FRICTION MATERIALS STANDARDS INSTITUTE, INC.
588 MONROE TURNPIKE, MONROE, CT 06468

MINUTES OF MEETING

OF THE

BOARD OF DIRECTORS

Saturday, June 3, 2000

Ocean Reef Club

Key Largo, Florida

DIRECTORS PRESENT

Rob Burgess	Wheeling Brake Block Inc.
Martin Chevalier	U.S. Automotive Manufacturing
Richard Cross	Vaapco, Inc.
Don Delvy	Dana Brake & Chassis
Michael Greenberg	Capital Tool & Design
Pat Healey	Superior Friction
Ralph Neil	ABS Friction, Inc.
Robert Scott	Friction Material Company

DIRECTORS MISSING

Paul Myers	Haldex Friction Products

OTHERS PRESENT

Walt Britland, President	Federal Mogul
Tim Duncan	Link Engineering
Gilbert N. Laycock	Friction Materials Standards Institute, Inc.
Thomas P. Weldy, Counsel	Morehouse Harlow & Weldy Attorneys at Law

Mr. Britland, President, called the meeting to order at 8:34 A.M.

MINUTES OF PREVIOUS MEETING

The Secretary advised that minutes of the Board of Directors Meeting of June 5, 1999 had been distributed. The President suggested that a reading of the minutes be dispensed with, as no corrections had been suggested. Upon motion duly made, seconded and unanimously approved, it was:

RESOLVED: To accept the minutes of the meeting of the Board of Directors of June 5, 1999 as written.

The Board Members decided to not read some of the individual reports. Therefore, the minutes will reflect the general discussions which, more or less, follow the published formal agenda.

PRESIDENT'S REPORT

Mr. Britland presented his report. Please refer to EXHIBIT 1 in the report booklet.

Mr. Britland welcomed all to the 2000 Annual Meeting and noted some of the changes that have transpired in the industry in the past several years and their effect on the Institute. Mr. Britland reviewed and gave a brief overview of the Committee Reports that would be presented over the course of the meeting. He thanked the various committee members for their participation and encouraged those who are inclined to participate to do so.

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

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

There was no discussion on this report.

MEMBERSHIP COMMITTEE

This report, presented by Mr. Pat Healey, Chairman of the Committee. Please refer to EXHIBIT 2 in the report booklet.

Mr. Healey's report noted a net increase of five members as of the writing of the report to a total of 89 members. However, late applications, after the report was written increased the total membership to 92 members. The net membership change was comprised of a loss of 5 members and a gain of 13 members.

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

RESOLVED: To accept the Membership Committee Report as written.

There was a discussion concerning potential members that would be contacted and pursued by individual Board Members.

Delinquent Fees 2000 - Oral - G. Laycock

The open invoices for fee billing as of May 30, 2000, totaled \$8,200. This is considerably less than the average over the previous three years which was \$14,100. The oldest invoice for fee billing was five month old. In 1999 open invoices went back 18 months.

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

RESOLVED: To accept the Delinquent Fees Report as presented.

MEMBERSHIP APPLICATIONS

An application had been received, reviewed and accepted by the Membership Committee from Neo-Brake Systems, Inc. The application was reviewed by the Board of Directors.

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

RESOLVED: To accept the Licensee Membership Application filed by Neo-Brake Systems, Inc.

An application was recently received from AS Roulands. It had not been reviewed by the Membership Committee. However, 3/4 of the Membership Committee are Board Members. On a ballot of Patrick Healey, Richard Cross and Michael Greenberg, the Membership Committee approved the application.

The Institute has received a notice that the first year's dues had been wired to the Institute bank account, but, the Institute had not received an advice of credit from the Institute bank. Therefore, the Board balloted on conditional approval.

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

RESOLVED: To approve the Regional Membership Application filed by AS Roulands contingent upon receipt of advice of credit from the Institute bank.

