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

MINUTES OF ANNUAL MEETING

of the

FRICTION MATERIALS STANDARDS INSTITUTE, INC.

Wednesday and Thursday, June 26, and 27, 1974, 8:30 A. M.
at
Hilton Head Inn, Hilton Head Island, South Carolina

MEMBERS PRESENT	REPRESENTATIVES
Abex Corporation	R. Cutler
Auto Friction Corporation	Stuart Comins
Bendix Corporation Friction Materials Division	F. E. Messier
Brassbestos Manufacturing Corp.	W. Simon
Carlisle Corporation Molded Materials Division	E. R. Zacharias
Gatke Corporation	F. T. Gatke
General Motors Corporation Delco-Moraine Division	R. E. Kettering (Proxy for Mr. Kick)
Maremont Corporation Grizzly Brake Division	J. W. Greenen
H. K. Porter Co. Thermoid Division	E. L. Werner
Raybestos-Manhattan, Inc.	D. E. Gow
Royal Industries Brake Products	D. Ogilvie
S. K. Wellman Corp.	J. E. Clegg
Wheeling Brake Block Mfg. Co.	L. Burgess
World Bestos Company, Division of the Firestone Tire & Rubber Company	L. E. May

OTHERS PRESENT	
Bendix Corporation Automotive Aftermarket Operations	J. H. Kelly W. J. Cooney
Heavy Vehicle Systems Group	R. Elliott R. Kaiser
Gatke Corporation	H. Boyle
General Motors Corporation Delco-Moraine Division	J. Hovorka
Maremont Corporation Grizzly Brake Division	D. Carlson W. Knight A. Laus
H. K. Porter Co. Thermoid Division	J. C. Black
Raybestos-Manhattan, Inc.	R. R. Moalli
Royal Industries Brake Products	W. M. Sleeth C. Newell
S. K. Wellman Corporation	G. A. Carrigan
Wheeling Brake Block Mfg. Co.	G. Stratton
World Bestos Company, Division of the Firestone Tire & Rubber Company	R. J. Alleman
Friction Materials Standards Inst.	E. W. Drislane
Stickles, Kennedy & Van Steenburgh	E. K. Kennedy

NOT PRESENT

Chrysler Corporation - Chemical Division
Forcee Manufacturing Corporation
Lasco Brake Products Corp., Ltd.
Reddaway Manufacturing Co., Inc.
Thiokol Chemical Corporation

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

MINUTES OF PREVIOUS MEETING

The Minutes of the Meeting held June 27 and 28, 1973 had been distributed. No reading was requested nor were any corrections made thereto.

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

RESOLVED: That the minutes of the Meeting held June 27 and 28, 1973 be accepted as distributed.

PRESIDENT'S REPORT

Mr. F. T. Gatke, President, opened the meeting with a report on the Institute's progress during the past fiscal year. See EXHIBIT 1.

Mr. Gatke reviewed the activities of the Institute during the past year including such items as the honoring of Al Daly, membership changes, committee activity, the timeliness of the Technical Catalogs, publication of the Clutch Facings Catalog and the booklet concerning the Institute, and start-up of the Institute Pension Plan.

Upon completion of the President's report, upon motion duly made, seconded and unanimously passed, it was

RESOLVED: That the President's Report be accepted as read.

TREASURER'S REPORT

Mr. A. A. Laus, Treasurer, read the Treasurer's Report which included the following Exhibits:

EXHIBIT 3.1 - Balance Sheet projected to June 30, 1974.
EXHIBIT 3.2 - Income Statement for the 1973-74 fiscal year.
EXHIBIT 3.3 - Retirement Fund - H. G. Duschek.
EXHIBIT 3.4 - Twelve Year Financial Highlights.

Mr. Laus pointed out that the Treasurer's Report was made up during the first week of June 1974 and that final June 30, 1974 figures had to be estimated based on the anticipated June expenses and year-end accruals.

