested Members and advise on the availability of reinsurance from Britain or Europe. Mr. Robinson invited Mr. William Andrus of the Wyatt Company (Actuaries) to attend and explain the organization and funding of either a captive or other group insurance. It was also pointed out that the Asbestos Information Association (AIA) was referring the question of a captive to a consulting group, Tillinghast, Nelson and Warren of New York City. The AIA initiative was seeking product liability insurance with asbestos coverage. Institute Members have found that no insurance company is interested in writing product liability insurance with brake lining manufacturers even with an asbestos exclusion. Insurers have found that the courts in the United States have been rather liberal in their interpretations on asbestos exclusions, and the insurers have generally been strongly negative where a manufacturer has had any association with asbestos.

A Director cited general minimum need for twelve interested Members to form a captive. The basic requirement was no less than 10 participants, but to have the organization viable, a few more than the absolute minimum would be needed because of questions of subsequent withdrawal, etc. The need for full disclosure before forming a captive was noted. This means that the organizers would have to disclose their losses and a committee or organizing group would have access to this information. Any insurance coverage would have to be for occurrences coming after organization of the captive - coverage would not be for injury suffered before its organization.

It was suggested that to be truly an effective insurance program, it would be necessary to go beyond 12 or so Members. The insurance should be made available to distributors, rebuilders, and other customers. In that way a larger premium base would be established along with a greater spreading of the risk.

Mr. Andrus led off the discussion. The first question asked was "How many Members are prepared to purchase product liability insurance with an asbestos exclusion?" No such answer could be developed at this Meeting, as only two or three of the Directors/Officers attending this meeting are responsible for liability insurance at the Member firms. Mr. Andrus emphasized the need to share information such as premiums and losses. Also, he reiterated the need for committment by the organizers along with self discipline. Mr. Andrus also suggested that it would be desirable if the larger Members who now either self-insure or have coverage would participate.

Certain locations for the captive insurance residence were noted, including Canada, Vermont, Bermuda. All have different laws governing capital requirements and participation for establishing a captive. Before any such decision, those organizing a captive would need to know the expected level of participation.

There are two insurance levels: (1) Primary insurance (excluding asbestos) which would be based on known losses; (2) Excess liability insurance which would have to be accessed from the Reinsurance market. Currently, the European reinsurers are not interested in the North American market because of substantial underwriting losses.

Mr. Andrus illustrated a plan for captive insurance with $1,000,000 primary insurance. By means of sharing the risk, anticipating losses over a period of time, using the present value of estimated future losses, and factoring in investment income, a level of premiums was indicated that would be manageable. It was noted that with the dollar values, there would be a lower expense ratio if the insurer were located in Canada. Group insurance could prove advantageous to some of the larger firms who are now essentially self-insured. They would be able to take a tax deduction for the premiums.

At this point in the discussion, Mr. Carney arrived with Mr. Lee Penman and Bruce Allen, from the Kamp Associates Firm (Insurance Consultants). They indicated that with the latest questionnaire (Summer of 1985) there were eight or ten Members who indicated an interest in the captive insurance concept. This was up from the 1984 questionnaire, but it was agreed that more were needed.

Mr. Carney noted that he had talked with an Agent who had sold group insurance to Members of the Automotive Parts Rebuilders Association (APRA). Apparently, the insurance carrier discontinued certain APRA Members associated with brake rebuilding, because of the asbestos exposure. It is possible that this group, which could number up to 200, would be interested in joining the Institute in a captive insurance approach.

A Member noted that if, for example, a captive came up with $150,000 in administration fees, where the premium income was only $300,000, the captive would not be viable. There must be a sufficient number of participants so that front end handling costs will not be excessive.

It was noted that there were really two approaches: (1) The captive which when set-up is truly an insurance company, and could market its coverage to others outside the Institute if that were desirable, and (2) the "reciprocal" which is in effect a "tight mutual" with coverage available only to the Members.

The Kamp Associates representatives noted that in their responses in both 1984 and 1985 that there were no significant losses reported by any respondent outside the asbestos area. There is apparently no actuarially sound basis for a carrier avoiding liability insurance with a legitimate asbestos exclusion. There is no loss data available for brake rebuilders, and brake distributors as they are all grouped under automotive parts suppliers.

One of the difficulties with the captive arrangement or even reciprocal or group insurance, is where the company must make a capital call. This would occur where a large claim is settled and the capital is reduced below statutor requirements. In other words, there is risk for the participant beyond original capitalization and premium levels.

It was again stated that representatives at this Board Meeting, with a few exceptions, were not the parties in their companies responsible for insurance. If the Institute is to do anything on this insurance question, through its Members, a presentation would have to be made to those responsible for insurance. Mr. Robinson was asked if he could have a proposal prepared which could be presented to the Membership. Mr. Robinson will ask the Wyatt Company (Actuaries) to work up some numbers. The primary insurance levels would be assumed and the costs of organizing a captive along with assumed premium levels would be illustrated. It was suggested that the ultimate exposure for a participant be illustrated.

Mr. Robinson will coordinate a proposal of what should be done to form a captive along with illustrative costs. This will then be the basis for a possible meeting of Institute Members concerned with the liability insurance problem. The meeting would be for those at Member firms with insurance responsibilities. The Membership would be circulated with a general outline for a meeting to determine if the Institute would go forward on the captive question, and if so, what action should be taken.

With the proposal in hand, the Secretary was asked to schedule a meeting for the Membership. It was suggested that it would be desirable to have any such meeting before the Institute's regular June meeting.

The insurance discussion then centered on possibilities outside the captive or reciprocal area. It was suggested that if Institute Members could ride on someone else's captive, that would be worthwhile. Something akin to the APRA approach would be desirable if Members could participate. With the termination of brake rebuilders by the insurer, this is unlikely. One Member stated that if a Member could get the insurance in the regular market, it should go right ahead. The only reason for considering the captive is because of the lack of insurance in the regular market. The Members discussed pending State and possible Federal regulation. There was interest in the allowance of deductions for self-insurance where the purpose was for risk transfer rather than for tax evasion. This could permit the putting aside of reserves for contingent liabilities and permitting an income tax deduction for additions to that reserve.

The Secretary will await a proposal from Mr. Robinson/Mr. Andrus and will then solicit participation in a possible meeting of interested Members to consider possible further action on the product liability question.

