MINUTES OF MEETING

of the

BOARD OF DIRECTORS

Tuesday, June 12, 1984

at

La Costa Resort, Carlsbad, California

DIRECTORS PRESENT

Robert E. Nelson, President	Abex Corporation Friction Products Group
Stuart Comins, Vice President	P.T. Brake Lining Company
F. William Barton	Reddaway Manufacturing Company
Robert H. Nelson	Nuturn Corporation

DIRECTORS ABSENT

Francis E. Messier	Bendix Corporation Automotive Aftermarket Operations
Robert Mighton	Certified Brakes Lear-Siegler Company
Donald J. Testa	Raymark Corporation

OTHERS PRESENT

David F. McBride, Legal Counsel	Harwood, Lloyd, Ryan, Coyle and McBride
John Riopelle, Chairman Health and Environmental Affairs Committee	Bendix Corporation Friction Materials Division
Edward W. Drislane, Secretary	Friction Materials Standards Institute

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Prior to convening the meeting, the Secretary advised that this Board did not have the necessary four Directors to constitute a quorum. With three absent Directors, and with Mr. Gordon Carrigan's resignation as a Director earlier in the year, there were only three Directors present: Messrs. R. E. Nelson, R. H. Nelson and F. W. Barton. The Secretary suggested that in order to have a quorum, the three Directors present could fill the one vacancy on the Board (Mr. Carrigan's position) even though those three Directors were less than a quorum. Reference was made to Constitution ARTICLE IV, Section 5, Vacancies. The three Directors voted unanimously to choose Mr. Stuart Comins to fill the 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. (ARTICLE IV, Section 9, Quorum.)

Mr. Nelson, President, called the meeting to order at 8:15 AM, June 12, 1984.

MINUTES OF PREVIOUS MEETINGS

The minutes of the Board of Directors Meetings held on June 14-15, 1983 had been distributed. A Director moved that the minutes of the June 1983 meetings be accepted as written.

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

RESOLVED: That the minutes of the Board of Directors Meetings of June 14-15, 1983 be accepted as written.

PRESIDENT'S REPORT

Mr. R. E. Nelson, President, read his report. Refer to EXHIBIT 1. Mr. Nelson noted that most Institute activities through the year were done through the three Technical Committees: Brake Performance Study Committee, Data Book and Technical Committee and the Health and Environmental Affairs Committee. He noted that the Committee Chairmen for these three Committees would expand on their activities in their reports for the June meeting.

Mr. Nelson commented on activities of the MEMA on a possible program to promote adoption of brake lining and other regulations by the various States.

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, read his report. Refer to EXHIBIT 2. Mr. Comins' report noted the increase in all categories of Membership along with details of the additions and terminations of Membership. In summary he noted that Active Members increased to 21, Regional Members increased to 24 and Licensees increased to 17.

A Director questioned the status of Shiloh Brake Corporation, a manufacturer of brake blocks in Georgia. The Secretary advised that he had written them in May and had since talked with Mr. Bill Mize from Shiloh Brake. Application forms were sent to Shiloh Brake and the Secretary stated that he believed an application should be received in the near future. The Directors asked that the Secretary follow-up on the Shiloh Brake application within thirty days of his most recent contact.

The Secretary advised that he had problems with some Members who do not return ballots on Membership applications and on two Members who consistently vote no on Membership applications. It was noted that the Institute as a trade association must keep its Membership open to all qualified applicants. Failure to keep an open Membership could trigger anti-trust complaints. The Secretary noted that most negative votes were for Regional Members, whether seeking rights for use of Institute copyrights and trademarks in the United

States or not. In a review of the Constitution ARTICLE III, MEMBERSHIP, Section 3, Applications, it was noted that Regional Member applications do not have need to be submitted to the Membership for balloting. This Section of the Constitution reads:

> Applications for admission as a Regional Member or as a Licensee likewise shall be made in writing and shall be subject to acceptance by the Board......

