MINUTES OF MEETING

of the

BOARD OF DIRECTORS

Tuesday, March 11, 1986

at

Sheraton Inn at LaGuardia, New York, NY

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 Division Lear-Siegler Company
W. Max Sleeth, Treasurer	Virginia Friction Products, Inc.

DIRECTORS ABSENT

Norman Morse	Guardian McGraw-Edison Company
Robert H. Nelson	Nuturn Corporation

OTHERS PRESENT

Stuart Comins, President	P.T. Brake Lining Company
F. William Barton, Vice President	Reddaway Manufacturing Co.
Edward W. Drislane, Secretary	Friction Materials Standards Institute
Martha Brougham, Counsel	Harwood, Lloyd
Jack Carney	Friction Division Products, Inc.
John Riopelle	Allied Automotive Bendix Friction Materials Division
Christopher Robinson	Frank B. Hall & Co. (Insurance)
William R. Andrus	The Wyatt Company (Actuaries)
Bruce Allen	Kamp Associates (Consultants)
Lee Penman	Kamp Associates (Consultants)

Because of air and traffic delays, all attendees were not present at 9:30 AM. Mr. Barton was asked to serve as acting Chairman of the Meeting. Mr. Barton called the Meeting to order at 9:30 AM. Due to the absentee problem the formal agenda could not be followed. The Secretary noted that four Directors were present at 9:30 AM, and that constituted the necessary quorum.

MINUTES OF PREVIOUS MEETINGS

The minutes of the Meetings of the Board of Directors on June 18, 1985 and June 20, 1985 had been distributed. The Directors reviewed copies of the minutes distributed at this Meeting. The Secretary noted an error on Page 7 of the June 18, 1986 minutes, where the basic fee formula was shown as $1,050. The correct basic amount was $1,150. This amount was shown correctly in the June 20, 1986 minutes, page 4.

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

> RESOLVED: To accept the minutes of the Board of Directors Meetings of June 18, 1985 and June 20, 1985, as written, with exception of the basic fee formula amount in the June 18 minutes, which is corrected to read $1,150.

TERMINATION OF CERTAIN ACTIVE MEMBERS

The Secretary advised that the Board of Directors had voted unanimously, by mail ballot, to terminate the Memberships of BMC Corporation (formerly Brass-bestos) and Cougar Brake Products Industries because of their failure to pay the Annual Membership Fee. Both companies are seeking protection under Chapter 11 of the Bankruptcy Laws. As the balloting had been completed by mail, no action was necessary at this meeting.

SAE BRAKE EFFECTIVENESS TASK FORCE DRAFT PROCEDURE - BRAKE BLOCKS

(Because of the earlier noted tardiness at the meeting, the Board began with consideration of the Product Liability Question. This agenda item was recessed in favor of the SAE Brake Effectiveness Task Force item)

Mr. Stuart Comins assumed the Chairmanship of the meeting. Mr. Robert E. Nelson, who sits on the SAE Brake Effectiveness Task Force (chaired by Mr. Arne Anderson of Ford Motor Company) is familiar with the work of that SAE Task Force. He noted that the SAE cannot adopt a regulation but it can prepare "Recommended Practices." Further, those sitting on SAE Committees or Task Forces, do so as individuals, and not as representatives of their respective companies. While regulations cannot be specifically drawn by the SAE, it is possible that a group such as the American Trucking Associations (ATA) could demand that their suppliers provide materials which conform to an SAE recommended practice.

The Truck/Trailer Brake Research Group (TTBRG) consists of three automotive trade groups: the earlier mentioned ATA, the Motor Vehicle Manufacturers Association (MVMA) and the Truck Trailer Manufacturers Association (TTMA). At its inception, the National Highway Traffic Safety Administration (NHTSA) was a member of the Group, but terminated formal participation because of questions on the legality of its participation. The TTBRG and particularly the ATA have been pressing for improved permanent identification of brake blocks along with a more valid rating test. It has generally been agreed that the 1 square inch sample friction machine test as prescribed in Vehicle Equipment Safety Commission Regulation V-3 (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:

Proposed Rule:
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

Option 1:
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

Option 2:
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.

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

FMSI 04342

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

MINUTES OF MEETING

of the

BOARD OF DIRECTORS

Thursday, June 20, 1985

at

Dunfey-Hyannis Resort, Hyannis, Massachusetts

DIRECTORS PRESENT

Robert E. Nelson	Abex Corporation Friction Products Group
Francis E. Messier	Allied Automotive Bendix Aftermarket Brake Division
Larry Mintman	Certified Brakes Lear-Siegler Company
W. Max Sleeth	Virginia Friction Products, Inc.