ENVIRONMENTAL PROTECTION AGENCY (EPA) PROPOSALS TO BAN CERTAIN ASBESTOS PRODUCTS AND PHASE OUT OTHER USES

The Secretary advised that copies of the EPA proposals of January 29, 1986 had been distributed to Members and the Directors. With the distribution, the Secretary enclosed a copy of the EPA "Fact Sheet" that accompanied their release to the press. This attachment summarized the EPA proposals which took the form of a general proposal along with three options. The question of a response to EPA was to be discussed and Mr. Riopelle, as Chairman of the Institute's Health and Environmental Affairs Committee, was asked to explain the proposals and to provide the technical background which would be required if a response was prepared.

Mr. Riopelle distributed a one-page summary of the EPA proposals to clarify the differences. A condensation of Mr. Riopelle's summary follows:

<u>Proposed Rule:</u>
Ban 5 asbestos product types (not friction products)
Require Permit for asbestos use
Reduce asbestos consumption over 10 year period
Label all asbestos-containing products

<u>Option 1:</u>
Ban construction products and clothing immediately
Ban asbestos friction products about 5 years later
Gather additional information on other products
Label all asbestos-containing products

<u>Option 2:</u>
Ban construction products and clothing immediately
Ban asbestos friction products about 5 years later
Ban remaining asbestos products about 10 years later
Label all asbestos-containing products.

<u>Option 3:</u>
Ban construction products and clothing immediately
Cover all other products under the phase-down
Label all asbestos-containing products
Require Permit for asbestos use

Mr. Riopelle continued, noting that comments were requested by April 29, 1986; Public hearings start May 14, 1986; Expect the EPA Proposed Final Rule to OMB in 1987; Noted that the earliest effective date for new rules would be January 1, 1988. Mr. Riopelle's summary sheet formed the basis for discussion.

The proposed regulations and one option called for a permit system to have the right to use asbestos. The permit requirement would be one of the most objectionable features of the proposals, creating an administrative nightmare for the user. It would create another bureaucratic layer for manufacturing products with asbestos.

Mr. Riopelle alerted the Directors to the labeling proposals as shown on Page 3750 of the FEDERAL REGISTER Notice of January 29, 1986. The EPA was asking for input as regards labeling for those asbestos products which would not be subject to an immediate ban.

In reviewing the proposal, it was suggested that Options 1 and 2 calling for a ban on asbestos friction products in about 5 years might be the lesser evils as those options did not bring the permit requirement into effect. As Mr. Riopelle pointed out, the EPA is aware of certain difficulties in aftermarket replacement of friction materials where the original equipment brake took asbestos brake linings. EPA has indicated that it is aware of difficulties in this area should a ban on asbestos friction products be scheduled five years in the future.

A Director noted that the EPA plans were not the only problems facing our industry, as OSHA is scheduled to make its final rules on asbestos in the workplace. It is widely believed that OSHA will go to the 0.2 fiber in the workplace, but would permit respirator usage in controlling the level. The problem here is the considerable cost for the industry in complying with the OSHA regulations when EPA is calling for a complete ban a few years down the road. If a ban is actually to be enforced, the costs for interim OSHA compliance cannot be justified. This was pointed out to the EPA in our letter of November 13, 1984 when commenting on the Natural Resources Defense Council petition to prohibit the use of asbestos in automotive brake linings.

It was noted that the Institute should be consistent with the comments it sent to OSHA in May 1984 as well as with the comments sent to EPA in November 1984. There has been no discovery or new information which goes counter to what was said in those comments.

A suggestion was made that perhaps certain friction product lines were sufficiently advanced at this time in development of non-asbestos linings (the semi-metallic disc brake line for example) that a position might be adopted accepting a ban thereon. As certain producers are working on non-metallic asbestos substitutes, acceptance of a ban on asbestos disc pads might interfere with an orderly development of substitutes. The firm not working in the semi-metallic area might be forced to take the semi-metallic route as the only option. It was not felt that the Institute should advocate a ban on any product line. The free market is a more sensible approach than the artificial ban, with all producers aware of the need to develop asbestos substitutes. Demands of the user and the specter of litigation provide other incentives to develop substitute materials and arbitrary regulations will not help in effecting an orderly transition.

The earlier responses to EPA and OSHA were well thought out, and the main points made in both sets of comments should provide the foundation for an Institute response to these EPA proposals. In addition, we should point out the difficulties with the permit system. We should discriminate between original equipment and aftermarket viewpoints, concentrating the Institute comments on the aftermarket, but point out the performance questions where non-asbestos organics are being used to replace asbestos original equipment. Comments should be made to the effect that the replacement of asbestos original equipment materials with non-asbestos product demands, in certain instances, in-depth technical evaluation as well as considerable product development and testing.

With non-asbestos disc brake linings considerably more advanced than drum brake non-asbestos, the question of replacing rear drums with rear discs could be addressed. The main difficulty with the rear disc is the parking or emergency brake. In general, the disc design does not give the same holding power of the drum without size and weight disadvantages; the disc is more costly; the disc adds weight to the car which counters energy conservation objectives.

Certain points raised in the earlier comments which could be reiterated or restated would be that existing and possibly strengthened occupational standards might be sufficient to protect against unreasonable risk; the question of OSHA versus EPA responsibility; the question on substitutes and the actual progress made in developing substitutes capable of meeting today's safety demands on the highway.

The Secretary was asked to work with Mr. Riopelle to coordinate a response. It would be the intention of the Board that the reply be sent to EPA before the April 29 deadline. When a draft is prepared it will be circulated to the Board and to Legal Counsel before mailing.

* * * * *

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 1:15 PM.

E. W. Drislane
Secretary

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MINUTES OF MEETING

of the

BOARD OF DIRECTORS

Tuesday, June 17, 1986

at

Sawgrass, Ponte Vedra Beach, Florida

DIRECTORS PRESENT

Robert E. Nelson	Abex Corporation Friction Products Group
Francis E. Messier	Allied Automotive Bendix Aftermarket Brake Division
Arthur V. Moore	Carlisle Corporation Motion Control Industries
Larry Mintman	Certified Brakes Lear-Siegler Company
W. Max Sleeth, Treasurer	Virginia Friction Products, Inc.

