FILE NAME: Friction Materials Standards Institute (FMS)

DATE: 1983 June 14

DOC#: FMS061

DOCUMENT DESCRIPTION: Minutes of the Board of Directors Meeting - Health and Environmental Affairs Committee

HEALTH AND ENVIRONMENTAL AFFAIRS COMMITTEE

Mr. Jim Armstrong of Bendix is Chairman of this Committee. Mr. Messier read the Chairman's report. Refer to EXHIBIT 9.

Mr. Armstrong reported on activities taken by the Committee and the Institute since the last meeting. This included a review of a Mount Sinai report on a NIOSH contract entitled "Investigation of Health Hazards in Brake Lining Repair and Maintenance Workers Occupationally Exposed to Asbestos." This report was unable to show an excess incidence of asbestos-related diseases in the workers studied. The Institute also distributed guidelines on repeated OSHA violations, forms for compliance with EPA requirements for asbestos reporting, and an update on progress of compensation legislation for asbestos diseases. In summary on compensation, there has been no actual progress on the legislative front.

Mr. Armstrong reported on OSHA's plans to accelerate its schedule for revision of the permissible exposure levels (PEL) for asbestos. In accordance with OSHA's announced plans, there should be an advance notice of proposed rulemaking early this Summer. The Directors concurred that if OSHA does come out with proposed rulemaking in this area that the Institute should respond.

In attempting to qualify OSHA's possible PEL's, it was stated that OSHA may, after some lower proposals, adopt a ceiling exposure of 5 fibers per cc (down from 10) and to a time weighted average exposure of 1 fiber per cc (down from 2). Any such projections are conjecture at this time as no one has seen any OSHA drafts.

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

This item was added to the agenda for this meeting. This subject had been discussed at the special meeting of the Board of Directors on March 1, 1983 at which time it was resolved to extend an invitation to an insurance broker to address this June meeting on such areas as group liability insurance, possible off-shore insurance and other forms of joint insurance in the product liability area. Prior to the meeting, the Institute was advised that Frank B. Hall, an international insurance broker, declined the invitation to address the Institute on group product liability insurance.

Among the suggestions at the outset of this discussion was whether the Institute should consider product liability insurance through its Health and Environmental Affairs Committee, or should a new Committee be formed for this purpose. Based on the Frank B. Hall invitation it was stated that insurers are not particularly interested in additional business when that business involves asbestos. A Director stated that it was a "lesson in Futility" when attempting to secure product liability insurance where asbestos products are involved. It was also noted that in the field of general product liability insurance, asbestos is specifically not covered. In one case, a Director stated that up to within 30 days of policy renewal, one cannot be sure if coverage will be renewed if the insured has used or is using asbestos in his products.

An area of significant cost is the legal fee. These fees in some cases are as costly to the manufacturer as the actual settlement. The suggestion was made that since all defendants in these cases have similar exposure that much of the additional cost for legal fees could be controlled if one Lawyer or Law Firm represented several or all of the defendants. Another Director stated that it would be difficult to get his Corporate Counsel to pool the defense when in many cases the settlements are allocated to one manufacturer or the other after difficult negotiations between defendant parties and plaintiff/defendant counsel. Counsel noted the likely conflict of interest problem in having one Law Firm represent more than one client where there are possible different culpabilities and thus potential exposures depending on the factual circumstances. After additional discussion on possible conflicts, no action was taken as regards group product liability insurance.

PRODUCT LIABILITY ALLIANCE

The Secretary read from a solicitation from the Product/Liability Alliance, which is a pooling of several manufacturers and trade associations to lobby for federal legislation in the product liability area. The Alliance was asking for the Institute's support and a $100 contribution. The Directors took no action on this request.

ANNUAL MEETING COMMITTEE

Mr. Jay Moore is Chairman of the Annual Meeting Committee. Mr. Barton read Mr. Moore's report. See EXHIBIT 13.

In summary, Mr. Moore recommended that the Institute not return to LaCosta in 1985, but select a site in other areas--primarily the Northeast or Midwest. The sites recommended were: (1) Radisson Ferncroft, Danvers, Massachusetts, (2) Dunfey-Hyannis, Hyannis, Massachusetts, (3) Carson Inn, Itasca, Illinois, (4) Abbey on Lake Geneva, Lake Geneva, Wisconsin and (5) Inn of the Mountain Gods, New Mexico.

The Ferncroft was ruled out as it develops that the property is in foreclosure. The Abbey at Lake Geneva was ruled out as it did not have golf on its property. The New Mexico location was ruled out as to difficulty of access. The Directors selected the Dunfey-Hyannis Hotel and Resort as Number 1, and the Carson Inn-Nordic Hills Resort as Number 2.

A comment was made that the Cape Cod area in mid June might be risky from a weather viewpoint.

Selection of the LaCosta site for 1984 was questioned. At this date the only commitment the Institute had made to LaCosta was a $100 deposit, so there was little to be lost by cancellation at this time. After additional discussion, the Directors stated that the Institute would keep its LaCosta commitment for 1984.

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

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

RESOLVED: To select Dunfey-Hyannis Hotel and Resort as Number 1 choice for 1985 with Carson Inn-Nordic Hills Resort as Number 2 choice.

HISTORICAL SALES REPORTING

Mr. Drislane read his report on Historical Sales Reporting. See EXHIBIT 12.