Among the highlights, Mr. Laus pointed out that an excess of income over expenses of about $10,000 was projected for 1973-74, with over $8,000 of this due to the Interest Income which is not used in developing the budget. Over

$110,000 was now invested in Savings Banks and Time Deposits.

The Treasurer emphasized the conservative inventory valuation of $1 and the fact that the Institute had reserved $1,000 against Fees Receivable of $2,175 projected at June 30, 1974.

It was concluded that the Institute is in healthy financial condition.

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

RESOLVED: That the Treasurer's Report be accepted as read.

BRAKE PERFORMANCE STUDY COMMITTEE REPORT

Mr. R. E. Nelson, Chairman of this Committee prepared and delivered his report at the Director's Meeting. However, he had to leave on June 25, 1974. In his place, Mr. Drislane read Mr. Nelson's report. See EXHIBIT 7.

Among the items covered in Mr. Nelson's report were the Quality Control Sub-Committee, a tour of brake lining facilities by NHTSA personnel, the Committee Meetings during the year, a meeting in Washington with NHTSA personnel, and by the Chairman for a Truck Safety Equipment Institute meeting with AAMVA. Covered at the Committee meetings were items such as Docket 1-4, the Replacement Brake Lining Standard, a possible quality control test for FMVSS 121 materials, a VESC proposed regulation on Wear Warning Devices, and the status of both FMVSS 105a and FMVSS 121.

During Mr. Nelson's report he referred to a work sheet describing changes to FMVSS 121. This had been distributed to the Committee. It was recommended at the Board Meeting that this work sheet be distributed to all Members. It was suggested further that a similar work sheet for FMVSS 105a be distributed to the Members. The Secretary was directed to make this distribution.

Mr. Nelson's report mentioned the problems with a proposed regulation from Minnesota. This had been reviewed by the Committee who felt the proposal was rather far out. Mr. Nelson intends follow-up on these proposed regulations.

Upon motion duly made, seconded and unanimously passed it was

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

THE MEMBERSHIP COMMITTEE REPORT

Mr. R. L. Cutler reported on the activities of the Membership Committee during the 1973-74 fiscal year. See EXHIBIT 2.

In summary, this report showed the following changes in membership:

	July 1, 1973	June 30, 1974	Change
Active Members	22	20	-2
Regional	11	12	+1
Licensees	8	7	-1

FMSI 04197

Mr. Cutler pointed out that Auto Specialties resigned in late June 1973. We then lost Scandura and Standco. Chrysler Corporation has resigned as of June 30, 1974, so the Active Members will number 19 as of July 1, 1974. Regional Member and Licensee changes were also discussed in the Chairman's report.

A question came up at the Board Meeting concerning DON Blocks (Manufactured by Small & Parks of Great Britain). It was stated that DON Blocks were being marketed in the United States using the copyrighted FMSI Numbers. There was no additional information on this usage. Additional information, and in particular, examples of Small & Parks use of the copyrighted FMSI Numbers for marketing in the United States will be sought.

It was pointed out that if Members see Non-members using the copyrighted FMSI Numbers in the field (price lists, catalogs, cartons, etc.) that they should notify the Institute Office. There have been several occasions over the past few years--particularly with foreign manufacturers--that such information has resulted in additional Institute Membership, with the copyright user then sharing in the costs of operation of the Institute.

The Secretary advised that an application for Regional Membership had been received along with a check for the annual fee from Industrias Tecnicas Automotrices de Puebla, S.A. (of Mexico). This application had been received shortly before this June Meeting. Industrias Tecnicas is a manufacturer of brake linings in commercial quantities. The application had been reviewed by the Membership Committee which recommended its acceptance. The Board of Directors voted to accept this application at its Meeting on June 25, 1974.

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

> RESOLVED: That the application for Regional Membership filed by Industrias Tecnicas Automotrices de Puebla, S.A. (Mexico) be accepted.

