MINUTES OF MEETING

OF THE

BOARD OF DIRECTORS

Monday, June 11, 1990

Indian River Plantation Resort & Conference Center

Stuart, Florida

DIRECTORS PRESENT

Robert E. Nelson	Abex Corporation Friction Products Group
Larry Mintman	Certified Brakes Allied Signal, Inc.
Larry Belans	Friction Material Company, Inc.
Ron Randall	HKM of California, Corp.
Rita Grisham	Nuturn Corporation
F. William Barton	Reddaway Manufacturing Co.

OTHERS PRESENT

W. Max Sleeth, President	HKM of California, Corp.
Gilbert N. Laycock, Secretary	Friction Materials Standards Institute
Thomas P. Weldy, Counsel	Payne Morehouse Shafer & Harlow, Attorneys at Law
Douglas A. Willsie (Chairman, Data Book & Technical Committee)	ITT Automotive Parts Supply Division
William F. Wood (Chairman, Brake Performance Study Committee)	Motion Control Industries Carlisle Corporation

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

MINUTES OF PREVIOUS MEETING

The minutes of the previous meeting of the Board of Directors held June 19, 1989 had been distributed. It was suggested that the Secretary dispense with the reading of the minutes. Upon motion duly made, seconded and unanimously approved, it was:

RESOLVED: To accept the minutes of the meeting of the Board of Directors of June 19, 1989 as written.

PRESIDENT'S REPORT

M. Sleeth, President, delivered his report. Please refer to EXHIBIT 1 in the report booklet.

Mr. Sleeth reviewed some of the events of the past year such as the move of the Institute office from Paramus, NJ to Monroe, CT, the sub-lease of the Paramus, NJ office and the Institute's purchase of a computer. He welcomed the chairpersons of the Technical Committees. Also were noted some of the agenda items to be covered during the meeting; Rivet Pattern Sub-Committee and Historical Sales - 10 Year Summary Report. Mr. Sleeth commented that the budget seems to be in good shape and wished to thank everyone who has helped the Institute during his past two years as President.

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

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

MEMBERSHIP COMMITTEE

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

Ms. Grisham noted that the Institute now has 84 affiliates up from 78 in June 1989, with Active Members increasing from 22 to 25, Regional Members increasing from 34 to 38 and Licensee Members decreasing from 22 to 21. The report details the specific Membership additions and losses.

Regarding delinquent fees; all Active Members were paid in full, all Licensees were paid in full. There were no open invoices beyond January 1, 1990. Regional Member Fees Receivable were less than $8,000 and only two invoices went back to January 1.

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

RESOLVED: To accept the Membership Committee Report as written.

Update on the Status of the Paramus Office

As of January, 8, 1990, the office was rented. The Institute received a signed lease, two months security deposit and the first 1/2 months rent. By March the tenant (Progressive Financial Services Inc.) was getting behind in the rent payments. On March 21 a reminder of past due rent was sent. On March 29, based on other information concerning the tenant the rent collection was turned over to Mr. Richard LeBlancq of Harwood Lloyd, Counsellors at Law, Hackensack, NJ. A court date of April 27 was set for complaint to be heard. On April 26 a check was delivered to Harwood Lloyd from the tenant and the court date was canceled. After receiving the check it was deposited and returned because the account was closed. A second court date was made for May 31, 1990 to hear the complaint, during which a judgment of possession was issued on behalf of FMSI. The warrant of eviction was to be served by the Sheriff on June 5, 1990. However, due to a backlog of paperwork in the court it had not been served as of Friday, June 8, 1990.

TREASURER'S REPORT

Mr. Larry Belans, Treasurer, read this report. Please refer to EXHIBIT 3 in the report booklet.

The report projected an excess of income over expenses of about $10,200. There were some variances from budget, both favorable and unfavorable. The two areas which impacted the balance sheet most favorably were an increase in income from Members Dues due to additions of new Members and a delay in the move of the Institute office which impacted rent expense. The rent income from the sub-lease of the Paramus office is projected to have a favorable impact on the balance sheet but as detailed elsewhere in the minutes may not.

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

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

A question was asked concerning the size of the reserve as compared to income because associations are being closely monitored. It was recalled that this had been reviewed in the past and if the reserve is less than 2 1/2 to 3 times the annual income it should not be a problem. With the Institute's projected income due to the addition of new members the ratio of reserve to income is less than 2 and should not present a problem.

INVESTMENT ADVISORY COMMITTEE REPORT

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

Mr. Randall advised that total investment assets at June 30, 1990 were projected at about $256,000 versus $255,000 at June 30, 1989. Holdings in Money Market Funds were higher than normal. A meeting was schedule with Merrill Lynch after the report was written to move Money Market Funds back into Treasury Notes. The difference in yields between Money Market Funds and Treasury Notes was minimal.

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

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

A supplementary yield analysis was distributed which reflected transactions which took place after the year end projections were made. It showed purchased of two blocks of U. S. Treasury Notes of $35,000 each with maturities in August 1992 and April 1993, the total yield for each were 8.3% and 8.2% respectively.