The report for calendar 1982 indicated improved consistency of reporting over that of the prior year. There was relatively regular reporting by 19 Members during 1982. There were no criticisms of the data during the year.

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

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

INSTITUTE PENSION PLANS

Mr. Drislane and Mr. Simon are Trustees of the Pension Plan for Miss Duschek. Refer to Mr. Drislane's report, EXHIBIT 10.

The Secretary advised that the Institute established a Simplified Employee Pension Plan (SEP) in 1980, replacing a Defined Benefit Plan which was terminated earlier that year. The Institute contributes 15% of eligible employees' salaries. The contribution for 1982-83 was $6,912. The preliminary budget figure for contribution in 1983-84 is $7,800. The Institute has no control over investment of contributions after they are made. There is a minimum of paper work for the SEP.

The Trustees reported that the Trust for benefit of Harriet Duschek would have total assets of about $53,100 at June 30, 1983. This Trust was started with a $55,000 contribution on January 1, 1980, meaning that Principal has been invaded for only $1,900 as of this June 30, and payments have been made at the $550 monthly rate for 3-1/2 years.

The Secretary advised that based on recommendations at the June 1982 Meeting, Miss Duschek's payments are being made to a direct deposit account at Miss Duschek's Savings and Loan Association. A Director inquired about Miss Duschek's health. The Secretary had visited Miss Duschek in the Summer of 1982. Her health at that time was not good, as she was forgetful, disorganized and confused. She has apparently failed further since that time. She is apparently approaching senility, and the Secretary advised that some acquaintances in this area were trying to get her into a Nursing Home.

Questions were asked as to the status of the Trust payments to the direct deposit account. If Miss Duschek becomes a charge of the State, County or City, what would be the status of these payments? Would they be taken by the State, County or City for Miss Duschek's benefit? While Counsel indicated the status of these payments would be determined by New York law, it was suggested that the Institute check with local acquaintances who were trying to make arrangements to get Miss Duschek into a Nursing Home. The Secretary was asked to follow-up on Miss Duschek's status.

OTHER BUSINESS

Mr. Comins asked that the Institute consider taking a position on stopping the manufacture of asbestos brake linings. He suggested that this could be done in the form of a comment on OSHA proposals on asbestos control or in whatever form might be considered the best approach for announcing such a position. An advantage of taking the "stop manufacturing" approach is the possibility that the Government could take a position that asbestos brake linings could not only not be manufactured but that they could not be sold after a certain date. Mr. Comins stated that taking such a position might put this industry into a better posture before Government and the public. The Directors considered Mr. Comins' suggestions and recommended that this subject be an agenda item for the June 15-16 Membership Meeting. This would be brought up under the "New Business" section of the agenda.

* * * * *

There being no more 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 12:20 PM.

E. W. Drislane
Secretary

MINUTES OF MEETING

of the

BOARD OF DIRECTORS

Wednesday, June 15, 1983

at

Sawgrass, Ponte Vedra Beach, Florida

DIRECTORS PRESENT

Robert E. Nelson, President	Abex Corporation Friction Products Group
Francis E. Messier	Bendix Corporation Automotive Aftermarket Operations
Robert H. Nelson	Nuturn Corporation
Donald J. Testa	Raymark Corporation
F. William Barton	Reddaway Manufacturing Company
Gordon A. Carrigan	S. K. Wellman Corporation

OTHERS PRESENT

William Simon, Treasurer	Brassbestos Manufacturing Company
David F. McBride, Counsel	Harwood, Lloyd, Ryan, Coyle and McBride
Edward W. Drislane, Secretary	Friction Materials Standards Institute

* * * * *

Mr. Messier, acting as Chairman, called the meeting to order at 3:50 PM, June 15, 1983.

ELECTION OF OFFICERS

Mr. Messier called for nominations for the office of President. The name Robert E. Nelson 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. Robert E. Nelson as President. The Secretary advised that the ballot had been cast.

Mr. Nelson then assumed the position of Chairman of this meeting, and called for nominations for the office of Vice President. Mr. Stuart Comins 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. Stuart Comins as Vice President. The Secretary advised that the ballot had been cast.

For the Office of Treasurer, the name of Mr. William Simon 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. William Simon 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:

Robert E. Nelson	-	President
Stuart Comins	-	Vice President
William Simon	-	Treasurer
Edward W. Drislane	-	Secretary

RETENTION OF COUNSEL

Mr. Nelson 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, Ryan, Coyle and McBride 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, 1983 THROUGH JUNE 30, 1984

The Chairman advised the meeting that the expense budget presented to the Annual Meeting for $110,590 had been adopted by the Membership. It was noted that this expense budget would be increased by $2,500 due to Salaries increase approved by the Board of Directors, after the budget had been prepared. With that increase, the overall expense budget would be increased to $113,090.

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

RESOLVED: That an expense budget of $113,090 for the fiscal year starting July 1, 1983 be accepted.

FEE FORMULA - JULY 1, 1983 TO JUNE 30, 1984

The meeting was advised that the outgoing Board of Directors had voted to maintain the annual fee and fee formula for the fiscal year starting on July 1, 1983 at the same level in effect for the 1982-83 fiscal year.

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

RESOLVED: To adopt the same fee formula for 1983-84 as was used for 1982-83:
Active Members and Regional with Active Member rights: Basic Fee $1,300; 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 the week of June 11, 1984 at LaCosta, Carlsbad, California. 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

E. W. Drislane
Secretary

Adjourned at 4:10 PM