DIRECTOR ABSENT

Robert H. Nelson	Nuturn Corporation

OTHERS PRESENT

Stuart Comins, President	P.T. Brake Lining Company
F. William Barton, Vice President	Reddaway Manufacturing Co.
John Riopelle (Chairman, Health and Environmental Affairs Comm.)	Allied Automotive Bendix Friction Materials Division
William F. Wood (Chairman, Brake Performance Study Committee)	Brake Systems, Inc.
Russell A. Pepe, Counsel	Harwood Lloyd, Counsellors at Law
Edward W. Drislane, Secretary	Friction Materials Standards Institute

Mr. Comins, President, called the meeting to order at 8:00 AM. The Secretary noted that Mr. Norman Morse, who had served as a Director, resigned by letter to the Institute as of April 4, 1986.

MINUTES OF PREVIOUS MEETING

The minutes of the previous meeting held on March 11, 1986 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: That the minutes of the meeting of the Board of Directors of March 11, 1986, be accepted as written.

PRESIDENT'S REPORT

Mr. Stuart Comins, President presented his report. Refer to EXHIBIT 1. Mr. Comins noted certain items to be covered later at the Board Meeting including the study of the fee formula, contingency planning for staffing the Institute, financial results, and the activities of the Board at its meeting in March 1986. In closing his report, Mr. Comins urged the Membership to continue support of the Institute.

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

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

MEMBERSHIP COMMITTEE REPORT

Ms. Rita Grisham is Chairman of the Membership Committee. The Secretary read Ms. Grisham's report. Refer to EXHIBIT 2.

Ms. Grisham noted the changes in Membership during the past fiscal year. The losses include Active Members BMC Corporation and Cougar Brake; Regional Members Ferodo (Pty.) Limited and Mintex (S.A.)(Pty.) Limited, both of South Africa. Gains include Tappa Enterprises as an Active Member; Fricciones Tecnicas y Maquinados, Satisfied Brake Products, and Tormos Frictiematteriaal B.V. as Regional Members; BLD Products and Lucas Industries as Licensees.

In summary, Active Members decreased from 22 to 21; Regional Members increased from 27 to 28; Licensees increased from 19 to 21.

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 Institute had received an application for Licensee Membership from Reinz Wisconsin Gasket and Mfg. Co. of Milwaukee, Wisconsin. This application had been received by the Institute two weeks before the scheduled Florida meeting. While it had been circulated to the Membership Committee, only one (of two) ballots had been returned. Copies of the Reinz Wisconsin application were distributed to the Directors. The Secretary noted that they were manufacturers of insulators for disc pads and were eligible for Licensee Membership per our Constitution. Further, they had formerly been

Licensees but had resigned in the year ending June 30, 1982. At the time of resignation, they had become a Licensee in good standing with all amounts due the Institute fully paid. Upon motion duly made, seconded and unanimously passed, it was:

RESOLVED: To accept the application filed by Reinz Wisconsin Gasket and Mfg. Co. for Licensee Membership in the Institute.

The Secretary advised that the Reinz Wisconsin Gasket Licensee Membership would commence as of July 1, 1986.

The Secretary advised that R & D Friction Inc. of Canada had failed to pay its last two membership fee installments. They were in arrears to the Institute by $925.00. The Institute had recently been advised that R & D was in receivership, and this had been confirmed by a notice from the Receivers. As background, R & D Friction was a new Regional set up in Canada by Ron Farnocchi and Dave Cohen, two individuals well known in the friction materials business. Based on the receivershipbackground indicated, the Secretary suggested that R & D Friction's membership be terminated.

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

RESOLVED: To terminate the Regional Membership held by R & D Friction Inc. of Milton, Ontario, Canada.

The Secretary called to the Board's attention that three Mexican Members and one Brazilian Member were delinquent in payment of their Membership Dues. These were Pasta Clutch, Itapsa and Mex-Bestos of Mexico and COBREQ of Brazil. These were in arrears from $1,200 at Mex-Bestos to $2,700 at Pasta Clutch.

Mr. Drislane explained further, that the three Mexican Members were also in arrears in June 1985, and termination had been considered. At that time the Directors recommended waiting until December of 1985 before taking action. In the meanwhile, all three made significant payments. As the payment of funds out of Mexico is regulated by their Central Bank, we have made additional allowances for these collections in the past. The Directors stated that no action would be taken on termination at this time. However, the Institute Office was instructed to suspend service to Members who are more than six months behind in fee payments. Providing of prints, catalogs, etc. will be suspended when a Member is more than six months in arrears.

Because of corporate acquisitions, two Active Members and one Licensee have new corporate structures. The Board of Directors upon motion duly made, seconded and unanimously passed:

RESOLVED: To enter the following corporate name changes and Memberships on the Institute's records:
Active Member: Guardian, Cooper Industries
Active Member: HKM of California, Corp.,
H. Krasne Manufacturing Division
Licensee: Wagner Division, Cooper Industries

TREASURER'S REPORT

Mr. W. Max Sleeth, Treasurer presented this report. Refer to EXHIBIT 3. In summary, the report noted a projected excess of income over expenses for the 1985-86 fiscal year of approximately $15,000. Mr. Sleeth noted the highlights and variances that produced this income.

The Directors suggested that a full reading of the Treasurer's Report was not necessary. Upon motion duly made, seconded and unanimously passed, it was:

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

A Director noted that the total accumulated surplus of the Institute, including original assessment and the environmental affairs reserve projected slightly over $267,000, with the projected total expenses of about $122,000. This indicates a surplus of a little over two times budgeted expenses. The question was asked at what point the Internal Revenue Service might challenge the accumulation of earnings for a Not-for-profit corporation such as the Institute. While some earlier limits were suggested at the 2-1/2 times budget, Counsel indicated that income accumulations of 3 times budget were unlikely to trigger IRS scrutiny. In addition, part of this surplus is in a reserve for environmental affairs.

A question arose at this point as to the status of the funds in the Trust for Miss Duschek's benefit. The Secretary advised that in accordance with the Trust Agreement that any funds left in the Trust at Miss Duschek's death will revert back to the Institute. As will be noted in the report on Pensions, the Trust for Miss Duschek had assets of slightly over $52,000 as of December 31, 1985.