The Secretary advised that in the past, he had sent applications for Active Membership and Regional Membership to the Membership Committee, the Board of Directors and the Membership, while Licensee applications were sent to the Committee and the Board only. Future applications for Regional Membership will be processed as called for in the Constitution--with final balloting by the Board of Directors.

The Secretary was directed to advise the Membership that the Institute must be an open association, and that Membership must continue to be open to all qualified applicants. Also, he is to advise the Membership on the procedure for approval of an application as called for in the Constitution.

The Secretary advised that the Office had received an application for Licensee status from CBS (Automotive and Industrial) Limited of Berkshire, England. Copies of the application form were distributed. The Membership Committee had unanimously approved acceptance of the application by mail ballot.

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

RESOLVED: To accept the Licensee application filed by CBS (Automotive and Industrial) Limited of Berkshire, England.

The Secretary advised that the Office had received an application for Active Membership from Cougar Brake Products Industries, Inc. of Linden, New Jersey. The Membership had earlier been advised that this application had been received. The application had been reviewed by the Membership Committee which unanimously recommended its acceptance. Copies of the application were distributed for review.

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

RESOLVED: To accept the Active Membership application submitted by Cougar Brake Products Industries, Inc., of Linden, New Jersey.

The Cougar Brake Products application for Active Membership must also be balloted by the Membership. This will be an agenda item for the Membership Meeting of June 13-14, 1984.

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

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

HEALTH AND ENVIRONMENTAL AFFAIRS COMMITTEE REPORT

Mr. John Riopelle, Chairman of the Health and Environmental Affairs Committee, presented his report. Refer to EXHIBIT 9.

Mr. Riopelle noted several actions taken during the past year affecting the friction materials industry. Among these were EPA's amendments to the National Emissions Standards, the Institute balloting on petitioning the Government on a member recommendation for asbestos-containing friction materials, Office of Toxic Substances Control plans for restrictions on certain asbestos products, and the OSHA proposals for revision of the asbestos standard. Mr. Riopelle noted in his report the fact that seven states have their own standards for asbestos exposure and that some (Hawaii, Kentucky, New Mexico, Oregon and Tennessee) have adopted and held to the levels set by the OSHA Emergency Temporary Standards of November 1983--0.5 fibers per cc permitting respirators as a control technique.

The Institute prepared written comments to OSHA on the amendments to the permanent standard. These comments were drafted by the Committee at its May meeting and were sent to OSHA prior to the comment deadline date. Among other points made were the difficulty in fiber counts as evidenced by certain "round robin" count tests by technicians from industry and government. The use of other fibers complicates counts due to the difficulty in discriminating between fiber types. Mr. Riopelle referred to a Research Triangle Institute study on the costs and feasibility of asbestos dust controls.

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

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

MANUFACTURE/IMPORT OF ASBESTOS-CONTAINING FRICTION MATERIALS

Mr. Stuart Comins requested that the subject of a possible government ban on the manufacture and import of asbestos-containing friction materials be considered at this meeting. A similar proposal was discussed at the June 1983 meeting. After that meeting a ballot was submitted to the Membership asking if the Institute should go on record asking the Government to set an effective date by which the manufacture and import of asbestos-containing friction materials in the United States would be discontinued. Such a petition was rejected by a 9 to 6 vote in the Summer of 1983.

Because of specific objections in the off-highway area, Mr. Comins suggested that any such petition apply to on-highway products only. This would remove industrial/off-highway friction products from consideration. The Secretary read from the Motor Vehicle Manufacturers Association (MVMA) comments on OSHA's proposed reduction in exposure levels, concerning both original equipment and replacement materials for new vehicles. This opposed a regulatory stance in this area. Mr. Comins suggested that any petition be directed at replacement on-highway brake linings only. Support for this proposal was suggested by the OSHA moves to lower the factory exposure

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levels. Mr. Comins suggested the reasoning behind any such Government ban is that the OSHA limits could effectively prohibit the manufacture of asbestos-containing friction materials in the United States, forcing United States manufacturers to compete with the more expensive non-asbestos types against the less costly asbestos types from off-shore sources.