OTHERS PRESENT

Stuart Comins, President	P.T. Brake Lining Company
Edward W. Drislane, Secretary	Friction Materials Standards Institute
David F. McBride	Legal Counsel

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Mr. F. E. Messier, acting as Chairman, called the meeting to order at 8:25 AM, June 20, 1985.

ELECTION OF OFFICERS

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

Mr. Messier then called for nominations for the office of Vice President. Mr. F. William Barton 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. F. William Barton as Vice President. The Secretary advised that the ballot had been cast.

For the office of Treasurer, the name of Mr. W. Max Sleeth 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. W. Max Sleeth 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:

Stuart Comins	-	President
F. William Barton	-	Vice President
W. Max Sleeth	-	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, 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, 1985 THROUGH JUNE 30, 1986

124,457

A preliminary expense budget of $119,980 was approved by the Board of Directors at its meeting on June 18, 1985. Because of changes voted by the Board, there were three increases in line items as follows:

Expense	Preliminary	Final Budget	Increase
Salaries	$68,500	$71,000	$2,500
Pension	10,275	10,650	375
Meeting-Travel	1,000	1,500	500

127,825

With these increases, the final expense budget was $123,355. Upon motion duly made, seconded and unanimously passed, it was:

127,825

RESOLVED: That an expense budget of $123,355 be approved for the July 1, 1985-June 30, 1986 fiscal year.

FEE FORMULA - JULY 1, 1985 TO JUNE 30, 1986

The new Board of Directors was asked to approve the Fee Formula adopted earlier at the June 18, 1985 Board Meeting. Mr. Nelson asked that this be considered further, as the Board had asked that fee formula changes be studied. It was noted that the fee formula had been voted for the July 1, 1985 - June 30, 1986 fiscal year, and that the "changes" to the formula were strictly under consideration for the future. They would not affect the 1985-86 fiscal year. Mr. Messier was to chair a committee (with Mr. Larry Mintman and Mr. Robert E. Nelson as Members) to consider possible changes to the fee formula in the future.

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

RESOLVED: To adopt the following fee formula for the 1985-86 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 the week of June 16, 1986 at Port St. Lucie, Florida. 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.

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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 8:30 AM

E. W. Drislane
Secretary

MINUTES OF MEETING

of the

BOARD OF DIRECTORS

Tuesday, June 18, 1985

at

Dunfey-Hyannis Resort, Hyannis, Massachusetts

DIRECTORS PRESENT

Robert E. Nelson	Abex Corporation Friction Products Group
Francis E. Messier	Allied Automotive Bendix Aftermarket Brake Division
Larry Mintman	Certified Brakes Lear-Siegler Company
W. Max Sleeth	Virginia Friction Products, Inc.

OTHERS PRESENT

Stuart Comins, President	P.T. Brake Lining Company
F. William Barton, Vice President	Reddaway Manufacturing Company
Gordon Smith (Chairman - Data Book and Technical Committee)	Allied Automotive Bendix Aftermarket Brake Division
John Riopelle (Chairman - Health and Environmental Affairs Comm)	Allied Automotive Bendix Friction Materials Division
David F. McBride, Counsel	Harwood, Lloyd, Ryan, Coyle and McBride
Edward W. Drislane, Secretary	Friction Materials Standards Institute, Inc.

DIRECTORS ABSENT

Norman Morse	Guardian McGraw-Edison Company
Robert H. Nelson	Nuturn Corporation

Mr. Comins, President, called the meeting to order at 8:00 AM.

MINUTES OF PREVIOUS MEETING

The minutes of the previous meeting held on October 2, 1984 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 October 25, 1984 be accepted as written.

PRESIDENT'S REPORT

Mr. Stuart Comins, President, presented his report. Refer to EXHIBIT 1. Mr. Comins noted work done as regards catalogs, comments to regulatory authorities, the dues structure and general trends. He noted the award made to Mr. Bill Simon for his many contributions to the industry. Mr. Comins' report continued on the liability insurance difficulties facing the industry, and the Institute plans for presentations on liability insurance at this Meeting. In particular, he noted that there would be a presentation by Frank B. Hall & Company at the Wednesday, June 19 session, and then a follow-up on captive insurance by Jack Carney of Friction Division Products, with the cooperation of Kamp Associates, Insurance Consultants at the concluding session on Thursday, June 20.

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

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

MEMBERSHIP COMMITTEE REPORT

Mr. Rob Nelson, Chairman of the Membership Committee, prepared this report. In his absence, the Secretary read the report. The Secretary advised that this report was prepared in early May 1985, but that there were several actions since preparation of the report that would impact the number of Members. Refer to Membership Committee Report, EXHIBIT 2.

The Chairman's report noted net additions to the Membership where Active Members increased from 21 to 22, Regional Members from 24 to 27 and Licensees from 17 to 19.

