FRICTION MATERIALS STANDARDS INSTITUTE, INC., 370 LEXINGTON AVENUE, NEW YORK, N. Y.

MINUTES OF MEETING

of the

BOARD OF DIRECTORS

Tuesday, October 26, 1971 at 9:00 A. M.

at the

INSTITUTE OFFICE, 370 LEXINGTON AVENUE, NEW YORK, N. Y.

PRESENT	
J. W. Greenen, President	Maremont Corporation, Grizzly Brake Division
F. T. Gatke, Vice-President	Gatke Corporation
F. E. Messier	Bendix Corporation Friction Materials Division
W. Simon	Brassbestos Corporation
J. L. McGovern, Jr.	Raybestos-Manhattan, Inc.
R. C. Brigleb	S. K. Wellman Corporation
E. W. Drislane	F.M.S.I.
L. D. Stickles, Counsel	Stickles, Hayden, Kennedy, Hort & Van Steenburgh
NOT PRESENT	
C. J. Weber	World Bestos Company, Division of The Firestone Tire & Rubber Comp

Mr. Greenen opened the meeting at 9:00 A.M.

MINUTES OF PREVIOUS MEETING

The Secretary read an outline of the minutes of the June 21, 1971 meeting. These minutes had been distributed earlier, and no reading was requested nor were any corrections made thereto. Upon motion duly made, seconded and unanimously passed, it was

RESOLVED: That the minutes of the meeting held June 21, 1971 be accepted as distributed.

INVESTMENT OF INSTITUTE FUNDS

Messrs. McGovern and Gatke are on the temporary Investment Committee. The action previously recommended by the Secretary, upon recommendation of the Broker, was rejected - invest in 7-1/2% Ford or 7-3/4% AT & T issue with 1977 maturities.

We have $30,000 in one year Time Deposits, at 5-3/4% (maturity in November, 1971). We have $30,000 in day-of-deposit to day-of-withdrawal savings accounts at 5%.

The Board requested the Secretary to look into current investment opportunities for short term (3-6 years) prime quality (AAA or AA) bonds or notes in amount of $30,000 that will yield in excess of 7%. The $30,000 now in time deposits should be re-invested in time deposits.

AUTOMOTIVE INFORMATION COUNCIL

Mr. Greenen discussed the background on this Council, and read from a report of their July 7, 1971 meeting held in Chicago. Mr. Greenen attended that meeting. The Council was to have Association Members and Corporate Members. At Mr. Greenen's direction, the Friction Materials Standards Institute joined the Council, paying the $100 Annual Dues.

Since then, there have been letters, telegrams and phone calls to the Institute Office on fund raising for the Council. The last item on hand is an October 4, 1971 letter saying that our association was nominated to designate a director to serve on the Board of Directors of the Council.

After review, various members suggested that while we are in favor of the objectives of the Council, we will not be involved in fund raising. The Secretary will advise the Council that our Board is declining to nominate a director, and while we will not participate in fund raising for the Council, we do wish to continue to receive information about the Council at the Institute Office.

Further, the Secretary is directed to make copies of the Council's July 7, 1971 minutes and distribute a copy to each of our Directors.

HISTORICAL SALES REPORTING

The President then reviewed our work to date on historical sales reporting. The Secretary chaired a temporary committee formed at the June meeting to revise the reporting format and to clarify reporting guidelines. Messrs. McGovern and Kelly worked with the Secretary on this Committee.

The Committee's work was shown in the Secretary's Bulletin #410 of September 9, 1971, which was to advise the members of changes in reporting: Quantities reported in pieces; the groupings remain unchanged; Accountants will report names of the members from whom reports are received, and the number of members reporting in each of the four groups; total pieces in each group will be reported (no averages).

The members discussed who would receive the reports. Upon motion duly made, seconded and unanimously passed, it was

> RESOLVED: That only those members reporting the historical sales figures to the Accountants would receive copies of the reports.

As of October 25, 1971 only 11 of the members had reported to the Accountants.

Mr. L. D. Stickles, Counsel will write a memorandum to the members telling the uses to which this data can be put.

The Board directs that a reminder be issued to the members that December 1 is the deadline for the six months figures to June 30, 1971. Also, the Secretary is directed to have the data sheets for the 12 months ending December 31, 1971 out in the mail in mid January 1972.

HYDRAULIC BRAKE PARTS

Mr. Steve Conway's March 19, 1971 letter concerning the possibility of manufacturers of hydraulic brake parts joing the Institute, was read. Mr. McGovern discussed some of the chronology of events including his contact with Mr. Fred Macfee of Echlin, and the M.E.M.A. memorandum of August 19, 1971 outlining procedure for statistical sales reporting of hydraulic brake parts. To the best of any Director's knowledge, there is currently no formal hydraulic parts group.