TREASURER'S REPORT

This report was prepared by Mr. Rob Burgess. Please refer to Exhibit 3 in your report booklet.

Mr. Burgess, Treasurer, noted that Operating Income was projected to be $187,926 and Expenses were projected to be $208,190. Investment Income was projected to be $15,919 giving a net loss of $4,345. Operating Income is projected to be $3,276 more than budgeted. Membership Dues were $3,425 less than budgeted and Total Expenses were projected to be $5,395 less than budgeted. The report reviewed variances that were more than budgeted. It was noted that the fee billings had dropped considerably due to membership losses and consolidations, but, that recent new member additions may have begun a turn-around in fee billing erosion.

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

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

There was a question concerning catalog income. The Secretary noted that when the projections were made and the reports were written he had no idea how many catalogs would be sold. The concerns were that people would buy less because the catalog was

TREASURER'S REPORT (continued)

so much more expensive than past catalogs ($3.40 vs $1.35) or that people would buy more because it was a library edition and would be valuable. The Secretary noted that "valuable" won out over "expensive". Net income projection of $11-12,000 was based on sales of 40,000 catalogs, but, sales of 70,000 catalogs put potential net income in the $50-60,000 range. There was a matter of timing as to exactly when the billings take place. Whether the additional income comes in this fiscal year or next fiscal year.

INVESTMENT ADVISORY COMMITTEE REPORT

Mr. Bob Scott, Chairman, presented the Investment Advisory Committee Report. Please refer to EXHIBIT 4 in the report booklet.

Mr. Scott noted in his report that the block of U.S. Treasury Notes of $35,000 which matured in the fall of 1999 was rolled over to a $40,000 block with maturity in approximately three years, but, that the block of $35,000 which matured in the spring of 2000 was kept in the Money Market Account, due to the anticipated need for cash in June with the meeting expense and the production of the Library Edition of the Data Book. When payments for catalogs are received the Secretary would obtain a $40,000 block of U.S. Treasuries with maturity in the spring of 2003. This would bring the Institute's laddered blocks of Treasuries from five back to the normal six.

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

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

A Director was concerned that there was no oversight by the Board of Directors or Officers concerning transactions taking place with regard to the roll-over (or lack of roll-over) within the Institute's reserve account with Merrill Lynch. The Secretary would, upon maturity of a block of U.S. Treasury Notes, roll the dollars over to a new block of U.S. Treasury Notes with maturity three years out. This has been done twice a year for the last 25 years without oversight with only two exceptions. The exceptions were in the spring of 1989 and the spring of 2000 when, in both instances, the Secretary determined that there would be a need for more liquid cash than the Institute normally has available. The Board Members felt that notification of the President and Treasurer was necessary. This notification would take place prior to the roll-over and both should approve the transaction.

BUDGET COMMITTEE

Mr. Martin Chevalier presented the Budget Committee Report. Please refer to EXHIBIT 5 in the report booklet.

Mr. Chevalier reported that the Institute's proposed budget had been increased from $213,585 from 1999-2000 to $216,685 for fiscal year 2000-2001. He reviewed the changes in the budget by expense category. The budget increase was a change of 1.45%. Mr. Chevalier noted that the Institute's lease for the office had been renewed for five years and the renewal included a "walk away" clause in the event the Secretary, dies, becomes disabled or retires.

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

RESOLVED: To accept the Budget Committee Report as written.

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

RESOLVED: To approve the Expense Budget of $216,685.

Mr. Chevalier noted that, with respect to the last paragraph of his report concerning catalog income, the income projections will be higher due to higher than anticipated catalog sales. It was noted that there is a timing issue with respect to billings before or after June 30, the end of the fiscal year. The Secretary noted that usually the majority of catalog billings are done prior to the end of the fiscal year.

The Secretary asked about the possibility of a third telephone line for on-line access which would not tie up either regular phone line or fax line for internet access. A Board Member suggested investigating a DSL (Digital Subscriber Line) which is much faster than standard phone lines, but, at a higher price.