The Institute had recently received several applications for Membership. The following applications were to be considered by the Board of Directors:

Active Member: Tappa Enterprises of Tappahannock, Virginia
Regional Member: Tormos Frictiemateriaal, B.V., the Netherlands
Satisfied Brake Products of Canada
Licensee: EPE Incorporated of Irvine, California
Lucas Industries, Inc., of Troy, Michigan

After notification of the Membership, a Member commented to the Institute that EPE, Incorporated was not a manufacturer but was a Rebuilder. Directors and Officers who had seen the EPE operation and had dealings with EPE agreed that it was primarily a rebuilder. EPE indicated that it did produce parking brake levers and some rivets. There were questions on whether the rivet production was in "commercial quantities." The eligibility requirement for Licensee Membership was read:

> Any person, firm, or corporation located in any country, engaged in the manufacture of brake shoes, or materials for their attachment or assembly, in commercial quantities, or in the manufacture of tools and/or equipment used in the preparation and installation of friction materials, shall be eligible to become a Licensee.

Discussion turned to the difference between a manufacturer and a remanufacturer. It was apparently the Institute's intent that a Licensee be a manufacturer from basic materials - a primary manufacturer. It is the Board's interpretation that the eligibility requirement means a party "...engaged in the primary manufacture of brake shoes, or materials for their attachment or assembly, in commercial quantities...." and does not include a rebuilder with incidental manufacturing facilities, particularly where the rebuilding operation is the predominant activity of the applicant. The Board Members concurred that EPE, Incorporated was not a primary manufacturer.

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

RESOLVED: That the Licensee application filed by EPE, Incorporated not be accepted.

The Officers and Directors discussed the qualifications of the other applicants. It was agreed that Lucas Industries was a manufacturer of brake shoes (a facility for Ford Truck shoes in Cincinnatti). Satisfied Brake Products was a manufacturer of disc brake pads. Tormos Frictiemateriaal, B.V. was a manufacturer of disc brake pads, and Tappa Enterprises was now in commercial production of disc brake pads in Tappahannock, VA.

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

RESOLVED: That the Licensee application filed by Lucas Industries, Inc. be accepted.

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

RESOLVED: That the application filed by Tormos, Frictiemateriaal, B.V. for Regional Membership be accepted.

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

RESOLVED: That the application filed by Satisfied Brake Products, Inc. for Regional Membership be accepted.

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

RESOLVED: That the application filed by Tappa Enterprises, Inc., for Active Membership be accepted, and that the Board recommends its acceptance by the Membership.

It was noted that the application for Active Membership in the Institute must be approved by the Membership. Balloting on the Tappa Enterprises application will be submitted to the Membership on June 19, 1985. A quorum must be present for the vote, and an affirmative vote of two-thirds of those voting is necessary for approval. Mr. Barton advised that he would not be at the Membership meeting, and gave the Secretary his proxy to vote in favor of the Tappa Enterprises application.

The Secretary advised that Molded Industrial Friction Corporation was delinquent in its dues. No payment has been received for the 1984-85 fiscal year. The Secretary also advised that Molded Industrial had not produced blocks since the Fall of 1984. Molded Industrial had been contacted concerning the delinquency, and was apparently unable to make payment. Upon motion duly made, seconded and unanimously passed, it was

RESOLVED: To terminate the Active Membership of Molded Industrial Friction Corporation.

The Secretary then advised that two Active Members (Cougar Brake and Brassbestos) had recently filed for protection under Chapter 11 of the Bankruptcy Laws. Both were arrears in their dues payment for the period from January 1 to June 30, 1985 in the amount of $925.00. The Secretary advised that both Cougar and Brassbestos had called advising of the Chapter 11 filing. Both indicated that they would like to continue their Membership in the Institute. Our $925 receivables are unsecured obligations. The Directors concurred in taking no action at this time, but that services would be discontinued if billings after the Chapter 11 filings were not paid.

The Secretary reported further on delinquencies of three Mexican Regional Members: Itapsa, S.A. de C.V., Mex-Bestos, S.A., and Pasta Clutch, S.A. These Members are well over-due on their fees, with billings going back over a year. All are at $2,000 or more in arrears. The difficulty is in getting approval for the payment of funds from their Central Bank. All have been advised of the delinquency. Mr. Barton has been in contact with Pasta Clutch and is aware of their difficulties in sending funds out of Mexico. He also indicated that Mr. Horcasitas of Pasta Clutch had indicated his intentions to stay in the Institute and had written that he hoped to get funds out of Mexico shortly. Mr. Drislane indicated that the other two Members had fallen behind in the past, and then made payments. The Board directed that services be suspended to all three Members at this time and that all be so advised. If payments have not been made by December 1985, the Board will be balloted for termination.