Upon count of Delegates (or Alternates) and Proxies, it was found that 14 Members had voted for acceptance of this application. Our Constitution required 15 (75% of 20 Members) affirmative for acceptance. Upon advice of Legal Counsel, additional votes of those Abesent Members would be solicited by mail. (NOTE: In early July 1974, additional affirmative mail ballots had been received to admit Industrias Tecnicas into Regional Membership).

There were no other items concerning Membership brought to the attention of the Meeting. Upon motion duly made, seconded and unanimously passed, it was

> RESOLVED: That the Report of the Membership Committee be accepted as read.

INVESTMENT ADVISORY COMMITTEE

Mr. W. Simon, Chairman of the Investment Advisory Committee, submitted his Report. See EXHIBIT 4.

In summary the Institute had approximately $10,000 in savings accounts and $100,000 in Time Deposits ranging in interest from 6% to 7-1/2%. The most recently purchased Time Deposits were at the 7-1/2% rate. Maturities are set so that one may be redemed about every 6 or 12 months.

At their Meeting on June 25, 1974, the Board of Directors recommended that higher yielding Treasury bills and notes be considered when the next Time-Deposit matures in November 1974. Upon motion duly made, seconded, and unanimously passed, it was

RESOLVED: That the Report of the Investment Advisory Commitee be accepted as read.

BUDGET COMMITTEE REPORT

Mr. Dave Gow, Chairman of the Budget Commitee, presented the Proposed Budget for 1974-75. See EXHIBIT 5.

The 1974-75 expense budget recommendation amounts to $74,050, as compared to $74,130 for fiscal 1973-74. However, as actual expenditures are running about $3,800 under the 1973-74 budget, the proposed budget is almost $4,000 over projected expenses for 1973-74. The main budget item is Salaries at $38,000 for 1974-75.

There are no items in the budget which are significantly different from that in the prior year's budget.

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

RESOLVED: To accept the Budget Committee Report as read.

THE FEE FORMULA COMMITTEE REPORT

Mr. A. A. Laus, Chairman, read this Report. See EXHIBIT 6. Essentially, the Fee Formula Committee is recommending that the formula for the 1974-75 fiscal year be the same as that used for the 1973-74 fiscal year. This fee formula gives the following:

Active Members	- Basic Fee	$1,050
	- Category Fee	650
Regional Members	- Associations	2,200
	- Individual Firms	1,300

Regional Members (U.S. Copyright) - Same as Active Member. Categories determined as categories exported to U.S. using FMSI copyright.

Licensees	-	500

Mr. Laus mentioned that this fee formula would be the same for 1974-75 as it had been in the past three years for Active Members and as it has been in the past four years for Regional Members and Licensees. In addition, it was stated that this Fee Formula had been held constant while services had been increased (the BRAKE BLOCK CATALOG, the CLUTCH FACINGS listing, new Committee activites, etc.)

Upon motion duly made, seconded and unanimously passed it was

RESOLVED: That the Fee Formula as recommended by the Fee Formula Committee be accepted for the 1974-75 Fiscal Year.

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

RESOLVED: That the report of the Fee Formula Committee be accepted as read.

LEGISLATIVE ACTIVITY COMMITTEE REPORT

No report was rendered by the Legislative Activity Committee.

It was pointed out that this Committee's work was quite important in the 1960's when the various States were working on legislation--Massachusetts, New York, Pennsylvania, etc. However, follow-up work in this area has moved to the Brake Performance Study Committee. A motion was made to discontinue the activities of this committee. A point of order was raised that this was not necessary, as the President has the right to establish or disband committees.

The President indicated that the Legislative Activity Committee would be discontinued.

PUBLIC RELATIONS COMMITTEE REPORT

Mr. William Simon, Chairman of the Public Relations Committee, reported on the Committee's activities for the 1973-74 fiscal year. Among items released to the press were announcements on last year's Annual Meeting and the Election of Officers, and awards to Messrs. Moalli, Nelson and Greenen.