There was a question on salaries as to the why the salary amount was less than budgeted. The Secretary noted that the salary amounts are indexed for budget purposes and when the Board does not give raises, you come in under budget. There was a question on why the travel was under budget. The Secretary noted that a trip usually taken to Detroit for the S.A.E. Convention was not taken, due to a death in the family, but, will be taken next year.

There was a discussion on how to get more companies and people to attend and participate in the FMSI Meetings, which evolved into a discussion on registration fees for meetings and the cost of the meeting. As a cost savings the Board of Directors decided to eliminate the Director's Dinner on Friday of the meeting schedule and just have a reception for the Directors.

FEE FORMULA COMMITTEE REPORT

Mr. Walter Britland, Committee Chairman, presented this report. Please refer to Exhibit 6 in your report booklet.

Mr. Britland reviewed the sources of Institute income, the guidelines established by the Board of Directors for fee adjustment, projected income for fiscal year 1999-2000 and the three year average of Income over Expense. The analysis of this average as compared to the guidelines for fee adjustment indicated that the fees should be raised. However, the additional income from catalog sales not projected in the reports would change the recommendation from raising dues to no change. Therefore, the Fee Formula Committee recommended that fees remain unchanged.

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

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

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

RESOLVED: To recommend that the fee structure be unchanged for the upcoming fiscal year.

It was noted that with the additional income from catalog sales the Institute could show a significant profit for fiscal year 1999-2000. The last time the Institute showed a profit a portion of that profit was diverted into the Reserve for Transition prior to closing the books for the fiscal year. There were questions concerning a cap on the amount of the reserve. No cap had been established by the Board of Directors. There was discussion with figures of $40,000 and $45,000 suggested for the amount of the cap. No ballot was taken. The Secretary noted that by July 5, 2000, he would have a number for the Institute profit or loss for fiscal year 1999-2000 and at that time a ballot could be sent to the Board of Directors concerning the amount that could be diverted to the Reserve for Transition should a profit be shown.

DATA BOOK AND TECHNICAL COMMITTEE REPORT

Mr. Don Delvy, Chairman, presented this report. Please refer to EXHIBIT 7 in the report booklet.

Mr. Delvy reviewed the changes in the Committee Roster and the part number assignment made during the year. He discussed the 2000 Automotive Data Book - Library Edition, which is the largest catalog ever produced by the Institute and the largest single year catalog printing ever done by the Institute. Mr. Delvy thanked the contributors to the Institute information. The report included a detailed list of contributors of new part number assignments.

DATA BOOK AND TECHNICAL COMMITTEE REPORT (continued)

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

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

Mr. Rob Burgess expressed a need for a Segment Identification Book for those drilled segments which are not in the Brake Block Identification Book for truck applications.

The Secretary noted that the 2000 Data Book was essentially sold out. The Institute had firm orders for 65,000 catalogs of the 70,000 printing run. By the time the catalogs were printed and shipped he had received additional orders which used up his planned 5,000 copy overrun. The Secretary had obtained a quotation for reprinting the catalog in quantities of 5,000 and 10,000. There was much discussion concerning whether or not the catalog should be reprinted, if reprinted what should the pricing be, if we reprint and they do not sell we would be stuck with the inventory. It was decided that a second order solicitation should be sent out to the Membership and that we should hold off reprinting until orders are received to cover the cost of reprinting.

FMSI BULLETINS & DRAWINGS BY E-MAIL

Based on a request at the interim Board of Directors Meeting in October 1999, the Secretary had investigated the possibility of distributing bulletins and assignment drawings by e-mail. He presented a report to the Board detailing the investigation process. Bulletin with imbedded drawings and individual assignment drawings, could be e-mailed from the office to his computer at home. Both bulletin with imbedded drawings and assignment drawings could be received, viewed and printed on his computer at home (both office and home computers are Mac's). Bulletins and drawings were e-mailed to Jerry Shupe at Federal Mogul and Don Delvy at Dana Brake & Chassis, as batch e-mails (bulletin with 6 attachments). Neither Jerry or Don could open the files. When the drawings were sent as individual e-mails, Jerry could not open the files, but, Don could open, view and print the file. Bulletins and prints by e-mail could result in an annual savings of $2,500 but, based on the experience with Jerry and Don a lot of additional work is required.