The Secretary advised that Raymark Corporation had sold certain assets to Echlin Corporation. The Factory at Stratford, CT and the block manufacturing facilities in Canada were sold. As a result there are two separate corporations where one existed before: Raymark Corporation continuing in the clutch facing business and other off-highway products including woven and sintered metallic materials, and Brake Systems, Inc., (owned by Echlin) with automotive brake lining and brake block products. As a successor manufacturer, the Secretary asked that the Brake Systems, Inc. Membership be formally accepted by the Board. Upon motion duly made, seconded, and unanimously passed, it was:

RESOLVED: To accept Brake Systems, Inc., as an Active Member of the Institute.

TREASURER'S REPORT

Mr. Max Sleeth, Treasurer read the Treasurer's Report. Refer to EXHIBIT 3.

The Treasurer noted that the results projected to the June 30 year-end were based on data booked to April 30, with accruals and estimates to year end. With the projections, the excess of income over expenses was estimated at over $18,000. The Treasurer explained variances and noted (1) Fee income approximately $3,500 over projections; (2) a larger than expected net from Catalog Sales of near $8,000; (3)favorable expense variance of about $1,000; (4) investment income projecting about $1,000 over original estimates.

It was noted that the financial statements include a provision for Environmental Affairs of $7,300 which will bring the Reserve to $21,900. In examining the favorable variances, it was explained that all 1984 Data Books were sold, and we had a subsequent shortage where we resorted to purchasing catalogs back from Members. The Directors suggested that when ordering catalogs in the future that our allowed overrun/underrun be 5% overrun and 0 underrun. This should help to avoid future shortages.

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

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

INVESTMENT ADVISORY COMMITTEE REPORT

Mr. F. W. Barton, Chairman of the Investment Advisory Committee, read this report. Refer to EXHIBIT 4.

Mr. Barton noted that the Institute had completed the upgrading of its portfolio to all United States Treasury Notes, with the last Federal National Mortgage Association note maturing in the past year. Investment income was projected at a little over $29,000 for 1984-85, and it is expected that there will be a slightly lower figure for the next fiscal year. The current yield to maturity for the notes is approximately 11-1/2%. Notes currently are paying less than 10%.

The total Treasury Note portfolio at year end will be over $198,000 at cost (Market is higher). It is the Committee's plan to rollover notes as they mature into comparable Treasury Notes at the then-prevailing rates. Upon motion duly made, seconded andunanimously passed, it was:

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

BUDGET COMMITTEE REPORT

Mr. Max Sleeth served as Acting Chairman of the Budget Committee. Refer to EXHIBIT 5 for the report.

124,480

Mr. Sleeth presented a preliminary Expense Budget of $119,980. This essentially allowed for Salary Increases slightly over 5% with most expenses holding steady or increasing only slightly over those for this past year. The Budget figures were reviewed and no exceptions were noted. However, based on actions taken at other points in the Directors' Meeting, there were changes to be recognized in the final Budget.

Expense	Preliminary	Final Budget	Increase
Salaries	$68,500	$71,000	$2,500
Pension	10,275	10,650	375
Meeting-Travel	1,000	1,500	500

The budget figure for Bad Debts Provision would not be affected, as the provision would have to be made in the 1984-85 fiscal year.

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

RESOLVED: To accept the Budget Committee Report as written with the $3,375 increase noted above.

The Secretary advised the the Institute should consider a new correcting Selectric Typewriter or a Word Processor. The Directors stated that a Word Processor would be the best choice, based on capabilities beyond typing. It was recommended that an IBM Personal Computer (IBM-PC) with letter quality printer be purchased. This could serve functions such as maintaining the mailing list, sorting and rearranging vehicle-lining number-shoe number data, and the like. The necessary software could be expensed as purchased. A figure in the $5,000 range was suggested for the IBM-PC with a letter quality printer and the initial word processing software.

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

RESOLVED: To authorize the purchase of an IBM Personal Computer with letter quality printer.

INSTITUTE STAFFING

The Directors at this point reviewed Mr. Drislane's Salary and voted an increase for the 1985-86 fiscal year. The Secretary was asked his plans and advised that he planned to continue with the Institute until he was 65 years old, and would hope to make known his intentions as early as is reasonable before retirement. The Directors asked that he give at least a year's notice and preferably more when his plans firmed. They noted that this was to permit an orderly transition should he retire. The Directors asked if Mr. Drislane would be more comfortable with a contract, and the Secretary indicated that was not necessary as his relationship with the Board and the Institute had been satisfactory.

Mr. Mintman was asked to serve as Chairman of a Contingency Planning Committee to prepare plans should Mr. Drislane retire or otherwise be unable to continue as Secretary. Mr. Mintman was asked to determine what would have to be done immediately after such action, and then to plan on what would have to be done as regards selecting a successor. Mr. Mintman was asked to outline responsibilities, develop a job description for the work, and develop a plan for a smooth transition for a new Executive Director.