Mr. Riopelle noted from the RTI Report that there were 4908 workers exposed to asbestos in United States friction materials manufacturer factories. A capital outlay of $25,500,000 was projected to move United States friction materials manufacturers into compliance, with the following annual operating costs for the exposure level indicated:

0.5 fibers per cc	$13,500,000
0.2 fibers per cc	13,900.000
0.1 fibers per cc	14,400,000

These costs were in support of the premise that compliance may only be economically achieved by eliminating asbestos from the friction product.

Mr. Comins stated that he wished this subject to be submitted to the Membership at the June 13 meeting. Any such action would be for replacement on-highway brake linings only. The Directors concurred that this subject would be an agenda item at the June 13 meeting.

ASBESTOS PRODUCT LIABILITY INSURANCE

Mr. Comins requested that this subject be discussed at the Membership Meeting. Because of the subject matter, and the fact that there were only four Directors present at this meeting, he suggested that this be discussed but only as background at the Board Meeting. The Product Liability Insurance topic is primarily for the third party litigation and not for Workmens Compensation Insurance. It was noted from the earlier report that there were 4900 workers exposed in the factory, and about 1,500 in secondary manufacturing, but over 500,000 in service and repair. The largest exposure is to the third party suits from the repair shops.

At this point Mr. Comins was seeking an exchange of information. Could there be an exchange of views on this subject? Would the Members wish to make suggestions in this area? Perhaps an Insurance Committee could be established for those interested in this problem. A question was asked as to whether this was a legitimate topic for the Membership agenda, and the Board concurred in having this subject discussed at the June 13 Membership Meeting.

TREASURER'S REPORT

Mr. William Simon, Treasurer, prepared this report, based on figures developed by the Institute Secretary. Refer to EXHIBIT 3.

In summary, the report indicated that the Institute operated with its expenses coming in slightly under budget. There were added income items primarily from increased Membership Dues and Investment Income that lifted the projected excess of income over expenses to over $16,000. No major expense variances were noted.

A Director asked if Mr. Simon should continue as Treasurer. Counsel advised that the Board of Directors had a fiduciary responsibility to insure that the Treasurer would fully perform the duties called for in the Constitution. It was noted that Mr. Simon had served as Treasurer since coming off the Board of Directors several years ago, and that a possible replacement could be nominated at the meeting of the new Board of Directors.

A Director suggested that if Mr. Simon were to be replaced as Treasurer that the Institute honor him with a plaque or certificate of appreciation for his many contributions to the Institute. The Secretary was directed to have a suitable certificate prepared and presented to Mr. Simon.

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

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

INVESTMENT ADVISORY COMMITTEE REPORT

Mr. F. William Barton, Chairman, presented his Committee's Report. Refer to EXHIBIT 4.

Mr. Barton noted that the Institute had continued strengthening its portfolio with increased holdings of U. S. Treasury notes and decreased holdings of United States Agency certificates. Investment income was projected at near $28,000 for 1983-84 versus actual investment income of $21,902 in the previous year. Investment income consists of interest income from U. S. Treasury obligations, dividend income from the Money Market Funds, and the gains on dispositions of certain Agency Obligations during the year.

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

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

BUDGET COMMITTEE REPORT

Mr. Bob Mighton, Chairman, prepared the Budget Committee Report. Refer to EXHIBIT 5. The Secretary read the report.

The preliminary Expense Budget figures for 1984-85 worked out to $117,480, approximately 3.9% over the 1983-84 budget. There were no specific expense items that were markedly increased over 1983-84. The only items up noticeably were those directly related to wages which includes the Pension Expense as well as Salaries.

