MINUTES OF MEETING

of the

BOARD OF DIRECTORS

Wednesday, June 16, 1982

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 J. Anderson	Certified Brakes Lear-Siegler Company
David E. Cunningham	Raybestos-Manhattan, Inc.
F. William Barton	Reddaway Manufacturing Company
John P. Gallagher	Thiokol Corporation Friction Division
Gordon A. Carrigan	S. K. Wellman Corporation

OTHERS PRESENT

William Simon, Treasurer	Brassbestos Manufacturing Company
Robert P. Gorman, Counsel	Durand, Gorman, Heher, Imbriaco & Lynes
Edward W. Drislane, Secretary	Friction Materials Standards Institute

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Mr. Carrigan, acting as Chairman, called the meeting to order at 5:05 PM, June 16, 1982.

ELECTION OF OFFICERS

Mr. Carrigan 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, at each annual meeting legal counsel shall be retained for the ensuing year.

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

RESOLVED: That Mr. Robert P. Gorman of the Durand, Gorman Heher, Imbriaco & Lynes Law Firm be retained as Counsel for the ensuing year.

RETENTION OF AUDITORS

The Chairman on recommendation of the Secretary, suggested the retention of auditors for the ensuing year

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

RESOLVED: That Marshall Granger & Co., Certified Public Accountants, be retained as auditors for the ensuing year.

BUDGET - JULY 1, 1982 THROUGH JUNE 30, 1983

The Chairman advised the meeting that the expense budget presented to the Annual Meeting for $107,500 for 1982-83 had been adopted by the Membership.

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

RESOLVED: That a budget of $107,500 for the fiscal year starting July 1, 1982 be accepted.

FEE FORMULA - JULY 1, 1982 to JUNE 30, 1983

The meeting was advised that the outgoing Board of Directors had voted to increase the annual fee and fee formula for the fiscal year starting July 1, 1982. The newly-elected Board of Directors was asked to affirm the new fee formula.

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

RESOLVED: That the annual fee for the fiscal year starting July 1, 1982 for Active Members and Regional Members with Active Member rights be a basic rate of $1,300 with an additional $700 for each category in which engaged; for individual regular Regional Members $1,600; for trade groups holding Regional Membership $2,600; and Licensees $600.

The Secretary was directed to contact the Accountants in order to explain to the Members how the Reserve created by the additional dues would be handled. This explanation was to be sent the Membership before July 1, 1982.

ASBESTOS COMPENSATION COALITION

The Board of Directors discussed the presentation made by the Asbestos Compensation Coalition. As the presentation was made to the Membership after the meeting of the outgoing Board of Directors, the incoming Board of Directors had been assigned the task of deciding what action, if any, was to be taken relative to the Institute and the Coalition.

It was stated that the Institute should advise the Coalition that it would like to distribute papers, copies of presentations, and suggested legislation to Institute Members, coordinating any such works with the Chairman of the Institute's Health and Environmental Affairs Committee. The Secretary was directed to thank the Coalition for its presentation at the Membership Meeting.

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

RESOLVED: To maintain liaison with the Asbestos Compensation Coalition and coordinate any distribution of proposals, viewpoints, and accomplishments of said Coalition through the Institute's Health and Environmental Affairs Committee.

MEETING OF THE BOARD OF DIRECTORS

The next meeting of the Board of Directors is scheduled for the week of June 13, 1983, at Sawgrass, in Ponte Vedra Beach, 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 5:15 PM

E. W. Drislane
Secretary

FRICTION MATERIALS STANDARDS INSTITUTE, INC., E-210 ROUTE 4, PARAMUS, N.J. 07652

MINUTES OF MEETING

OF THE

BOARD OF DIRECTORS

Wednesday and Thursday, June 17-18, 1981

at

The Homestead, Hot Springs, Virginia

DIRECTORS PRESENT

Gordon A. Carrigan, President	S. K. Wellman Corporation
Robert E. Nelson, Vice President	Abex Corporation Friction Products Group
Francis E. Messier	Bendix Corporation Automotive Aftermarket Operations
Robert J. Anderson	Certified Brakes A Lear Siegler Company
Stuart Comins	P. T. Brake Lining Company, Inc.
F. William Barton	Reddaway Manufacturing Company, Inc.
John P. Gallagher	Thiokol Chemical Corporation

OTHERS PRESENT

William Simon, Treasurer	Brassbestos Manufacturing Corporation
Robert P. Gorman, Counsel	Durand, Gorman, Heher, Imbriaco & Lynes, Counsellors at Law
Edward W. Drislane, Secretary	Friction Materials Standards Institute

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Mr. Carrigan, acting as Chairman, called the meeting to order at 5:15 PM. on June 17, 1981.

ELECTION OF OFFICERS

The Chairman called for nominations for the office of President. The name of Mr. Gordon A. Carrigan was presented for President. Counsel asked that nominations be suspended, as Mr. Carrigan was not a Director of the Institute, and he referred the Directors to ARTICLE V, Section 2, Election and Term of Office. This Section states that the Board of Directors shall elect a President and Vice President from among its members. As Mr. Carrigan had not been elected a Director at the preceding Membership meeting, he was ineligible for election as President.

After further discussion, Mr. Willaim Simon, Treasurer, submitted his resignation as a Director of the Institute.

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

RESOLVED: To accept Mr. William Simon's resignation as a Director of the Institute.

Mr. Francis E. Messier assumed the position of Chairman of the meeting. Mr. Messier, citing ARTICLE IV, Section 5, Vacancies, announced that the remaining members of the Board of Directors shall choose a successor to fill the vacancy on the Board of Directors caused by Mr. Simon's resignation. Mr. Messier called for nominations for the vacancy on the Board of Directors. The name of Mr. Gordon A. Carrigan was presented for the Director position. The nomination was seconded.

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

RESOLVED: That nominations to fill the vacancy on the Board of Directors be closed.

Whereupon the Secretary was instructed to cast one ballot for the election of Mr. Gordon A. Carrigan as a Director. The Secretary advised that the ballot had been cast.

Mr. Carrigan reassumed the position of Chairman of the meeting, and he called for nominations for the office of President. The name of Gordon A. Carrigan 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. Gordon A. Carrigan as President. The Secretary advised that the ballot had been cast.

Mr. Carrigan called for nominations for the office of Vice President. Mr. Robert E. Ne son 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. Robert E. Nelson 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:

Gordon A. Carrigan - President
Robert E. Nelson - Vice President
William Simon - Treasurer
Edward W. Drislane - Secretary

RETENTION OF COUNSEL

Mr. Carrigan advised that according to ARTICLE VI of the By-Laws, at each annual meeting legal counsel shall be retained for the ensuing year.

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

RESOLVED: That Mr. Robert P. Gorman of the Durand, Gorman, Heher, Imbriaco & Lynes Law Firm be retained as Counsel for the ensuing year.

RETENTION OF AUDITORS

The Chairman on recommendation of the Secretary, suggested the retention of auditors for the ensuing year.

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

RESOLVED: That Marshall Granger & Co., Certified Public Accountants, be retained as auditors for the ensuing year.

BUDGET - JULY 1, 1981 THROUGH JUNE 30, 1982

The Chairman advised the meeting that the expense budget presented to the Annual Meeting for $101,005 for 1981-82 had been adopted by the Membership.

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

RESOLVED: That a budget of $101,005 for the fiscal year starting July 1, 1981 be accepted.

FEE FORMULA - JULY 1, 1981 to JUNE 30, 1982

The meeting was advised that the outgoing Board of Directors had voted to maintain the 1980-81 fee formula for the fiscal year starting July 1, 1981.

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

RESOLVED: That the annual fee for the Active Members for the fiscal year starting July 1, 1981 for Active Members and Regional Members with Active Members rights be a basic rate $1,150 and $700 for each category in which engaged; for the individual regular Regional Member $1,450; for trade groups holding Regional Membership $2,400; and Licensees $550.

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As the Directors wished to have additional input from the Membership on questions concerning organization of the Annual Meeting and the election of Directors and Officers, it was suggested that the meeting recess.

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

RESOLVED: To recess the meeting of the Board of Directors.

Meeting recessed at 5:30 PM, June 17, 1981

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Mr. Gordon A. Carrigan, acting as Chairman, reconvened the meeting of the Board of Directors at 10:10 AM, June 18, 1981.

RATIFICATION OF ACTS OF OFFICERS

Legal Counsel stated that since ARTICLE V, Section 2, Election and Terms of Office indicated that an individual could not serve as President or Vice President if not a Member of the Board of Directors, that the Board of Directors might entertain a motion to ratify and affirm any actions taken heretofore on behalf of the Institute by a non-eligible Officer, provided those acts had been done in good faith.

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

RESOLVED: That all acts by and all acts done at the direction of any President or Vice President of the Institute who was not also at the same time a Member of the Board of Directors, shall be and hereby are ratified and affirmed, provided only that such acts or directions were done in good faith.

AMENDMENT OF CONSTITUTION AND BY-LAWS

Based on the Board's recommendation on election of new Members this subject was discussed at the Membership Meeting, and it was decided to revise the recommendations on requirements for election. In summary, it was recommended that election require the affirmative vote of two-thirds of the Members responding to a mail ballot within thirty days of the mailing of the ballots to the Members. A similar two-thirds vote of those present was called for if the vote on application of a new member took place at a Meeting.

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

RESOLVED: That the Membership be asked to ballot on amendment of ARTICLE III, Section 2 of the Constitution to require the affirmative vote of two-thirds of the Members casting ballots within thirty days of the distribution of ballots, to elect a new Member of the Institute.

Legal Counsel was asked to prepare the necessary wording for the proposed amendment of the Constitution, and send it to the Office for preparation of ballots for the Membership.

Based on the earlier election of Officers and the resolution on ratification of the Acts of Officers, it was suggested that the Constitution and By-Laws be amended so that the President and Vice President could be elected as Officers, even if not members of the Board of Directors. This could enlarge participation in managing the affairs of the Institute. As this would require amendment of the Institute's Constitution and By-Laws, the question would have to be voted on by the full Membership.

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

RESOLVED: That the Membership be asked to ballot on amendment of ARTICLE V, Section 2 of the Constitution to permit the Board of Directors to elect a President and a Vice President from among the Members of the Institute, regardless of whether such member also serves as a member of the Board of Directors.

Legal Counsel was asked to prepare the necessary wording for the proposed amendment of the Constitution, and send it to the Institute Office for preparation of ballots for the Membership.

INSTITUTE LOGO

A Director suggested that the name tags issued by the Institute could be of better quality. One suggested a plastic nameplate with professional printing. It was further suggested that the Institute consider a logo for imprinting on the nameplate. It was noted that other trade associations such as ASIA, MEMA, APRA and others have a logo. The Secretary advised that he had been asked concerning an FMSI logo in the past, but that there had been no other movement in that area. Mr. Simon, Chairman of the Public Relations Committee, was asked to make suggestions concerning a logo for the Institute.

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

RESOLVED: That Mr. Simon, Chairman of the Public Relations Committee, report to the Board of Directors with his recommendations on design of a logo for the Friction Materials Standards Institute.

MEETING OF THE BOARD OF DIRECTORS

The next meeting of the Board of Directors is scheduled for the week of June 14, 1982, at Sawgrass, in Ponte Vedra Beach, 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 10:20 AM, June 18, 1981.

E. W. Drislane
Secretary

MINUTES OF MEETING

of the

BOARD OF DIRECTORS

Tuesday June 15, 1982

at

Sawgrass, Ponte Vedra Beach, Florida

DIRECTORS PRESENT

Gordon A. Carrigan, President	S. K. Wellman Corporation
Robert E. Nelson, Vice President	Abex Corporation Friction Products Group
Francis E. Messier	Bendix Corporation Automotive Aftermarket
Robert J. Anderson	Certified Brakes Lear-Siegler Company
Stuart Comins	P. T. Brake Lining Company
F. William Barton	Reddaway Manufacturing Company
John P. Gallagher	Thiokol Corporation Friction Division

OTHERS PRESENT

Philip H. Grim, Jr., Committee Chairman	Abex Corporation Friction Products Group
James W. Armstrong, Committee Chairman	Bendix Corporation
William Simon, Treasurer	Brassbestos Manufacturing Company
Robert P. Gorman, Counsel	Durand, Gorman, Heher, Imbriaco & Lynes, Counsellors at Law
Edward W. Drislane, Secretary	Friction Materials Standards Institute

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Mr. Carrigan, President, called the meeting to order at 8:30 AM, June 15, 1982.

MINUTES OF PREVIOUS MEETING

Minutes of the Board of Directors meetings of June 16-17, and June 17-18, 1981 had been distributed. A Director moved 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 Board of Directors meetings of June 16-17, and June 17-18, 1981 be accepted as written.

PRESIDENT'S REPORT

Mr. Carrigan, President, presented his report. Refer to EXHIBIT 1. Mr. Carrigan noted that his service began in February 1980 and that this would be his last term as President. He advised that he would not seek another term. He noted some of the highlights of Committee reports, and advised that the new consolidated catalog would not be ready for distribution until July 1982. Mr. Carrigan thanked the Officers, Directors and Committee Chairmen for their efforts on behalf of the Institute.

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

RESOLVED: To accept the President's report as written

MEMBERSHIP COMMITTEE REPORT

Mr. Stuart Comins, Chairman of the Membership Committee, reported. Refer to EXHIBIT 2.

Mr. Comins noted the relative stability of the Membership during 1981-82. Among the changes noted were the additions of Cougar Automotive, and Friccion, S.A. He advised that Lasco was dropped as a Member and that Borg & Beck de Mexico, S.A. was delinquent in payments of its annual fee. Mr. Comins noted that an application had been received from the Brenier Company, Inc., a manufacturer of insulators, for Licensee Membership in the Institute.

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

RESOLVED: To accept the report of the Membership Committee as written.

The Secretary advised that while the Membership Committee had unanimously recommended acceptance of the Brenier Company application, the Office had not received all ballots back from the Directors at the time of the meeting.

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

RESOLVED: To Accept the application of Brenier Company, Inc. for Licensee Membership in the Institute.

At this point, there was a discussion on the Members' naming of Delegates to the Institute. A review of the Constitution and By-Laws showed that the only qualification needed to be a Delegate was that the person so named be"duly authorized" (by the Member naming him/her as Delegate). Therefore, presently a Member Company could name any competent individual to serve as its Delegate. The relevant rules are those in the BY-LAWS, ARTICLE I, RULES, Section 1. Designation of Delegates.

TREASURER'S REPORT

Mr. Simon, Treasurer, reported on financial activities during the 1981-82 fiscal year. Refer to EXHIBIT 3.

Mr. Simon's report projected an excess of income over expenses of near $10,000 for 1981-82, based on a trial balance of accounts at April 30, 1982. His report compared projected expense items to June 30 with the budgeted figures, and noted that while there were some significant variations, actual expenses will come out quite close to budgeted expenses.

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

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

The Secretary advised that Borg & Beck de Mexico, S.A. was delinquent in its annual membership fee payments. He indicated that while Borg & Beck de Mexico, S. A. had paid a payment which they indicated was for a 1981-82 quarter, they actually had not paid for three quarters of their 1980-81 fee. He advised that he had written them several times, and had discontinued all services to them early in 1982

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

RESOLVED: To discontinue the Regional Membership of Borg & Beck de Mexico, S.A. for its failure to pay the annual fee.

INVESTMENT ADVISORY COMMITTEE REPORT

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

In summary, Mr. Barton projected the investment balance to June 30, 1982 at over $180,000, an increase of nearly $15,000 over that at the start of the year. Projections were made for this year's investment income, and for the 1982-83 fiscal year. At the conclusion of the report, Mr. Barton recommended that about 75% of Institute funds be in U. S. Treasury or Agency obligations, and that the remainder be in the Vanguard Money Market Trust-Federal Portfolio.

A Yield Analysis of Institute Investments in U. S. Government Obligations was appended to the report which indicated yields to maturity in excess of 13% for all obligations maturing after this coming fiscal year. It is anticipated that the yields on U. S. Government Obligations will be in the 13 to 14% range over the next several months.

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

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

BUDGET COMMITTEE REPORT

Mr. Drislane, Secretary, read this report for its Chairman, Mr. W. M. Sleeth, Please refer to EXHIBIT 5.

The Chairman proposed an Expense Budget of $107,500, a 6-1/2% increase over the 1981-82 Expense Budget. The principal items of increase were in Salary and wage related costs such as payroll taxes and pension expense. A line by line comparison was shown for 1981-82 Budget Figures with the proposed 1982-83 figures.

At this point, Mr. Comins suggested that with the uncertainties in the environmental fields as regards waste disposal, asbestos compensation, and areas of regulation, that the Institute should budget for "contingency fees" in the environmental area. These could be in the form of consultant costs, participation in lobbying areas for legislation support of other organizations that would assist the Members in either waste disposal solutions or in petitioning the regulatory agencies. He suggested that the Institute provide for such costs in the budget. It was noted that if such funds were not expensed in 1982-83, this would increase the Institute's excess of income over expenses again, where this excess of income over expenses has been the rule over the past several years. Counsel was asked as to what the Internal Revenue Service would consider an unreasonable accumulation of surplus for a "Not-for-profit" association such as the Institute, and advised that the general rule was that accumulated earnings not in excess of three times the annual budget was a rough guideline for not arousing IRS concern.

A Director suggested that consideration of an increased fee be discussed after presentation of the report of the Fee Formula Committee.

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

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

FEE FORMULA COMMITTEE REPORT

Mr. David Cunningham is Chairman of the Fee Formula Committee. Mr. Drislane read Mr. Cunningham's report. Refer to EXHIBIT 6.

Mr. Cunningham's report balanced projected expenses from the Budget Committee report, and projected investment income from the report of the Investment Advisory Committee, and recommended that the Fee Formula used in the past three years (1979-80, 1980-81, 1981-82) be maintained for the 1982-83 fiscal year. Based on the Expense Budget and the projected Investment Income, income in excess of $6,000 over expenses was projected for 1982-83.

The Directors resumed discussion of a contingency fee or special reserve for environmental affairs which had been postponed during review of the Budget Committee report. Questions were asked as to what specifically such a reserve would be used for. A Director stated that the Institute should take a more active role in preventing its Members from being legislated out of business. Funds might be spent on gathering and distributing more information on landfills, on fees for outside consultants--common problems, such as regulatory problems with EPA and OSHA. One Director stated that such a reserve should not be used for individual problems of Members but should be for a common problem for most of the Members. It was suggested that we now have a common problem which is asbestos, and anything in the asbestos area is applicable.

The President stated that some of the items of regulatory concern would be discussed later at this meeting--specifically in the report of the Health and Environmental Affairs Committee--and decision on the Fee Formula should be tabled until after that report.

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

RESOLVED: To table decision on the Fee Formula Committee report until after all other Committee reports had been presented.

Refer to final pages of these minutes for a continuation of the Fee Formula Committee Report.

PUBLIC RELATIONS COMMITTEE REPORT

Mr. Simon, Chairman of the Public Relations Committee, reported for this Committee. Refer to EXHIBIT 11.

Mr. Simon reported that the only press release in 1981-82 was that on the election of Officers at the June 1981 Meeting. This was released to the automotive trade press and appeared in several trade publications. An item of larger concern for the Committee was the work on an Institute logo.

The Board of Directors reviewed the five logos that had received the most favor during mail balloting during the year. These were coded as Logo Designs D, F, G, H and I. The Secretary advised that these logos were all preliminary, and any considered for final adoption would be prepared by a professional artist. As there was no unanimity expressed by the Board, it was recommended that consideration of an Institute logo design be referred to the Membership at the June 16 session for its recommendations.

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. Phil Grim, Chairman of the Data Book and Technical Committe presented his Committee report. Refer to EXHIBIT 8.

Mr. Grim reported on several areas of Committee action and concern. Among these were the addition of off-highway coverage in the Data Book, postponement of any action on a new Brake Block Identification Catalog until later in 1982, and specific questions that had been referred to the Committee.

Mr. Grim's report emphasized the work done on consolidation of the Brake Lining and Clutch Facing information in the Automotive Data Book with the Brake Shoe information in the Brake Shoe Identification Catalog. The general style, layout and consolidation patterns were worked on by the Committee and at a meeting prior to the Committee meeting by Mr. Grim, Mr. Drislane and Mr. Hudson of Abex. The rules for the consolidation, general instructions and other considerations for the new catalog were worked out and put into final form. These then formed the structure of the new catalog which was submitted to printers for bid in January 1982.

The Chairman had hoped to have copies of the new "1982 Automotive Data Book" on hand for the meeting, but actual typesetting of the catalog has been slow. The contract for the catalog had been awarded to Corley Printing Company of St. Louis, who had printed three earlier Institute Supplements, but who had never before printed a full catalog. That award, in retrospect, was probably faulty. While it might be assumed that a newly designed catalog, with considerably more pages than earlier catalogs, would take a longer period to be prepared, this catalog is now running nearly two months late. Mr. Grim projected that the new catalog should be printed about July 1, 1982.