FEE FORMULA COMMITTEE REPORT

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

Mr. Messier reported on the total declarations by Active Members and those Regional Members being charged the same fee schedule as Active Members. This, coupled with the regular Regional Member and Licensee counts, projected fee income of $109,400 for 1985-86, assuming no change in formula from that used in 1984-85. The report summarized preliminary expense budget level and projected investment income and developed an excess of income over expenses of over $5,000 for the next fiscal year. Any losses in fee income from termination of Members would be compensated for by the new applicants accepted earlier in the Meeting.

The Directors discussed the formula and a suggestion was made that a new category be established for disc brake linings. Currently the categories are brake linings (drum and disc), brake blocks, clutch facings and new unlined brake shoes (drum or disc). The Committee was asked to review the formula and determine if changes are appropriate.

Mr. Messier was asked to continue on as Chairman of the Fee Formula Committee and Mr. Larry Mintman and Mr. Bob Nelson were asked to serve on the Committee to make a recommendation on the fee formula. Any change in the formula could not be effective until a fiscal year after 1985-86.

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

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

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

RESOLVED: To maintain the same Fee Formula for the 1985-86 Fiscal Year as was in effect for the 1984-85 year.

The Fee Formula for 1985-86 will be:	Basic	Per Category
Active Members and Regionals with Active Member rights	$1,050 1,150	$700
Regional Members - Individual	1,600	
Regional Members - Association	2,600	
Licensees	600	

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PUBLIC RELATIONS COMMITTEE REPORT

Mr. Rob Nelson served as Co-Chairman of the Public Relations Committee with Mr. Bill Simon. In Mr. Nelson's absence, the Secretary read the report. Refer to EXHIBIT 11.

The report noted the Institute award to Mr. Simon as well as the press release announcing election of Institute Officers at the June 1984 Meeting. Upon motion duly made, seconded and unanimously passed, it was:

> RESOLVED: To accept the report of the Public Relations Committee as written.

DATA BOOK AND TECHNICAL COMMITTEE REPORT

Mr. Gordon Smith, Chairman of the Data Book and Technical Committee, presented this report. Refer to EXHIBIT 8.

Mr. Smith's report noted certain projects completed by the Institute and decisions and changes approved and recommended at its meeting in March 1985. Institute work included publication of a "Clutch Facings" catalog listing all FMSI facings in numeric order as well as in size progression for identification. In addition the "1985 Supplement to the 1984 Automotive Data Book" was published on a timely basis and the Institute prepared and distributed a cross reference listing of lined shoe set numbers versus FMSI numbers for popular domestic and imported cars.

The Committee resolved a question on the assignment of FMSI 4311J for an Eaton 16-1/2 x 7 block where the inner radius had changed but the linear dimensions between holes had held steady. A note was to be put in the 1986 Data Book. This subject was to be discussed further with Carlisle Engineers to resolve the need for the note.

The Committee noted its disagreement with Board instructions for a new series of numbers (outside the 700/7000 Series) for heavy duty disc brake linings. Mr. Comins disagreed with the Committee action and noted that he was not advised of this decision. The Secretary advised that the decision was in the minutes of the Data Book and Technical Committee meeting but that he had failed to send Mr. Comins a copy of those minutes. At this point, a question was asked as to whether the heavy duty disc brake pads should be broken out separately in the historical sales reporting classifications. Comments on this subject appear under the Historical Sales Report section of these minutes. In addition, comments were made concerning a separate fee formula category for disc brake pads, which discussion is reported in the section under Fee Formula Committee report in these minutes. The Secretary stated he would send Mr. Comins a copy of the Committee minutes.

In discussion, Mr. Smith noted the reasons why the Committee recommended continuing with the 7000 Series for all disc brake pads. Mr. Comins noted that a compromise might be reached by blocking a section of the 7000 Series such as the 7700 numbers for heavy duty disc pads. A correction was noted for Mr. Smith's report where certain 4000 series numbers were described as

3/8" and 1/4" (Should be 3/8" and 1/2").

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

RESOLVED: To accept the report of the Data Book and Technical Committee as read, with the exception on treatment of the heavy duty disc pad number assignments.

Upon further discussion, the question on assignment of numbers other than the regular 7000 Series Numbers for heavy duty disc pads was referred back to the Committee. The Board asked that the Committee resolve this question with a blocked series of numbers which would specifically indicate heavy duty discs. Also, the Committee was asked to have this decision complete before copy was sent to the printer for the 1986 Data Book.

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

RESOLVED: That the Data Book and Technical Committee recommend a blocked series of FMSI Numbers for heavy duty disc pads with guidelines for making the assignments.

