FILE NAME: Friction Materials Standards Institute (FMS)

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HEALTH AND ENVIRONMENTAL AFFAIRS COMMITTEE REPORT

Mr. John Riopelle, Chairman of the Health and Environmental Affairs Committee, presented his Committee report. Refer to EXHIBIT 9.

Mr. Riopelle noted the activity last Fall with the Natural Resources Defense Council (NRDC) petition for the banning of the use of asbestos in automotive brakes, and the Institute comments to the EPA. He also noted that it appears there will be separate OSHA asbestos standards for manufacturing industries and the construction industry. He also noted that asbestos substitute materials were now generating data and he specifically referred to input on Dupont's Kevlar and on refractory (ceramic) fibers developed by Sohio Carborundum. Copies of these letters were given to the Secretary who will distribute copies to the attendees after the Meeting.

Mr. Riopelle commented on the "right to know" laws that are now in effect in several states. It was noted that the Federal Government may also adopt a "right to know" law which among other things will require the Material Safety Data Sheets (MSDS). In essence, the employees must be told of any possible hazards from exposure to materials used in the workplace.

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

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

ANNUAL MEETING COMMITTEE REPORT

Mr. Ed Eggert serves as Chairman of the Annual Meeting Committee. Mr. Barton read Mr. Eggert's report. Refer to EXHIBIT 13. The report noted the facilities at various resorts and recommended three:

The Cloisters, Sea Island, Georgia
Sawgrass, Ponte Vedra (Near Jacksonville), Florida
Sandpiper Bay, Port St. Lucie, Florida

It was noted that the Institute had been to Sawgrass in 1982 and 1983. After discussion on the pros and cons of Florida, and the weather on Cape Cod, the Directors selected Sandpiper Bay as the location for the 1986 Meeting. The Secretary asked for a back-up if Sandpiper Bay was unavailable. The Directors preferred the Cloisters as the alternate site.

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 schedule the Institute's Annual Membership Meeting for 1986 at Sandpiper Bay, Port St. Lucie, Florida, with the Cloisters, Sea Island, Georgia as the alternate site.

Mr. Barton noted that his company had a most successful meeting at Sandpiper Bay earlier in 1985, and suggested that the Secretary contact Mr. Dick Oller at Sandpiper Bay to make the arrangements. Subsequent to the Meeting, the Secretary contacted Sandpiper Bay and committed the Institute to Sandpiper Bay for June 16-19, 1986.

HISTORICAL SALES REPORTING

Mr. Drislane read the report on the Historical Sales Program. Refer to EXHIBIT 12.

The Sales Statistics program continued with nearly full participation by United States manufacturers of automotive friction materials. There were a few reporting voids but no major complaints. One criticism raised was that the Institute did not show on its forms how a participant would report clutch facings where clutch buttons were involved. This question arose years ago, and it was decided to consider 4 buttons as one facing. However, the Institute had stopped explaining this some years back and that explanation will be added to the explanation of the program when information is solicited from Members in the future. During the earlier discussion on heavy duty disc brake pads, a question was asked as to whether the Institute should have a separate statistical class for heavy duty disc pads. The current classes for historical sales reporting are drum brake linings, brake blocks, disc brake linings and clutch facings. The question was whether disc brake linings should be broken down into automotive disc brake linings and heavy duty disc brake linings. It was suggested that those studying the Fee Formula might make recommendations in this area. The fee formula categories and the classes for historical sales have never been identical and there is no reason that they should be. However, those studying the Fee Formula have been asked for recommendations on the historical sales reporting classes.

INSTITUTE PENSION PLANS

The Secretary reported on the Institute Pension Plans. See EXHIBIT 10. He noted that the Institute's Pension Plan is a Simplified Employee Pension Plan (SEP) which formula calls for 15% of eligible employee salaries being contributed to the Employee's IRA. It was noted that approximately $9,755 would be contributed to the Employee's Plans in 1984-85.

Figures on the pension payments to Miss Duschek were shown. Essentially, this fund, which started with $55,000 in 1980, had only invaded capital for $2,000 through December 31, 1984. The Trust pays Miss Duschek $550 a month by Direct Deposit to her bank account.

The Secretary noted that he and Mr. Bill Simon were Trustees of the Trust for Miss Duschek's benefit. Based on Mr. Simon's retirement, the Secretary had been inquiring about a successor Trustee to take Mr. Simon's place. As Mr. Barton is in New Jersey on many occasions during the year, Mr. Drislane had asked if he would serve as Trustee if the Board selected him.

Mr. Barton indicated a willingness to serve as Trustee. Upon motion duly made, seconded and unanimously passed, it was:

RESOLVED: That Mr. F. William Barton succeed Mr. William Simon as co-Trustee for the Trust for benefit of Harriet G. Duschek.

The Secretary and Legal Counsel conferred on the contract establishing the Trust. Paragraph 3 of the Trust Agreement states: "FMSI names Edward W. Drislane and William Simon to be Trustees of the Trust. In the event that either of them is unable or unwilling to serve.....FMSI shall promptly appoint another person to fill the vacant office." The Institute will accordingly fill the vacancy with Mr. Barton and the Office will take the necessary steps so that Mr. Barton can sign checks for the Trust. Upon motion duly made, seconded and unanimously passed, it was:

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

NOMINATING COMMITTEE

A report of the Nominating Committee was not called for at the meeting of the Board of Directors. The Chairman, Mr. Max Sleeth discussed plans for the nominations to be presented to the Membership at the meeting on June 19, 1985. The Committee recommended that Mr. Art Moore of Carlisle be nominated to fill the vacancy created by the resignation of Mr. Don Testa from the Board. The other two nominees for terms commencing on July 1, 1985 would be carryover Directors: Mr. Messier and Mr. Mintman. No action was called for at this meeting.

AMENDMENT OF CONSTITUTION

Under the "Other Business" section of the agenda, the Secretary noted that he felt deletion of the requirement for an Initiation Fee would be in the best interest of the Institute. The Initiation Fee is covered in Constitution ARTICLE IX, FEES AND ASSESSMENTS, Section 1, Initiation Fee. It reads as follows:

> The Initiation fee payable upon admission to the Institute shall be $1,000.00 except that any Member elected to Membership as a Charter Member by the incorporators at their first meeting shall not be required to pay any Initiation fee. No Initiation fee shall be charged to or be payable by any Regional Member or by any Licensee.

This last sentence penalizes the Active Member (the United States Member) even though the non-United States Member (the Regional Member) may have essentially the same rights as the Active Member. Further, this fee, when written into the original Constitution, was an inducement for United States

manufacturers in 1948-49 to join the Institute as Charter Members. The need for this inducement has long since been unnecessary. The Secretary further stated that in seeking the Initiation fee from new applicants, the application process can be held up by six or even nine months where the Institute may lose more in regular Membership Fee money than would be realized from the Initiation fee. The Secretary advised that any such amendment to the Constitution would have to be ratified by two thirds of the Members of the Institute. Further, such amendment must be made by mail ballot this time, as the Constitution requires that a notice of proposed amendment must be mailed to the Membership with not less than two weeks notice.

The Directors stated that this question would be referred to the full Membership at its Meeting on June 19, 1985.

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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 12:00 Noon

E. W. Drislane
Secretary