1982-83 BILLING BY ROBERT P. GORMAN, FORMER INSTITUTE COUNSEL

At this point the Secretary noted that the projected excess of income over expenses for this past fiscal year could be impacted sharply by a letter and Invoice received at the Institute Office on June 13, 1986. This letter and Invoice had been received at the Office shortly before noon on that date, and had not been entered as an Agenda item. Copies of the June 8, 1986 letter from Mr. Gorman, former Counsel for the Institute, were circulated to Officers, Directors and Counsel.

As background, Mr. Gorman had been Counsel for the Institute since 1975 when he was with Clapp & Eisenberg, a Newark Law Firm. Mr. Gorman's retainer was based on an estimated 9 days of attendance at Committee, Membership and Board Meetings and the handling of assorted inquiries during that time. Mr. Gorman billed and was paid for one half the retainer for 1982-83. During that period he had no time spent on Committee, Board or Membership Meetings but he did represent us when the Secretary gave a deposition at the Institute Office on an asbestos case involving Johns Manville. Mr. Gorman put time on the deposition but no time for work that was covered by the retainer.

We discontinued Mr. Gorman's services in January 1983, because of his failure to return phone calls or address several items that were requested at the previous

June Meetings, and an inquiry I had on treatment of semi-metallic linings. He had been called several times after the deposition in addition to written requests for information. He had not paid the second half of the retainer, and he had never billed the Institute.

The recent billing - over three years later - was for the second half of the 1982-83 retainer, charges for services at the deposition, associated disbursements and a 1984 charge for certain deposition copies (papers which were originally copied here at the Office). The total billing was for $6,399.48.

The Secretary stated that we were the "injured" party when Mr. Gorman simply stopped servicing us. A Director stated that we could be the hurt party and be correct in not paying for services not delivered, but if we had to pay $5,000 or more in court costs, it would not be in the best interests of the Institute. The Secretary agreed that any such confrontation would not only cost money, but would take considerable time and effort on his part.

The Secretary was asked to contact Mr. Gorman and determine if this Invoice could be settled without confrontation, perhaps with a partial payment to settle any actual balance due.

INVESTMENT ADVISORY COMMITTEE REPORT

Mr. Barton, Committee Chairman, presented this report. Please refer to EXHIBIT 4.

Mr. Barton's report projected investment balances at a little over $265,000 at June 30, 1986, about a $17,000 increase over June 30, 1985. Also, investment income would be down about $2,000 to slightly over $27,000 this year, based mostly on no significant capital gains on maturing Treasury Notes this year.

The details on investment activity, past, present and projected were shown in the report. A Director recommended that the Chairman dispense with reading of the report. Upon motion duly made, seconded and unanimously passed, it was:

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

BUDGET COMMITTEE REPORT

Mr. Sleeth, Chairman of the Budget Committee, presented this report. Please refer to EXHIBIT 5.

The report recommended an expense budget of $132,960 for 1986-87, an increase over the past year's Expense Budget of about 5%. The report detailed expense items with projections for the coming year. A Director suggested that a full reading of the Committee Report was not necessary, and that the specifics were in the written reports which had been distributed to the Directors.

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

RESOLVED: To accept the Budget Committee Report as written.

FEE FORMULA COMMITTEE REPORT

Mr. Messier, Chairman of the Fee Formula Committee presented his report. Refer to EXHIBIT 6.

The Fee Formula Committee had been asked to consider changes in the Fee Formula that would include a separate fee category for disc brake linings. However, no action had been taken earlier in the year when the Institute gathered data on categories for the next fiscal year. Based on projections shown in the Budget Committee Report and the Investment Advisory Committee Report, it was recommended that the fee formula in effect for this past fiscal year be maintained for the 1986-87 fiscal year.

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

RESOLVED: To maintain the same Fee Formula in 1986-87 Fiscal Year that was in effect for the 1985-86 year.

	Basic	Per Category
Active Members and Regionals with Active Member rights	$1,150	$700
Regional Members - Individual	1,600	
Regional Members - Association	2,600	
Licensees	600	

The Board then discussed possible revision of the Fee Formula for the 1987-88 Fiscal Year. The general recommendation was to add a Disc Brake Lining Category. In the current formula, the Brake Lining Category includes both drum brake linings and disc brake linings. The intent was to have those serviced in a certain area pay for that service. Also, there is an uncertainty in the present reporting system where heavy duty disc pads are to be declared under the brake block category. However, the definition for "Brake Block and Disc Brake Linings 3/4" Nominal and Over" is confusing. An additional consideration was the "New Unlined Brake Shoe" category which included drum and disc shoes. Only one Active Member was reporting this category.

An Officer asked as to how a change in the fee formula, making disc brake linings a separate category, would effect classes of Directors. Mr. Messier, Chairman of the Committee had earlier asked for such a study. The changes would spread the fee formula categories more evenly through the classes of Directors, and would help in providing the needed diversity of fee levels among the Membership.

An analysis, based on current year activities, indicated that the new fee formula would have the following distribution of categories:

4 Categories:	2	(Allied, Nuturn)
3 Categories:	5	(Abex, Brake Systems, Carlisle, Coan Equipment, P.T. Brake)
2 Categories:	8	(Delco, Certified, Friction Products, Guardian, H.K. Porter, Scan Pac, U.S. Automotive, Virginia Friction)
1 Category:	6	(Krasne, Raymark, Reddaway, Tappa, Wellman, Wheeling)

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

RESOLVED: To adopt a fee formula starting July 1, 1987, to have four categories reporting for fee formula purposes: (1) Drum brake linings (less than 3/4" nominal); (2) Disc brake linings (all); (3) Brake Blocks (3/4" nominal and over); (4) Clutch Facings.

It was the Board's intent to have the new categories be "revenue neutral." That is, with the additional number of categories reporting, they should produce no more fee income than the old categories, except where needed to provide for budget increases in the future. Also, this new fee formula makes disc brake linings (all) a separate category, and drops the "New Unlined shoe category" in which only one Active Member was engaged.

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

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

PARTICIPATION OF COMMITTEES

Mr. Sleeth, after reviewing a notice sent by the Secretary to Officers and Directors on the Liability Insurance question, asked to have the subject of Committee participation and sources of product information added as agenda items at this Meeting.