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

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

Based on subsequent Board of Directors deliberations, the line item for Salaries was increased to $65,000 for 1984-85, increasing the overall 1984-85 Expense Budget to $119,980, a 6% increase over the 1983-84 budget.

FEE FORMULA COMMITTEE REPORT

Mr. Robert H. Nelson, Chairman, read the Fee Formula Committee Report. Refer to EXHIBIT 6.

In summary, the report indicated that if the 1983-84 Fee Formula was carried over to 1984-85 that income would exceed expenses by over $12,000 in the 1984-85 fiscal year. This would be on top of a projected provision for the environmental affairs reserve. This excess was based on anticipated investment income and the preliminary Expense Budget detailed in the Budget Committee Report.

A Director asked about the Environmental Affairs Reserve. This was set up at the June 1982 meetings and the first credits to the Reserve were made in the 1982-83 fiscal year. As of June 30, 1984, the Reserve will total about $14,300. The Reserve was started with an approximate 10% increase in the fee starting July 1, 1982. For Active Members, this was accomplished by an increase in the Basic Fee of $150. The category charge of $700 was not increased. In addition to Active Members, those Regional Members paying the same fee as Active Members had their fees increased by the $150 basic fee. Other Regional Members had a $200 increase from $1,400 to $1,600 while the Licensee Fee was increased from $550 to $600.

The purpose of the Environmental Affairs Reserve was to allocate funds for possible asbestos related expenses and other contingencies related to safety and health. A Director suggested reducing the annual fee by $150, the same as the July 1, 1982 increase.

After further discussion, it was suggested that this be a suspension of $150 of the Basic Fee for Active Members (and Regionals paying Active Member Fee levels).

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

RESOLVED: To suspend the $150 Basic Fee increase for Active Members for the 1984-85 fiscal year.

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

RESOLVED: To accept the report of the Fee Formula Committee as written, with the adjustment noted in the previous resolution.

HISTORICAL SALES REPORTING

The Secretary read his report on the Historical Sales Reporting program for the 1983 calendar year. Refer to EXHIBIT 2. The results for the first quarter of 1984 had just been prepared by the Accountants and were not included in the report.

While the Secretary's report indicated that there was more stabile participation in the 1983 reporting, the results were criticized by a Director.

In particular there was dissatisfaction with reports for Brake Blocks and Clutch Facings. A Director asked why the individual companies who report in a category are not listed on the quarterly reports in the same fashion as in the year-end report. The Secretary advised that when the Historical Sales reporting format was last revised, this was the way it was set up in an attempt to conceal quantities reported where only three or four Members reported in a category - essentially the Clutch Facing reports. It was stated that if the quarterly reports included details on which companies reported in each category, the report could have more meaning and be more readily analyzed.

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

RESOLVED: That all quarterly and year-end statistical sales reports include data on which individual Members reported in each of the four reporting categories.

The Directors further asked that the Accountants review the data more thoroughly and compare with prior quarter and prior year information to see if there is input apparently inconsistent with earlier input. The Secretary was directed to contact the Accountants to see that they make such a judicial review before preparing the final report.

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

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

PUBLIC RELATIONS COMMITTEE REPORT

Mr. Simon, Chairman of the Public Relations Committee submitted his report on Committee activity in 1983-84. His report was read to the Directors. Refer to EXHIBIT 11.

Mr. Simon's report noted the assistance given by Mr. Rob Nelson and Klock Advertising in expanding the Institute's list of automotive trade magazines for PR purposes.

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

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

DATA BOOK COMMITTEE REPORT

Mr. Gordon Smith, Chairman of the Committee submitted this report. The Secretary read the report. Refer to EXHIBIT 8.

Mr. Smith's report covered activities of the Committee which were handled primarily at a March 28, 1984 meeting. Several specific items were noted such as decisions on the thicknesses of integrally molded disc brake linings, the use of insulators, imported car coverage, and other topics.