BRAKE PERFORMANCE STUDY COMMITTEE

Mr. Wayne Matthes is Chairman of the Brake Performance Study Committee. No report was received from the Chairman.

The Secretary noted that he had referred questions from the Truck/Trailer Brake Research Group and from individuals supporting its viewpoints to the Committee. Essentially the TTBRG is asking for a better procedure than the V-3 Regulation for selecting brake linings for its combinations, and for a permanent system of identification which would permit identification after wear and other degradation of the linings/blocks on the vehicles.

Mr. Bob Nelson and Mr. Matthes had met in June of 1984 with the TTBRG and concurred that the V-3 (or J661) procedure was inadequate for rating the compatibility of brake linings, and that Mr. Arne Anderson of Ford Motor was working with an ad hoc Committee at SAE to develop a test procedure which might more reliably be used in selecting linings. The Secretary agreed that the SAE Committee probably held the key to improving the procedure, but that the Institute either through the Brake Performance Study Committee or directly through its Members might do something on the permanent identification question. Perhaps the direction might be in preparing a questionnaire for the Members. The bar codes used in selling consumer products might serve as a tool for identification.

Impression stamping of identification codes might be achievable at reasonable cost. There were questions on control of an identification system including identifying some of the material friction properties. No resolution was made of the TTBRG question and the Secretary indicated he would refer it again to the Committee.

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.

* * * * *

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

FRICTION MATERIALS STANDARDS INSTITUTE, INC., EAST 210 ROUTE 4, PARAMUS, NJ 07652

MINUTES OF MEETING

of the

BOARD OF DIRECTORS

Thursday, October 25, 1984

at

Sheraton Inn at LaGuardia, New York, NY

DIRECTORS PRESENT

Robert E. Nelson	Abex Corporation Friction Products Group
Francis E. Messier	Allied Automotive Bendix Aftermarket Brake Division
Larry Mintman	Certified Brakes Lear-Siegler Company
Robert H. Nelson	Nuturn Corporation
W. Max Sleeth	Virginia Friction Products, Inc.

OTHERS PRESENT

Stuart Comins, President	P.T. Brake Lining Company
Jack Evers (Inst. Regulatory Committee)	Abex Corporation Friction Products Group
John Riopelle (Chairman - Health and Environmental Affairs Comm)	Allied Automotive Bendix Friction Materials Division
David F. McBride, Counsel	Harwood, Lloyd, Ryan, Coyle and McBride
Edward W. Drislane, Secretary	Friction Materials Standards Institute, Inc.

DIRECTOR ABSENT

Norman Morse	Guardian McGraw-Edison Company

The Secretary stated that Mr. Morse had earlier advised that he would not be able to attend the Board Meeting on this date. Also, Mr. Arthur Moore, Carlisle Corporation, and Mr. F. W. Barton, Reddaway, advised that they would not be able to attend as Members of the Institute Regulatory Committee.

Mr. Comins, President, called the meeting to order at 9:00 AM.

MINUTES OF PREVIOUS MEETINGS

The minutes of the Board of Directors meetings held on June 12 and June 14, 1984 had been distributed. A Director moved that the minutes of the June 1984 meetings be accepted as written.

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

RESOLVED: That the minutes of the Board of Directors Meetings of June 12, 1984 and June 14, 1984 be accepted as written.

BENDIX CORPORATION - ALLIED CORPORATION CHANGE

The Membership held by the Bendix Corporation was held under the name of its Friction Materials Division, the manufacturer. The Bendix Corporation advised the Institute that it has changed its name to:

Allied Automotive
Bendix Friction Materials Division

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

RESOLVED: To change the Membership name on the Institute records of the Bendix Corporation - Friction Materials Division, to Allied Automotive - Bendix Friction Materials Division.

INSTITUTE POSITION ON NATURAL RESOURCES DEFENSE COUNCIL PETITION TO BAN THE USE OF ASBESTOS BRAKE LININGS

Mr. Comins noted that this subject was the purpose for calling this special meeting of the Board of Directors. It was noted that the Membership had originally voted to have a Committee formed to prepare a ballot on a possible Institute petition recommending the ban on use of asbestos in replacement brake linings for on-highway use. A Committee was formed to prepare the ballot, but in the meanwhile, the Natural Resources Defense Council (NRDC) petitioned the Environmental Protection Agency (EPA) under the Toxic Substances Control Act (TSCA) to prohibit the "further use of asbestos in automobile and truck brake linings."

The Institute's special committee met on October 3, 1984 and prepared a ballot that was sent to the Membership. This ballot asked if the Institute should comment to the EPA on the NRDC petition relative to four points:

(1) Different times required to develop safe products for each product type.
(2) A summary of the Industry's non-asbestos development at this time based on the ballot's matrix information.
(3) The need for sufficient engineering time for all products.
(4) Adequate lead time for manufacturing process development.