Mr. Drislane indicated the Committee problem is evidenced by the lack of a Chairman for the Data Book and Technical Committee since Mr. Gordon Smith's resignation. There have been no volunteers to take this position. Also, participation was noted in earlier lack of activity on the Fee Formula, all action on that subject being taken at this Meeting. Also, up until May there had been no movement on the contingency planning assignment. The Brake Performance Study Committee had met in the Fall of 1985, but results from a survey it initiated had not been completed and there had been no input from the Committee on recommendations of the SAE Task Force work on SAE Recommended Practices J1801 and J1802.

Action was taken at this Meeting on the Fee Formula and the Contingency Planning. While the question of a successor to Mr. Smith on the Data Book Committee is still unresolved, Mr. Wood plans to hold a meeting of the Brake Performance Study Committee in the Fall to consider questions relating to the Arne Anderson SAE Task Force and J1801 and J1802.

INSTITUTE SOURCES OF PRODUCT INFORMATION

The Secretary stated that maintaining sources of product information was a more serious problem as he does not develop his information from Committee action. While certain Committee Members are helpful in providing product information, this is generally done outside of Committee work.

The difficulty in accessing information is increasing yearly as more vehicles are manufactured outside the United States. Certified Brakes was the leading supplier of information on imports and particularly so when Doug Ogilvie was there.

While Certified is helpful, they do not have the breadth of coverage of the imports that they had several years ago. We recently lost an information source at Certified when Tony Vacca resigned. Recently, we lost Mr. Bob Dix of Kelsey Hayes who was particularly good on Chrysler Corporation information, but who could provide other information when necessary. Mack Truck, for the first time in years, has not provided the Institute with information. They are in the middle of moving some of their operations out of Allentown and these difficulties may continue.

We have never been able to establish contacts with foreign manufacturers who are selling commercial vehicles in the United States. Examples would be Iveco and M.A.N. Some American manufacturers are filling in model lines with vehicles imported from Japan, Germany or Brazil. The sources in the United States do not have this information. An example would be the Ford Cargo Trucks from Brazil. Certain vehicles (the Corvette is an example) are equipped with brakes sourced outside the United States, and we generally do not receive information direct from these sources.

The problem is that the sources of information are getting more difficult to access, and some Members want the Institute to take on new services such as running a captive insurer where even the Insurance Consultants say it takes dedication, effort and a full time follow-up.

The Secretary stated that another problem is that some of the Members who are not involved with original equipment business do not provide the Institute with information when they are servicing certain aftermarket jobs. For example, Members must be servicing the Iveco and Mercedes Commercial vehicles. If they could simply give general size (diameter, width, thickness, length) and drilling information (number of holes, size) and application data, we might be able to get prints from other sources. Or, these Members could have prints made up from these samples and provide them to the Institute. Or, samples could be sent the Institute from which the Institute might gather sufficient information to make assignments. It is felt the aftermarket suppliers (even without original equipment business) might be able to fill the Institute in on certain data on these vehicles which are mainly sourced outside of the United States. Any size and drilling information with application data may be helpful in making assignments. This is true for clutch facings as well as for brake linings and blocks.

The Secretary was asked to list the contacts for product information and to then note those vehicles where the Institute does not have product information sources. A list of vehicles where the Institute does not have contacts should be prepared and sent to the Membership asking for their recommendations on information sources.

A Director asked about information from Licensees. It was noted that some information might be available from Regional Members. The Secretary stated that in the case of the Ford Cargo Trucks that were sourced in Brazil, that it was through Fras-Le that the brake information was developed. The Secretary advised that the Data Book and Technical Committee had been opened up to Licensees when the Institute accepted "Associates" to serve on that Committee. To further open up the Committees, and in some cases to perhaps have Chairmen from outside the Active Member class, it was suggested that the Institute consider an amendment to the

Constitution to permit Licensees to serve as Members of Committees. The Secretary was directed to prepare ballots for possible amendment of the Constitution to permit full Committee Membership for Licensees.

BOARD OF DIRECTORS PARTICIPATION

Mr. Nelson had earlier asked that Director participation be an agenda item at this Meeting. The problem has been operating with five Directors for almost two years. This caused considerable difficulty in having a quorum at the Board Meeting in June 1984. Mr. Robert H. Nelson of Nuturn and Mr. Norman Morse of Guardian were the two Directors in question. Both were elected in June 1984 for two year terms. Mr. Morse was not even at the June 1984 Meeting. Mr. Nelson last performed as a Director in October 1984. While an occasional mail ballot was returned, several were not. The Institute had only four Directors on hand at the June 1985 Meeting.

While Mr. Robert H. Nelson tendered his resignation as Delegate, he did not tender his resignation as a Director. Mr. Morse tendered his resignation as a Director in April 1986. It was not felt that a corporate resolution was called for on this question. When the Secretary feels the Institute is not being served by a Director either through failure to attend meetings, return mail ballots, etc., he is to advise the other Directors. If warranted, the Secretary will then be asked to request that Director's resignation. Mr. Drislane volunteered that he had not specifically sought either Director's resignation during these past two years.

NOMINATING COMMITTEE

The Nominating Committee was not asked to report at this Meeting. They were to have a recommendation ready for the Membership Meeting on June 18. It was stated that a representative from the Nominating Committee should specifically ask a suggested nominee if he will be able to serve as a Director if elected.

One of the problems in selecting nominees is that there are not many Members in the 1 category grouping that are active in the Institute. Two parties who are active, Mr. Barton and Mr. Sleeth, are slated for election as President and Vice President. While the Constitution notes that the President and Vice President "can be, but need not be, members of the Board," the Institute has attempted to broaden participation by having them not also serve as Directors.

It was noted during the Fee Formula discussion that there would be changes in upper, middle and lower brackets of fee categories when the new Fee Formula takes effect in July 1987. The new formula would more broadly distribute the Membership Fee among the Members and would alleviate the problem in selecting Director nominees from the three brackets of fee levels.

CONTINGENCY PLANNING

Mr. Larry Mintman was asked at the June 1985 Meeting to serve as a one-man Task Force to review Institute procedures and prepare the Institute should Mr. Drislane be disabled or otherwise unable to continue as the Institutes Executive Director.

Mr. Mintm n reported that several schedules pertaining to meeting planning, publishing of bulletins and catalogs, Committee organization, financial reporting, and gathering of technical data had been prepared. There were also write-ups on tax return preparation, year-end returns, and specific write-ups on editing copy, preparation of bulletins, and the like. These write-ups were prepared to help a temporary or successor handle details of the Institute business.