On review of Mr. Grim's report it was noted that one paragraph was missing from the original draft. This was Paragraph C - use of the designations "DA" to designate air actuated disc brakes.

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

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

A Director noted that this catalog consolidation had been discussed and targeted many years ago, and he felt a special vote of thanks be expressed to this Committee for its work on this consolidation.

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

RESOLVED: To express a special vote of thanks to the Committee for its work on consolidation of the Institute catalogs.

BRAKE PERFORMANCE STUDY COMMITTEE REPORT

Mr. Nelson, Chairman of the Brake Performance Study Committee, presented this report. Please refer to EXHIBIT 7.

Mr. Nelson's report noted that activity in the brake regulation area affecting brake lining manufacturers had been limited. The main Institute activity had been in the area of amending Vehicle Equipment Safety Commission Regulation V-3. The Institute had petitioned VESC for amendment of this regulation, and had attended meetings and a hearing in the Washington area concerning this amendment. The specific problem had to do with intended original equipment linings with reduced friction on the drum rears on the new front wheel drive cars. In order to get balance, friction levels had been dropped to a point where the original material might not conform to Regulation V-3 as now written--particularly for the Normal Friction coefficient. The VESC Committee has proposed modifying V-3 per the Institute recommendations, and final vote on such a change will come at a full meeting of the VESC later this Summer.

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

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

HEALTH AND ENVIRONMENTAL AFFAIRS COMMITTEE REPORT

Mr. Armstrong, Chairman of the Health and Environmental Affairs Committee, presented this report. Refer to EXHIBIT 9.

Mr. Armstrong noted actions taken by the Committee and the Institute Office since earlier meetings. He noted in particular that concern was rising relative to litigation in the asbestos area, and proposals for Federal Legislation in the Compensation area. Based on this concern, the Committee met with representatives of the Asbestos Compensation Coalition relative to its activities, and recommended that a representative of this Coalition address the full Membership at this Meeting.

He also noted the concern with landfill and waste disposal requirements. At its meeting, this Committee asked that the Board of Directors approve a request to the Federal EPA on approved landfills for friction materials waste, and asked that the Board suggest the means for making such a request. Mr. Armstrong reviewed several general OSHA and EPA activities in areas of concern to friction materials manufacturers and noted that the Institute had written NIOSH for either a final report or a status of the NIOSH contract for "Health Hazards in Brake Lining Repair and Maintenance Workers Occupationally Exposed to Asbestos."

In discussion of this report, the Chairman noted that New York State now requires the Material Safety Data Sheet (MSDS) for material identification and communication purposes.

In response to a question as to who is the "generator" of hazardous waste, Mr. Armstrong noted that it is the manufacturer who "generates" the waste. Laws apply to all hazardous waste, and while asbestos is not now regulated under the Resource Conservation and Recovery Act (RCRA) it is regulated under the National Emissions Standards for Hazardous Air Pollutants (NESHAPS). As asbestos is inert, it is probably not the real problem in waste sites.

A Director asked what the Board of Directors could do in the environmental area to better support its Members. It was suggested that pooling of information to assist in defending against litigation from exposure to friction materials dust could be an area of assistance. It was noted that the Asbestos Information Association (AIA) had pooled information of this type in its general library. Counsel noted that information on litigation in this area was available to Attorneys and others through subscription services. One Director suggested that the best information was that of a medical nature which could tie in or not tie in specific disease areas (lung cancer, asbestosis, mesothelioma) to exposure to asbestos in the brake repair area. It was stated that there were about 200 lawsuits currently being litigated in the brake repair area (compared to well over 20,000 asbestos suits in all). It was noted that if information along the lines of specific health effects among brake repair workers was gathered, it would be accessible by others and could not be held for Members only.

In this discussion, the "manifestation" and"exposure" theories of liability were discussed. The manifestation theory held that the insurance carrier at the time the disease was known should be held liable, while the exposure theory contended that the carrier insuring the manufacturer when the worker was exposed should be held liable. The long latency of disease from asbestos exposure would lend support to the exposure theory. This is an area of increased concern among insurance carriers and the insured parties. Current practice is to name as many defendants as possible and to work one party against the other (insurance carrier versus insurance carrier, manufacturer against insurance carrier, and manufacturer versus manufacturer).

It was noted that any experienced Counsel involved in asbestos litigation or in litigation in the brake repair area, could gather results and decisions in this area by reference to normal legal publications available in these areas. There would be no problem in gathering specific information in the brake lining litigation area. It was noted that the vast majority of asbestos lawsuits do not involve brake lining, and those that do primarily concern the brake repair shops. Mr. Armstrong noted that Mr. Pullen of the Asbestos Compensation Coalition would address some of these matters in his presentation to the Membership.

A Director suggested consideration of the Committee's recommendations in the landfill or waste disposal area. Should the Institute start a dialog with Federal and/or State Regulatory authorities to develop information on approved waste disposal sites? Where does a manufacturer now dispose of friction materials waste? It was suggested that the Institute start asking questions on the Federal level. A Member stated that existing landfill availability was not now a problem. The problem was that when these landfills are filled, where can friction materials manufacturers dispose of their waste?

The landfill problem largely is a timing problem. As present landfills are filling up, the problem will be two or three years down the road when these sites are filled. It was suggested that the Institute initiate a dialog with the Federal EPA to seek landfill sites for friction materials waste. It was stated that there is a question of Federal or State control of landfills, and that the Institute should be seeking information on currently available sites for hazardous waste disposal within particular states. It was restated that the question is not where the sites are now, but where will they be in two or three years.

It was suggested that the Committee draft a letter for Members to send to their suppliers which would provide guidelines on seeking or establishing landfill sites for their materials. The Directors asked that the Committee prepare such a letter. Further, it was suggested that other associations be contacted to get background on other industries and their problems and solutions for waste disposal.

In addition, Legal Counsel was asked to write the States involved for information on availability of landfill sites for disposal of friction materials waste. He was also asked to contact the Federal Regulatory authorities for information of a similar nature.

It was asked if the Institute should take an active roll in support of a Federal Compensation Act for workers exposed to asbestos. Should the Institute tie in with either the Asbestos Information Association or the Asbestos Compensation Coalition in direct support of their objectives? Should these organizations be supported individually or should they be supported by the Institute? It was suggested that any activities relating to asbestos compensation be deferred until after the presentation by the Asbestos Compensation Coalition to the Membership. After that presentation, the newly elected Board of Directors could take action they feel appropriate as regards the Asbestos Compensation Coalition.

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

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

Upon further discussion, it was noted that this Committee had made significant efforts on behalf of the Institute over the past year.

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

RESOLVED: To express a special vote of thanks to the Committee for its efforts in the health and environmental areas on behalf of the Institute.

ANNUAL MEETING COMMITTEE REPORT

Mr. John M. Moore is Chairman of the Annual Meeting Committee. Mr. Drislane delivered Mr. Moore's report. Refer to EXHIBIT 13.

In summary, Mr. Moore recommended that the Institute return to Sawgrass in 1983, in continuance of the Institute's policy of attending the same site for two years if the first year is satisfactory. For 1984, Mr. Moore recommended LaCosta, in Carlsbad, California, in the San Diego area. As back-ups, his Committee recommended Sandpiper Bay and Grenelefe, both in Florida.

A Director stated that one major difficulty with Sawgrass and that type resort was that the Membership was spread out all over the development, and a "one front door" arrangement like the Homestead is preferable to this villa/condominium arrangement. It was stated that LaCosta was that type arrangement. It was recommended that if the Institute returns to Sawgrass in 1983 that it attempt to get the villas together. It was suggested that if this report were to be accepted as written, the Institute would amend this to add: (1) Sawgrass would be asked to reserve villas closer together for the Institute's 1983 meeting: (2) Alternate sites in Florida--Sandpiper Bay and Grenelefe--be rejected.

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The Secretary was asked to make a phone call after this Meeting to determine if LaCosta would have space available for the Institute in June 1984. (Mr. Moore subsequently called LaCosta and it was confirmed that space was available for the Institute in June 1984).

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

RESOLVED: To accept the report of the Annual Meeting Committee as written, with the amendments noted above.

HISTORICAL SALES REPORTING

The Secretary reported on the Historical Sales Program for the calendar year 1981. Refer to EXHIBIT 12.

His report noted the participation during calendar year 1981. The Secretary advised that because of some "in-and-out" participation, the program had been criticized by a few Members. One Member noted constructively that the reports for the fourth quarter contained about 40% of the sales for all classes for the full year. As a result, the Accountants were asked to review the results, which they did. They noted that five respondents who had not reported earlier had reported at year-end for the last quarter; otherwise that quarter would have shown the more nearly expected 25% of sales for the year. One Member, nonetheless, indicated that it would withdraw from the program if all participants dis not participate for each quarter. Suggestions were made for withholding the assembled information from respondents who did not respond each quarter.

The Directors considered the criticism and felt the historical sales program was worth continuing in its present form, and that those interpreting the data must take into account the patterns of participation and allow for it. The program will be continued on a quarterly basis without change.

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

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

INSTITUTE PENSION PROGRAMS

Mr. Drislane and Mr. Simon serve as Trustees of the Pension Trust for benefit of Harriet G. Duschek. They also served as Trustees of the recently terminated Institute Pension Trust. Mr. Drislane reported on these plans. Refer to EXHIBIT 10.

This report noted that the Institute's Pension Plan had been terminated as of its November 1, 1980 anniversary date, and that termination had been approved by the regulatory authorities--Internal Revenue Service and the Pension Benefit Guaranty Corporation. All assets of the Trust were distributed to the beneficiaries after approval by the regulators.

After termination of the plan, the Institute adopted a Simplified Employee Pension Plan (SEP) using an IRA arrangement where the Institute contributes 15% of eligible employee salaries to a separate IRA for which the Institute no longer has mountains of paper work. This report advised of the financial status of the Trust for benefit of Miss Duschek, from which Miss Duschek is paid $550 per month. As of December 31, 1981, the trust balance was healthy with only $2,500 of the original Principal of $55,000 being invaded. All other payments for the 1980 and 1981 calendar years were paid from income.

Mr. Drislane advised of difficulties arising from Miss Duschek's failure to cash checks. In one case three checks (January, February, March) were not cashed until April, and as of this Meeting there was still one April check outstanding. The Directors recommended a direct deposit arrangement with a bank of Miss Duschek's choosing. The Trustee was directed to have Legal Counsel review and approve the wording of any such direct deposit agreement. Upon motion duly made, seconded and unanimously passed, it was:

RESOLVED: To accept the report rendered by the Trustees on the Institute's Pension Plans.

CREDIT REPORTING SERVICE

Mr. Comins asked that this subject be made an agenda item at this Board Meeting. In setting this for the agenda, Mr. Comins stated that he felt the Institute should set up some sort of credit reporting service similar to that provided Members of MEMA. Mr. Comins stated that since Institute Members are selling to the same type customers, they may have knowledge on an account being unsatisfactory that would affect another Institute Member. A Director asked what was the practice when a credit application was received from a new customer. Some would get a Dun & Bradstreet. Others would check the credit references on the applicant's form. Some would call other companies, which in many cases would be another Member. It was suggested there could be problems with a central reporting system if a credit applicant was denied credit because of a report. In response to questions, Counsel indicated that any party could sue, and that a party might have good grounds for such a suit if mistakenly denied credit due to false information in a central report, and if the false information resulted from negligence on the part of the Institute in compiling the report, provided that damages resulted and were proved.

A suggestion was made that the Members could individually list those at their firm to whom credit inquiries could be directed. It was stated that a list of those to be contacted on credit inquiries, along with the telephone numbers,would be helpful to Member credit departments.

It was stated that the concept of listing those at Member firms who should be contacted for credit information should be worthwhile, and that the subject be placed on the agenda for the meeting of the Membership scheduled for June 16, 1982. The Membership would be asked for its comments and recommendations. Before proceeding with this plan, Legal Counsel will be asked to review the plan and approve it before it is placed in operation.

FEE FORMULA COMMITTEE REPORT (PART 2)

The report by the Fee Formula Committee had been read earlier at this Meeting. The subject had been tabled pending certain subsequent reports, and particularly that of the Health and Environmental Affairs Committee Chairman.

Mr. Comins proposed that the fees be increased to fund contingent expenses such as those for consulting in the health and environmental areas. Of particular concern would be assistance in the waste disposal areas. This increased fee formula would be established to intentionally provide a Reserve to deal with industry's problems in the asbestos, health and environmental areas, including, but not limited to areas of waste disposal. An increase in the basic fee for Active Members from $1,150 to $1,300 was recommended, with no additional increase in the category assessment. Fee increases of similar amounts were suggested for other classifications, and the following fees were suggested for 1982-83:

Active Members and Regional Members with Active Member rights	Basic Fee: $1,300 (Was $1,150) Category Charge: $700 (No Change)
Regional Members (Individual Regionals without Active Member rights)	Fee: $1,600 (Was $1,450)
Regional Members (Associations)	Fee: $2,600 (Was $2,400)
Licensees	Fee: $600 (Was $550)

Upon motion duly made, seconded and passed with six Directors in favor and one opposed, it was:

RESOLVED: To adopt the following fee formula for 1982-83: Active Members and Regionals 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.

* * * * *

There being no additional 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 12:25PM

E. W. Drislane
Secretary

MINUTES OF MEETING

OF THE

BOARD OF DIRECTORS

Tuesday and Wednesday June 16-17, 1981

at

The Homestead, Hot Springs, Virginia

DIRECTORS PRESENT

Robert E. Nelson	Abex Corporation Friction Products Group
Francis E. Messier	Bendix Corporation Automotive Aftermarket Operations
William Simon, Treasurer	Brassbestos Manufacturing Corporation
Stuart Comins	P. T. Brake Lining Company, Inc.
F. William Barton	Reddaway Manufacturing Company, Inc.
John P. Gallagher	Thiokol Chemical Corporation

OTHERS PRESENT

Gordon A. Carrigan, President	S. K. Wellman Corporation
Robert P. Gorman, Counsel	Durand, Gorman, Heher, Imbriaco & Lynes, Counsellors at Law
Edward W. Drislane, Secretary	Friction Materials Standards Institute
James W. Armstrong, Committee Chairman	Bendix Corporation
Philip H. Grim, Committee Chairman	Abex Corporation Friction Products Group
Robert Join, Guest	Federation of European Manufacturers of Friction Materials (FEMFM)

* * * * *

Mr. Carrigan, acting as Chairman, called the meeting to order at 8:30 AM, June 16, 1981.

MINUTES OF PREVIOUS MEETING

Minutes for the Board of Directors meetings of June 24, 1980 and June 25, 1980 had been distributed. A Director 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 Board of Directors meetings of June 24 and June 25, 1980 be accepted as written.

PRESIDENT'S REPORT

Mr. Carrigan, President, read his report. Refer to EXHIBIT 1. He noted with sadness the loss of Mr. Joe Greenen who had served the industry and the Institute so well. Mr. Carrigan mentioned some of the highlights of Committee activity, finances and accomplishments of the Institute over the past year.

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

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

MEMBERSHIP COMMITTEE REPORT

Mr. Comins, Chairman of the Membership Committee, read his Committee's report. Refer to EXHIBIT 2. In summary the report noted that Active Members increased from 20 to 21. Regional Members increased from 20 to 21. Licensees increased from 12 to 14.

Questions were raised about some Canadian manufacturers and Membership in the Institute. The Secretary advised that Hemispheres Manufacturing and Canadian Distex, both of Canada, were Regional Members paying Active Members dues for marketing products using FMSI copyrights and trademarks in the United States. The Secretary had contacted Mr. Bill Bartel at Canparts, and they have now discontinued use of the Institute's numbers in marketing their products. The Secretary advised that he had received an application for Regional Membership from Cougar Automotive in Montreal, but that the application was not complete and had been returned. If this application is completed properly, it will be submitted to the Membership Committee for review. This Cougar application had been returned to the applicant only a few days before the meeting, and information on this application was not included in the Chairman's report.

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

RESOLVED: To accept the report of the Membership Committee as written.

TREASURER'S REPORT

Mr. William Simon, Treasurer presented this report. Refer to EXHIBIT 3.

Mr. Simon's report indicated that the Institute would have an excess of income over expenses of about $18,700. His report analyzed the variances accounting for this excess, which variances were related to: (1) Income projections for 1980-81 indicated a $6,500 surplus; (2) Unbudgeted net from catalog sales of $2,000; (3) Salaries under budget by over $4,000; (4) Unbudgeted fee income of about $5,000 from new members.

An income statement, a balance sheet, and a summary of the past eight years, projected for 1980-81, and an estimate for 1981-82 were presented.

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

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

The Secretary advised that Dur-Bloc, S.A.,of Lima, Peru, a Regional Member of the Institute, had not paid any fee installment for the 1980-81 fiscal year. He advised that he had written Dur-Bloc, S.A., concerning the fee but had not received an answer. In his last letter, he advised that Dur-Bloc's failure to pay the fee would be discussed at the June Board of Directors meeting, and that he would recommend that the Dur-Bloc membership be terminated.

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

RESOLVED: That Dur-Bloc, S.A.'s Regional Membership in the Institute be terminated.

INVESTMENT ADVISORY COMMITTEE

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

The Chairman reported that Institute funds were now invested primarily in U. S. Treasury obligations, with two remaining time deposits maturing in the 1981-82 fiscal year. These investments were made in line with the then Chairman's recommendations which were endorsed by the Board of Directors in 1978. Investment income for 1980-81 was projected at about $14,000 based on data available at May 1, 1981.

A Director suggested that increased income was available from investment in money market funds. The Director suggested that returns in the 17% range were available from certain funds. The Secretary advised that the Institute's Treasury obligations which had basic interest rates in the 9-1/2% range were actually paying more than the face amount, when the discount at purchase and the yield to maturities were considered. He pointed out that if held to maturity, these securities would add about $2,000 in 1982-83 and about $5,000 in 1983-84, not counting interest. The true yield is that listed in the Wall Street Journal or the New York Times listings of Treasury obligations, which currently is about 14-1/2%.

A Director suggested a specific fund. The Secretary advised that the Vanguard Money Market Fund, which is now held by the Institute, is also paying in the 17% area at present. It was suggested the Institute increase its investment in the money market fund as 1981-82 time deposits mature. The Secretary asked for specific recommendations on investment, as special Board meetings or ballots are too time consuming if market rates change.

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

RESOLVED: To invest the proceeds of time deposits scheduled to mature in 1981-82 in the Vanguard Money Market Fund, and to maintain approximately 1/3 of the Institute's investment portfolio in the money market fund assuming income therefrom of 12% or more, which funds will be invested in Treasury obligations if the money market fund return falls to less than 12% for 60 days or more.

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

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

BUDGET COMMITTEE

Mr. W. M. Sleeth, Chairman, prepared this report. Refer to EXHIBIT 5. The Secretary read Mr. Sleeth's report.

The Chairman's report recommended an expense budget of $101,005, an approximate 5-1/2% increase over the 1980-81 budget. Major items of increase in the budget were rent ($1,000), Pension Expense ($3,400) and Meeting Expense ($1,100). There was one significant reduction in Miscellanous Expense, which was explained in the report.

A Director asked about the catalog overrun which was mentioned in the Committee report. The Secretary advised that the printer is allowed a certain per cent overrun and that this overrun is usually sold to the Members after the original shipments are made to the Members. In one year this was significant, but in most years the overrun is sold without loss to the Institute. A Director suggested that to avoid any Institute costs for the overrun, that overruns be distributed to the Members at the time original shipments are made. These overruns could be allocated to the Members in proportion to the size of the individual orders. The Secretary stated that some overrun was needed for new Members, and in some cases for Members who need additional catalogs after the original printing. The suggestion was modified to allocate overruns to Members if necessary.

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

RESOLVED: That printer overruns of Institute catalogs be shipped and charged to Members in proportion to order quantities, if deemed necessary by the Institute.

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

RESOLVED: To approve the expense budget as submitted by the Budget Committee for the 1981-82 fiscal year.

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

RESOLVED: To accept the report of the Budget Committee as written.

FEE FORMULA COMMITTEE

Mr. David Cunningham, Chairman of the Fee Formula Committee, prepared this report. Refer to EXHIBIT 6. The Secretary read Mr. Cunningham's report.

The report indicated that there would be 21 Active Members in 1981-82, with 37 categories. In addition, there would be eight Regional Members with rights of Active Members reporting 10 categories. In addition, there would be 11 regular Regional Members, two trade association Regional Members, and 14 Licensees. Using the same fee formula as used in 1980-81, these totals would generate $94,700 in fee income in 1981-82.

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

RESOLVED: To maintain the 1980-81 fee formula for the 1981-82 fiscal year.