Mr. Smith's report noted action that the Committee took on three subjects referred to the Committee after the June 1983 meetings. The Board had referred to the Committee a recommendation that numbers outside the 700/7000 Series be assigned to heavy duty disc brake linings. The Committee recommended that we stay with the 7000 Series numbers for all disc brake linings. Mr. Comins noted that he had made this recommendation at the 1983 meetings and its purpose was to distinguish heavy duty disc brake linings from the regular automotive discs. The different series for heavy duty discs was to parallel the use of the 4000 series for blocks on drum brakes, which differs from the 100/1000 and 200/2000 series for passenger cars and light trucks. Mr. Comins wished this subject referred back to the Committee for action.

The Directors discussed the cut-off for heavy duty versus light/medium duty. One suggested that the 10,000# GVW be the cut-off, as this generally follows cut-offs used by the Department of Transportation on their brake systems standards. It was suggested that the question of cut-off be referred to the Committee for its recommendations.

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

RESOLVED: To accept the report of the Data Book Committee as written with exception of the assignment of FMSI Numbers for heavy duty disc brake segments.

The Secretary was directed to refer this question on assignment of numbers outside the 700/7000 Series for heavy duty disc brake linings back to the Committee.

BRAKE PERFORMANCE STUDY COMMITTEE

Mr. Wayne Matthes, Chairman, prepared the Committee report. Mr. Bob Nelson read the report for the Chairman. Refer to EXHIBIT 7.

A significant part of the report dealt with the meeting the Committee held in July 1983 concerning the Truck Trailer Brake Research Group (TTBRG). This group was originally lead by Mr. Sid Williams of NHTSA and had representatives from trade associations for vehicle manufacturers, trailer manufacturers and the trucking industry. Their concern was with dissatisfaction with the V-3 Procedure for matching linings on tractors and trailers, and with other problems with the edge code. The TTBRG had asked for Institute input and the Committee had responded in detail to the items raised by TTBRG. The Committee agreed that the friction codes did not provide a satisfactory means of matching friction materials on tractors and trailers, and that the edge codes did have readability problems after use.

The Institute reply indicated that the edge code proliferation problems were a creation of the vehicle manufacturer and private brander, and the brake lining manufacturers would support any attempt to reduce this proliferation. As regards the V-3 Procedure, Mr. Nelson pointed out that the SAE now has an ad hoc committee attempting to develop a procedure that would be worthwhile in truly evaluating brake lining compatibility. He noted that the V-3 Procedure was an expedient to solve a specific problem--the New York State brake lining law in the 1960's. It cannot be used for compatibility and some parties are now using the V-3 Procedure for purposes other than those for which it was intended. Mr. Nelson noted that he and Mr. Matthes would be attending a meeting with TTBRG later in June.

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

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

ANNUAL MEETING COMMITTEE REPORT

Because of Mr. Jay Moore's retirement, this Committee was not reorganized. The Secretary reported on activities concerning the Annual Meeting. Refer to EXHIBIT 13.

Summarizing, LaCosta had been firmed up as the meeting site for June 1984, and the Board had selected Dunfey-Hyannis for the June 1985 Meeting. The Hyannis site was then booked for June 17-20, 1985.

A shortcoming at Dunfey-Hyannis is the lack of a championship golf course. The course is an Executive Par 3 Course. A Director and Counsel discussed the possibility of arranging the Institute's golf at a Cape Cod Country Club. Among the suggestions in the report for 1986 were two Florida resorts, Saddlebrook and Grenelefe, and the Williamsburg Inn in Virginia.

As the general policy had been to return to a site for two years, the Directors suggested that the Institute tentatively block space at Dunfey-Hyannis for June 1986 and also tentatively block space at the Williamsburg Inn for 1986. If after the June 1985 Meeting the Members wish to return to Hyannis, that can be done. If dissatisfied, the Institute would then select Williamsburg for 1986. The Secretary was directed to block space for June 1986 at both Dunfey-Hyannis and the Williamsburg Inn.