In addition, Mr. Mintman concurred with the Secretary that the Institute should open a Cash Management Account at Merrill Lynch to facilitate the handling of funds, not only in an emergency situation but in the regular handling of Institute funds.

Mr. Mintman recommended that the Institute authorize beforehand an agreement for notifying the Accountants should their services be needed to pay Institute taxes, regular billings, rent and wages in any interim period where such services are needed.

An Officer suggested that the Institute add an Assistant Executive Director in the near future so that back-up would be on hand whatever Mr. Drislane's plans or health. It was noted that this would add $30,000 to $40,000 to the budget. It was also pointed out that Member firms could operate in an environment where the brake lining, brake shoe and clutch facing data was late in publication. In the 1970's, the Brake Shoe Catalog was not published until the Fall of the year. Now the combined Catalog is published in the Spring. The Secretary did not feel that an Assistant was necessary unless the Institute were taking on some major new assignment. No action was taken on this recommendation.

Mr. Drislane was asked about his plans and indicated that he planned to stay with the Institute into 1989, but would give 8 to 10 months notice when he planned to retire. He stated that he did not feel comfortable giving a long term commitment should he subsequently defer plans for retirement beyond 1989.

The Secretary was asked to prepare a list of contacts at the vehicle manufacturers, brake and axle manufacturers, and the original equipment brake lining and clutch facing sources where he now gathers product information. Additional comments on this subject are noted in these minutes under "Institute Sources of Product Information." This information is for the Institute Office and not for general distribution.

There was general agreement with the suggestion that the Accountants be asked to handle Institute Office details should the need arise. Upon motion duly made, seconded and unanimously passed, it was:

RESOLVED: To authorize an Officer of the Institute to contact the Institute's Accountants for assistance in general office routines should a staffing emergency occur.

The details as to which Officer would contact the Accountants will be detailed by the Secretary based on instructions from the President and Treasurer. The Secretary was asked to establish the Cash Management Account (for investments and money market funds) after consultation with the President and Treasurer.

No resolution on Mr. Mintman's full report was requested. Mr. Mintman's report will not be read to the Membership but summary items will be reported when the Secretary reads his report on Board of Director activities.

PUBLIC RELATIONS REPORT

The Secretary prepared and read the report on Public Relations activities for the year. Refer to EXHIBIT 11.

Mr. Simon had chaired this one-man Committee for several years. Mr. Rob Nelson of Nuturn had briefly co-chaired the Committee, but a Committee was not formed for Public Relations in 1985-86. There was but one press release in 1985-86, and that was the re-election of Officers at the June 1985 meetings. This release appeared in certain publications in the trade press.

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

RESOLVED: To accept the report on Public Relations as written.

DATA BOOK AND TECHNICAL COMMITTEE REPORT

The report on Data Book and Technical Committee activities was prepared by the Secretary. Please refer to EXHIBIT 8.

Mr. Drislane noted that this Committee has once again lost its Chairman. Mr. Gordon Smith who had chaired this Committee since 1983 is no longer with Bendix and the Committee is currently without a Chairman.

Mr. Drislane noted the recent changes in the Automotive Data Book including the consolidation in 1982, the change in cover color in 1984 and the fact that the 1986 Automotive Data Book was set with computerized typesetting. This latter move facilitated up-dating the Catalog both at the Printer level and at the Institute Office when new data is being added. In addition, certain changes made in the 1986 Automotive Data Book were detailed.

Two items of concern to the Members were resolved during 1985-86. The continued assignment of FMSI 4311J for an Eaton 16-1/2 x 7 block with an inside radius change was re-affirmed. Eaton Brakes made an analysis of certain questions raised by our staying with the FMSI 4311J assignment. Also, the Institute commenced usage of a blocked series (FMSI 7800, 7900) for heavy duty disc brake linings.

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

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

An Officer questioned the computerized typesetting used for printing the 1986 Automotive Data Book. He questioned whether the Institute or the Printer owned the program. The Secretary advised that the program belonged to the Printer. The Institute did not pay for it. The Officer suggested that with their owning the program, we would be fairly well locked-in to that Printer. The Secretary agreed that the Institute now is well locked-in to this Printer for the full Data Book. However, the Institute has some leverage in that there are Supplements and other books printed by the Institute at different times, and if the price for the Data Book gets too heavy, the Institute could start from scratch with another printer.

BRAKE PERFORMANCE STUDY COMMITTEE REPORT

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

Mr. Wood discussed the meeting the Committee held in October 1985 concerning edge coding of brake friction material. It is almost universally agreed that the existing edge code as developed in SAE J661 (Vehicle Equipment Safety Commission Regulation V-3) is unsatisfactory. It was noted that the Truck/Trailer Brake Research Group (TTBRG) had earlier contacted the Institute and others in seeking a better friction rating system and specifically a more permanent lining identification. The TTBRG is a group formed by the American Trucking Associations, the Motor Vehicle Manufacturers Association and the Truck Trailer Manufacturers Association. While this group has no regulatory powers, it can pressure friction materials manufacturers to provide them with better technical information on which to base lining selections.

Mr. Wood discussed the work done by Mr. Arne Anderson's Task Force as regards recommended practices J1801 (Coding and Marking) and J1802 (Brake Block Effectiveness Rating).

Mr. Wood noted that there were several issues to be addressed by the Committee and he planned to call a meeting sometime in the early Fall: (1) Monitoring of the Identifications; (2) Providing input to the SAE Committees/Task Forces; (3) Investigate the impact of any final recommended practice completed by the SAE.

In the discussion following, Mr. Wood noted that the 16-1/2 x 7 Rockwell Q Brake configuration had been selected as the standard test apparatus for a brake block rating procedure (recommended practice).

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

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

Mr. Wood noted a recent "requirement" prepared by the Bureau of Motor Carrier Safety (BMCS). Their requirement for brake lining (Section 393.47) reads as follows:

> The brake lining on every motor vehicle shall be so constructed and installed as not to be subject to excessive fading and grabbing and shall be adequate in thickness, means of attachment, and physical characteristics to provide for safe and reliable stopping of the motor vehicle.

While it is apparent that this "requirement" needs help, the Committee will be asked if comments should be made to the BMCS.