BRAKE PERFORMANCE STUDY COMMITTEE REPORTS

This report was prepared by Mr. Tim Duncan, Chairman. Please refer to Exhibit 8 in the report booklet.

Mr. Duncan reviewed the recent developments on the following topics:

- SAE J2430 Effectiveness Characterization Test for Brake Friction Materials
- SAE J2521 Disc Brake Dynamometer Squeal Noise Matrix
- Friction Material "Finger Printing"
- Environmental - Copper Wear Debris
- SAE J1802 Brake Block Effectiveness Rating
- ATA & Maintenance Council (TMC) RP628
- SAE Truck and Bus Brake FMVSS 121 Dynamometer Task Force

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

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

There was no discussion on this report.

HEALTH AND ENVIRONMENTAL AFFAIRS COMMITTEE

This report was prepared by Mr. Howard Schmitt and presented by Mr. Walt Britland. Please refer to Exhibit 9 in the report booklet.

The report reviewed the current status of heavy metal in storm water. The Brake Manufacturers Council (BMC) had created a subcommittee called the "Product Environmental Committee" (PEC) which allows BMC members to deal with the environmental concerns of the raw materials used in the manufacture of friction materials. The report also addressed the National Emissions Standard of Hazardous Air Pollutants (NESHAPS) and the Maximum Achievable Control Technology (MACT). Also covered were ergonomic regulations being proposed by the Occupational Safety and Health Administrations (OSHA). Also covered was Proposition 65 which is a California State Regulation to define raw materials that can be used in friction materials sold on used in the state of California.

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

RESOLVED: To accept the Health & Environmental Affairs Committee Report as written.

There was no discussion on this report.

INSTITUTE PENSION PLANS

This report was presented by Gil Laycock, Secretary. Please refer to EXHIBIT 10 in the report booklet.

Mr. Laycock noted that the Institute Pension Plan which was initiated in 1981 contributes at a rate of 15% of eligible employee wages. The contributions for 1999-00 were projected to be $18,251.82. The employees direct the investment of contributions. Deferred contributions are allowed with all employees participating in this option.

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

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

There was no discussion on this report.

ANNUAL MEETING COMMITTEE REPORT

This report was prepared by Mr. Rob Burgess, Chairman. Please refer to EXHIBIT 11 in the report booklet.

Two possible sites for the 2001 Annual Meeting were proposed. They were:

The Wigwam Resort located 25 miles west of Phoenix, Arizona with a room rate of $127.00 plus 9.27% tax single or double occupancy.

Sawgrass Country Club & Resort in Ponte Vedra, Florida. Thirty-seven miles southeast of Jacksonville International Airport with basic room rate of $139.00 plus 9% tax and $149.00 plus 9% tax for single and double occupancy respectively.

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

> RESOLVED: To accept the Annual Meeting Committee Report as written.

Tim Duncan from Link Engineering noted that they have a test facility in Phoenix and was quite sure he could arrange a half day tour of a test facility in the area as they work with eleven different test facilities in that area.

NEW BUSINESS

Mr. Weldy noted that the Institute had been sued in an asbestos wrongful death law suit in Pennsylvania. He noted that he had talked to the lawyer once and written twice advising her that FMSI is a Trade Association not a friction material manufacturer. He felt confident that the Institute would be dismissed from the case.

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There being no other business brought to the attention of the Board of Directors at this time, upon motion duly made, seconded and unanimously passed, it was:

RESOLVED: To adjourn

Adjourned at 12:35 P.M.

G. N. Laycock
Secretary