Active Member - Basic Fee $1,150; Category $700
Regional Member with Active Member rights - same fee as Active Member
Regional Member (Regular) - $1,450
Regional Member (Association) - $2,400
Licensee - $550

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

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

PUBLIC RELATIONS COMMITTEE

Mr. Simon, Chairman of the Public Relations Committee, prepared this report. See EXHIBIT 11.

Mr. Simon highlighted the Institute's public relations activities of the past year, as well as noting that while the Institute had requested Members to send in copies of any releases they saw in the trade press, there had been little or no input from the Membership. After considerable discussion on the merits of the Chairman's report, and

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

Mr. Phil Grim, Chairman of the Data Book and Technical Committee, delivered this report. Refer to EXHIBIT 8.

Mr. Grim's report covered items that had been resolved by the Committee during two meetings and with mail ballots during the year. Among the items resolved were questions on drilling changes in disc brake shoes, listing of the combined lining-shoe assembly number, the term "Mixed attachment" when applied to disc brake packages including an integrally molded lining at one position with a riveted or bonded lining at the other, imported car coverage, brake shoe definitions, semi-metallic disc brake lining listings, and off-highway block numbering.

The most significant recommendation of the committee had to do with the re-structuring of the Institute's catalogs. Mr. Grim described the alternatives which the Committee considered such as light duty versus heavy duty catalogs, passenger car versus truck catalogs, etc. The Committee, after considerable debate had resolved as follows: "That the Institute's "Automotive Data Book" and "Brake Shoe Identification Catalog" be combined into one catalog listing the full designation and all available shoe information in the alphabetical section, with lining and shoe numberical information and shoe illustrations after the alphabetical section."

Mr. Grim suggested a title for the new book along with several reasons for making this recommendation.

At the conclusion of the presentation by Mr. Grim, the Secretary advised that he had misgivings on the combined catalog approach, and had discussed this with Mr. Grim before the meeting. The Secretary then suggested a means of giving the Members the advantages of the combined catalog approach, but continuing with two catalogs. His recommendation was to continue an "Automotive Data Book" giving full lining and shoe information in the alphabetical section, and following this with the numerical brake lining, alphabetical clutch facing, and numerical clutch facing now contained in the red book. This would be supplemented with a "Brake Shoe Identification Catalog" which would contain shoe numeric section and illustrations section only. The alphabetical section would be dropped in the shoe catalog.

The Secretary claimed there would be several advantages in this approach, among which was the concept that the Member could purchase only that information which he wanted, and could either purchase the shoe illustrations without the full data book, or purchase the full data book without the shoe illustrations. Another reason for his recommendations, was that he could better keep two printers interested in bidding on the Institute's catalogs with a catalog and a supplement each year. At this point, a Director questioned this reason for two catalogs, with emphasis on getting additional printers to bid. It was pointed out that a major reason for some printers not bidding on Institute catalogs was the multiple billing of the Members. Under the existing catalog contracts, the printer must ship to many locations and bill and collect from as many as twenty different Members. Because of this billing and collection procedure, several printers have refused to bid on the Institute catalogs. After considerable discussion, the Secretary was directed to secure catalog bids from additional printers: (1) Secure bids from Wallace Press and one other printer for the catalog with the printer to bill and collect from the Institute only, and (2) Request bids from the two current printers with prices based on the current collection procedures and with alternate pricing based on collection from the Institute alone.

Returning to the question on restructuring the catalogs, a Director asked about including the illustrations from the Brake Block Identification Catalog along with the information suggested for the combined catalog. The Secretary read from the minutes of the Data Book and Technical Committee meeting on restructuring the catalogs, on that section dealing with the brake block illustrations. There had been considerable discussion at the Committee meeting on this subject, and it had been recommended that the block illustrations not be included in the combined catalog. After additional discussion on the merits of the combined catalog,

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

RESOLVED: That the Institute would combine the content of the "Automotive Data Book" and the "Brake Shoe Identification Catalog" in 1982, in line with the recommendations of the Data Book and Technical Committee.

A Director asked what would happen if the Membership objected to the combined catalog. It was stated that the question could be referred back to the Data Book and Technical Committee if there were valid objections raised by the Membership. At this point a Director asked if the work on combining the catalogs could be completed on time for the 1982 catalog printing. The Secretary indicated that he felt it could be combined in time for the 1982 printing, if the decision were made at this June meeting and was not remanded to the Committee for further consideration.

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

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

BRAKE PERFORMANCE STUDY COMMITTEE

Mr. R. E. Nelson, Chairman of the Brake Performance Study Committee, prepared this report. Refer to EXHIBIT 7.

Mr. Nelson reported on the relatively low level of activity with the National Highway Traffic Safety Administration (NHTSA), and in summarizing stated that he did not expect too much in the way of regulatory initiatives on brake lining over the next few years. He noted recent activity relating to the Vehicle Equipment Safety Commission and its Regulation V-3, and in particular a planned Institute petition on the friction requirements where low friction original equipment linings may be called for on rear drum brakes on the new front wheel drive models. Mr. Nelson commented on what may be the completion of a new specification for the Defense Construction Supply Center.

A question was asked on the "several vehicle manufacturers" evaluation of non-asbestos linings, with emphasis on means for evaluating such materials. Mr. Nelson replied that the procedures for evaluation were not significantly different from those for testing conventional asbestos-type friction materials--preliminary screening with a test machine, followed by vehicle and full dynamometer testing. Essentially the testing is involved with newer brake systems, and is relatively independent of the type of materials.

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

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

HEALTH AND ENVIRONMENTAL AFFAIRS COMMITTEE

Mr. J. W. Armstrong, Chairman of the Health and Environmental Affairs Committee presented his committee report. Refer to EXHIBIT 9.

Mr. Armstrong addressed the items referred to the Committee at the 1980 Meetings. These had to do with the approaches to assist members who were having difficulties with health and environmental regulations. He covered steps the Institute had taken to advise on the outside help that is available, and noted the series of information bulletins that were sent to the Membership on EPA matters, hazardous waste disposal, and the like. Mr. Armstrong then discussed the possible exchange of information on citations from regulatory authorities and the corrective action involved. A questionnaire had been sent to the Membership relating to questions in this area.

Mr. Armstrong then reviewed initiatives from the EPA's Office of Toxic Substances, and the comments the Institute sent the EPA as concerns EPA proposals on record-keeping and reporting to that agency. His report covered what appeared to be a new "spirit of cooperation" between EPA and industry, and the new liaison between the EPA rulemakers and representatives from industry. Mr. Armstrong's report concluded with comments on OSHA, and the indication that there is a temporary hold on asbestos regulations that could affect the friction materials industry.

At the conclusion of his report, Mr. Armstrong addressed specifically the areas of concern that the Board of Directors referred to the Committee, and in particular regulatory difficulties that Mr. Lee Burgess had mentioned at the 1980 Meetings. Mr. Armstrong, advised that he and the Secretary had written Mr. Burgess asking for specific input on the regulatory problems and inviting him to the meeting, but no reply was received on these requests for information. Further, Mr. Armstrong advised that only six replies had been received to the questionnaire sent the Membership on possible Institute committee work on training, citations from regulatory authorities and other possible areas of committee study.

The questionnaire replies indicated a mixed reception to the idea of passing on information on citations. All replies indicated an interest in assistance with training information. The committee, at its next meeting, will review the questionnaire replies. In the meanwhile, the individual replies to the questionnaire will be discarded.

In the discussion that followed, the Chairman indicated that any actions from EPA's Office of Toxic Substances are now on hold as far as asbestos. This EPA Office has singled out the friction materials industry for its initial efforts on asbestos control. Mr. Armstrong suggested that we should take a positive approach, working with the regulators to develop a revised training program for both EPA and OSHA. It was suggested that the Institute cooperate with the EPA on developing training materials which are truthful, practical and helpful. A Director questioned whether the Institute might unnecessarily expose itself if it adopted a positive position on training the asbestos products worker and brake repair worker. It was suggested the better course could be to cooperate with the regulatory authorities, but let them take the credit for developing any training programs. The Institute's position should be to assist wherever possible, and to help any training programs where it can agree with the materials in question.

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

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

The President expressed his thanks to the Chairman and the Committee for its work during the past year.

FEDERATION OF EUROPEAN MANUFACTURERS OF FRICTION MATERIALS (FEMFM)

Mr. Carrigan introduced Mr. Robert Join, Secretary of the Federation of European Manufacturers of Friction Materials (FEMFM), of Paris, France. Mr. Join was asked to briefly update the Board of Directors on activities in Europe.

Mr. Join indicated that there continue to be two main areas of concern in Europe: (1) The approval of replacement brake linings for European vehicles where different from the original equipment linings, and (2) the asbestos health questions in the European Economic Community. Mr. Join indicated that there are ten European countries in the Community, but the Commission cannot pass laws. It can only write directives, and then it is up to the member country to put this directive into effect. The Commission recently drafted a directive on the protection of workers from exposure to asbestos. Mr. Join indicated that this most recent directive was most negative to asbestos, and while this is a draft directive at this time, a statement was made therein to the effect that the truly safe approach would be to ban asbestos. As regards exposure to asbestos from friction materials this draft directive recommended that asbestos use be stopped unless one could prove that the work environment was totally free from asbestos using electron microscopy. As electron microscopy could detect minute amounts of very fine asbestos, this is a most strict interpretation of an asbestos-free environment. It was stated that European countries are, of course, permitted to promulgate laws and regulations more severe than those proposed by the Commission, and this is now the case in Denmark.

Mr. Carrigan thanked Mr. Join for his update on his review of activities of interest in Europe.

ANNUAL MEETING COMMITTEE

Mr. J. M. Moore, Chairman of the Annual Meeting Committee prepared this report. Refer to EXHIBIT 13. Mr. Moore was invited to attend this session of the Board of Directors meeting to present his report.

Mr. Moore's report recommended resorts for the June 1982 meeting, in this order: (1) Sandpiper Bay, Port Lucie, Florida, (2) Sawgrass, Ponte Vedra Beach, Florida, (3)Hyatt at Hilton Head, Hilton Head Island, South Carolina, and (4) The Doral, Miami, Florida.

At the conclusion of his report, Mr. Moore stated that he had subsequently visited Sawgrass and had personal knowledge of Sandpiper Bay. He indicated that Sandpiper Bay was filled with several larger meetings, and it was possible that the Institute could be lost in the shuffle there. Meanwhile, he had visited Sawgrass, and now recommended it as the Number One location for June 1982. He indicated that Sawgrass was convenient to the Jacksonville Airport, the golf was good, and that there are excellent condominium type accomodations. He also stated that Sawgrass was particularly interested in groups such as the Institute, because they were geared to handle groups from 30 to 100 attendees.

Upon further discussion, the Directors indicated interest in Sawgrass, and decided that the week of June 14 would be preferred. There were no known conflicts with that week.

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

RESOLVED: That the 1982 Membership Meeting be held at Sawgrass, Ponte Vedra Beach, Florida, during the week starting June 14, 1981.

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

RESOLVED: To accept the report of the Annual Meeting Committee as written, with the change of the meeting site to Sawgrass.

INSTITUTE DEVELOPMENT COMMITTEE

The agenda listed a report for the Institute Development Committee for discussion. The Secretary advised that there would be no report for this Committee as Mr. J. L. Mellow, Chairman, had resigned from Nuturn Corporation shortly before the Meeting, and no report had been prepared. The only assignment given the Committee had been a review of the Constitution and By-Laws, ARTICLE III, Section 4, Election to Membership. This Section requires the affirmative vote of three-fourths of the Members of the Institute to elect a new Member.

The Secretary had advised the Board of Directors that because three or four Members seldom return ballots where manufacturers apply for Membership, it is possible to have 15 affirmative votes and one or two negative votes, and fail to accept an otherwise qualified applicant. He had suggested that the requirement be changed to two-thirds of the Members' affirmative ballots to elect a new Member. The Secretary advised that in order to effect such a change, the Constitution and By-Laws would have to be amended. This would require a two-thirds vote of the Active Members for amendment.

The Directors considered this change. After discussion of the requirements, it was recommended that the requirement for election of a new Member be by majority vote of the Members voting within thirty days of the mailing of ballots to the Membership. As this change must be submitted to the Membership this recommendation was not put in the form of a motion. This item is considered later in the minutes of the Board of Directors meeting under the heading AMENDMENT OF THE CONSTITUTION AND BY-LAWS. This was later submitted to the meeting of the full Membership for its consideration.

HISTORICAL SALES REPORTING

Mr. Drislane reported on the Historical Sales Reporting program for the 1980 calendar year. In this report he indicated that the program had been weakened by Carlisle's withdrawal from the statistical reporting program. On another matter, the Secretary advised that he had been contacted by Johns-Manville several times during the past year in an attempt to access the original data sent to the Accountants. Johns-Manville was not attempting to access data supplied by others, but was attempting to access the data they had submitted in the early 1970's. The Secretary contacted the Accountants at that time, and they advised that they had discarded the original input data many years ago. The Accounting firm also advised that certain associations had asked that they discard original data after a certain period--three months, six months, etc.--to insure the confidentiality of the input, and they suggested that we might do the same. A Director asked why the data could not be discarded immediately after the combined report was distributed. The Secretary advised that there had been questions raised about the input data after a report had been rendered. In one case it had been found that a participant had not submitted cumulative data, and that report was subsequently amended. It could take up to six months to re-inspect the original data, and a discard period of up to six months should take care of any possible error in reporting or amending the original data.

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

RESOLVED: That the Accountants be advised that the input data from the Members to the historical sales program be discarded six months after the report is distributed to the Membership.

Counsel asked the Secretary to submit a draft of his letter to the Accountants before mailing.

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

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

INSTITUTE OFFICE COPIER

The Secretary submitted to the Board of Directors an analysis of cost for purchasing a new office copier to replace the Xerox 914 now under a rental agreement. The report recommended purchase of a Xerox 2600 for a total cost of approximately $3,880. While this would project a savings of about $170 annually, this is based on depreciation of the new machine over 5 years, and if it could be assumed the machine has a life longer than five years, the savings would be substantial. There is also an element of improved copy quality and machine reliability.

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

RESOLVED: To purchase a new Xerox 2600 copier at total cost of approximately $3,880.

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

RESOLVED: To recess the Board of Directors meeting.

Recessed at 12:20 PM, June 16, 1981

* * * * *

Mr. Carrigan, President, reconvened the meeting of the Board of Directors at 5:00 PM on June 17, 1981.

ORGANIZATION OF ANNUAL MEETING

Questions were raised concerning the Institute's Meeting, and the rules on who was invited to attend. After discussion on the organization of the meeting, and who were representatives of the Member companies two guidelines were adopted.

Members' spouses or guests attending the June Meeting will be invited to attend the Reception ordinarily held on the Tuesday night of the meeting. Members' spouses or guests are not invited to attend the reception and banquet for the Membership which is ordinarily held on the Wednesday night of the meeting.

In defining the Members who are invited to attend the Wednesday night reception and banquet, this includes all Officers, Directors and Employees of Member companies, regardless of sex. It was added that all members so defined are invited to all meeting functions, except the reception and dinner for Officers and Directors which is ordinarily held on the Monday night of the meeting.

The Secretary was directed to add this information to the Meeting Announcement Form which is sent to the Membership when soliciting reservations. The Directors asked that this subject be added to the agenda for the Membership Meeting session scheduled for June 18, 1981.

AMENDMENT OF CONSTITUTION AND BY-LAWS

At the earlier meeting of the Membership (June 17, 1981) it was decided that the question of votes required for election of new Members would be reconsidered by the Board of Directors. Some Members indicated dissatisfaction with the simple majority vote of those casting their ballots within thirty days of submission of the question to the Membership. Suggestions were made that affirmative votes be required of a majority of the full Membership, or two-thirds of those responding. A suggestion was made if a Member was to cast a negative ballot, he would be required to state the reason for the negative vote. It was suggested that this might better be handled by making an initial announcement to the Membership of receipt of an application, with request that Members submit any positive or negative information on the applicant by a certain date.

After additional discussion, the Board of Directors favored adopting a policy of: (1) Original notification of application to the Membership with request for any positive or negative comments by the Members, and (2) revision of the Constitution and By-Laws to require the affirmative vote of two-thirds of the ballots cast within thirty days of the mailing of ballots to the Membership. This will again be submitted to the Membership for their consideration as an agenda item at the meeting scheduled for June 18, 1981.

OTHER BUSINESS

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 5:15 PM, June 18, 1981.

E. W. Drislane
Secretary

MINUTES OF MEETING

OF THE

BOARD OF DIRECTORS

Wednesday, June 25, 1980 at 4:30 P.M.

at

The Homestead, Hot Springs, Virginia

DIRECTORS PRESENT	
Robert E. Nelson	Abex Corporation Friction Products Group
Francis E. Messier	Bendix Corporation Automotive Aftermarket Operations
William Simon	Brassbestos Manufacturing Corporation
James L. Mellow	Nuturn Corporation
Stuart Comins	P. T. Brake Lining Company, Inc.
F. William Barton	Reddaway Manufacturing Company, Inc.
John P. Gallagher	Thiokol Chemical Corporation

OTHERS PRESENT	
Gordon A. Carrigan, President	S. K. Wellman Corporation
Robert P. Gorman, Counsel	Robert P. Gorman, Esquire
Edward W. Drislane, Secretary	Friction Materials Standards Institute, Inc.

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Mr. Carrigan acting as Chairman, opened the meeting at 4:30PM.

ELECTION OF OFFICERS

Mr. Carrigan, called for nominations for the office of President. The name of Mr. Gordon A. Carrigan 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. Gordon A. Carrigan as President. The Secretary advised that the ballot had been cast.

Mr. Carrigan called for nominations for the office of Vice President. Mr James L. Mellow 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. James L. Mellow 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:

Gordon A. Carrigan	- President
James L. Mellow	- Vice President
William Simon	- Treasurer
Edward W. Drislane	- Secretary

RETENTION OF COUNSEL

Mr. Carrigan advised that according to Article VI of the By-Laws, at each annual meeting legal counsel shall be retained for the ensuing year.

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

RESOLVED: That the Law firm of Robert P. Gorman be retained as Counsel for the ensuing year.

RETENTION OF AUDITORS

The Chairman on recommendation of the Secretary, suggested the retention of auditors for the ensuing year.

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

RESOLVED: That Marshall Granger & Co., Certified Public Accountants, be retained as auditors for the ensuing year.

BUDGET - JULY 1, 1980 THROUGH JUNE 30, 1981

The Chairman advised the meeting that the expense budget presented to the Annual Meeting for $95,470 for 1980-81 had been adopted by the Membership.

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

RESOLVED: That a budget of $95,470 for the fiscal year starting July 1, 1980 be accepted.

FEE FORMULA - JULY 1, 1980 to JUNE 30, 1981

The meeting was advised that the outgoing Board of Directors had voted to maintain the 1979-80 fee formula for the fiscal year starting July 1, 1980.

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

RESOLVED: That the annual fee for the Active Members for the fiscal year starting July 1, 1980 for Active Members and Regional Members with Active Members rights be a basic rate $1,150 and $700 for each category in which engaged; for the individual regular Regional Member $1,450; for trade groups holding Regional Membership $2,400 and Licensees $550.

MEETING OF THE BOARD OF DIRECTORS

The next meeting of the Board of Directors is scheduled for the week of June 15, 1981, at the Homestead in Hot Springs, Virginia. If for Committee action or other reasons an earlier Board Meeting must be called, the Directors will decide on a location and date at that time.

OTHER BUSINESS

Mr. Comins stated that he felt the problems faced by Wheeling Brake Block, as stated by Lee Burgess, should be considered further. Mr. Burgess had indicated at the Membership Meeting session on June 25, that he was facing legal action on June 30 from the EPA that could close his plant. Mr. Burgess had indicated that EPA Inspectors had found a minute amount of asbestos dust and that he would be in court on June 30, 1980 and that the EPA could close his Plant. Mr. Comins suggested that the Institute and its members help a Member defend against allegations of the type EPA is making against Wheeling. A question was asked as to how the Institute could assist Members to defend against actions of this nature. Counsel suggested that this could be a questionable area if an Association or its Members were to go to the direct assistance of a party against whom legal action has been taken by an Agency such as EPA or OSHA.

A Director stated that the approach should be making available to Members information on which they could rely to determine if they are in compliance with regulations. One Director suggested that the Chairman of our Health and Environmental Affairs Committee be asked to go to Wheeling Brake Block to find the problem and assist in resolving the allegations being made by EPA.

There appeared to be a "gray area" as to what the Institute or its Members might be able to do for a Member if that Member was confronted with EPA charges that could close a Plant. It was stated that the Institute could make available information as to how they could comply with regulations in this area.