An Officer asked if other Board Members agreed with the need for testing on a full inertia dynamometer that appeared to be the heart of the Arne Anderson Task Force recommendations. It was noted that representatives of several FMSI Members are on the SAE Task Force, and that Mr. Drislane also is a Task Force Member. Representatives of Member companies have given input to the Task Force. It appears that an inertia dynamometer will be necessary to develop a reasonable rating system, at least for brake blocks. It was also noted that while the Task Force is working on brake blocks now, conventional drum brake linings and disc brake linings will be studied later.

In the discussion on permanent identification, it was stated that a machined friction identification or bar code on the inside radius was some years down the road. However, it was agreed by the Committee Chairman and several Directors that the inertia dynamometer J1802 effectiveness procedure was superior to the J661 machine as a valid means of rating friction of brake blocks. The Committee will consider possible comments to the SAE Task Force at its next meeting.

HEALTH AND ENVIRONMENTAL AFFAIRS COMMITTEE REPORT

Mr. Riopelle presented the report on activities of the Health and Environmental Affairs Committee. Refer to EXHIBIT 9.

Mr. Riopell's report noted that the OSHA proposals on asbestos in the workplace were near release. He noted that the report (written several weeks before the meeting) was now a little late on this subject, as OSHA announced to the media on June 13 that the new OSHA standards would be published this week in the FEDERAL REGISTER. (Actual publication was on Friday, June 20).

The Secretary was asked to gather details of the new OSHA regulations for further discussion at the Membership Meeting.

In his written report, Mr. Riopelle noted particularly the proposed rules which the Environmental Protection Agency (EPA) had published in the FEDERAL REGISTER on January 29, 1986, and their meaning to the friction products industry. At its March 1986 Meeting the Board of Directors outlined comments which were to be drafted by Mr. Riopelle and Drislane and sent to EPA. Those comments were circulated to the Board, the Committee and to Legal Counsel, and were sent to the EPA on June 13, 1986. Copies of these comments were circulated at the meeting. The Secretary advised that the full Membership would be receiving copies of these comments.

It was noted that the EPA would be holding hearings in Washington on these proposals on July 15, 1986. Mr. Riopelle noted that he would be attending these hearings representing Allied Corporation. The Secretary was asked to represent the Institute at the July 15 hearing.

Mr. Riopelle noted that OSHA recommended that NIOSH Method 7400 be adopted for making airborne asbestos fiber counts. This procedure has been documented by NIOSH and copies are available. (The NIOSH 7400 Method was incorporated as a required procedure for asbestos fiber counts in the new OSHA regulations for asbestos exposure in the workplace). Mr. Riopelle recommended that the Institute secure copies of the NIOSH 7400 Method for distribution to the Membership.

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

Mr. Jack Carney, who had Consultants (Kamp Associates) study the possibility of setting up a captive insurance company with Institute sponsorship, will not be attending this meeting. Mr. Carney, representatives of Kamp Associates, and representatives of Frank B. Hall had attended a meeting of the Board on March 11, 1986.

The Kamp Associates survey of Institute Members indicated insufficient interest on the part of friction materials manufacturers to proceed further with study of the captive. Their survey also indicated that those who responded did not have sufficient losses in liability fields other than asbestos as to make liability insurance a problem. Essentially, the Carney/Kamp Associates work indicated that establishment of a captive insurer was not in the best interests of friction materials manufacturers.

Frank B. Hall, working with The Wyatt Company (Actuaries) worked up a "Business Case" illustrating for set-up of a captive. It was noted at the outset that Wyatt did not have sufficient input or background data to closely approximate costs, but it made certain assumptions to illustrate the captive concept. Frank B. Hall noted that any such captive would require a strong commitment both in time and in money.

Based on both the Kamp Associates background and the Frank B. Hall/Wyatt correspondence, the Directors generally noted that costs for establishing a captive were too great considering the lack of return, particularly since all insurance plans included an asbestos exclusion.

The Directors concluded that, subject to some new development that might arise in the liability area, that it would take no further action on liability insurance and possible sponsorship of a captive insurer.

ANNUAL MEETING COMMITTEE

Mr. Ed Eggert is Chairman of the Annual Meeting Committee. Mr. Drislane read the Chairman's report. Please refer to EXHIBIT 13.

Mr. Eggert's report recommended a return to LaCosta in Carlsbad, California for 1987. As an alternate, and for possible following year consideration, his report suggested locations on the Monterey Peninsula, California, about 120 miles south of San Francisco.

The report also suggested consideration of three locations that the Institute had used in previous years: Sawgrass, The Homestead, and Innisbrook. The Secretary noted that it was based on this recommendation that he contacted Sawgrass for the 1986 meeting after Sandpiper Bay cancelled our 1986 meeting in Port St. Lucie.

The Secretary noted that he wrote to several of the places Mr. Eggert had recommended to block space for 1987-88, if the Directors chose the California locations. Mr. Drislane blocked space at LaCosta for June 1987 and at the Quail Lodge in Carmel Valley for both 1987 and 1988. He had written to the Lodge at Pebble Beach and the Hyatt Regency Monterey (both on the Monterey Peninsula) but had no response. LaCosta offered a price of $195 per room. While Quail Lodge did not specify a group rate for 1987 or 1988, it indicated rooms at $175 minimum in 1986.

The Secretary brought literature he had received during the past week from Marriott's Camelback Inn, Scottsdale, Arizona, a resort where the Institute had met in June 1977 and June 1978. The Camelback offer was for guest rooms at $50 per night along with such things as free coffee breaks, a luncheon and free tennis.

One Director noted that his company takes exception to meeting costs when they are at luxury resorts such as LaCosta and the daily room runs near $200. Another suggested that it is much easier supporting meeting attendance when the costs - particularly the room cost - are not over the $120 to $130 level.

The Secretary advised that he had called Camelback last week, but was unable to block space at that time. Upon motion duly made, seconded and unanimously passed, it was:

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

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

RESOLVED: To select Marriott's Camelback Inn as the meeting site for the Institute's June 1987 meeting, with Sawgrass Resort as the back-up choice.

HISTORICAL SALES REPORTING

The Secretary prepared and read the report on the Historical Sales Reporting Program. Please refer to EXHIBIT 12.

In the report, the Secretary listed the companies reporting for each quarter of calendar 1985. It was noted that one Member failed to report the full 12 months sales at year end, where that Member had reported for the first three, six and nine months periods. This reporting affected the disc brake sales reporting category only.