At the Directors Meeting it was suggested that the Committee assemble copies of press releases and photographs in album form to show at the Annual Meetings. The Committee Chairman indicated that this would be done.

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

RESOLVED: To accept the Report of the Public Relations Committee as read.

INSTITUTE DEVELOPMENT COMMITTEE

No report was received from the Chairman of this Committee. The Committee had received no assignments during 1973-74.

At the Board Meeting on June 25, 1974, the Institute Development Committee was assigned work to look over the overall organization of the Institute and to make recommendations to the Board of Directors concerning the size, responsibility and scope of the Institute.

QUALITY CONTROL SUB-COMMITTEE REPORT

The Secretary read the report of the Quality Control Sub-Committee Chairman, John Easton. Refer to EXHIBIT 7.1.

The Committee had several changes during the year and held two meetings. It appears that the Committee make-up is stabilized. Six areas have been singled out for emphasis: Testing, Bonding, Identification, Test Limits, Verification of Design Level and Reporting of Field Problems.

At the Directors meeting a comment was made that riveted attachment should be included as well as bonded. The Secretary indicated that this would be relayed to the Committee Chairman, but that he believed the Chairman's intention was to include riveted as well as bonded.

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

RESOLVED: That the report of the Quality Control Sub-Committee be accepted as read.

ANNUAL MEETING COMMITTEE REPORT

Mr. F. W. Barton, Chairman of this Committee, could not be present as he had recently been called to Jury Service. Mr. Burgess read the Chairman's Report. See EXHIBIT 13.

This report pointed out the difficulties in obtaining space at Hilton Head, and advocated selection of sites which had been contacted in advance. With this as background, the Committee recommended five sites in Florida, all of which had space blocked for the June 1975 Meeting.

After reviewing this report and literature from the Florida locations, the Board of Directors had recommended the Innisbrook Golf and Country Club.

Before site selection, one member wished to consider changing the date of the Meeting. It was stated that our Meeting cannot conflict with Fleet Week, as many members who participate in Institute affairs must attend Fleet Week. Members were not certain as to which week in 1975 was Fleet Week. A suggestion was made to have it before Fleet Week--in the 1st or 2nd week of June. Comments indicated that this was not popular based on family graduations that normally are in early June. A suggestion for early May did not receive support. Generally, the last week in June appeared to again present the least conflict.

The Members reviewed literature and engaged in discussion relative to site selection. One Member indicated we should have ready access to a major airport.

The chair stated that it would entertain a motion on selection of the site and date for the June 1975 Meeting. On motion duly made, seconded and unanimously passed, it was

RESOLVED: That the next Annual Membership Meeting be held at the Innisbrook Golf and Country Club Tarpon Springs, Florida on June 23-26, 1975.

FMSI 04201

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

RESOLVED: That the report of the Annual Meeting Committee be accepted as read.

HISTORICAL SALES PROGRAM

The Secretary reported on the status of the Historial Sales Program and participation by the Members. In summary 15 of the 20 Members participated in 1973-74. See Exhibit 10.

With Chrysler's resignation as of June 30, 1974 participation will be 15 of 19. Two of those not reporting are primarily involved with industrial applications.

The Board of Directors had resolved at their Meeting to continue the historical sales program for the 1974-75 year without change.

DATA BOOK & TECHNICAL COMMITTEE REPORT

Mr. Ron Moalli, Chairman of the Data Book & Technical Committee reported on his Committee's activities during the past year. See EXHIBIT 9.

Among items covered in the report were the Institute's publishing the Master List of CLUTCH FACINGS, work on the Industrial 17,000 Series, the Metric System, Printing Contracts for Catalogs, Assignments of Shoe and Lining Numbers, Foreign Car Brake Shoes, Disc Brake Shoe Drilling Variations and the Drum Brake Lining Consolidation Program.