At the least it was suggested that the Institute could tell its Members where they might get the information necessary for compliance. This could take the form of information on Laboratories that would sample asbestos, Laboratories that provide consulting services in assisting manufacturers in complying with EPA and OSHA regulations, and information of that type. It was suggested further that the Institute might canvass its Members to determine the types of complaints that have been alleged by OSHA and EPA and what actions the Members took to either refute the allegations or move the area concerned into compliance.

A Director stated that the Institute could make some recommendations to assist in compliance based on three approaches, which would be applicable to compliance with either OSHA or EPA regulations:

1. What the manufacturer can do himself to assure compliance with regulations.
2. What outside help is available in order to assure compliance.
3. A summary listing of citations alleged against Members by regulatory authorities and the steps that industry took to prove or move into compliance.

This question of what can be done to assist Members with compliance will be referred to the Health and Environmental Affairs Committee, with the outline above as guidance.

* * * * *

There being no further 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 5:10 P.M.

E. W. Drislane
Secretary

MINUTES OF MEETING

of the

BOARD OF DIRECTORS

Tuesday, June 24, 1980 at 8:30 A.M.

at

The Homestead, Hot Springs, Virginia

DIRECTORS PRESENT

Gordon A. Carrigan, President	S. K. Wellman Corporation
Francis E. Messier, Vice President	Bendix Corporation Automotive Aftermarket Operations
William Simon	Brassbestos Manufacturing Corporation
Joseph W. Greenen	Nuturn Corporation
Stuart Comins	P. T. Brake Lining Company

OTHERS PRESENT

Robert E. Nelson	Abex Corporation
James W. Armstrong	Bendix Corporation
Robert P. Gorman, Counsel	Robert P. Gorman, Esquire
Edward W. Drislane, Secretary	Friction Materials Standards Institute

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Mr. Carrigan, Chairman, opened the meeting at 8:30 A.M.

MINUTES OF PREVIOUS MEETING

The minutes of the Board of Directors meeting of February 25, 1980 had been distributed. No corrections were suggested.

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

RESOLVED: That the minutes of the February 25, 1980 Meeting be accepted as written.

PRESIDENT'S REPORT

Mr. Carrigan, President, read this report. Refer to EXHIBIT 1.

Mr Carrigan discussed the changes which took place after Mr. Moalli's and Mr. Cutler's resignations.. He noted the work that Mr. Moalli did during his time in office, the loss of Mr. Doug Ogilvie and Mr. Jack Black, and other subjects that would be discussed at this Annual Meeting.

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

RESOLVED: To accept the President's report as written

MEMBERSHIP COMMITTEE REPORT

Mr. Carrigan had served as Chairman of the Membership Committe, and because of the many changes during the past year, continued with these responsibilities after assuming the Presidency. See the Membership Committee Report, EXHIBIT 2.

Mr. Carrigan reported on the changes in membership during the year, which showed a net increase in Active Members of 1 (Krasne), a net loss in Regionals of 1 (Add Ferodo Ltd., Lose Friction Materials of Israel and Borg & Beck de Mexico), and net increase of 2 in Licensees (Add Kashiyama and Toledo Pressed Steel).

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

RESOLVED: To accept the report of the Membership Committee as written.

TREASURER'S REPORT

Mr. William Messier, Treasurer, prepared this report. Refer to EXHIBIT 3. The Secretary read Mr. Messier's report.

Mr. Messier's report, based on a trial balance of April 30, 1980, projected substantial excess of income over expenses for the full fiscal year. The projection was for an excess of $17,000 of income over expenses. His report analyzed variances, with the most significant difference being the decrease in Pension Expense resulting from pension payments being made from a separate Trust rather than from the Corporation. To accomplish this change, $55,000 was transferred on January 1, 1980 to an irrevocable trust for Miss Duschek's pension.

The Secretary at this point stated that two Regional Members were delinquent in their dues payments, and that neither had responded to follow-up correspondence on their fees. Friction Materials Corporation of Dimona, Israel had not paid any quarterly fee installment for this fiscal year, and also had a small unpaid balance from the previous year. A Director stated that the Israel plant was shut down and was no longer in operation. Also, Borg & Beck de Mexico, whose initial one year fee had been paid through September 30, 1979 had not paid any fee installment since that time.

Based on these fee delinquencies, the Board of Directors voted to terminate the Memberships of both Friction Materials Corporation of Dimona, Israel and Borg & Beck de Mexico, S.A.

At its June, 1979 meeting the Board decided to pursue collection of an unpaid fee owed by Hayes-Albion Corporation, a former Active Member that resigned during the membership year. Through Counsel that fee was collected.

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

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

INVESTMENT ADVISORY COMMITTEE REPORT

Mr. William Simon, Chairman, delivered the report for the Investment Advisory Committee. See EXHIBIT 4.

The Chairman reported that there would be a net reduction in investments of about $43,000 based on projections to June 30, 1980. This was attributable primarily to the $55,000 contribution to the Trust for payment of Miss Duschek's pension. Investment Income would be down from about $13,700 to $12,400. Investment Income for 1980-81 was estimated to be approximatly $12,500.

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

RESOLVED: To accept the Investment Advisory Committee report as written

BUDGET COMMITTEE REPORT

Mr. Francis E. Messier, Chairman of the Budget Committee, presented this report. Please refer to EXHIBIT 5.

Mr. Messier's report presented an Expense Budget for 1980-81 of $95,470, a slight reduction in budgeted expenses under that for 1979-80. This was due to the fact that pension payments to Miss Duschek would be paid from the separate Trust which was established on January 1, 1980 for those payments. This dropped the Pension Expense item from $6,000 to zero. Other line items in the budget showed either small increases --such as salaries and salary related-items--with most items projecting the same or only slightly higher amounts for 1980-81 over those for 1979-80.

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

RESOLVED: To accept the report of the Budget Committee as written.

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

RESOLVED: To adopt an overall Expense Budget of $95,470 for the 1980-81 Fiscal Year.

FEE FORMULA COMMITTEE REPORT

Mr. Greenen, Chairman, presented his Committee's report. Refer to EXHIBIT 6.

The report indicated categories reported by the Members for 1980-81. Active Members had 20 Basic Fees, and 36 Categories. Eight Regional Members marketing products in the United States market using the Institute's copyrights and trademarks reported 9 categories. With the other Memberships (2 Regional Associations, 10 Regional Members-regular, and 12 Licensees), the current formula projected Fee Income of $89,600 for 1980-81. This coupled with projected Investment Income of $12,500, would produce an excess of income over expenses of about $6,000, based on the Expense Budget.

One Director questioned two of the Regional Members' declarations. It was stated that Fras-Le was actually participating in two categories, Brake Blocks and Clutch Facings, rather than just the Brake Block category shown. The Secretary was directed to contact Fras-Le concerning declaration of an additional category. A Director provided a sheet, published by Prudential Supply of New York City, Fras-Le agents in the United States, showing their use of FMSI Numbers for marketing Clutch facings.

A Director questioned Don International's reporting of only one category, as shown in the tabulation. The Secretary examined the table, and indicated that the table was in error, as Don is reporting two categories --Brake Linings and Brake Blocks. The error was in showing two categories for Colfriccion, who actually participate in one category only.

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 1980-81 as used in 1979-80.

Active Member - Basic Fee $1,150; Category $700
Regional Member with Active Member rights - same fee as Active Member
Regional Member (Regular) - $1,450
Regional Member Association - $2,400
Licensee - $550

PUBLIC RELATIONS COMMITTEE REPORT

Mr. William Simon, Chairman, reported on Public Relations activity during 1979-80. Refer to EXHIBIT 12.

Mr. Simon pointed to this past year's changes with election of Officers in June 1979 followed by the February 1980 elections, after the resignations of Mr. Moalli and Mr. Cutler, and the attendant press releases.

A Director asked concerning the releases, and if the Institute wasn't supposed to have copies of these write-ups as they appeared in the media for distribution to the Members. The Secretary indicated that he did cut copies of the releases as they appeared in magazines that the Institute subscribed to, but that these were but a few of the magazines to which releases were sent. It was suggested that the Members be asked to send in copies of releases concerning the Institute to the Office so that the Membership could be advised. The Directors referred to the Committee Chairman the question as to how best to inform Members on media publication of Institute press releases.

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. Phil Grim of Abex Corporation is Chairman of the Data Book and Technical Committee. In Mr. Grim's absence, Mr. Drislane read the Chairman's report. Refer to EXHIBIT 8.

The Secretary noted that Mr. Grim's report was written based on a Committee Meeting in October 1979. There had in certain cases been actions taken on some of the items in this report that did affect the report contents.

In part of his report, Mr. Grim referred to "hybrid" lining sets as a set which had an integrally molded lining at one position and a riveted or bonded lining at the other position. An example would be the FMSI 7089 assignment for the 1980 Chevette, where the inner is bonded and the outer is integrally molded. The Committee voted to show this with the double asterisk (**) which indicated integrally molded, and that the overall lining-steel thickness would be showm. While there was no objection to this treatment, the use of the word "hybrid" was questioned. It was indicated in some quarters that the term "hybrid" may be used to indicate different lining materials on a brake.

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

RESOLVED: To have the Data Book and Technical Committe review the use of the word "hybrid" in describing a combination integrally molded lining at one position with a bonded or riveted lining at the other, and select a better description for this type set.

The Directors reviewed the Committee's recommendations on discontinuance of use of the EDP Numbers in Institute caralogs. The Committee had been in favor of discontinuing publication of the EDP Numbers in the catalogs, but in canvass of the Membership it was determined that one member was using these EDP Numbers and they would not, therefore, be discontinued. A Director asked how the Institute assigned the numbers, and was advised that they were assigned in sequence of issuance, and had no relationship with type of product, (ie, brake lining, brake shoe or clutch facing) and that assigning was strictly arbitrary. It was suggested that the one member could take care of his problem by using the EDP Numbers already assigned, and then arbitrarily assign new EDP Numbers to any new releases. The Secretary was asked what effort or problem was involved in EDP Number assignment. He indicated that there was no problem, but that if these numbers were a waste of space in the catalogs, and were not used, they should be deleted.

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

> RESOLVED: To discontinue the printing of the EDP Numbers in the Institute catalogs.

An area of concern covered in the report was the usage of metallic type linings. This particularly referred to the semi-metallic types being used as original equipment on the disc fronts of several domestic cars. The Committee in October recommended that the Institute not indicate metallic type in its technical bulletins and catalogs for several reasons, as indicated in the report. The Directors concurred with this Committee position at the Board Meeting on December 4, 1979. A Director stated that there was a need for information on the original equipment usage of semi-metallic types. Another Director stated that the presentation of types of materials could present a major problem, in that one party might then wish to indicate linseed oil types versus dry mix types, or woven versus molded clutch facings. It was stated that the FMSI numbers and catalogs should indicate dimensional and drilling information only.

It was generally agreed that information on metallic usage was needed, but that it should be handled just as done with the special April bulletin to the Membership which indicated FMSI Numbers, and position for the semi-mets. This could be done after the original equipment information is on hand, and metallic usage would not be shown in the catalogs. Counsel asked if a copy of the April bulletin was available. The Secretary produced a copy which Counsel reviewed. The wording included a disclaimer at the beginning with the Institute's formal disclaimer at the end of the bulletin. The Directors concurred that future information to Members will take this form of a special bulletin, and the information on metallics will not be shown in the Institute catalogs. It will then be up to the Members to inform their customers on usage, or to catalog this information as they see fit.

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

> RESOLVED: To accept the report of the Data Book and Technical Committee as written, with provision that information on metallic type disc brake linings be published in special bulletins and not in the catalogs.

HEALTH AND ENVIRONMENTAL AFFAIRS COMMITTEE

Mr. James Armstrong of Bendix Corporation chairs this Committee. Mr. Armstrong read the Committee report. Refer to EXHIBIT 9.

The Chairman summarized activities by Federal regulatory agencies such as EPA in Toxic Substances control and Hazardous Waste Management, OSHA with its workplace standards and the NIOSH recommendations, the status of legislative activity relative to an asbestos hazards compensation act, and general Institute activities and replies and contacts with the EPA.

Mr. Armstrong indicated that the EPA was aiming for non-asbestos disc brake linings by 1985. In response to a question, he indicated that this was EPA action and it would affect imported linings as well as those produced domestically. He indicated that there was considerable lack of understanding on the part of the regulators as regards industry's need for lead time. In some cases personnel were unaware that some semi-metallic types used an asbestos backing. As regards substitutes, it was stated that EPA or other government regulators cannot guarantee that the substitutes for asbestos are free from health problems. This is of concern in the fiberglass area where fiberglass is known as an irritant which has caused rashes and which workers find problems in handling. If the long term health hazards are due to the fibrous nature of the material, it could be that all fibrous materials are suspect.

Questions were asked as to what the Institute did as regards the regulatory initiatives. Mr. Armstrong indicated that the Institute made contacts with several parties in the EPA's Office of Toxic Substances. We replied to the EPA on their advance notice of proposed rulemakeing noting that their high exposure allegations for brake repair workers were not supported by the facts. The Institute sent a Task Force to Washington to reword the EPA's questions on the replacement of asbestos in friction materials, limiting the questions to the light duty disc brake area only. As stated in Mr. Armstrong's report, the Institute revised the wording of the cautions printed in all the Institute's catalogs. The Institute worked with an Asbestos Information Association ad hoc committee on friction materials in developing questionnaires and interpreting answers on training and labelling practices for friction materials manufacturers and users.

As regards waste disposal, Mr. Armstromg advised on the regulations published by EPA in the Federal Register of May 19, 1980. These concern the disposal of hazardous waste in line with the requirements of the Resource Conservation and Recovery Act (RCRA) of 1976. Mr. Armstrong indicated that Mr. Bob Pigg of the Asbestos Information Association would have more on this in his talk with the Membership on June 25.

A statement was made that the Committee doesn't represent all Institute Members. A Director stated that it was important that the Chairman select those to serve the Committee, and that Members of a Technical Committee should be qualified to serve. One Director indicated that membership on such an important Committee should be open to everyone, but it was stated that this could make the committee unworkable. It was suggested that there could be two levels of a committee. One would be the Working Committee with qualified technical participants, and there could be another Advisory Committee which could be staffed with representatives of every Member.

It was suggested that if the Institute did a better job of informing the Membership on activities in this area, there could then be a two-way flow of information between the Members and the Committee. The Secretary indicated that he sent information on activities in this area to the Members on an "as-needed" basis. The information is sent to those with technical interests in this area. In this way the information is sent to the party who must deal firsthand with the problem In most cases, this is not the Delegate-Alternate. It was stated that the mailing should be sent to the Delegates and Alternates and it would be their responsibility to see that the information was sent to the parties involved. In this fashion the Institute could ask for any input from the members, and the Institute would maintain a steady dialog with the Members.

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

RESOLVED: That the Institute Office send information regarding asbestos, Federal and State regulations, hazardous waste management and similar type information to the Delegates and Alternates on a regular basis.

As regards waste disposal, Mr. Armstrong noted that the regulations published in the Federal Register on May 19, 1980, are a major step in implementation of the Resource Conservation and Recovery Act (RCRA) of 1976. These impose requirements on generators of hazardous waste (the friction materials manufacturer), transporters of hazardous waste, and the waste disposal site operators. There will be additional costs in transporting the waste. Manifests will be required. There are certain exceptions to the requirements with the major exception being for generators of less than 2200 Pounds (1,000 kilograms) per month. For this limitation, this is the total of all wastes that could be considered hazardous waste as defined in the regulations. It is noted that asbestos is included in the list of hazardous wastes in the May 19, 1980 listing, but there is a question as to whether this is for raw asbestos, or waste in which asbestos may be only part of the composition as would be the case with friction materials. It was stated that the Institute should send summary information on waste disposal to the Membership. (Based on Mr. Pigg's presentation later at the Membership Meeting, his comments on waste disposal regulations along with a copy of his notice to the AIA Membership concerning waste disposal, and the Federal Register Notice of May 19, 1980 are being sent to the Membership).

It was pointed out that waste disposal will become a matter of major concern to our Membership based on the chemical waste problems that received media attention with Kepone, Love Canal, and the like. Asbestos is not the only concern in this area, but other materials used in friction materials manufacture such as phenol, toluene, and other solvents are subject to the regulations on toxic waste management.

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

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

BRAKE PERFORMANCE STUDY COMMITTEE

Mr. Robert Nelson of Abex is Chairman of the Brake Performance Study Committee. Mr. Nelson presented this report. Refer to EXHIBIT 7.

Mr. Nelson discussed the Institute's work with the Vehicle Equipment Safety Commission (VESC) relative to revision of the V-3 Procedure. The revision dealt primarily with the edge code, and a possible problem with the minimum 1/8" edge coding height, should new lining releases go below 1/8" in thickness. The Institute had called this to the attention of VESC. With this and some other considerations, VESC proposed revision to the V-3 Procedure. The Institute was represented at a Washington hearing by the Secretary, and the proposed changes to V-3 were in line with earlier recommendations. The Institute advised VESC that it was in accord with the changes as drafted after the January 1980 hearings.

The Institute continued its work with the Defense Construction Supply Center (DCSC) as regards revision to the Federal Specification for brake lining procurement HHL-361. The DCSC is recommending a procedure based on the V-3 (SAE J661a) Procedure. This was in accord with FMSI recommendations after DCSC had earlier proposed procedures based on full inertia dynamometer prodedures. This has been under review for several years, and the Institute has maintained contact with DCSC and there should be no surprises in this area.

In a review of NHTSA activity, there does not appear to be any significant movement as regards a Federal Replacement Brake Lining Standard, and other NHTSA activities on DOT 121, 105, and 130 do not impact our industry directly at this time.

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

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

USE OF INSTITUTE COPYRIGHTS

At this point, a Director questioned non-Member use of the Institute copyrights. This related to non-Member use of the Institute's copyrighted numbers in marketing his products. Counsel stated that he did not specialize in copyright law, but would review specific instances of unauthorized usage of the copyrights as they might occur. The Secretary stated that Shenier & O'Connor, who do the Institute's copyright and trademark work, prepared a study on the Institute's copyrights. The Secretary will send a copy of this report to Mr. Gorman.

ANNUAL MEETING COMMITTEE REPORT

Mr. J. M. Moore of Reddaway is Chairman of the Annual Meeting Committee. The Secretary read Mr. Moore's report. Refer to EXHIBIT 14.

The Chairman's report recommended that the Institute plan its 1981 meeting at Sandpiper Bay, in Port St. Lucie, Florida. This was based on some criticisms of the accessability of the Homestead, and some difficulties in making golf arrangements beforehand. Several Directors did not like the Florida location in June, and stated that their arrangements with the Homestead had been fine. It was stated that the Institute normally returned to the same location for two years, if arrangements were staisfactory. It was suggested that other non-Florida locations be considered for 1982. One mentioned Hilton Head Island, South Carolina.

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

> RESOLVED: That the Institute's 1981 Annual Meeting be held at the Homestead, Hot Springs, Virginia.

A question was raised as to the dates. The Secretary indicated that he had reserved space on a temporary basis should the Institute return to the Homestead. While indicating that the dates held were earlier than the 1980 dates, the Secretary did not have the exact dates with him. (The dates reserved were June 15-18, 1981).

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

> RESOLVED: To accept the report of the Annual Meeting Committee, with exception that the 1981 Meeting will be held at the Homestead.

HISTORICAL SALES REPORTING

The Secretary reported on historical sales reporting for the calendar year ended December 31, 1979. See EXHIBIT 13.

The report indicated that 15 out of 19 Active Members reported statistics at least once during 1979, and that three Regional Members with rights of Active Members reported. There were no comments on the report.

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

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

INSTITUTE PENSION PLAN

Prior to the Meeting, the Secretary had written the Board of Directors concerning possible termination of the Institute's Defined Benefit Pension Plan, which is funded with insurance purchased from Connecticut General Life Insurance, and with a separate side investment fund. The criticism of the Plan is that the paper work for conpliance with ERISA is overwhelming, and the costs therefor are mounting each year. The Secretary had submitted a plan, where the Pension Plan be terminated, and in its place the Institute adopt the new Simplified Employee

Pension Plan (SEP) using Individual Retirement Accounts (IRA). This could be done by grouping smaller salary increases, increased costs for the SEP, less all costs of the Pension Plan, and arriving at a cost figure which would approximate the total of any planned wage increases for the 1980-81 fiscal year.

The Directors reviewed the costs and options of such changes. They reached agreement on levels of salary increases, and authorized the purchase of term life insurance at a cost of $30 per month for the Secretary.

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

> RESOLVED: To discontinue the Institute's Employee Pension Plan at the earliest feasible date, and authorize payment of the expenses necessary to properly terminate the Plan.

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

> RESOLVED: To establish a Simplified Employee Pension Plan (SEP) with Individual Retirement Accounts (IRA) with eligibility requirements in accordance with Internal Revenue Service requirements.