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

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

INSTITUTE PENSION PLANS

The Secretary reported on the Institute Pension Plans. The Institute's Simplified Employee Pension Plan (SEP) is funded through individual Retirement Arrangements (IRA's). Once the contribution is made, control passes to the Employee and there is no paper work as in formal pension plans. The contribution for 1983-84 was $8,200. The contribution is set at 15% of eligible salaries.

After discussion on the SEP-IRA Plan, and because of several changes in the laws on these plans over the past years, the Secretary asked that a resolution be made to insure that the Plan and the contributions permissible were in line with the latest Internal Revenue Service regulations.

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

RESOLVED: That Institute contributions to individual SEP-IRA's be at 15% of eligible salaries, with eligibility and maximum contribution in conformance with Internal Revenue Service regulations in effect as of June, 1984.

OTHER BUSINESS

The Directors discussed the difficulties earlier in the Meeting where a quorum of Directors was not present to hold this Board of Directors Meeting. In addition to the one vacancy on the Board, three Directors could not attend. It was suggested that what the Institute needed was some "internal public relations" work to indicate to Member companies that the Institute is important to its Members. It was noted that if companies can be convinced of the Institute's value, there will be more support and better attendance at the Institute Meetings. This is particularly true of Board of Directors Meetings. The purpose would be to solicit top management support for the Institute.

It was suggested that the Institute Office prepare a folder with inserts such as the History of the Institute published earlier, to outline background and accomplishments of the Institute. Reference could be made to the catalogs and bulletins published by the Institute along with responses the Institute has made to the Environmental Protection Agency (EPA), Occupational Safety and Health Administration (OSHA), National Highway Traffic Safety Administration (NHTSA, Truck/Trailer Brake Research Group (TTBRG) and others. The work that Mr. Nelson and his Committee did in the 1960's as regards a brake lining law should be noted. In summary, the Institute should prepare a folder outlining accomplishments and indirectly soliciting support of the Institute from Member Company management.

The Secretary was directed to prepare such a booklet or folder and distribute it to the Membership.

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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 1:20 PM

E. W. Drislane
Secretary

MINUTES OF MEETING

of the

BOARD OF DIRECTORS

Wednesday, June 15, 1983

at

Sawgrass, Ponte Vedra Beach, Florida

DIRECTORS PRESENT

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

OTHERS PRESENT

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

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

ELECTION OF OFFICERS

Mr. Messier called for nominations for the office of President. The name Robert E. Nelson was presented for President. The nomination was seconded.

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

> RESOLVED: That the nominations for the office of President be closed.

Whereupon the Secretary was instructed to cast one ballot for the election of Mr. Robert E. Nelson as President. The Secretary advised that the ballot had been cast.

Mr. Nelson then assumed the position of Chairman of this meeting, and called for nominations for the office of Vice President. Mr. Stuart Comins was nominated and seconded for the office of Vice President.

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

RESOLVED: That the nominations for the office of Vice President be closed.

Whereupon the Secretary was directed to cast one ballot for the election of Mr. Stuart Comins as Vice President. The Secretary advised that the ballot had been cast.

For the Office of Treasurer, the name of Mr. William Simon was presented and seconded.

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

RESOLVED: That the nominations for the office of Treasurer be closed.

Whereupon the Secretary was directed to cast one ballot for the election of Mr. William Simon as Treasurer. The Secretary advised that he had cast such ballot.

For the Office of Secretary, the name of Mr. Edward W. Drislane was presented and seconded.

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

RESOLVED: That the nominations for the office of Secretary be closed.

Whereupon the Secretary was instructed to cast one ballot for the election of Mr. Edward W. Drislane as Secretary. The Secretary advised that the ballot had been cast.