Mr. Greenen will contact Mr. Macfee to determine: Who's involved? Who to contact? Possibly arrange a meeting. Could Macfee form a committee? Report back to the Board.

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

RESOLVED: That the Friction Materials Standards Institute is interested in having contact with the hydraulic parts people so that we can re-affirm our interest in having them join the Institute.

REQUESTS FOR MAILING LISTS

Mr. Greenen brought up the point that many outsiders call the Institute to get mailing lists of the members. Ordinarily, these are machine tool manufacturers, materials suppliers, etc.

The Board confirmed that mailing lists are not available to outsiders, but if we feel there may be some interest in the product or service offered, the Secretary will clear it with the President and then issue a bulletin.

KAISER ALUMINUM & CHEMICAL CORPORATION

Mr. Greenen, disclosed a request from the Kaiser Agricultural Chemicals Division of Kaiser Aluminum for some guidance. They're working with a liquid compound for ice prevention and removal from highways, and they're concerned that spray might have some effect on brake linings. They are interested in testing to evaluate the effect on brake linings.

Mr. Greenen replied to their request which is being referred to our Brake Performance Study Committee. Mr. Greenen is requesting that the Brake Performance Study Committee contact Kaiser Aluminum.

DIRECTORY OF INSTITUTE COMMITTEES, ETC.

Mr. Greenen brought up the question of preparing a directory of Board Members, Committee Members, etc., with full addresses, zip codes, and phone numbers. It was recommended that such a directory be prepared:

Directory to include - Board of Directors, Officers, Delegates and Alternates, and Committees.

Distributed to: Board of Directors, Officers, Delegates and Alternates and Committee Chairmen.

This will be prepared in loose leaf form to facilitate up-dates.

ASBESTOS STUDY COMMITTEE

Mr. Greenen read from the minutes of the newly formed Asbestos Study Committee of September 15, 1971. Considerable interest was expressed in this work, and members of the Board requested that copies of these minutes be sent to them.

The Secretary will distribute minutes of the September 15, 1971 Asbestos Study Committee to the Board of Directors.

REQUESTS FOR DATA BOOKS

Mr. Greenen advised that the Center for Auto Safety (Ralph Nader's Group) had requested a 1971 Data Book and had been sent a copy. On routine requests of this nature we will cooperate with those requesting, keeping the President advised.

Where Garages request the books, we will refer them to their Wholesale Distributors.

BONDING OF OFFICERS, EMPLOYEES

The Secretary advised that he was bonded for $10,000 on a Fidelity Bond (Cost $50.00 for one year). A side issue developed on check signing which is covered in the next section, but since L. D. Stickles, Counsel, is to have signing authority he must be included in this bonding.

The Secretary was directed to determine the cost of bonding 4 check signers. (Officers plus Legal Counsel) and employees in amount of $25,000. Mr. McGovern suggested that a $500 to $1,000 deductible be considered. The Secretary will report back to the Board when he has this information.

BANK ACCOUNTS - CHECK SIGNING, SAVINGS WITHDRAWAL

At the present time, the President (Mr. Greenen), the Treasurer (Mr. Daly) and the Secretary (Mr. Drislane) are authorized to sign checks. Two signatures are required on the regular checking account and for withdrawal from all the savings accounts.

There were questions about controls to avoid defalcations, and the possible need for a fourth check signer.

After discussion, upon motion duly made, seconded and unanimously passed, it was

RESOLVED: That Mr. L. D. Stickles, Counsel be authorized as a fourth check signer - for the Institute's regular checking account and further, that Mr. Stickles be added to those authorized to sign for withdrawals from the savings accounts.

STANDARD FORGE AND AXLE/MOLDED INDUSTRIAL FRICTION PRODUCTS

Mr. Greenen read correspondence between the Institute and Molded Industrial Friction Products in late 1969 and early 1970. Later information on MIFP indicates they are in commercial block production with probably all of their sales to Standard Forge. Further, it appears that Standard Forge is getting 90 - 100% of their block requirements from MIFP. Standard Forge lists the F.M.S.I. number in their catalog, and apparently is purchasing all their requirements from a non-member.

The Board members suggested that a letter be written by the Secretary explaining tactfully that the F.M S.I. numbers are copyrighted and their use can only be authorized by the Institute or a member of the Institute. The Secretary is directed to review this letter with Mr. Stickles before mailing to Standard Forge.

INSTITUTE DEVELOPMENT

Mr. Greenen discussed some earlier proposals for Institute action that the membership (delegates) had voted on. He suggested that some of these earlier proposals might be re-examined and perhaps new ideas proposed.

The Secretary suggested as a new concept the General Motors diagnostic approach to brake service on which Delco Moraine has considerable background.

Mr. Greenen will contact Mr. Kelly, Chairman of the Institute Development Committee, to go over suggestions.