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

> RESOLVED: That the Institute's contribution to the Simplified Employee Pension Plan (SEP) would be 15% of wages to a maximum of $7,500 per year per employee.

INSTITUTE OFFICE SPACE RENTAL

The Secretary advised that the lease on the Office Space at Bergen Mall Office Center in Paramus would expire on December 31, 1981. The major tenant in the Building, Witco Chemical Corporation has been expanding into small offices as leases expire, and the Secretary is concerned that we may not be able to renew our lease after expiration. The Landlord has not indicated anything as regards renewal. The Secretary is seeking authorization to contact other Landlords as well as the Bergen Mall Office Center with the intention of either remaining in Paramus, or renting other space if that is not possible.

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

> RESOLVED: To authorize the Secretary to contact the Bergen Mall Office Center as concerns renewal of the lease on the Institute's Office space.

INDEMNIFICATION OF OFFICERS

At the June 1979 meeting of the Board of Directors, a resolution was passed to have Counsel prepare an indemnification plan for Officers and Directors. Counsel prepared such a plan for consideration at this meeting. He stated that this was specifically authorized by New York statute, and as the Friction Materials Standards Institute, Inc. is a New York Corporation, it was drafted to comply with New York law. Counsel noted that he had considered drafting a Plan which would include Committee Chairmen, but felt that since the Board of Directors must approve Committee action, this may not be necessary. Also, if it were drafted to include Committee Chairmen, it might not be drawn in accordance with the New York statutes. There was some discussion on this point, and it was decided that the wording should be that which would leave no doubt but that it was in harmony with New York law.

Counsel explained that any such indemnification would have to be added to the Institute's By-Laws, which means that any indemnification plan approved by the Board of Directors would have to be submitted to the Membership for ratification.

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

RESOLVED: To recommend to the Members amendment of the Institute's By-Laws to provide for indemnification of Officers and/or Directors for losses suffered in their capacities as Officers and/or Directors.

NOMINATING COMMITTEE

Mr. James Mellow of Nuturn Corporation served as Chairman of the Nominating Committee. Mr. Francis Messier of Bendix and Mr. William Simon of Brassbestos served as Members of the Committee. It was the intent of the Directors at the June 1979 Meeting that the Committee would advise of their Nominations for the Board of Directors prior to the Meeting, and the Secretary would advise the Membership of the Nominees when sending out details on reservations for the Meeting. Mr. Messier indicated that the Committee had not selected Nominees in time for pre-notification of the Membership.

It was recommended that when the Committee has proposed to the Membership a slate for the Board of Directors, it would call for a recess after which the Members could place others in nomination from the floor. It was stated that this should compensate for the Committee's failure to announce its slate beforehand, but that for 1981 the Committe should advise the Office of the Nominees for the Board of Directors prior to the Office sending Meeting Notices to the Members. This would mean notification of the Institute Office by May 1, 1981.

* * * * *

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: 12:15 P. M.

E. W. Drislane
Secretary

MINUTES OF MEETING

of the

BOARD OF DIRECTORS

Monday, February 25, 1980 at 5:00 PM

at

Stouffer's Northland Inn, Southfield, Michigan

DIRECTORS PRESENT

F. E. Messier	Bendix Corporation Automotive Aftermarket Operations
W. Simon	Brassbestos Manufacturing Corporation
J. W. Greenen	Nuturn Corporation
G. A. Carrigan	S.K. Wellman Corporation

OTHERS PRESENT

E. W. Drislane	Friction Materials Standards Institute
R. P. Gorman (FMSI Counsel)	Robert P. Gorman, Esquire

* * * * *

Mr. Drislane, Secretary, called this special meeting of the Board of Directors, due to the resignations of both the President and Vice President. This meeting was called in accordance with ARTICLE IV, Section 5 and ARTICLE VI, Section 2 of the Constitution.

BOARD OF DIRECTORS

With the resignations of Mr. Moalli and Mr. Cutler, the Board of Directors was reduced to four, because of the earlier resignation of Mr. Greenen. Mr. Stuart Comins, a Director of the Institute, was unable to attend this special meeting. The Secretary and Directors asked Mr. Greenen to reconsider his resignation and Mr. Greenen agreed.

In accordance with ARTICLE IV, Section 5, the remaining directors in attendance at this meeting, Mr. Simon, Mr. Messier and Mr. Carrigan chose Mr. Greenen to fill one vacancy on the Board of Directors. This action increased the Directors in attendance to four, which number constitutes a quorum for a meeting of the Board of Directors under ARTICLE IV, Section 9 of the Constitution.

The Directors discussed whether other vacancies on the Board should be filled at this meeting. They decided that they would postpone any further action as regards successor Directors until the June 1980 meetings.

Mr. Greenen, acting as Chairman, opened the meeting for other agenda items.

MINUTES OF PREVIOUS MEETING

The Minutes of the Meeting held December 4, 1979 had been distributed. No corrections were suggested.

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

RESOLVED: That the Minutes of the February 4, 1979 Meeting be accepted as written.

ELECTION OF OFFICERS

Mr. Greenen, acting as Chairman, called for nominations for the office of President.

The name of Mr. Gordon A. Carrigan 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. Gordon A. Carrigan as President. The Secretary advised that the ballot had been cast.

Mr. Carrigan called for nominations for the office of Vice President. Mr. Francis E. Messier 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. Francis E. Messier as Vice President. The Secretary advised that the ballot had been cast.

With these ballots closed, the Officers of the Friction Materials Standards Institute, Inc. are:

Mr. Gordon Carrigan	President
Mr. Francis E. Messier	Vice President
Mr. William F. Messier	Treasurer
Mr. Edward W. Drislane	Secretary

These Officers will serve through June 1980.

LEGAL COUNSEL FOR THE INSTITUTE

On January 28, 1980 the Secretary advised the Board of Directors concerning the lack of response on the part of Legal Counsel to various matters submitted for his review. The Secretary contacted Mr. Moalli, President of the Institute, concerning this difficulty and had suggested that action be taken to assure that the Institute receives reasonable turn-around on papers we send for approval, with the alternative suggestion that the Institute secure Legal Counsel who can give this response if Mr. Gorman cannot. Prior to this special meeting, the Secretary called Mr. Gorman with an invitation to attend this special meeting. (This call was made on Thursday, February 21, 1980). Legal Counsel indicated that he would attend this special meeting. The Secretary advised Mr. Messier and Mr. Simon that Counsel expected to attend the Board Meeting.

Specific agenda items concerning the Board of Directors and the Officers were handled first at this meeting. Legal Counsel was delayed in arriving due to transportation difficulties and the storm in Detroit. After completion of action on the Directors and Officers, the Directors discussed Legal Counsel.

In discussion as regards Legal Counsel, it was stated that Mr. Gorman's firm could handle our work and if they were willing to handle our work we should continue with them. There were advantages in that Mr. Gorman had five years of service to the Institute and he knew the problems of the Institute. Mr. Carrigan was asked to present the Institute position to Mr. Gorman upon his arrival. The essential question was whether Mr. Gorman could handle Institute matters satisfactorily with reasonable response time.

Upon Legal Counsel's arrival, Mr. Carrigan advised Mr. Gorman on some of the problems and the expectations of the Institute as regards response on submissions to Counsel. These "submissions" relate to the Board of Directors meeting minutes of December 4, 1979, a letter which the Institute had approved for submission to the EPA concerning exposure of brake repair mechanics, and a questionnaire which was being sent to the Institute Members. Based on consultation with Mr. Moalli, the Secretary distributed minutes of the Board of Directors meeting of December 4, 1979 without approval of Counsel. Also, the questionnaire that had been drafted and approved by Messrs. Moalli, Drislane and Armstrong was distributed to the Membership. Counsel indicated that with planned additional help that he would be able to handle Institute affairs more promptly than he had in the past. The Directors concurred that the Institute would continue to use the services of Mr. Gorman as Legal Counsel.

In discussion concerning Legal Counsel activities, it was advised that the receivable due from Hayes-Albion Corporation had been collected. Legal Counsel pursued this collection after being directed to do so by the Board of Directors at the June 1979 Meeting.

CHARTER FOR HEALTH AND ENVIRONMENTAL AFFAIRS COMMITTEE

Mr. J. W. Armstrong, Chairman of the Health and Environmental Affairs Committee, had worked on a proposed charter for this Committee with the Members of the Committee. The charter was to indicate the general and specific responsibilities of such a committee. The Board of Directors had earlier been sent this proposed charter and asked to comment by mail ballot. On the ballots returned, all Directors indicated that they were in favor of adopting the charter as written. However, Mr. Moalli, then President of the Institute, replied indicating that a charter such as this should be discussed at the next Board of Directors meeting before being adopted. Based on Mr. Moalli's ballot, the Secretary held a decision concerning the charter for this Board of Directors meeting. Legal Counsel reviewed the charter and suggested that there be a change made in the wording under the heading "General Responsibility". The change is indicated in the underlined content with bracketed words being deleted:

> Responsible for the monitoring of existing and proposed worldwide Federal, State and Provincial legislation, regulations and literature on safety, health and environmental matters affecting members of the Friction Materials Standards Institute and the <u>proposal</u> <u>of</u> (~~development of~~) Institute positions on these matters.

The Board of Directors concurred in this suggested wording, and approved acceptance of the charter as written with this wording change.

INSTITUTE LETTER TO EPA ON ASBESTOS EXPOSURE

OF BRAKE REPAIR WORKERS

At the December 4, 1979 meeting of the Board of Directors, a letter prepared by the Institute's Health and Environmental Affairs Committee and approved by its Chairman was introduced. It was recommended that this letter be sent to the EPA as a response to its advanced notice of proposed rulemaking concerning asbestos products. This submission discussed the routes, duration and frequency of exposure to asbestos of brake repair workers. In essence, it indicated that where larger populations are exposed they are exposed to minimum levels of asbestos, and where there are higher exposure levels there are many fewer workers exposed, and those workers are covered by the OSHA regulations. Legal Counsel had been asked at the December 4, 1979 meeting and in a follow-up letter from the Secretary, to review this letter for submission to the EPA. Legal Counsel indicated that this letter had been reviewed and he now approved it for submission to EPA.

CONTACT WITH EPA AND CONTRACTORS ON THE ASBESTOS QUESTIONS

The Secretary advised that he had received several phone calls from GCA Corporation, a contractor for EPA on the asbestos products questions. Subsequent to his discussions with GCA Corporation he had been asked to confirm phone comments he had made earlier. The Secretary indicated that the quotations were inaccurate, incomplete and lifted out of context. Subsequent to this, he distributed information to several parties in the woven friction materials area and Mr. John Marsh of Raybestos called. He suggested that where requests for information of this type are made that the contractor ask for this information in writing. Also the party responding should respond in writing. Mr. Marsh indicated that there were several cases of remarks being put in the public record which were not confirmed by the interviewee and which were inaccurate. Even when there is a written letter stating that the remarks were not correct the earlier remarks remain in the record. The Secretary indicated that he felt it would be wise to once again remind the Membership concerning control of questions from EPA and its contractors. This meant to have one individual responsible so that contractors will not get several different answers as part of the record. It was also suggested that Mr. Marsh's comment on having requests for information in writing was worthy. The Secretary will inform the Membership concerning controlling questions from EPA and its contractors and having questions and responses in writing.

ASBESTOS PRESENTATION AT FMSI ANNUAL MEETING

At the December 4, 1979 meeting of the Board of Directors it was suggested that a meeting be held for the Membership prior to the June meeting concerning the asbestos question. Such a meeting would be an up-date as regards what is going on with EPA's Office of Toxic Substances Control and other areas concerning asbestos. Such a session would relate to asbestos as used in friction materials.

It was stated that with the various changes going on as regards Directors and Officers that there was not sufficient time between now and the June meeting to organize such a session. The Secretary asked concerning having individuals knowledgeable on the asbestos subject make presentations at the June Meeting. In particular he mentioned the possibility of someone from Johns-Manville Corporation or the Asbestos Information Association giving such a presentation. The Directors suggested that any such presentation be organized and approved by Mr. Armstrong, Chairman of the Health and Environmental Affairs Committee. While the Institute would welcome such a presentation they would ask that the Secretary clear any such arrangements with Mr. Armstrong. The Board would like experts in this field to give such a presentation and if necessary could schedule a longer session on Thursday, June 26 for such a meeting. While in past years this meeting had broken up by about 10 AM, it would be possible to hold this meeting until 11:30 AM if it could be arranged in advance. The Secretary will contact Mr. Armstrong with the intent of arranging such a presentation at the June 1980 meetings in Hot Springs, Virginia.

MEMBERSHIP ACTIVITY

The Secretary was questioned concerning his follow-up with non-member manufacturers of friction materials. In particular he was questioned about Virginia Friction Products in Tappahannock, Virginia. The Secretary advised that he had written Mr. Carreras in Tappahannock concerning Active Membership in the Institute but had received no reply. He also had written to

Mr. Joe Goodreau of Midco Corporation who purchases materials from Virginia Friction Products concerning violation of the Institute's copyrights and trademarks. In subsequent conversation with Mr. Goodreau at the APRA meeting in Ft. Lauderdale the Secretary indicated that Mr. Goodreau had asked Mr. Carreras to become an Active Member of the Institute.

As regards the H. Krasne Manufacturing Company, Inc., the Secretary advised that he had written to Mr. Krasne with copies to Mr. Axelrod and Mr. Osborn. Prior to this meeting of the Board of Directors, Mr. Osborn had called the Institute concerning procedures for application for Active Membership in the Institute. The Secretary had sent Mr. Osborn application forms and additional information concerning Membership and Mr. Osborn indicated that an application would be forthcoming.

NOMINATING COMMITTEE

Because of the changes on the Board of Directors and the decision in the meeting to leave two vacancies open, procedures for making the nominations for the Board of Directors were discussed. It was stated that Mr. Jim Mellow of Nuturn Corporation is Chairman of the Nominating Committee and that Mr. Simon and Mr. Messier now serve on the Committee. As regards Mr. Messier's service, Mr. Moalli had asked Mr. Messier to replace Mr. Cutler who had earlier resigned from this Committee. Mr. Messier had been moved onto this Committee prior to Mr. Moalli's resignation.

The Secretary indicated that he would need information concerning nominees for the Board of Directors prior to his announcement of the meeting. It had been agreed at the June 1979 meeting that when the Institute was sending information concerning the meeting it would also send information concerning the nominations for the Board of Directors. It was stated that this could not be done on a timely basis and that the Secretary should inform the Membership that the recommendations of the Nominating Committee will be coming about May 1, 1980. The Secretary was asked to contact Raybestos-Manhattan as concerns their plans for replacing Mr. Moalli who had also served as its Delegate.

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

RESOLVED: To adjourn.

Adjourned: 8 P.M.

E. W. Drislane
Secretary

FRICTION MATERIALS STANDARDS INSTITUTE, INC., E-210 ROUTE #4, PARAMUS, N.J. 07652

MINUTES OF MEETING

of the

BOARD OF DIRECTORS

Tuesday, December 4, 1979 at 9:30 AM

at

Marriott Hotel, Saddle Brook, New Jersey

DIRECTORS PRESENT

R. R. Moalli, President	Raybestos-Manhattan, Inc. RM International
F. E. Messier	Bendix Corporation Automotive Aftermarket Operations
W. Simon	Brassbestos Manufacturing Corporation
J. W. Greenen	Nuturn Corporation
Stuart Comins	P. T. Brake Lining Company, Inc.
G. A. Carrigan	S. K. Wellman Corporation

OTHERS PRESENT

Don Manly	Abex Corporation
J. W. Armstrong	Bendix Corporation
B. J. Pigg	Asbestos Information Association
Tim Hardy (AIA Counsel)	Kirkland & Ellis, Esquire
E. W. Drislane	Friction Materials Standards Institute
R. P. Gorman (FMSI Counsel)	Robert P. Gorman, Esquire

* * * * *

Mr. Moalli, Chairman, opened the meeting at 9:30 AM.

MINUTES OF PREVIOUS MEETINGS

The Minutes of the Meetings held June 12-13, 1979 had been distributed. No corrections were suggested.

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

RESOLVED: That the Minutes of the June 12-13, 1979 Meetings be accepted as written.

OVERVIEW OF INSTITUTE, COMMITTEE, AND REGULATORY ACTIVITY

As Messrs. Pigg and Hardy were delayed in arriving, Mr. Moalli reviewed activities over the past several months. He indicated that Mr. Armstrong had been asked to serve as Chairman of a reorganized committee with emphasis on asbestos and that he had accepted. There were additions to the Committee and some changes in Institute plans for response to EPA initiatives. In June there was no organization within the Asbestos Information Association responsive to the needs of friction materials manufacturers as such. It was not long after our meetings that the AIA formed an ad-hoc Committee for friction materials which was targeted on EPA initiatives as regards asbestos in friction materials and regulations that might be promulgated by the Office of Toxic Substances. Mr. Moalli attended a meeting held in the AIA offices on November 16, 1979 with the Secretary of the Institute, the AIA Director, as well as representatives from manufacturers and the EPA. They met to discuss the information requirements for a voluntary action program on asbestos in friction materials as well as the gathering of information that would preceed regulatory moves in this area. The EPA was moving towards a voluntary action program which would include labelling and education for brake repair workers. This did not present any real difficulty but the gathering of information for the regulatory approach did.

The Environmental Protection Agency and the Consumer Product Safety Commission published a notice on controlling industrial uses of asbestos. This was in the Federal Register of October 17, 1979 and was an advanced notice of proposed rule-making in this area. With this advanced notice the EPA is seeking information as regards specific questions on asbestos usage, with friction materials as one of the main target areas. The meeting in Washington was for the purpose of helping clarify some of the requests for information by the EPA.

In these discussions with EPA some attendees felt that EPA considered asbestos to be a deadly toxic substance with almost catastrophic effects on anyone who inhaled it. It was surmised at the November 16, 1979 meeting that the EPA may have already decided that asbestos should be banned in automotive disc brake linings because they believe that the technology is available for non-asbestos substitutes. Their gathering of information may be to support a position at which they have already arrived, rather than the gathering of information to determine the need for any such ban. The question was raised as to how much asbestos would be removed from the environment if asbestos disc brake linings were banned. A Director asked whether the Board of Directors believed that EPA will not ban asbestos in automotive disc brake friction materials.

INSTITUTE RESPONSE TO EPA OFFICE OF TOXIC SUBSTANCES INITIATIVES ON ASBESTOS IN FRICTION MATERIALS

While general questions on the use of asbestos in friction materials were addressed in the advanced notice of proposed rule-making, Mr. Guimond of the EPA proposed eleven specific questions that he would like answers to from friction materials manufacturers. Mr. Guimond asked friction materials manufacturers to answer these questions. He also asked for a date by which the EPA would be advised as to whether manufacturers will answer these questions. At the meeting, the Secretary indicated that he would try to give Mr. Guimond an answer within three weeks but that it would take at least eight to gather any such answers.

A question was asked concerning the deadline for responses. In the Federal Register notice the deadline was December 17, 1979. The Asbestos Information Association had asked for an extension for at least sixty days in order to gather the information needed. The EPA had indicated that they would not extend the deadline for information. (It has subsequently developed that there will be a sixty day extension.) It was stated that the EPA would consider any information they gathered whenever it was received even if it did not hit the deadline.

In review of the eleven questions, it appears that the EPA needs more information before they can proceed with their rule-making. It was suggested that they need more time to build their case. A Director questioned whether the EPA is attempting to get this information directly from the Institute. The Secretary suggested that the eleven questions were prepared for discussion November 16, 1979 at the AIA and they were not prepared specifically with the idea of the Institute making the response. This was discussed in Washington and it was not decided whether the Institute would respond directly or whether it would pass these questions on for individual replies.

It was suggested that the questions be redrafted in order to give the EPA relevant information beyond the areas questioned. A Director asked as to how and when we resolve any deadline for answering these questions. Should the Institute copy the eleven questions and send it out to the Membership right away? It was stated that the Institute should advise the EPA that a response will be made. In addition to answering the eleven questions, there should be information on what are the real problems as seen by the industry. What pertinent questions have not been asked? There may be the need for questions on the availability of substitutes, tooling, and health questions on the substitutes for asbestos. It was suggested also that the Institute ask members to give an explanation as to what problems they see that have not been asked by these questions.

It was asked if the EPA questions are targeted only for automotive disc brake linings. It was replied that while some of these questions pertain specifically to automotive disc brake linings that the questions are general in nature and should apply to all automotive type friction materials. The emphasis on disc brake materials can be inferred from some of the questions that were asked. It would appear that automotive disc brake materials are the first target of EPA, but they have not specifically said that. It was stated that a case be made that disc brake pads are now in a transitional design stage, and do not need EPA regulation.