Comments were made relative to having Helm, Inc., or another mailer, take shipments of the Catalogs from the printer and then mail, as directed, by the Members. This might be advantageous to the Members. Bookkeeping problems might arise if handled directly, such as Company A purchasing 1,000 copies, and ordering out specific shipments of 1,200. It would be necessary, if handled by FMSI, to control the shipments out of Helm. Shipment from the printer to a mailer may not be the solution to the "problem". Printers do not like the Institute's Catalogs being ordered by 20-30 different accounts with the collection problems inherent with these different accounts. It is not the shipping problem. Most printers accept the idea of shipments to several points. If the service to Helm were to be put in, it was suggested that the Members handle it directly. The Institute will gather more data on this from Helm and from printers.

Microfiche systems were discussed. It was stated that our Catalogs could be simply put on microfiche from the present hard copy. There has been no demand for this yet. However, putting the Catalog on microfiche can be done if required. It was stated that microfiche use will be increasing as readers are installed. However, Catalogs in book form will be around for a long time.

There were 45,000 copies of the BRAKE BLOCK IDENTIFICATION CATALOG printed after this Catalog was first published in 1972. There are no more copies on hand. The Committee has recommended publishing a new brake block catalog in 1975 to bring in the many blocks released since 1972.

Relative to that section of the report on disc brake shoe number assignments, the Chairman advised that the Board of Directors had returned the problem of disc brake shoe drilling pattern identification to the Committee. The Committee had recommended use of the lining-shoe assembly number (for example 779-D-36, or 779A-D-36) to indicate drilling patterns for the shoe. The Directors felt there should be some suffix or number identification to indicate the disc brake shoe drilling (possibly D-36, D-36A, etc.). The Committee will re-study this problem.

However, where the shoe drilling variation is strictly by the replacement market--not for O.E. purposes--such changes will not be considered for number or suffix assignment.

A question that arose at the Director's Meeting concerned heavy duty shoes. It had been indicated that block numbers (such as 4515) were being used to identify heavy air brake shoes. It was suggested that Aimco be invited to send someone to the next meeting of the Data Book and Technical Committee for their imput on both heavy shoes and on disc brake shoe numbering.

Mr. Moalli pointed out the stability of Catalog prices over these past years as evidenced by a review of the twelve year financial summary EXHIBIT 3.4.

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

RESOLVED: That the report of the Data Book and Technical Committee be accepted as read.

ASBESTOS STUDY COMMITTEE REPORT

A timely report was not received for the Asbestos Study Committee. (In early July a report was received which is shown as EXHIBIT 14.) The Secretary discussed several items with the Committee Chairman prior to the meeting and it was recommended that these items be brought to the attention of the Board.

The EPA recently published a report on waste water effluents as conducted by Sverdrup and Parcel. Most of the Members and Non-members in the friction materials business were included in this report. The Secretary had requested copies from EPA and intends to distribute copies to the Membership after receipt from the EPA.

As regards the EPA Emissions Standard, the EPA is considering a change from its work practices oriented "no visible emissions" standard towards numerical standards. This is currently difficult with the lack of reliable equipment for measuring airborne asbestos concentrations.

The Secretary pointed out that in any OSHA revisions of the standard for asbestos in the work-place, the pressure is towards stricter standards. Dr. Selikoff, for example, has stated that the only safe concentration is zero fiber per cc. The present 5 fibers per cc and the future 2 fibers per cc are realistic for friction material manufacturers and the industry should plan on these limits being no less strict in the future. Still further, in any re-writing of the standards there is apparently a movement towards work practices and possibly away from the numerical standards.

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

RESOLVED: That the Secretary's comments be accepted as the Asbestos Study Committee report in lieu of a formal report.

OTHER AUTOMOTIVE ASSOCIATIONS

At the Board of Directors Meeting on June 25, 1974, the Institute's relationships with various other automotive organizations were discussed. Resolutions were passed by the Board which specifically rejected proposed relationships with these organizations.