Whereupon the following persons are duly elected as officers of the Institute for the ensuing year:

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

RETENTION OF COUNSEL

Mr. Nelson advised that, according to ARTICLE VII of the By-Laws, legal counsel shall be retained at each annual meeting.

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

RESOLVED: That Mr. David F. McBride, of the Harwood, Lloyd, Ryan, Coyle and McBride Law Firm be retained as Counsel for the Institute.

RETENTION OF AUDITORS

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

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

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

BUDGET - JULY 1, 1983 THROUGH JUNE 30, 1984

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

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

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

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

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

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

RESOLVED: To adopt the same fee formula for 1983-84 as was used for 1982-83:
Active Members and Regional with Active Member rights: Basic Fee $1,300; Category Fee $700;
Regional Member (Regular): Fee $1,600;
Regional Member (Association): Fee $2,600;
Licensee: Fee $600.

MEETING OF THE BOARD OF DIRECTORS

The next meeting of the Board of Directors is scheduled for the week of June 11, 1984 at LaCosta, Carlsbad, California. If due to Committee action or other reasons an earlier Board Meeting must be called, the Directors will decide on a location and date at that time.

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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 4:10 PM

E. W. Drislane
Secretary

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

MINUTES OF MEETING

of the

BOARD OF DIRECTORS

Tuesday, June 14, 1983

at

Sawgrass, Ponte Vedra Beach, Florida

DIRECTORS PRESENT

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

DIRECTOR ABSENT

Robert Mighton	Certified Brakes Lear-Siegler Company

OTHERS PRESENT

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

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Mr. Nelson, President, called the meeting to order at 8:30 AM, June 14, 1983.

MINUTES OF PREVIOUS MEETING

The minutes of the Board of Directors meeting hald on March 1, 1983 had been distributed. A Director moved that the Secretary dispense with the reading of those minutes.

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

RESOLVED: That the minutes of the Board of Directors meeting of March 1, 1983 be accepted as written.

PRESIDENT'S REPORT

Mr. Nelson, President, presented his report. Refer to EXHIBIT 1. Mr. Nelson commented on the relative stability of the Institute and its Members during the recent difficult years. He noted such accomplishments as the completion of the consolidated 1982 Automotive Data Book, selection of an Institute logo, changes in Legal Counsel, amendment of the Institute By-Laws, and changes on the Board of Directors during the fiscal year. Mr. Nelson concluded his report emphasizing the difficulties facing the industry with asbestos-related problems.

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, presented this report. Refer to EXHIBIT 2.

Mr. Comins reported on the changes in Membership during the 1982-83 fiscal year. The changes were dependent on possible termination of certain Latin American Regional Memberships. It was noted that Active Members would remain unchanged at 20. Licensees would remain unchanged--addition of Breiner, loss of Wisconsin Gasket--at 13. And, depending on terminations, Regional Members would decline from 21 to 19.

However, three actions taken between the time of preparation of Mr. Comins' report and the Board meeting, changed the expected number of Regional Members. Mex-Bestos paid its delinquent account. Applications were received from Freno, S.A. of Lima, Peru and Artazcoz, S.A.I.C. of Buenos Aires, Argentina.

The Secretary reported that an application for Regional Membership was received by the Institute from Freno, S.A. in May 1983. A bulletin was issued to the Membership advising of this application, along with background information. The application had been reviewed by the Membership Committee by mail ballot, and the Committee recommended acceptance of the application.

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

RESOLVED: To recommend acceptance of the application for Regional Membership filed by Freno, S.A. of Lima, Peru.

The Secretary advised that Duramax, S.A. of Mexico was arrears in payments of the Annual Membership Fee. Duramax had been advised of this delinquency, and was arrears in its payments for the last six quarters. They had been advised of their delinquency and told that if payments were not received, their Membership would be terminated. There has been no reply from Duramax.

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

RESOLVED: To terminate Duramax, S.A.'s Regional Membership in the Institute.