The ballot with the survey information request was sent to all 22 Active Members (United States Members). Three did not reply. Four indicated that they would abstain from balloting. There were fifteen replies, of which 13 favored a response, and 2 opposed the response. In addition, the matrix replies were summarized and these indicated that more progress had been made in the disc brake pad and the brake block product lines. Availqbility of drum brake segments and off-highway materials was further away.

The Directors reviewed the results. One stated that if the Institute were to comment, the comments would have to be prepared by the Health and Environemental Affairs Committee, as the comments would have to be of a technical nature. It was generally agreed that the Institute should comment, but that the direction of the comments was the responsibility of the Board of Directors. It was stated, that unless the Institute specifically stated it was not supporting the NRDC petition, comments without such a statement could be construed as supporting the petition. As some of the statements in the NRDC petition appeared to be inaccurate, the Institute should consider rebutting certain parts of that petition.

Mr. Comins reviewed the background for the ballots sent the Membership on the NRDC petition. These included formation of the ad hoc Committee, the meeting of that Committee and the intent of the ballot submitted to the Membership. There was some discussion on the wording of the ballot and the meaning of the Yes or No ballots. One "No" ballot was essentially a ballot in favor of elimination of asbestos, while two of the "Yes" ballots suggested additional comment against the NRDC petition. The Directors noted that they did not support the NRDC petition.

There were several criticisims, one being that the NRDC is inviting EPA action in what is an occupational problem, which jurisdiction properly belongs to OSHA. It was suggested that since there were technical areas to be addressed, that any comments from the Institute should be made jointly with representation from both the new Institute Regulatory Committee and the Health and Environmental Affairs Committee. An objection was raised that this might be too large a group, and that a Task Force of representatives from these Committees might better handle the job.

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

RESOLVED: That the Institute comment to the Environmental Protection Agency on the Natural Resources Defense Council petition to prohibit the use of asbestos brake linings for on-highway use, and a Task Force be formed to prepare comments as directed by the Board of Directors.

A Director noted that the EPA must reply to the NRDC petition by December 11, 1984. The Institute comments should be sent to the EPA no later than November 15, 1984. It was noted that if the EPA were to accept the NRDC petition, the EPA would have to initiate the rule-making process. This would take the form of an Advance Notice of Proposed Rulemaking (ANPRM) at which time interested parties would be invited to comment. If the petition were denied, the EPA would have to explain its reasons for that denial. One Director suggested that the Institute send a letter to the EPA at this time, stating that "comments would follow." The Directors favored submission of comments at this time addressing several areas:

1. Comment where the Institute believes there are errors in the petition in need of correction.
2. Comment on the timing for introduction and suitability of substitute products along with their actual availability.
3. Comment on the lack of knowledge on possible hazards of the substitute materials - essentially that if the substitute materials have fibrous structures similar to asbestos there may be similar health problems.
4. Address the problem of OSHA versus EPA responsibility and suggest that EPA eliminate those issues in the petition which are the responsibility of OSHA.

As regards the comments, it was suggested that they should be "generic" in content - that is neither Original Equipment or Replacement, but by brake lining product type. One of the largest problems in the safe introduction of substitutes is timing, and there are possible safety implications from forcing technology. It is most important that brake linings be safe products, and the Institute and its Members are concerned with attempts by regulators to establish unrealistic time frames.

The EPA/OSHA jurisdiction problem is significant. Manufacturers in this industry are studying equipment requirements, processing techniques and the costs involved in order to achieve compliance with new OSHA rules for lowering asbestos exposure levels in the workplace. Depending on the final level and the techniques permitted for compliance, industry would be confronted with one set of plans and attendant costs. On the other hand, if industry is forced to eliminate the use of asbestos in its products, that would involve another entirely different set of plans and costs. The industry cannot go both roads.

It was repeated that the Board of Directors must direct the scope of any Task Force Comments. A Director stated that the Institute should not suggest timing for replacement of asbestos in the various friction materials product lines, as there are different capabilities at different plants, and we may underestimate the difficulties in developing safe products that face still additional regulatory hurdles - the National Highway Traffic Safety Administration (NHTSA) for example. The Institute must maintain an overall industry viewpoint rather than one that may support one or two individual manufacturers. Any comments should not be for or against. They should be objective and reasonable and should address the question of jurisdiction, the validity of the supporting comments, and the question of lack of knowledge on possible health hazards from substitute materials.

It was suggested that the NRDC Petition be reviewed item by item, so that the Directors could outline the comments for preparation by the Task Force.