A major question is whether a response should be made by the Institute or by the Members individually. There was also a question as to whether a response should be made thru the Asbestos Information Association. It was suggested that there was another alternative which would be to have the Institute make a general response and encourage individual replies from member companies. Counsel indicated that there may be problems with handling the entire response thru the Institute. There is material in the questions that Counsel feels dictate that caution be used if FMSI is gathering the response. In response to a question, the Secretary indicated that the EPA was not demanding an association reply. The eleven questions were brought to the November 16, 1979 meeting with which EPA was asking for industry cooperation. Whether the information was to be gathered by the association or by individual members was not of prime concern to the EPA. However, they were concerned with being able to detail the source of comments. In other words, they would not want general comments to be "laundered" so that the sources are not available on request. It was stated that this was a non-coercive request for information, and that the EPA would like to be able to rely on this information and to pinpoint the source later on if necessary.

It was stated that anything that is sent to the Institute for gathering a response will become a document that could be subpoenaed in any subsequent litigation. It was suggested that the Institute's Counsel can coordinate the questions asked of the Membership. Because of possible problems of an anti-trust nature a suggestion was made that the gathering of information might be done more suitably thru a third party in the fashion that the Institute gathers its quarterly sales statistics.

The Directors generally concurred in recommending that the Institute represent its members as regards this response. It was suggested that any critical questions or questions of a confidential nature could be subsequently addressed directly to members themselves who would be asked to respond directly to EPA. One member indicated his preference to reply individually. It was suggested that perhaps the Institute should pass these questions directly on to the members for their response giving them suggestions, guidance, or cautions as regards the information they are being asked to provide. The Directors concurred that the response should be coordinated by the Institute.

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

RESOLVED: That the Friction Materials Standards Institute should represent its Members in responding to the information needs in the toxic substance control area as required by the EPA.

Any questions, questionnaire or requests for information from the Membership should first be reviewed by Counsel and then approved by the Board of Directors before submission to the Membership. It was again pointed out that all information channeled thru the Institute for the reply would be open to the EPA should it subpoena the data.

It was suggested that any information that members might have that would support a position in opposition to this regulation should be sent to the EPA. The EPA will not be subpoenaing information opposing their plans for regulation. It was felt that a persuasive case can be developed for not getting asbestos out of friction materials in anything less than ten years. Any information supporting such a viewpoint should be submitted.

It was stated that many of the individuals working on asbestos control at EPA are new to this field. Not only are they new to the asbestos question but have little background in friction materials. It is for this reason that the lines of communication should be kept open, and it was suggested that one of the industry's jobs would be to educate EPA personnel. The Institute should provide them with data and work in a logical controlled manner to arrive at any regulatory results that are realistic and achievable. While the words "spoon feed" were used the point was made that information should be given which gives the complete story on asbestos in friction materials and this may not necessarily be in the areas that EPA is questioning. It was suggested that with the political realities in Washington, that the Office of Toxic Substances will do their best to ban asbestos in friction materials and probably in automotive disc brake materials at first. A question was asked as to how the Institute or its members could get EPA personnel attuned to our problems. A suggestion was made that a tour of plant facilities might be worthwhile as a first step in the education process. Perhaps plant visits could be scheduled with members from the Northeast.

Questions were raised several times as to whether a ban on asbestos in automotive disc brakes was a foregone conclusion. It was suggested that if it is a foregone conclusion the Institute should try to control it or phase it in in a logical manner with the least damage to the members. This would be a different approach than opposing any such ban. Mr. Armstrong asked whether the Board of Directors was in favor of these regulations which may come from EPA. He asked whether an asbestos ban in friction materials is inevitable. Perhaps the Institute's approach should be to fight these expected EPA regulatory initiatives.

Mr. Hardy indicated that it was not automatic or a foregone conclusion that asbestos would be banned in friction materials. There are several questions and burdens of proof for which the EPA must develop answers. (1) Is there an unreasonable risk to the health and environment from asbestos in friction materials? (2) Can the risk be reduced by other measures than an outright ban? (3) Is this the least burdensome means of accomplishing Toxic Substances Control Act objectives? (4) Are the substitute materials less adequate than the materials they will be replacing from a safety viewpoint? There is doubt that medical evidence would support the ban on asbestos in friction materials. He suggested that the EPA will have a difficult time documenting such a ban. Mr. Armstrong suggested that if the industry wished to make strong opposition toa ban it would have to produce medical evidence to refute the unreasonable risk allegation. It was indicated that there was no one at the meeting in favor of regulations to ban asbestos in friction materials. It was suggested at the same time that for members, or the Institute, or others opposed to regulatory initiatives to ban asbestos in friction materials, that this did not in any way prevent us from cooperating with the EPA. It was stated that it is important to keep channels of communication open.

As regards a ban, a question was asked regarding the final report of the United Kingdom Advisory Committee on asbestos. This well documented report suggested lower exposure levels for chrysotile asbestos than that now in use. It was suggested that the standard be reduced from 2 fibers per mililiter to 1 fiber per mililiter. It suggested tighter exposure levels for amosite and essentially a ban on crocidolite. As the friction materials industry uses chrysotile asbestos only, it was pointed out that this approach could be considered in the United States. Essentially the suggestion is that where a ban may make sense for crocidolite asbestos, it does not reflect the scientific evidence when proposed for friction materials containing chrysotile asbestos.

As regards the medical and clinical background for asbestos related disabilities, it was stated that most of the important exposure and epidemiological data has been derived from exposures in Great Britain in the 1930's and 1940's, and in the shipyards in the United States during World War II. It has been acknowledged many times over that these dosages were extreme and that asbestos types other than chrysotile had been used. It was stated that the Federal regulatory authorities are relying extensively on this old data of high exposures and uncontrolled conditions for their moves in the asbestos area. The question was asked as to whether members' employees actually have a problem with asbestosis, lung cancer and other asbestos related diseases. Several members indicated that they are not aware of any problems. However, they do not have definitive answers that can be used to respond to the regulators. One member indicated that its employees had 30 to 40 years exposure to asbestos in the workplace without apparent disabilities beyond that which would be expected in the general population.

It was stated that even with the medical histories that started in the early 1970's that there was not sufficient exposure data available which would be needed by a good epidemiologist. It was suggested that it would be in the best interests of the Institute and its members if evidence could be produced on medical histories in our industry. There is a great need for studies on low level exposures. None are available but the information is needed. It was pointed out that the major concern of the EPA was in the general environment rather than in the work place. Low level exposures would be typical of those for the brake repair worker. Exposure levels in the factories might be considerably heavier than that for brake repair workers before the OSHA regulations. While medical surveillance and records started at most locations in the 1970's there were populations exposed for 20, 30 and 40 years earlier, under uncontrolled conditions. Perhaps medical evidence on this population would be of value.

It was stated that before any ban on asbestos use in useful commercial products such as friction materials takes place that there will be some testing of the claims that have been used by the EPA on the health effects of asbestos. It was stated that the Asbestos Information Association plans some work on risk assessment. Three questions were asked concerning medical and clinical data: (1) Is there medical data available? (2) Would the members expose individual data to the Environmental Protection Agency? (3) What is the existing level of medical information?

The main thread running through the questions posed by the EPA concerns substitutes for asbestos. There have been several articles in trade magazines concerning the replacement of asbestos. Mr. Guimond earlier showed the Secretary an article from Automotive Industries in May 1979 which was headed "Age of Asbestos on Vehicle Parts Ending." This was based on information primarily sourced from Raybestos-Manhattan. In addition, the EPA had a letter from General Motors in their docket concerning their program for non-asbestos friction materials for brake systems. In that letter, which is a public document, it was noted that General Motors plans that all passenger car disc brake applications will use non-asbestos friction materials by the 1983 model year. In addition it made projections on drum brakes for 1985, with work on light trucks and heavy trucks to follow. This is the type of information that supports possible EPA plans to ban asbestos in automotive disc brake materials. It was stated that while this may be true for General Motors, on an original equipment basis, there would of necessity be a time lag for the replacement market, for other domestic original equipment manufacturers, to say nothing of the imported cars. A question was asked whether current semi-metallic General Motors disc brake linings use asbestos. It was stated that this was not known, but that some Delco-Moraine ads had indicated the use of non-asbestos materials. Further, it was stated that some of the semi-metallic materials used today have asbestos in the backing layer underneath the friction material.

It was stated that the EPA will have difficulty regulating non-asbestos friction materials into some industrial applications. One Director indicated that there would be considerable difficulty in adapting a non-asbestos friction material to certain systems used in overhead cranes. It was indicated that some of the materials that were used for replacing asbestos were iron powder and copper powder. There is a growing shortage of iron powders and copper powders used in friction materials. Another Director stated that there are many problems adapting non-asbestos type materials to applications such as truck disc brakes. It was indicated that some of the non-asbestos types had difficulty with cast iron rotors and that the brake package had to be almost completely redesigned to take steel rotors.

It was suggested that another difficulty might surface at a later date and this is the carcinogenic properties of the materials being used as substitutes for asbestos. Questions along these lines were asked by EPA in their advanced notice of rule-making. However, in many cases the substitutes that are being used in non-asbestos friction materials are fibrous in nature. There has been a question raised concerning the pathogenicity of asbestos and whether it was attributable to its fiber shape rather than its chemical make-up. If it should be developed that fiber structure is the problem, it may be that fiberglass and the metal fibers that are used as substitutes could act as carcinogens when inhaled. It is unlikely that the medical risks involved with fiber substitutes can be evaluated in the short term.

It was stated that another question that can have an impact would be the fact that several manufacturers may not have the technology to meet non-asbestos friction material requirements. What will be the impact on each member's individual company? What time frames do they see? What costs will they be asked to expend to develop the technology? Will certain companies not be able to continue in the market? What are the sizes of the companies that could be most seriously impacted by a ban? It was suggested that the size of a company might be judged by the number of employees effected. It was also suggested that the size would be based on the number of pieces of friction materials produced by a manufacturer.

One Director indicated that at the present time there is a worldwide shortage of tooling. In some cases it is not a case of having the funds to spend for the tooling but it is having the tool maker actually produce the tooling on any kind of schedule. For most substitute materials, a complete re-tooling is called for. One Director stated that capacity in the industry is not adequate now. If the impact of a ban would be to cut capacity still further while manufacturers were developing the technology there could be a serious capacity problem. One Director asked if Ford Motor Company decided that it wanted to go with non-asbestos linings in 1981, where would production capacity come from? It is almost certain that if a regulation enacting a ban went into effect, that certain companies would have to get out of the business, and there would be a marked loss in capacity.

It was suggested that information concerning the size of the market and the amount of asbestos used would be pertinent. How big is the market for asbestos-containing friction materials? How big is the market for automotive disc brake linings? There were questions along this line raised in the advanced notice of proposed rule-making. This information would be released in any response made to the EPA. It was suggested that it may be important to know how much asbestos is used in each of the friction material type markets (disc brakes, drum brakes, blocks, clutch facings, etc.). How much asbestos would be removed from the environment by a ban on automotive disc brake linings containing asbestos?

An overriding concern when substitutes are discussed is the confidentiality or the proprietary nature of that information. Most of the information on substitute materials and substitute compounds is confidential. Even the new technology for handling the substitutes is considered proprietary. It was suggested that any voluntary information that is passed on to the Environmental Protection Agency might be subject to access by parties other than EPA. Mr. Hardy indicated that while there are safeguards for the information, they may not be as strong as they should be. Where the information is subpoenaed or coerced from the provider there may be better protection of confidentiality. This concern for confidentiality cannot be overlooked when providing the EPA or other regulatory authorities information of a proprietary nature. On the subject concerning transfer of technology, the EPA questioned whether a company would consider licensing of technology to manufacture non-asbestos brake pads. This obviously is aimed at the automotive disc brake question. The questions on licensing technology would have to be answered by individual companies, and while the information may be routed through the Institute this may be a most difficult question for some members.

It was pointed out several times that where the information requested by EPA is not provided, that they do have the power under the Toxic Substances Control Act to compel delivery of this information.

As regards requesting the information from the Membership it was suggested that its Health and Environmental Affairs Committee or a Task Force review these questions. It was suggested that in order to organize a response there might be need for new skills on the Health and Environmental Affairs Committee. It was suggested that Public Relations skill might be needed in presenting the Institute's problems to the EPA. It was suggested that a program be outlined as the Committee needs direction. Let the Committee review the request for information from EPA and add their own questions. Additional information should be provided beyond that which has been requested by EPA. Any additional questions over those asked by EPA can be suggested by the Committee. It was suggested that the Committee, when preparing questions, ask that members answer every question and that they indicate their reasons for not answering such as don't know, proprietary, or the like. It was suggested that the questions might be broken down into different categories of friction materials such as disc brake linings, drum brake linings, brake blocks, clutch facings, industrial segments, etc. A Director indicated that while this may or may not be of value, this is a question that should be considered by the Committee when it makes its recommendations.

A Director suggested that it would be worthwhile if the Committee or a Task Force meet with the EPA. In particular, he suggested that a group meet with Mr. Guimond and others in the Office of Toxic Substances who have direct responsibility for rule-making on asbestos friction materials. There could be an informal meeting with the EPA and an Institute Task Force for clarification of the questions submitted by EPA. This would indicate that the Institute is anxious to cooperate and it would be helpful if the EPA could be more definitive and specific on some of the questions. In addition this may also buy some time where the members can be working on the questions and perhaps gathering some preliminary data. It was stated that the questions asked are broad questions and they should be more definitive or ask specifically what they are looking for. While a meeting is being worked out with the EPA, the members would be advised on what is going on so they could start gathering information. It was suggested that any meeting might best be held in the Washington area. Mr. Pigg suggested that it would be well to have the meeting at the EPA offices. An Institute Task Force to be organized by Mr. Armstrong could discuss the technical questions that are involved. They could also get some input to those in the EPA responsible for regulations. In other words, the meeting with the EPA might not just be for clarification of the questions but it could also be for raising issues and indication of industry problems with a ban. The questions to be answered in response to the EPA request will depend upon the answers that the Task Force gets from EPA. Mr. Moalli indicated that he would pursue this further with Mr. Armstrong, Chairman of the Health and Environmental Affairs Committee, to get the Task Force in operation.

It was agreed that the Institute would continue working with the Asbestos Information Association and in particular with its ad-hoc Committee. Correspondence would continue to be interchanged between associations. Mr. Pigg noted that the Asbestos Information Association has given presentations to the EPA. One was on the consumption of asbestos and the other was on medical information as regards asbestos related disabilities.

As indicated earlier, a question was raised as to whether the Institute should go to its Membership with a program to answer questions submitted by EPA. The Membership should be informed as to what the Directors and the Committee are doing as regards asbestos in friction materials. It was suggested that we advise the full Membership as to the current high level of activity in the asbestos area. It was suggested that the Membership be sent the same package of literature, letters and documents that were distributed to the Directors at this meeting. It was noted that there should be a strong covering letter to the Membership emphasizing how serious the EPA initiatives in the toxic substances control area really are. Also it was specifically noted that where the eleven questions from EPA are forwarded there should be a note on the top of the draft to the effect that the Institute and its Committee are reviewing these questions and we hope to have them clarified and perhaps supplemented before answering. In other words, the members should not take these questions and make direct replies to EPA until the questions have been clarified. In any forwarding of data to the members it was suggested that these eleven questions from EPA be put at the top of the pile, and indicate that the questions raised by EPA in the information gathering process are most important.

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

RESOLVED: That the Institute send members copies of all documents distributed at this Board of Directors Meeting relating to EPA initiatives in the toxic substances control area.

The members should be advised that the Committee will be reviewing this with EPA and the questions may be further clarified or enlarged in order to develop a meaningful response. The members will be asked to send whatever additional information they feel would be appropriate in replying to EPA. While these eleven questions should be sent to the members with this package, they should be told that the questions are being re-phrased and they should not be answered at this time.

After the Task Force has contacted the EPA and the questions have been re-phrased or supplemented, the covering letter and questions should be referred to Counsel before being mailed.

SUMMARY OF PLANS FOR INSTITUTE RESPONSE

The following steps are to be taken in organizing a response to the EPA as regards their initiatives on asbestos in the friction materials area.

1. A complete file of the documents distributed to the Board of Directors will be sent to the Membership.
2. The draft eleven questions prepared by EPA will be sent with this package, but it is suggested that replies not be made until these questions have been clarified with the EPA.
3. A Task Force will meet with the EPA's Office of Toxic Substances to review and clarify the questions.

4. The Health and Environmental Affairs Committee will review and recommend wording for the questions to be asked the Membership.
5. The questions after review by Counsel will then be sent to the Membership for preparation of an Institute response.

It is again suggested that in phrasing the questions that the Committee advise if the questions pertain to the broad range of friction products or to specific product lines.

INSTITUTE RESPONSE TO EPA ON POPULATION EXPOSURE AND ROUTES, DURATION AND FREQUENCY OF EXPOSURE

The Health and Environmental Affairs Committee drafted a letter to the Environmental Protection Agency concerning their suggested regulations on asbestos. This response was patterned after information gathered to refute an earlier IIT Research Institute report which pointed at asbestos friction materials as having an extremely high population exposed at high exposure rates. This document was prepared by the Committee and revised by the Chairman and was ready for distribution to the EPA. The Directors stated that this letter to the EPA should first be reviewed and approved by Counsel. Then with Counsel review and possible revision of the letter, it must be approved by the Board of Directors before release.

FEDERAL ACTIVITY - ASBESTOS HEALTH HAZARDS COMPENSATION ACT

The Secretary advised that he had written to Senator Gary Hart who was to be the sponsor in the Senate of an Asbestos Health Hazards Compensation Act. It was stated that the Fenwick Bill as drawn up earlier was dead. It was indicated that this bill was never given seious consideration from the onset but it was a stepping stone towards a practical compensation bill. Senator Hart's reply indicated that there was no action being taken on a Senate Bill at this time.

Mr. Pigg advised that he had just received a copy of some draft legislation for a compensation act. He had only recieved this draft the day prior to our meeting. The recommendation of the Health and Environmental Affairs Committee was that no action be taken on an asbestos health hazards compensation act until the Committee was able to review the content. Mr. Pigg gave this draft to the Secretary who will send it to the Committee for their consideration and comments.

HEALTH AND ENVIRONMENTAL AFFAIRS COMMITTEE REPORT

Mr. Armstrong, Chairman of the Health and Environmental Affairs Committee, reorganized this Committee and expanded the Membership to include new members from H.K. Porter Company, Thiokol and Nuturn. Mr. Armstrong indicated that there was no charter or direction for the Committee as such and that the Committee was drafting a charter which he was now reviewing. The Committee recommended that with no known action in the area of an asbestos compensation act that no action should be taken at this time. The Committee will continue to monitor any activity in this area.

The Committee reviewed the "Friction Materials Work Practices Guide" and a one page notice entitled "Recommended Procedures for Reducing Asbestos Dust During Brake Servicing." This one page document appears in many of our catalogs and it was completely revised. As regards plans by the Occupational Safety and Health Administration, questions were asked as to where this standard is headed. Mr. Armstrong indicated that based on some technical papers on past asbestos exposure and asbestosis levels in Great Britain, that there may be pressure to move the standard to 0.3 fibers per cc. In addition he would expect other OSHA changes.

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

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

GENERAL MEETING/PRESENTATION ON INSTITUTE AND REGULATORY ACTIVITIES RELATING TO ASBESTOS

Mr. Messier suggested that a Membership meeting be called to go over this high activity in the asbestos area prior to the June Meetings. It was suggested that rather than having a formal meeting with Delegates and Alternates with marketing orientation that members be encouraged to send those interested to the meeting. It was also suggested that it could be worthwhile to invite an EPA representative to talk to the members. It was noted that any such meeting would have to come subsequent to the Task Force meeting with EPA and the subsequent Committee meeting on the questions.

A Task Force was organized to target the location and date for such a meeting. Messrs. Greenen, Messier and Drislane volunteered to serve on the Task Force. It was suggested that a Tuesday would be the best day for a meeting and that if it was held in the Northeast the meeting be scheduled for 10 A.M. perferably at an airport location. It was suggested that if the meeting were to be in February or March that perhaps it might be better to hold the meeting in a central airport such as at Atlanta. If it were to be held near the Atlanta airport it was suggested that the meeting be scheduled for 1 P.M. which would give parties from many locations a chance to fly in during the morning. It was suggested that without knowing the number who will attend such a meeting it may be difficult to schedule airport locations for such a meeting. The Task Force will coordinate and discuss plans for such a meeting as regards time and location and report back to the Board of Directors.

NON-MEMBER FRICTION MATERIALS MANUFACTURERS

Prior to the meeting Mr. Greenen noted that Krasne Manufacturing on the West Coast was back manufacturing friction materials. They had been purchasing slabs from Bendix from which they were cutting pucks for imported car disc brakes. Mr. Greenen indicated that they are now manufacturing their own pads and they are selling them under private label and through other distribution channels. He indicated that they were using the FMSI numbers on these products. Mr. Messier's company has provided the slabs to Krasne and he was not aware that they were back in the manufacture of friction materials from basic ingredients. It was suggested that a letter be written to the Krasne Manufacturing inviting their Membership in the Institute.