BUDGET COMMITTEE

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

The Committee proposed an Expense Budget of $153,940 for the 1990-91 fiscal year. This is less than a 2% increase over the expensed budget for the year now ending. Although the total budget figure is comparable to the previous year there are changes in certain items - eg: Salaries increased by $4,000 due to change in personnel, net rent decreased by $6,500 which may be optimistic due to rent collection difficulties. Pension expense increased by $5,550. Other items showed less significant variations.

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

RESOLVED: To accept the Budget Committee Report.

A discussion followed concerning the proposed budget figure for rent in the 1990-91 budget. Based on the difficulties we have had with the first tenants, the budgeted rent figure is partially netted with rent income. Full rent for New Jersey and Connecticut with no rent income is $26,500. Estimating a 6 months rent income of $6,200 from the Paramus office, the net rent figure becomes $20,300.

FEE FORMULA COMMITTEE REPORT

Mr. R. E. Nelson, Chairman of the Fee Formula Committee, presented his committee's report. Please refer to EXHIBIT 6 in the report booklet.

Mr. Nelson noted that the formula for billing was restructured in 1987 and reviewed the structure for all types of Membership. The Income Projection combined with the Investment Income Projected to $7,600 over the proposed budget.

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

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

A discussion followed concerning the Fee Formula as it was restructured in 1987. It was generally agreed that the restructured fee billing formula as restructured in 1987 was working well.

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

RESOLVED: It is the Board of Directors recommendation to the Membership that the Fee Formula for fiscal year 1990-91 remain unchanged.

Mr. Larry Belans brought up a topic for consideration, that being, a revision of our Constitution, to redefine the Active Member status to include Canadian friction material manufacturers. Mr. Mintman noted that Canadian Regional Members do participate, contribute and attend meetings. There was some discussion concerning the incorporation and actual start up of the Friction Materials Standards Institute. Since this event took place in the late 1940's it would require a search of the files for specific information related to Membership requirements contained in the original filing for incorporation of the Clutch Facing and Brake Lining Institute which became the Friction Materials Standards Institute in 1949. It was generally agreed that it would be the recommendation of the Board of Directors to have the Secretary and Counsel investigate the revision of Active Member classification to include Canadian friction material manufacturers. Additionally, the Board recommended that increasing the number of Directors from seven (7) to nine (9) be investigated.

A revision of the Constitution will be prepared by the Secretary, reviewed by counsel and submitted to the Board of Directors for their approval. When approved by the Board of Directors, ballots will be sent to the Membership for their approval.

DATA BOOK AND TECHNICAL COMMITTEE REPORT

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

Mr. Willsie noted the roster revisions of the Committee during the past year and presented the current roster of the Committee. He noted that a meeting had not been held during the past year. He detailed the additions made after the 1989 Supplement which are in the 1990 Automotive Data Book in four lining categories and two shoe categories. It was also noted that in addition to 6 Data Book Bulletins and 6 Shoe Bulletins the Institute also issued an O.E. to FMSI Cross Index and Semi-Metallic Data Bulletin. He also reviewed the status of resolutions and projects which were noted at the last annual meeting.

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

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

A discussion was initiated by Mr. Mintman concerning who contributed information to the Institute. The Secretary had prepared a two year summary of who contributed new identities for drum brake shoes and linings and disc brake shoes and linings. There were 32 drum brake shoes and associated lining assignments and the information for these assignments was supplied by only two individual companies. There were 92 disc brake shoes and associated lining assignments. The information for these assignments was supplied by 12 companies. Of the 12 companies, 5 were Active Members, 2 were Regional Members, 2 were Licensees and 3 companies were not members of the Institute. The Board was asked to consider an award of acknowledgement for the company and individual who made the majority of the contributions to the Institute. It was noted that acknowledging a contributor could have a positive effect for the individual. However, in some companies it could have a negative effect. It depends upon the companies' approach to giving out information. A Member suggested that it would not be inappropriate to ask the individual before hand if he thought than an acknowledgement would be construed in a negative manner by his company's management and be guided by his input. It was also suggested that a letter to the President of the individual companies thanking them for their support of the Institute would be appropriate.

A Board member suggested that a feasibility study be initiated to consider the addition of hardware for disc plates as part of the Data Book. It was also suggested that A.P.R.A. may be considering the cataloging of hardware and Institute Members could make contributions with respect to hardware. It was noted that the Institute was formed to provide unified part numbering for friction material and we would be moving farther away from friction material by introducing hardware catalog information.

The classification of material types was discussed specifically referring to the classification of "semi-metallic" verses "organic" which is made when disc lining assignments are made and published in an annual bulletin. Some of the European materials have a high metallic content but also have a fibrous matrix and are in between traditional "organic" and "semi-metallic" materials. It was noted that during the last two Data Book and Technical Committee Meetings samples of these materials were reviewed and always resulted in a split decision as to the material type. It was noted that when the SAE J1802 recommended practice gets down to the passenger car level the need for this classification will no longer exist as the materials will be judged on a performance basis.