I INTRODUCTION - Briefly comment on issues in petition.
II JURISDICTION - Comment on dichotomy of EPA/OSHA regulation.
III DESCRIPTION OF PETITIONER - No comment.
IV CONTINUED USE OF ASBESTOS...POSES AN UNREASONABLE RISK TO HEALTH
We do not necessarily agree with the credibility of the conclusions in this section and should reserve the right to comment thereon at some later date.
V SUBSTITUTES - Quote from two papers on the lack of knowledge on possible hazards of fibrous asbestos substitutes. In addition, comment on the alleged advantages of certain substitute materials for the average consumer, and on substantial costs involved in new equipment to process the substitutes.
VI TOXIC SUBSTANCES CONTROL ACT... - No comment.
VII CONCLUSION - No comment.

The Institute should make its own conclusions and express the following viewpoints:

1. It opposes an immediate ban on the use of asbestos in automotive brake linings.
2. It is concerned with the possible health hazards of substitute materials with fibrous structures similar to asbestos.
3. Most manufacturers are currently working on programs to develop safe substitute materials for the asbestos products.

Based on timing and Committee considerations, it was stated that input had been received from the Institute Regulatory Committee, as Mr. Rob Nelson and Mr. Larry Mintman, Directors of the Institute are Members of that Committee, and Mr. Evers is a Member of the Committee. The Health and Environmental Affairs Committee was represented by its Chairman, Mr. Riopelle, and corporate representation on that Committee overlapped with corporate Membership on the Board of Directors (Abex, Bendix and Nuturn). In order to speed the Institute comments, Mr. Riopelle volunteered to meet with the Secretary and draft comments to EPA immediately after adjournment of this meeting. Mr. Riopelle stated that he wished to have these comments sent to his Committee before they are sent to the EPA.

The Secretary was asked, after preparation of the comments, to circulate them to the Board of Directors and the Health and Environmental Affairs Committee before submission to EPA should there be major exception to such comments.

The Institute comments should be brief, and address only those items noted by the Board of Directors. The Institute should reserve its right to later comment if it is judged appropriate.

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

RESOLVED: To adjourn

Adjourned at 12:00 Noon.

E. W. Drislane
Secretary

MINUTES OF MEETING

of the

BOARD OF DIRECTORS

Thursday, June 14, 1984

at

La Costa Resort, Carlsbad, California

DIRECTORS PRESENT

Robert E. Nelson	Abex Corporation Friction Products Group
Larry Mintman	Certified Brakes Lear-Siegler Company
Robert H. Nelson	Nuturn Corporation
W. Max Sleeth	Virginia Friction Products, Inc.

OTHERS PRESENT

Stuart Comins, President	P.T. Brake Lining Company
F. William Barton, Vice President	Reddaway Manufacturing Company
David F. McBride, Counsel	Harwood, Lloyd, Ryan, Coyle and McBride
Edward W. Drislane, Secretary	Friction Materials Standards Institute

* * * * *

Prior to the meeting, the Secretary advised the Directors in attendance that there were not enough Directors present to constitute a quorum to hold the Board of Directors meeting. The three Directors on hand were Mr. Robert E. Nelson, Mr. Robert H. Nelson and Mr. W. Max Sleeth.

Prior to the meeting the Secretary, at the direction of the Directors present, called the three absent Directors advising of the quorum problem. Mr. Bob Mighton, a Director whose term ran until June 30, 1985 resigned as a Director. Mr. Mighton's resignation created a vacancy. The remaining Directors, even though less than a quorum, balloted and chose Mr. Larry Mintman to succeed Mr. Mighton as a Director. With Mr. Mintman's election to the Board, a quorum was present. (See Constitution, ARTICLE IV, DIRECTORS, Section 5, Vacancies).

* * * * *

Mr. Robert E. Nelson, acting as Chairman called the meeting to order at 10:25 AM, June 14, 1984.

ELECTION OF OFFICERS

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

Mr. Nelson then called for nominations for the office of Vice President. Mr. F. William Barton 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. F. William Barton as Vice President. The Secretary advised that the ballot had been cast.

For the office of Treasurer, the name of Mr. W. Max Sleeth 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. W. Max Sleeth 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:

Stuart Comins	-	President
F. William Barton	-	Vice President
W. Max Sleeth	-	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, 1984 THROUGH JUNE 30, 1985

The Chairman advised the meeting that the expense budget presented to the Annual Meeting for $117,480 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 $119,980.

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

RESOLVED: That an expense budget of $119,980 for the fiscal year starting July 1, 1984 be accepted.

FEE FORMULA - JULY 1, 1984 TO JUNE 30, 1985

The meeting was advised that the outgoing Board of Directors voted to suspend $150 of the Basic Fee for Active Members (and Regional Members paying the same fee as Active Members) for the 1984-85 fiscal year.

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

RESOLVED: To adopt the following fee formula for the 1984-85 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 the week of June 17, 1985 at Hyannis, Massachusetts. 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.

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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 10:35 AM

E. W. Drislane
Secretary