A question was raised about Virginia Friction Products in Virginia run by the Carreras family. The Secretary indicated that he had written to Mr. Bill Axlerod at Krasne over a year ago concerning possible Membership in the Institute. He had also written to Mr. Carreras of Virginia Friction Products. No replies were received. One of the problems with the Virginia Friction Products operation was discussed at the June 12, 1979 meeting. The Secretary at that time was directed to write to Virginia Friction Products which he did. He also called Mr. Joe Goodreau at Midco in Middletown, Connecticut concerning Virginia Friction Products.

A question was asked as regards non-member use of copyrights and whether lack of enforcement of a copyright might be a path to loss of the copyright. Counsel indicated that he was not completely versed on copyright law but that he believed this to be so. The Secretary suggested that before he writes concerning Membership in the Institute and copyright infringement that he have some evidence on these manufacturers' use of the FMSI numbers. It was stated that the following would be a program for correspondence and follow-up:

1. Send a letter to the manufacturer suggesting Membership and advising on use of the Institute's copyrights and trademarks.

2. After sufficient time has lapsed, write a follow-up letter and at the same time write to the Membership asking for any evidence of that manufacturer's use of the Institute's copyrights or trademarks.

3. If evidence is available from the Membership on the use of the Institute's copyrights and trademarks write another follow-up letter.

4. If there has been no reply to the follow-up letter (after proof has been provided) the question will be referred to Legal Counsel for his follow-up.

IDENTIFICATION OF METALLIC TYPE LININGS

The Secretary indicated that at the June 1979 Board of Directors Meeting they referred a question concerning metallic linings in Institute Catalogs to the Data Book and Technical Committeee. Two members had suggested that there be specific identification of semi-metallic or metallic type linings in the Institute's catalogs. At the October 23, 1979 meeting of the Data Book and Technical Committee the Committee adopted a resolution against listing metallic type friction materials in the Institute's Catalogs. They resolved that the original equipment metallic or other formulation of friction materials not be shown in bulletins or catalogs and supported that resolution with these five items:

1. Metallic composition information is not readily available. Original Equipment manufacturers may consider this information privileged.

2. The Institute should not make recommendations or infer recommendations on formulations for brakes.

3. There is a difficulty with running changes where material compositions change during a model year.

4. The inclusion of such a change could be the forerunner to listing other types of materials such as fiberglass, etc.

5. There are differences as regards the definitions of metallic linings.

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

RESOLVED: That the Board of Directors concurs with the Data Book and Technical Committee in not showing metallic or other formulation of friction materials in its bulletins or catalogs.

APRA BRAKE SYSTEMS INSTITUTE MEETING

The Secretary advised that Mr. Simon had invited him to address the APRA's Brake Systems Institute at a meeting scheduled at Fort Lauderdale, Florida on February 11, 1979. The Secretary indicated that he felt he needed the Board's approval to attend such a meeting. Mr. Simon was asked what Mr. Drislane would be asked to discuss. Mr. Simon indicated that it would be involved with edge coding and identification on brake linings, activities of the Institute, and lining presentation in the catalogs. A question which had come up with the APRA concerned metallic lining listings in Institute Catalogs. There was a question as to whether Mr. Drislane's appearance at this meeting had any benefit to the Institute, and could it interfere with the schedule of activities in the asbestos area over the winter months. The President questioned the value of an expenditure for this trip. The Directors asked the President to work out a decision with the Secretary as regards his making a presentation to the APRA's Brake Systems Institute.

* * * * *

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: 1:20 P.M.

FRICTION MATERIALS STANDARDS INSTITUTE, INC., E-210 ROUTE 4, PARAMUS, N.J. 07652

MINUTES OF MEETING

of the

BOARD OF DIRECTORS

Wednesday, June 13, 1979 at 4:30PM

at

Ocean Reef Club, Key Largo, Florida

Directors Present	
F. E. Messier, President	Bendix Corporation Automotive Aftermarket Operations
R. R. Moalli, Vice President	Raybestos-Manhattan, Inc. RM International
R. L. Cutler	Abex Corporation Friction Products Group
W. Simon	Brassbestos Manufacturing Corporation
J. W. Greenen	Nuturn Corporation
Stuart Comins	P. T. Brake Lining Company, Inc.
G. A. Carrigan	S. K. Wellman Corporation
Others Present	
E. W. Drislane, Secretary	Friction Materials Standards Institute, Inc.
J. Z. Jackson, Counsel	Robert P. Gorman, Esquire

* * * * *

Mr. Messier, acting as Chairman, opened the meeting at 4:30PM.

ELECTION OF OFFICERS

Mr. Messier, President, called for nominations for the office of President.

Mr. Greenen presented the name of Mr. Ronald R. Moalli 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. Ronald R. Moalli as President. The Secretary advised that the ballot had been cast.

Mr. Messier called for nominations for the office of Vice President. Mr. Ronald L. Cutler 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. Ronald L. Cutler as Vice President. The Secretary advised that the ballot had been cast.

For office of Treasurer, the name of Mr. William F. Messier, of the Bendix Corporation, Friction Materials Division 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 F. Messier 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 offices of the Institute for the ensuing year:

Ronald R. Moalli	-	President
Ronald L. Cutler	-	Vice President
William F. Messier	-	Treasurer
Edward W. Drislane	-	Secretary

RETENTION OF COUNSEL

Mr. Messier advised that according to Article VI of the By-Laws, at each annual meeting legal counsel shall be retained for the ensuing year.

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

RESOLVED: That the Law firm of Robert P. Gorman be retained as Counsel for the ensuing year.

RETENTION OF AUDITORS

The Chairman, on recommendation of the Secretary, suggested the retention of auditors for the ensuing year.

Upon motion duly made, seconded and unanimously passed it was

RESOLVED: That Marshall Granger & Co., Certified Public Accountants, be retained as auditors for the ensuing year.

BUDGET - JULY 1, 1979 THROUGH JUNE 30, 1980

The Chairman advised the meeting that the budget presented to the Annual Meeting and increased by $600 for Miss Duschek's pension had been adopted by the Membership.

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

RESOLVED: That a budget of $96,410 for the fiscal year starting July 1, 1979 be accepted

FEE FORMULA - JULY 1, 1979 to JUNE 30, 1980

The meeting was advised that the outgoing Board of Directors had voted increases in the fee formula for the fiscal year starting July 1, 1979.

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

RESOLVED: That the annual fee for the Active Members for the fiscal year starting July 1, 1979 be a basic rate $1,150 and $700 for each category in which engaged; for the indivdual Regional Member $1,450; for trade groups holding Regional Membership $2,400 and Licensees $550.

LEGAL COUNSEL REPORTS

Mr. Jackson distributed copies of his letter concerning recall procedures available to the Department of Transportation in the event of a recall of motor vehicle brake linings. This had been requested after Counsel's advice that our industry was not subject to the recall procedures of the Consumer Product Safety Act. For reference, there is letter of John Z. Jackson to Edward W. Drislane of June 12, 1979.

Also, Counsel advised that an agreement had been drafted to establish a trust for payment of Miss Duschek's pension. This was in line with the Directors' resolution at the June 1978 meeting. As a 10% increase was voted in this pension on June 12, 1979, Counsel will re-draft the Trust Agreement and it will then be sent to the Directors for review and their approval.

NOMINATION PROCEDURES

The Directors discussed procedures for nominating directors and officers. Several suggestions were made to permit members to either participate more fully in the nominating procedure or to be kept advised of nominating plans.. It was recommended that before the Annual Meeting the Secretary advise the Membership on (1) The Board make-up prior to the meeting; (2) The names of the Board Members whose terms will be expiring at the June 30 then ending, and (3) The names of those whom the Nominating Committee will propose for election to the Board of Directors at the June meeting.

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

RESOLVED: That the Secretary will advise the Membership concerning the Nominating Committee plans for the June meeting when requesting reservations from the Members for the meeting.

MEETING OF THE BOARD OF DIRECTORS

The Board of Directors has directed the Asbestos Study Committee to make recommendations to the Board as regards our Institute's position and plans for action on (1) Response to the EPA's Office of Toxic Substances plans for asbestos in friction materials and (2) The draft legislation for an "Asbestos Health Hazards Compensation Act." When the Committee has reported to the Board, the President may then call a special Board of Directors meeting. No date or location has been set for such a meeting.

1980 ANNUAL MEETING

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

RESOLVED: That affirming the out going Board of Directors decision at the June 12, 1979 meeting, the annual Board of Directors and Membership meeting be held at the Homestead, Hot Springs, Virginia in June 1980.

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

RESOLVED: To Adjourn

Adjourned at 5:00PM

E. W. Drislane
Secretary

FRICTION MATERIALS STANDARDS INSTITUTE, INC., E-210 ROUTE 4, PARAMUS, N. J. 07652

MINUTES OF MEETING

of the

BOARD OF DIRECTORS

Wednesday, June 28, 1978 at 4:30PM

at

Camelback Inn, Scottsdale, Arizona

Directors Present	
F. E. Messier, President	Bendix Corporation Automotive Aftermarket Operations
R. R. Moalli, Vice President	Raybestos-Manhattan, Inc. RM International
R. L. Cutler	Abex Corporation Friction Products Group
W. Simon	Brassbestos Manufacturing Corporation
J. W. Greenen	Nuturn Corporation
G. A. Carrigan	S. K. Wellman Corporation
Director Absent	
Stuart Comins	Auto Friction Corporation
Officers Present	
R. P. Gorman, Legal Counsel	Gorman & Cole
E. W. Drislane, Secretary	Friction Materials Standards Institute, Inc.

* * * * *

Mr. Messier, acting as Chairman, opened the meeting at 4:30PM.

ELECTION OF OFFICERS

Mr. Messier, President, asked Mr. J. W. Greenen to act as temporary chairman for the meeting.

Mr. Greenen called for nominations for the office of President. Mr. Francis E. Messier's name was presented and seconded for the office of President.

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. Francis E. Messier as President. The Secretary advised that the ballot had been cast.

Mr. Greenen called for nominations for the office of Vice President. Mr. Ronald R. Moalli 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. Ronald R. Moalli as Vice President. The Secretary advised that the ballot had been cast.

For office of Treasurer, the name of Mr. William Messier, of the Bendix Corporation, Friction Materials Division 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 Messier 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 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:

Francis E. Messier - President
Ronald R. Moalli - Vice President
William Messier - Treasurer
Edward Drislane - Secretary

RETENTION OF COUNSEL

Mr. Greenen continued as acting Chairman of the meeting. He advised that according to Article VI of the By-laws, at each annual meeting legal counsel shall be retained for the ensuing year.

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

RESOLVED: That the Law firm of Gorman & Cole be retained as Counsel for the ensuing year.

RETENTION OF AUDITORS

The Chairman, on recommendation of the Secretary, suggested the retention of auditors for the ensuing year.

Upon motion duly made, seconded and unanimously passed it was

RESOLVED: That Marshall Granger & Co., Certified Public Accountants, be retained as auditors for the ensuing year.

BUDGET - JULY 1, 1978 THROUGH JUNE 30, 1979

The Chairman advised the meeting that the budget, as presented to the Annual Meeting had been adopted by the Membership.

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

RESOLVED: That a budget of $91,250 for the fiscal year starting July 1, 1978 be accepted.

FEE FORMULA - JULY 1, 1978 to JUNE 30, 1979

The meeting was advised that the Membership had been advised of the fee formula proposed for the fiscal year starting July 1, 1978.

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

RESOLVED: That the annual fee for the Active Members for the fiscal year starting July 1, 1978 be a basic rate of $1,050 and $650 for each category in which engaged; for the individual Regional Member $1,300; for trade groups holding Regional Membership $2,200 and Licensees $500.

DATE AND LOCATION OF NEXT BOARD MEETING.

The Directors stated that the next meeting may be held in the early Fall of 1978 when the Asbestos Study Committee has reviewed and made recommendations on a "Work Practices Booklet." Until such action is taken, the meeting cannot be scheduled.

1979 ANNUAL MEETING

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

RESOLVED: That, affirming the outgoing Board of Directors decision at the June 27, 1978 meeting, the annual Board of Directors and Membership meetings be held at Ocean Reef Club, Key Largo, Florida, during the week of June 11, 1979.

* * * * *

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

RESOLVED: To Adjourn

Adjourned at 4:50PM

E.W. Drislane
Secretary

FRICTION MATERIALS STANDARDS INSTITUTE, INC., E-210 ROUTE #4, PARAMUS, N.J. 07652

MINUTES OF MEETING

of the

BOARD OF DIRECTORS

Tuesday, June 27, 1978, at 8:30 A.M.

at

Camelback Inn, Scottsdale, Arizona

DIRECTORS PRESENT

R. L. Cutler	Abex Corporation
W. Simon	Brassbestos Manufacturing Corp.
J. W. Greenen	Nuturn Corporation
R. R. Moalli, Vice President	Raybestos-Manhattan, Inc.
G. A. Carrigan	S. K. Wellman Corporation

DIRECTORS ABSENT

E. R. Zacharias	Carlisle Corporation
W. M. Sleeth	Lear-Siegler, Inc.

OFFICERS PRESENT

F. E. Messier, President	Bendix Corporation
W. F. Messier, Treasurer	Bendix Corporation
R. P. Gorman, Counsel	Gorman & Cole
E. W. Drislane, Secretary	Friction Materials Standards Institute

Mr. Messier, President, called the Meeting to order at 8:30 A.M.

MINUTES OF PREVIOUS MEETINGS

The Minutes of the Meetings held June 21, 22, 1977 had been distributed. No corrections were suggested. Upon motion duly made, seconded, and unanimously passed, it was;

RESOLVED: That the Minutes of the June 21-22, 1977 Meetings be accepted as written.

The Secretary advised that in these minutes his salary change effective July 1, 1977 was not noted. This change was covered by a letter from the President to the Secretary subsequent to the Board of Directors Meetings. The Directors indicated that future salary changes will be handled by letter by the President of the Institute.

PRESIDENT'S REPORT

Mr. Francis E. Messier, President, read from his prepared report. Please refer to Exhibit 1.

He mentioned the regulatory atmosphere in which the industry works, and changes to strengthen the Institute's Asbestos Study Committee. The President noted the continued favorable financial results for the Institute, Membership changes, the Institute's continued liaison with the Federation of European Manufacturers of Friction Materials, our applications for trademark registration of FMS and FMSI, and the new schedule of the annual meeting with a reception for the Membership. In addition, Mr. Messier mentioned the recently completed history of the FMSI and preliminary copies were distributed.

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

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

MEMBERSHIP COMMITTEE REPORT

Mr. Gordon A. Carrigan, Chairman of the Membership Committee submitted the report for the 1977-78 fiscal year. Pleae refer to Exhibit 2.

In this report, Mr. Carrigan noted that we lost one Active Member (Hayes-Albion) but gained one Regional Member (Don International). It was also noted that Implementos Metalicos Lara S.A. of Baraquisimeto, Venezuela joined as a Licensee. In addition to Membership transfers for Nuturn and Lear-Siegler, Mr. Carrigan advised that the Institute had been negotiating on a possible Regional Membership application by Borg & Beck de Mexico S.A., of Mexico.

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

RESOLVED: To accept the report of the Membership Committee as written.

At this time the Directors discussed various friction materials manufacturers who might possibly become members of the Institute. In particular, a question was asked about Borg & Beck de Mexico, and the Secretary indicated that he had correspondence with them about possible Regional Membership. Borg & Beck de Mexico is a subsidiary of Borg Warner Corporation in the United States. The Secretary indicated that he expected their application for Regional Membership.

A question was asked about National Friction Products in Logansport, Indiana. The Secretary indicated that he had written to National Friction in the past. National Friction is a subsidiary of the Kelsey-Hayes Corporation. A Director questioned whether National was using the FMS and FMSI numbers. The Secretary indicated that to his knowledge they were not marketing their products in the replacement market using those numbers.

The Secretary was asked about SAK Enterprises in Miami, Florida. The Secretary indicated that he had written to SAK based on literature showing their use of FMS and FMSI numbers. In response to correspondence

SAK indicated that they were purchasing lining from FORMA, an Italian manufacturer. FORMA wrote advising that SAK would discontinue use of the FMSI numbers. FORMA inquired about membership but took no action. A question was asked concerning Virginia Friction Products which was run by one of the Carreras family. Mr. Lou Carreras had been the organizer and delegate from Forcee Manufacturing Corporation which had been acquired by Safeguard Automotive Corporation. Virginia Friction Products is apparently manufacturing its own brake lining in Tappahannock, Virginia, and the Secretary was instructed to contact Virginia Friction Products concerning possible membership in the Institute. In response to a question it was noted that Safeguard Automotive Corporation which purchased the assets of Forcee, is a member of the Institute.

The Secretary advised that he had written to Akebono in Japan asking if they were marketing clutch facings in the United States, and if so that their dues would have to be the same as for an Active Member. This would indicate an Active Member with one category--clutch facings. The Akebono dues might be increased from $1300 to $1700 a year, based on one category filing fee. The Secretary asked, since he had not received any reply to his April correspondence, if the fee could be increased to the new level. The Directors indicated that the Secretary should follow-up with another letter to Akebono to get an answer to the April letter.

A Director asked about the Friction Materials Corporation, the Israel Regional Member. The Secretary advised that they were paying one category for marketing clutch facings in the United States. A director indicated that the Interfriction Corporation was also participating in brake linings and brake blocks. The Secretary indicated that Interfriction is a name with which Friction Materials Corporation is marketing their products in the United States. The Secretary was advised that Friction Materials Corporation should be reporting in three categories.

A Director asked whether the Institute had any information concerning World Auto Parts. It was stated that World Auto Parts is a Buffalo company which sells foreign shoes using the FMSI numbers. It was asked whether World Auto Parts was selling used or new shoes. There was a question as to what could be done if World Auto Parts were selling used shoes using FMSI numbers. The Institute normally requires that a Licensee be a manufacturer of new shoes. If World Auto Parts purchases new shoes from members and recycles used shoes, there is a question as to whether they would be eligible for Licensee Membership. The Directors were asked to send information to the Institute concerning the World Auto Parts operation.

Another Director said that a former Licensee, Grinnell, is still in the steel business and may be using the FMSI numbers. It was suggested that they should be checked out to see if they are using the FMSI numbers. It was also indicated that Toledo Pressed Steel, a steel brake shoe supplier to Ford Motor Company, may be marketing steel using the FMSI numbers. It was suggested that if anyone had information on Toledo Pressed Steel showing their use of the FMSI numbers, this information should be sent to the Institute Office.

A Director suggested that the Members should be asked to contact their Purchasing Departments to see if others are marketing shoes using the FMSI numbers. By making an audit in the Purchasing Department on the availability of steel shoes, perhaps additional leads could be made for Licensee Membership applications.

TREASURER'S REPORT

Mr. William F. Messier of the Bendix Corporation was elected Treasurer at the June 1976 Meeting. This was Mr. Messier's first Annual Meeting and he was introduced by the Secretary. Please refer to Exhibit 3.

Mr. Messier reported on the financial activities of the Institute for the fiscal year July 1, 1977-June 30, 1978. It was noted at the outset that this report had to be prepared based on information available as of April 30, 1978 and projections were then made to the June 30, 1978 year end. The Treasurer referred to balance sheet and income statement exhibits and indicated that income in excess of $7,100 over expenses is projected for the 1977-78 year. The excess of income over expenses is attributed to almost $13,000 of interest income which more than made up an operating deficit. The Treasurer referred to significant variances in the expense budget.

In addition to the balance sheet and income statement exhibits, the Treasurer appended a ten year financial summary showing 8 prior year's figures projected for the 1977-78 year along with preliminary budget figures for 1978-79. Of significance is the fact that the annual fee schedule has been held constant since 1971-72.

Counsel was asked concerning the accumulated capital and surplus in the years for the Institute. Counsel indicated that there would be no difficulty with the accumulated surplus if that figure was not in excess of 2-1/2 times the budget for the year. With capital and surplus figured in excess of $170,00 at June 30, 1978, and an annual expense budget of about $90,000 there should be no difficulty with this accumulation of surplus.

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

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

The Secretary at this point advised of some difficulty with collection of receivables. He noted that Hayes-Albion Corporation indicated their intent to withdraw from the Institute in January 1978. The Secretary wrote to Hayes-Albion Corporation indicating that the Annual fee for the full fiscal year (July 1, 1977-June 30, 1978) was due. No answer was received from Hayes-Albion. The Secretary talked with Mr. Ernie Rysso who indicated that the Brake Division had closed, and he suggested that a further contact be made with Hayes-Albion. The Secretary wrote again to Hayes-Albion concerning the fee conditions in the Constitution and By-Laws, and that a member could withdraw only upon payment of the annual fee for the full year. No reply was received from Hayes-Albion Corporation. The Secretary asked for guidance as to what action he should take as regards pursuit of this collection. Mr. Cutler indicated that he would contact Hayes-Albion Corporation concerning this billing. The Secretary handed Mr. Cutler copies of correspondence he had with Hayes-Albion concerning their withdrawal from the Institute and the annual fee.