RIVET PATTERN SUB-COMMITTEE REPORT

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

Mr. Willsie reviewed the current status of this sub-committee. Other than the establishment of the body of this committee, no action has been undertaken, due to liability concerns. A legal opinion was obtained from Harwood Lloyd of Hackensack, NJ and turned over to the Board of Directors for review.

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

RESOLVED: To accept the report of the Rivet Pattern Sub-Committee as written.

The Board of Directors reviewed the comments submitted to the Institute office by individual Board Members which were in response to the legal opinion requested from and prepared by Richard LeBlancq, Esq. of Harwood Lloyd, Counsellors at Law, Hackensack, NJ, concerning the Institute's liability if the Institute were to "recommend" rivet patterns for disc plates which were original. Additionally, the Board reviewed Article II Section D of the Institute Constitution which reads: "The object of the Institute shall be to collect, assemble and disseminate to the members of said industry, scientific, engineering, technological, statistical and other relevant information pertaining to brake linings and clutch facings and pertaining to said industry."

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

RESOLVED: To disband the Rivet Pattern Sub-Committee.

A discussion followed concerning those rivet patterns for IM plates which have already been distributed or any which the Institute may receive in the future. It was suggested that the Institute should continue to "collect and disseminate" this information but the Institute should distribute all rivet patterns received without recommendation.

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

RESOLVED: To collect, assemble, and disseminate all rivet patterns for parts that are original equipment integrally molded and the distribution of this information should contain appropriate disclaimers that the Institute makes no recommendation of these patterns.

BRAKE PERFORMANCE STUDY COMMITTEE REPORT

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

Mr. Wood reviewed the two SAE recommended practices (SAE J1801 & SAE J1802) with which the Brake Performance Study Committee has been involved. He advised that both procedures are still being reviewed and tested. He reported on the cost information which the Institute obtained from Members for slotting per SAE J1801 and embossing as recommended by the BPSC of FMSI.

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

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

HEALTH AND ENVIRONMENTAL AFFAIRS COMMITTEE

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

The Chairperson's report was submitted as a summation of significant events during the past year.

Ms. Grisham reviewed the Occupational Safety and Health Administration Amendments and Regulations concerning asbestos and silica. Also reviewed were the Environmental Protection Agency actions concerning the asbestos ban and National Emission Standard on Hazardous Air Pollutants (NESHAPS) for asbestos.

In a separate report Ms. Grisham reviewed and chronicled the significant dates and actions from the EPA asbestos ban as they relate to friction material.

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

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

ANNUAL MEETING COMMITTEE REPORT

Mr. Stanley Stokes, Chairman, prepared this report, however due to Stan's absence the report was presented by Larry Mintman. Please refer to EXHIBIT 12 in the report booklet.

The Committee again recommended the Hyatt Lake Tahoe Resort Motel as the site for the 1991 Annual Meeting. There was space available June 2-5 at $100.00/night single or double or June 23-26 at $120.00/night single or double. Meeting Rooms are available at no cost. They recommended that the Institute set-up with one airline flying in to Reno for a special group travel package. They also suggested Williamsburg, VA be considered for 1992 and solicited suggestions for future sites.

A discussion followed concerning South Lake Tahoe verses North Lake Tahoe as recommended by the Meeting Committee. It was generally agreed that the south shore was a better choice offering more things to do as opposed to the north shore.

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

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

HISTORICAL SALES REPORTING

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

The period covered was calendar year 1989. A tabulation of those Members who reported sales information in 1989 was presented. The Secretary advised that additional participation was solicited in January, resulting in the addition of 3 Active Members and 7 Regional Members to the program. It was also related that the Board of Directors had authorized a 10 Year Summary of Historical Sales be distributed to those who participate in the program.

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

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

INSTITUTE PENSION PLANS

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

There are two plans: (1) the Simplified Employee Pension Plan (SEP) for current employees, and (2) the trust established for Harriet G. Duschek which was funded by an Institute contribution of $55,000 in 1980.

The SEP calls for 15% of eligible employee salaries to be contributed to an employee's IRA. The Duschek Trust pays Miss Duschek $550 monthly, with assets as of December 31, 1989 of $43,373. It was noted that with an initial contribution of $55,000 in 1980, the trust has paid Miss Duschek $66,000 through December 1989 and still has 78% of the principal remaining.

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

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

The Board of Directors, Officers and Technical Committee Chairmen expressed a sincere thank you to Pam and Bill Barton for hosting at their home the reception on Sunday, June 10, 1990.

Bill Barton also advised that his boat will be available at the Indian River Plantation Marina, Monday, June 11 afternoon and Tuesday, June 12 morning to socialize, sunbathe or take a cruise on the river.

* *

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

RESOLVED: To adjourn

Adjourned at 11:45 A.M.

G. N. Laycock
Secretary