The Secretary was asked to have the Accountants provide a corrected report for the first three, six and nine months periods without the disc brake sales for the Member who failed to report for the full twelve month period. And further, the Secretary was directed to similarly have the quantities restated in the future where a Member fails to report for a similar period as was the case in 1985.

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

RESOLVED: To accept the report on historical sales reporting as written.

INSTITUTE PENSION PROGRAMS

The Secretary prepared the report on the Institute's pension plans. Please refer to EXHIBIT 10.

The Institute has two plans: (1) The Simplified Employee Pension Plan (SEP-IRA) for active employees where the Institute contributes 15% of gross salary to employee IRA's, and (2) The Trust which was established for Miss Duschek on January 1, 1980.

The SEP-IRA arrangement is a simple pension contribution without the extensive paper work required for a qualified employee plans. Miss Duschek's pension is paid from a trust to which the Institute contributed $55,000 in 1980. The Trust has been paying Miss Duschek $550 per month and as of December 31, 1985 had a little over $52,000 in assets on hand. As noted earlier, the assets in the Duschek Trust will be returned to the Institute upon Miss Duschek's death.

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

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

OTHER BUSINESS

The Secretary indicated that he had intended to bring up the subject of the surprise billing of 1982-83 fees by Mr. Gorman as an item of "Other Business." However, he felt it appropriate to bring this subject up for discussion at the conclusion of the Treasurer's Report, as it would impact the statements shown therein. That subject is reported in the minutes immediately after the Treasurer's Report.

Mr. Comins asked that another item be considered under "Other Business." He recommended that the Institute change its policy as to spouse's participation in social affairs at the June meeting. In particular, he suggested that Wednesday night reception and dinner be open to Members' spouses. As the Tuesday night reception already welcomes Members' spouses, the change on Wednesday evening would be the only change.

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

RESOLVED: That Members' spouses would be invited to attend social events scheduled at the June meetings to which the Members are now invited.

* * * * * *

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 PM

E. W. Drislane
Secretary

MINUTES OF MEETING

of the

BOARD OF DIRECTORS

Wednesday, June 18, 1986

at

Sawgrass, Ponte Vedra Beach, Florida

DIRECTORS PRESENT

Robert E. Nelson	Abex Corporation Friction Products Group
Francis E. Messier	Allied Automotive Bendix Aftermarket Brake Division
Arthur V. Moore	Carlisle Corporation Motion Control Industries
Larry Mintman	Certified Brakes Lear Siegler Company
Rita Grisham	Nuturn Corporation
Stuart Comins	P. T. Brake Lining Company
Larry Belans	H. K. Porter Company Thermoid Division

OTHERS PRESENT

F. William Barton, President	Reddaway Manufacturing Co.
W. Max Sleeth, Vice President	Virginia Friction Products, Inc.
Russell A. Pepe, Counsel	Harwood Lloyd
Edward W. Drislane, Secretary	Friction Materials Standards Institute

* * * *

Mr. Stuart Comins, acting as Chairman, called the meeting to order at 4:15 PM, June 18, 1986.

ELECTION OF OFFICERS

Mr. Comins called for nominations for the office of President. The name of Mr. F. William Barton was presented for President. The nomination was seconded.

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

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

Whereupon the Secretary was instructed to cast one ballot for the election of Mr. F. William Barton as President. The Secretary advised that the ballot had been cast.

Mr. Barton then assumed the chair. As Chairman, Mr. Barton called for nominations for the office of Vice President. Mr. W. Max Sleeth was nominated and seconded for the office of Vice President.

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

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

Whereupon the Secretary was directed to cast one ballot for the election of Mr. W. Max Sleeth as Vice President. The Secretary advised that the ballot had been cast.

For the office of Treasurer, the name of Mr. Larry Mintman was presented and seconded.

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

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

Whereupon the Secretary was directed to cast one ballot for the election of Mr. Larry Mintman as Treasurer. The Secretary advised that he had cast such ballot.

For the office of Secretary, the name of Mr. Edward W. Drislane was presented and seconded.

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

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

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

Whereupon the following persons are duly elected as officers of the Institute for the ensuing year:

F. William Barton	-	President
W. Max Sleeth	-	Vice President
Larry Mintman	-	Treasurer
Edward W. Drislane	-	Secretary

RETENTION OF COUNSEL

The Secretary advised that, according to ARTICLE VII of the By-Laws, legal counsel shall be retained at each annual meeting.

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

RESOLVED: That Mr. David F. McBride, of the Harwood Lloyd Law Firm be retained as Counsel for the Institute.

RETENTION OF AUDITORS

The Chairman, on recommendation of the Secretary, suggested the retention of auditors for the Institute.

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

RESOLVED: That Marshall Granger & Co., Certified Public Accountants, be retained as auditors for the Institute.

BUDGET - JULY 1, 1986 THROUGH JUNE 30, 1987

A preliminary expense budget of $132,960 was approved by the Board of Directors at its meeting on June 17, 1986. Based on action of the Board of Directors at this earlier meeting, the Salaries item in the 1986-87 Expense Budget was increased by $1,000, leaving a new Expense Budget of $133,960. The Expense Budget does not include the Provision for Environmental Affairs of $7,300 which started in 1982-83 based on Board of Directors action at its meeting of June 15, 1982.

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

RESOLVED: That an Expense Budget of $133,960 be approved for the July 1, 1986 - June 30, 1987 fiscal year.

FEE FORMULA - JULY 1, 1986 TO JUNE 30, 1987

The Board of Directors had earlier established the Fee Formula for the 1986-87 fiscal year at the same fee levels as in effect for this past fiscal year. (This agenda item for the new Board of Directors is to ratify the Formula for the 1986-87 year and does not relate to the new formula which is to take effect in the 1987-88 fiscal year).

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

RESOLVED: To adopt the following fee formula for the 1986-87 fiscal year:

Active Members and Regional Members with Active Member rights: Basic Fee $1,150; Category Fee $700;
Regional Member (Regular): Fee $1,600;
Regional Member (Association): Fee $2,600;
Licensee: Fee $600.

MEETING OF THE BOARD OF DIRECTORS

The next meeting of the Board of Directors is scheduled for June 1987. If due to Committee action or other reasons an earlier Board Meeting must be called, the Directors will decide on a location and date at that time.

* * * * *

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 4:20 PM.

E. W. Drislane
Secretary