The Motor & Equipment Manufacturers Association (MEMA) had suggested that economies of operation might exist if the FMSI came under their umbrella and administered their Brake Parts Manufacturers Council. The Ignition Manufacturers Institute had made preliminary inquiries as to whether Mr. Drislane might administer their Insitute. The Asbestos Information Association, N/A had requested that the FMSI be considered an "affiliated association". While the Directors indicated a high regard for all these associations, formal association was turned down.

BOARD OF DIRECTORS REPORT

At the Board of Directos Meeting on June 27, 1973, the following resolutions were passed:

1. That the budget of $74,230 for the fiscal year starting July 1, 1973 be accepted.

2. To accept the recommendation of the outgoing Board that the annual rate for the Active Members for the fiscal year starting July 1, 1973 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.

3. That the necessary committee be authorized to review the Constitution and By-Laws as regards the rights of the different membership classes, the fee structure, copyright authorization, and similar problems.

4. That Mr. Allan E. Daly be honored for his contributions to the Institute by the award of an appropriate plaque.

5. To approve all actions of the Committees, of the Staff and of the Officers for the fiscal year ending June 30, 1973.

During the year, the Board of Directors accepted the resignation of Standco as an Active Member. The Directors terminated the Membership of Calfer African Co. (Regional Member), Cadillac Steel Products Co. and Grinnell Stamping Co. (Licensees).

The Board of Directors recommended for Regional Membership, Francisco Stedile, S.A., and Jurid Werke, GmbH. They voted Wisconsin Gasket into Licensee Membership.

At the Board Meeting on June 25, 1974, The Board approved the reports of the Officers and Committee Chairman--the same reports read to the Annual Membership Committee. In addition they recommended that Industrias Tecnicas Automotrices de Puebla, S.A. be admitted to Regional Membership.

The Board voted to continue the historical sales program for 1974-75. There were no capital expenditures approved for 1974-75. A contribution of $2,400 was voted to be transferred to the savings account for Miss Duschek's retirement fund. Mr. Drislane's salary was increased. The Board took no action as regards affiliation or association with other automotive trade associations.

The minutes of the Board of Directors Meetings are available to the Delegates and Alternates on request.

At the conclusions of this report. A suggestion was made that the report on the Board of Directors activities be made prior to the Committee Reports to the Members. In some cases Committee Reports had been delivered on which suggestions, changes or other action had been taken by the Board. These actions were not known until after the formal presentation of the individual committee report. This suggestion was considered constructive, and in future years it will be planned to make a report on the Board of Directors activities to the Membership prior to the Committee Reports.

THE NOMINATING COMMITTEE REPORT

Mr. Simon, Chairman, reported that there were four Board of Directors terms which were expiring this year:

J. W. Greenen, Maremont Corporation
F. T. Gatke, Gatke Corporation
F. E. Messier, Bendix Corporation
E. R. Zacharias, Carlisle Corporation

After due consideration and in accordance with the requirements of the Institute's Constitution, the Chairman presented the following candidates for election to the Board of Directors:

J. W. Greenen, Maremont Corporation
F. E. Messier, Bendix Corporation
E. R. Zacharias, Carlisle Corporation
J. E. Clegg, S. K. Wellman Corporation

Other nominations were called for but none were made.

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

RESOLVED: That nominations be closed.

The Secretary was directed to cast one vote for the election of the four nominees to the Board of Directors. The Secretary advised that the ballots had been cast. Mr. Simon advised that with the election of these candidates, and the three Directors whose terms have not expired, the Board now consists of the required seven Members.

In a response to a question, the Chairman indicated that the Board now consisted of these four Directors, plus the following three whose terms are due to expire on June 30, 1975:

D. E. Gow, Raybestos-Manhattan, Inc.
R. L. Cutler, Abex Corporation
W. Simon, Brassbestos Manufacturing Corporation

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There being no other business brought to the attention of the Membership, on motion duly made, seconded and unanimously passed, it was

RESOLVED: To adjourn.

The Meeting was adjourned at 11:00 A.M.

E. W. Drislane
Secretary