INVESTMENT ADVISORY COMMITTEE REPORT

Mr. Simon, Chairman of the Investment Advisory Committee, presented this report. In summary it indicated that the Institute's funds were primarily deposited in the 7-1/2% bank time deposits. It was stated that interest income for 1977-78 would run about $12,850, up from the $12,200 earned in the prior year.

The Chairman indicated that there now are short term federal obligations available with interest rates in excess of 8%. He suggested that the Institute consider investing funds in these treasuries. The Secretary indicated that there was a $25,000 time deposit due about December 1, 1978 and this might be one of the first time deposits ready for investment in treasuries. It was suggested that any investment in treasuries be in short to medium term obligations as long term treasuries will be subject to more price variation because of interest rate changes. The Institute will consider treasury obligations as time deposits mature. At this point there was a discussion concerning investments for the pension fund accounts. The discussion and actions taken in this area are discussed under the heading "INSTITUTE PENSION FUNDS."

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

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

BUDGET COMMITTEE REPORT

Mr. D. J. Olgilvie is Chairman of the Budget Committee. The details on his report were prepared from data available in the Institute Office. The Secretary read the Budget Committee Report. Please refer to Exhibit 5.

In summary, the Committee recommended an expense budget increase of slightly over 3% for a total expense budget of $91,250. Budget items were detailed item by item. The most significant items in the budget were salaries, pension, rent and legal expense. As these items control over 80% of the budget, there is not much that can be controlled by variations in other expense items. A Director commented on the good expense control over the past several years and the constancy of fee structure. It was indicated that it would be difficult to maintain these relatively modest budget increases in the future because of severe inflationary pressures that everyone is confronted with. It is expected that costs can be expected to continue upward.

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

RESOLVED: To accept the report of the Budget Committee as written.

FEE FORMULA COMMITTEE REPORT

Mr. W. M. Sleeth of Lear-Siegler Corporation had served as Chairman of the Fee Formula Committee. Mr. Sleeth is no longer with the Lear-Siegler Corporation. The Secretary stated that he had sent information for the fee formula to Mr. Sleeth in May. He had not received any comment or corrections concerning the report, so he read the report as the Committee Chairman's report. Please refer to Exhibit 6.

It was indicated that there would be 18 Active Members in 1978-79 with 36 category declarations to project $42,300 of annual income based on the prior year fee schedule. In addition, there were 18 Regional Members projecting income of $28,900 and 11 Licensees projecting $5,500 in income. This would be a total projected annual income, from last year's fee structure, of $76,700. Based on a interest income of near $14,000 this would project total income of about $90,700. When compared to a preliminary expense budget of $91,250, this fee schedule would project a small deficit for the 1978-79 fiscal year. A comment was made in the Fee Formula Committee Report concerning the fact that the new unlined shoe category now produces but one declaration for fee formula purposes.

The Committee recommended that the fee formula for the 1978-79 fiscal year remain unchanged from that used in the prior year. This would be: Active Members $1,050 basic fee plus $650 per category, Regional Members $1,300 basic fee per year, with Associations at $2,200 per year. Those with U.S. copyright privileges would have the same fee schedule as Active Members. Licensees would be $500 per year.

Because of the lack of a Chairman for the Fee Formula Committee it was suggested that the President comment. The report and the recommendations on fee structure were reviewed. The President stated that he did not feel that there was need to make a change in the fee formula from that recommended by the Committee.

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

RESOLVED: That the fee formula for 1978-79 be continued as it was in the past fiscal year.
Active Members: Basic fee $1,050, per category $650
Regional Members: Individual $1300, Association $2200 Those with U.S. copyright privileges same fee as Active Members.
Licensee: $500

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

RESOLVED: To accept the report of the Fee Formula Committee as read.

PUBLIC RELATIONS COMMITTEE REPORT

Mr. E. R. Rysso of the Hayes-Albion Corporation served as Chairman of the Public Relations Committee. Due to the Hayes-Albion withdrawal from the Institute, the Secretary prepared the Public Relations Committee report. Please refer to Exhibit 12.

It was indicated that the Institute press release on the selection of Officers at the June 1977 Meeting had been published by several trade publications. In addition, it was noted that the Institute's release concerning "Recommended Procedures for Reducing Asbestos Dust During Brake Servicing" had been used by the trade press as a basis for articles concerning brake servicing, subsequent to the June 1977 Meeting.

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

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

HISTORY OF THE INSTITUTE

The President advised that he had assigned Mr. Drislane the task of preparing a history of the Institute. This was referred to in the President's report. The Secretary distributed copies of the History to the Directors. The copies distributed had been printed on the Office stencil machine. The Institute had recently contracted with a local printer for the printing of a more professional booklet. The Institute attempted to develop historical background at the time the Institute was formed, and referred to individuals who had been leaders in activities of the Institute. Two Directors commented that this appeared to be a most interesting booklet, and they asked as to the Institute's plans for distribution.

It was stated that additional copies of the History would be available to members upon request. In the meanwhile, the Institute would send copies to all Delegates and Alternates, Committee Chairmen and those active in the Institute. It was expected that the finished copies from the printer would be available for distribution in early July. It was suggested that copies be sent to individuals who were active in the Institute but whose companies are no longer members. In particular Mr. Al Bette and Mr. Frank Gatke were mentioned. The Secretary was directed to send copies to those who might not otherwise receive copies from member companies. Otherwise, members can request additional copies from the Office for their distribution to retirees and others. The Institute could mail these directly to the individuals, or send them to the member for its own distribution. It was indicated that 500 copies were being printed, and there would be no problem in providing a dozen or so copies to each member upon request. This would be in addition to a general mailing to be made as soon as copies are available.

ANNUAL MEETING COMMITTEE REPORT

Mr. F. William Barton, Chairman of the Annual Meeting Committee prepared a report with recommendations for the June 1979 Meeting. Please refer to Exhibit 14.

Mr. Barton's report noted that the Committee's recommendations at the June 1977 Meeting had been rejected, and the Committee was asked to consider Tammarron in Durango, Colorado and Ocean Reef in Key Largo, Florida. The Committee reviewed several areas and made an enthusiastic endorsement of the Ocean Reef Club in Key Largo, Florida for the June 1979 Meeting.

The Secretary was questioned as to alternates to Ocean Reef. Among those recommended by the Chairman were the Boca Raton Hotel & Club in Boca Raton, Florida and the Doral Golf & Country Club in Miami, Florida. Several Directors indicated that Ocean Reef appeared to be a good recommendation. A question was asked about the Tammarron recommendation made by the Board of Directors at the June 1977 Meeting. The Secretary indicated that in the Committee Chairman's report he specifically considered Tammarron. It was felt that the 7600' elevation at Tammarron would be a major drawback because of discomfort among several members when the meeting was held at similar elevations in Vail, Colorado. The Committee specifically did not recommend Tammarron. One alternate site was the Homestead in Hot Springs, Virginia. In response to question, it was indicated that a major difficulty with the Homestead was the fact that it was a significant distance from the Roanoke Airport. The Secretary indicated that he was able to block three weeks in June 1979 at the Homestead, as a possible alternate source for the Meeting.

Several Directors favored the Ocean Reef Club in Key Largo, Florida. The Institute had blocked the week of June 11, 1979 at Key Largo. It was stated that this appeared to be satisfactory as there was a possibility that the week of June 18 would conflict with Truck Week 1979. It was suggested that the Institute make arrangements with Ocean Reef for the week of June 11, 1979.

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

RESOLVED: That Ocean Reef Club, Key Largo, Florida be selected as the site for the Institute's 1979 Meeting on the week of June 11, 1979, and that the Homestead, Hot Springs, Virginia, be selected as an alternate site should there be difficulty in arrangements with Ocean Reef.

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

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

STRUCTURE OF ANNUAL MEETING

By "structure" of the Annual Meeting, it was indicated that this Annual Meeting had been restructured primarily with a reception for the Membership on the Tuesday night of meeting week. In past years, there had been a reception for the Board of Directors on Monday night, with a General Membership banquet on Wednesday evening. The addition of the Tuesday night reception was recommended by the President. It was felt that some other activity rather than just a Membership banquet would be appropriate. Depending upon the type of meeting place, the President suggested that an informal reception be considered. In addition, the President recommended that breakfast be served prior to the Board of Directors meeting on Tuesday morning. The Tuesday breakfast and the Tuesday night reception for the Membership were initiated at this June 1978 Meeting. This reception would be primarily an open bar with hors d'oeuvres. At Camelback we also arranged gaming tables with play money and prizes to help the Membership meet with one another. It was decided also that the formal banquet, which had been a regular part of activities for the past several years, be continued on Wednesday with the usual reception for the Members before the banquet. The two new items at the June 1978 Meeting are the breakfast preceeding the Board of Directors Meeting and the reception for the Membership on Tuesday evening. It was stated that a resolution was not necessary and that this change in structure of the meeting be incorporated in future years.

HISTORICAL SALES REPORTING

The Secretary reported on the historical sales reporting program through calendar 1977. There had been no change in reporting details since the June 1975 resolution that the annual report list the Members reporting in each of the four categories in the full year report only. In reporting for the other three quarters the accountants report only the names of the Members who report, without regard to category. Participation includes most Active Members and two Regional Members: Don International of Great Britain and Friction Materials Corporation of Israel. In response to a question, Regional Members who are paying the dues level of Active Members are requested and permitted to participate in the Historical Sales Program. However, most Regional Members have not participated.

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

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

FEDERATION OF EUROPEAN MANUFACTURERS OF FRICTION MATERIALS (FEMFM)

In accordance with resolutions at the June 1976 Board of Directors Meeting the Institute and the FEMFM have maintained contact with one another. The Secretary of the FMSI and the Secretary of the FEMFM attend each other's Annual Meetings.

Mr. Drislane reported that he had received a letter from Mr. Robert Join, Secretary of the FEMFM. By letter dated 7 June 1978 Mr. Join indicated that he would be unable to attend the June 1978 Meeting of the FMSI. The Secretary read Mr. Join's letter.

The Secretary reported on his attendance at the meeting of the FEMFM in Rottach-Egern, Germany, May 1978. This report noted the work that the European association is doing as regards correlation between friction machine, dynamometer and vehicle tests. In addition a quality assurance program was discussed. Voluntary labeling of friction products and activities at the General Assembly were also noted. A question was asked as to whether this continued liaison had proven worthwhile. The Secretary indicated that European actions concerning TC22 of the International Standards Organization are of interest because the U.S. government considers ISO recommendations when drafting automotive standards. In addition, background information as regards asbestos can be of help to both organizations, because European and North American governments have used background material on activities in the other's jurisdiction.

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

RESOLVED: To accept the Secretary's report as written.

DATA BOOK AND TECHNICAL COMMITTEE

Mr. Phil Grim of Abex was appointed Chairman of the Data Book and Technical Committee during the 1977-78 year. Mr. Ronald R. Moalli had been Chairman of this Committeee for over ten years. Because of the pressure of other duties, Mr. Moalli advised that he could not continue on as Chairman of this Committee. The Secretary read Mr. Grim's report. Please refer to Exhibit 8.

New disclaimer language for catalogs and bulletins was recommended by the Committee, and approved by the Board of Directors. Mr. Grim indicated that the Institute was considering computerized typesetting for the 1979 Automotive Data Book. There was also consideration of a new Brake Block Identification Catalog and the interest in such a catalog was being checked by a mail ballot. The Chairman further reviewed technical decisions made during this past fiscal year.

In closing, the Chairman particularly thanked Mr. Moalli who had served through 1977 as Chairman of this Committee for the dedication he had given to work of this Committee. The Directors reviewed the report.

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

RESOLVED: To express the Institute's gratitude to Mr. Ronald R. Moalli for his many contributions to the Institute during his term as Chairman of the Data Book and Technical Committee.

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

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

INSTITUTE PENSION FUNDS

Miss Duschek receives payments of $450 per month based on a contract for $3600 a year, and on an additional $1800 a year added by the Board of Directors since Miss Duschek's retirement. In addition, there is a qualified employee pension plan funded through Connecticut General Life Insurance for the current employees of the Institute, for which Messrs. Drislane and Simon serve as Trustees.

A Director indicated that he was concerned about Miss Duschek's pension and that perhaps an annuity or trust should be established so that Miss Duschek has an uncontested right to the pension.

Pension payments are based on a contract drawn between the Institute and Miss Duschek prior to her retirement. The Board of Directors subsequently added $150 per month to the payments to Miss Duschek by resolutions. A question was asked about an earlier study that the Institute had made as regards purchasing an annuity or other means to fund Miss Duschek's pension separately from Institute funds. In 1975, after the Board meeting, consideration was given to purchasing an annuity or the possibility of setting up a separate trust. In 1975, the Secretary submitted a report to the Directors on an annuity program drawn up by Connecticut General Life Insurance. It was then decided that an annuity was too expensive, as it would cost the Institute almost $50,000 to provide the $300 a month payment. It was felt that the Institute could set up a trust with $50,000 and pay Miss Duschek's $300 pension for life on just the interest earned from such a contribution.

After additional discussion, the Directors suggested that a trust be set up which would pay Miss Duschek $500 per month. In the meanwhile, payments to Miss Duschek would be increased to $500/month effective July 1, 1978. It was also suggested that the employee pension plan with Connecticut General be reviewed to bring the Directors up-to-date. It was then suggested that these two items be considered separately and that first consideration be given to establishing a trust for Miss Duschek's pension. A trust could be set up so that in the event of Miss Duschek's death the principal would revert to the Institute. It was suggested that the Institute make a contribution to such a trust in an amount that would be sufficient to pay benefits of $500 per month for the actuarially determined life of Miss Duschek. It was stated that if the Institute wished to increase payments in the future it could be done by establishing an additional trust. Further, if the original funds were not sufficient to cover trust payments for Miss Duschek's life, additional monies could be added to the trust in the future. Counsel was requested to make up and submit to the Board of Directors a trust agreement which would set aside funds for Miss Duschek's benefit. This fund should be established with a sufficient contribution to pay the $500 a month effective July 1, 1978 over the actuarially determined life of Miss Duschek. The Secretary indicated that because of timing problems, the Institute would have to make payments to increase Miss Duschek's pension to $500 per month during the interim period before the trust is established. It was stated that in preparing a trust, discretionary powers would have to be granted to the Trustees to invade principal to make the payments. It was suggested that Mr. Edward W. Drislane, Secretary of the Institute and Mr. William Simon of the Board of Directors be the Trustees.

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

RESOLVED: That Counsel prepare a trust agreement for submission to the Board of Directors to establish a trust for pension payments of $500 per month to Miss Duschek and that Mr. Edward W. Drislane and Mr. William Simon will be appointed Trustees of this Trust.

Mr. Moalli questioned the status of the Pension Plan for employees of the Institute. In particular he was interested in the formula for establishing pension benefits, vesting provisions and other provisions of the pension plan. The Secretary indicated that the pension had been drawn up by Connecticut General to qualify with Internal Revenue Service as a qualified pension plan and all provisions of the plan are now in line with requirements of the Employee Retirement Income Security Act (ERISA).

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

RESOLVED: That the Secretary prepare for submission to the Board of Directors a summary of the provisions of the Employee Pension Plan.

BRAKE PERFORMANCE STUDY COMMITTEE

Mr. R. E. Nelson, Chairman of the Brake Performance Study Committee submitted his report. Mr. Ron Cutler read Mr. Nelson's report to the Board of Directors. Please refer to Exhibit 7.

It was suggested that because of the length of this report and the detailed exhibits that it would be well to highlight those items of most concern to the Membership. Mr. Moalli indicated that he would be pleased to go over Mr. Nelson's report in detail and highlight those items. This report will be presented to the Membership at the June 29 session.

The major items in Mr. Nelson's report concerned DOT 121 and DOT 105-75 regulations. Also included was a rebirth of activity on Docket 1-4, the Replacement Brake Shoe and Lining Assembly. Mr. Nelson discussed meeting with Mr. Fred Redler of NHTSA concerning program plans by NHTSA over the next several years. Also noted were AAMVA and VESC activities as well as the Institute's correspondence with the Defense Supply Agency concerning Federal Brake Lining Specification HH-L-361E.

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

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

FMSI 04495

ASBESTOS STUDY COMMITTEE

Mr. Harry Wagner of Carlisle Corporation is Chairman of the Asbestos Study Committee. Mr. Wagner submitted the report on the activities of the Committee over the past year. The report was read by the Secretary. Please refer to Exhibit 11.

In particular, the Chairman's report covered work that its Task Force had completed on the preparation of a work practices booklet for the Institute. Preparation of such a booklet had been authorized by the Board of Directors and the Chairman advised that the Committee appointed a Task Force to make recommendations concerning such a booklet. A draft copy of the text for the work practices booklet was distributed to the Directors. In a preliminary review of the booklet several questions were raised concerning the disclaimer that appeared at the beginning of the report. Directors were concerned as to whether this disclaimer was strong enough and questioned possible liability to the Institute should users rely on the booklet and subsequently be cited by OSHA or others. A Director expressed concern about the appendix where the Institute was listed as a source for information such as EPA requirements, laboratories for fiber counts, vacuum cleaners and respiratory protection. Was the Institute opening itself to providing additional services that it had not provided in the past? A Director indicated that there were certain statements in the book that he did not agree with, and asked if the Asbestos Study Committee agreed with the text? The Secretary advised that the Task Force had done this work and did not send it back to the Committee as it had taken so long to get it into its present form. The Secretary indicated that the Task Force had done considerable work on this booklet and that many objections had been raised and compromises made before it was delivered in the form shown. The Task Force by-passed the Committee to expedite the work and had sent copy to Johns-Manville to set up type. Type-set copies had not been returned from J-M prior to this Meeting.

The Directors indicated that the booklet should be referred back to the Asbestos Study Committee. The Committee should review this booklet and resubmit it to the Board of Directors if the Committee approves. The Board will take no action as regards this work practices booklet until it has received recommendations from the Asbestos Study Committee.

A question was asked concerning possible liability of the Institute for publishing such a work practices booklet. It was suggested that a user might refer to a certain page and use that as a guide for compliance with regulations after new regulations had superseded the instructions in the booklet. Perhaps a note is needed on every page to indicate that this booklet was prepared based on information available in 1978 and that it could be superseded in the future. The intent of the disclaimer on the first page was to preclude such assumptions by users of the booklet. Perhaps it would be necessary to put a brief disclaimer "As of 1978" on each page of the booklet.

A question was asked concerning possible liability for withholding such a publication. Counsel indicated that an association might be judged more harshly for withholding such a publication than in presenting information which might later be outdated by subsequent developments.

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

RESOLVED: That the Asbestos Study Committee review the Task Force's proposed work practices booklet and resubmit it to the Board of Directors.

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

RESOLVED: To accept the Asbestos Study Committee report as written with the foregoing qualification as regards the work practices booklet.

PUBLIC RELATIONS CONCERNING ASBESTOS FRICTION MATERIALS

Mr. Simon stated that he felt the Institute should do more to advise the public concerning health studies on asbestos. In particular, he referred to an article in the New York Times in May 1978 written by Staff writer Jane Brody. This article noted that the chances of developing asbestos induced lung cancer are practically nil if the worker does not smoke. He felt that the Institute should attempt to emphasize this item. The Directors indicated that in reports dating back several years it has been shown that lung cancer is not a problem with asbestos workers if they do not smoke. It is felt that this has been acknowledged in papers prepared by those at Mount Sinai and others. It was suggested that the Institute should not get involved in an area where medical expertise would be required.

The Secretary referred to an article that had been published in the Bergen Record headlined "Deadly Dust Particles from Asbestos Brakes." It appeared on the front page of the June 19, 1978 Record in Hackensack, New Jersey. The Directors examined the article and it was stated that there was no purpose in commenting to the newspaper concerning this article.

LIABILITY INSURANCE

In the discussions on possible liability to the Institute for either inadequate or inaccurate assertions in its publications, a question arose concerning liablity insurance. Does the Institute have insurance coverage for this type liability? The Secretary replied that the Institute's insurance covered Officer and Employee dishonesty (Blanket Position Bond) and owner-tenant-liability for the conventional type liability suit--physical injury property damage liability.

It did not have coverage for general or comprehensive liability which might arise if allegations were made as to the accuracy or adequacy of Institute publications or other Institute behavior. The Secretary was directed to contact its insurance agent to seek information on types of comprehensive liability insurance, its limits and its costs.

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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 12:45 P.M.

E. W. Brislane
Secretary