FEE FORMULA COMMITTEE

The Secretary read the resolution passed by the Fee Formula Committee at its meeting on October 25, 1971. Also, a summary of the minutes of this meeting were read.

In summary the Committee had recommended adoption of the suggested Declaration Form with "Explanation of Category Filing" that was prepared by the Secretary on July 26, 1971. The essential change was that disc brake linings 3/4" thickness or over would fall in the block category rather than the lining category.

Mr. Comins' dissent from the Fee Formula's Resolution was discussed. Mr. Simon noted that while his firm might be charged the additional category, it was necessary to have this coverage should the truck disc brake market develop.

Mr. Gatke suggested that the wording be re-written to clarify lining thickness on an integrally molded assembly, where lining extends all the way to the under-side

The Secretary, considering tapered lining, suggested that the thickness measurement be made at the thickest point.

On motion duly made, seconded, and unanimously passed, it was

RESOLVED: That the recommendation of the Fee Formula Committee of October 25, 1971 be accepted, with the addition in the Explanation section of: "- - - at its thickest point. When measuring a lined shoe to determine lining thickness, measure from the top of the shoe."

RELOCATION OF INSTITUTE OFFICES TO NEW JERSEY

The President discussed the background for this move, and requested comment. Mr. Messier felt it was more important for the Staff to have good access to the Offices than for the Committees. Mr. McGovern questioned what were the advantages of the move. Mr. Greenen suggested a safer more modern environment. Mr. Simon felt that such a move was consistent with the Institute's desires to be more than just a service office. Several members felt the closeness to M.E.M.A. at the Teaneck Office was desirable. Mr. McGovern questioned whether we might be absorbed by M.E.M.A. Several members indicated that we would not tie in with M.E.M.A., but had no objection to a sub-lease.

The Secretary distributed literature on 222 Cedar Lane - Teaneck, and Bergen Mall - Paramus. The new lease in New York runs $7,800/year and we pay about $400 for janitorial services and $200 for drinking water (Gross $8,400). The New Jersey locations are talking in the $6,500 range. Bergen Mall is definite at $6,400. The specific rent at 222 Cedar Lane is not known but it is assumed to be about $6,500

if sub-let (M.E.M.A. has suggested $8.00/foot) and perhaps $7,000 from the landlord.

There will be additional costs - moving, some partitioning, possibly drapes and carpet (Bergen Mall includes carpets - drapes). Parking availability would be good at either location.

Mr. Stickles advised that as a New York Corporation we would need to maintain a New York address. It was suggested that Mr. Stickles' Office could serve as our New York State address.

The question of tax exempt status was brought up. Mr. Stickles explained that the move to New Jersey would, of course, not effect our Federal Tax Exempt status but we would lose our New York State - New York City Tax Exempt status. Mr. Drislane reported that he had discussed this with an individual at Trenton who indicated that if the Institute did not have a New Jersey Tax exemption, and had no income, it could be taxed about $109/year on a $70,000 net worth as a taxable corporation.

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

RESOLVED: That the Offices of Friction Materials Standards Institute be moved to New Jersey by December 31, 1971 or as soon before as convenient.

Two letters were read (Messrs. Weber, Brigleb) indicating a preference for 222 Cedar Lane. As Mr. Greenen had inspected both the 222 Cedar Lane and Bergen Mall Buildings on October 25, 1971, he felt we could hold off on Bergen Mall and deal with 222 Cedar Lane (there should be more space left at Bergen Mall if we do not go to Cedar Lane). It was decided to approach 222 Cedar Lane first, with Bergen Mall as the alternate location.

The Secretary was advised to contact M.E.M.A. (Bill Raftery) and the Landlord at 222 Cedar Lane, to get: Information on entry to space if sub-let
Terms of lease
Firm cost figures
Extra costs

This with information on floor layout, and firm annual rental costs (in standard lease format, if available) the Secretary is to send details to L. D. Stickles, Counsel. Mr. Stickles approval is required before a lease can be signed.

S. K. WELLMAN CORPORATION RE-INSTATEMENT

Mr. Brigleb brought up the fact that since S. K. Wellman is no longer a division of the Abex Corporation, it will seek membership on its own. As the predecessor S. K. Wellman Company was a member before the Abex acquisition, this will be a re-instatement rather than a new member, and there will be no initiation fee.

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

RESOLVED: That the S. K. Wellman Corporation be reinstated as an Active Member of the Friction Materials Standards Institute as of September 1, 1971.

As the Abex and Wellman product categories will be effected, both members will be contacted in order to record categories for the period January 1, 1972 to June 30, 1972.

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No further business was brought to the attention of the meeting. Upon motion duly made, seconded, and unanimously passed it was

RESOLVED: To adjourn.

Adjourned at 3:00 P.M.

E. W. Drislane
Secretary