The Mex-Bestos, S.A. Regional Membership was on the agenda due to its delinquency on both trade receivables and fee receivables. The Secretary advised that Mex-Bestos, S.A. had paid in full on its account with the Institute, its check being received the week before the June meeting. No action was taken concerning Mex-Bestos, S.A.

Colfriccion, Ltda., of Colombia was the next Latin American Regional Member in arrears on its account. The Secretary advised that he had written to Colfriccion, Ltda. on this account. No payment or reply had been received as of the meeting date. The Secretary anticipated that Colfriccion would make at least partial payment on its account, so no action was taken. Colfriccion, Ltda. account balance as of June 10, 1983 was $2,104.25. As Abex has a technical licensing agreement with Colfriccion, the Secretary was asked to give Mr. Nelson a copy of the Colfriccion statement.

The Directors discussed guidelines on collections from Regional Members. The Secretary advised that Regionals were billed the Membership Fee in quarterly installments (July 1, October 1, January 1 and April 1). The Secretary noted that he would need some discretion in billing and collecting from Regionals where currency restrictions were put in effect by Members' Governments. This was particularly true with Mexican Members over the 1982-83 period. The Secretary was directed to not make shipments of catalogs to Regionals where that Regional Member was two or more payments in arrears on the Membership Fee. Also, the Secretary was advised to write "dunning" letters to Members who were more than two fee payments (six months) in arrears on their Membership Dues, and to send copies of such correspondence to the Directors.

The Secretary advised that he had met with a Mr. Alberto Kahan, Chief Executive Officer of Artazcoz, S.A.I.C of Buenos Aires, Argentina on June 10, the last business day before the Meeting. Mr. Kahan had earlier applied for Regional Membership for Artazcoz, S.A.I.C., but the application was not complete and he had not enclosed the required $2,000 deposit for the first year's fee. Mr. Kahan had previously met with Mr. Mitchell Comins of P. T. Brake Lining and with Mr. Barton of Reddaway. Mr. Kahan's firm markets their products through Dur-Bloc International. The Secretary advised that Mr. Kahan delivered his personal check for the US $2,000 and completed the application. The application was circulated to the Board Members. It was noted that Artazcoz had plants in Ecuador and Uruguay as well as in Argentina. Their Peru plant was nationalized by the Government.

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

RESOLVED: To recommend acceptance of the application for Regional Membership filed by Artazcoz, S.A.I.C. of Buenos Aires, Argentina.

The Board Members then discussed participation of Members in the affairs of the Institute. It was noted that a special meeting of the Board was called in March of 1983 at the request of Motion Control Industries of Carlisle Corporation, but that there was no one in attendance at this Membership Meeting from Carlisle. The Secretary advised that Mr. Harris had called earlier and advised that he would not be able to attend as he would be hospitalized at that time. A reservation was made by Mr. Harris for Mr. Wayne Kinsey, the Delegate from Carlisle. That reservation was subsequently cancelled as Mr. Kinsey had a conflict in his schedule. The Secretary was directed to contact Carlisle's

Delegate to advise that representation from Carlisle was missed at this meeting. He was further directed to note that Messrs. Vachout and Zacharias had served as Directors of the Institute, and the Directors and Membership would welcome increased participation in the affairs of the Institute by a manufacturer such as Carlisle, a recognized leader in this industry. The Secretary was further advised to copy Mr. Harris on any such communication with the Carlisle Delegate.

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

RESOLVED: To accept the Membership Committee Report as written, subject to revision for the late applications for Regional Membership not noted in that report.

TREASURER'S REPORT

Mr. Simon, Treasurer, read this report. Refer to EXHIBIT 3.

The Treasurer reported on financial data projected to June 30, 1983, based on a trial balance taken on April 30, 1983, with May and June income and expenses estimated for the projection. This report projected 1982-83 excess of income over expenses of about $6,770. This was after provision for the Environmental Affairs Reserve, which the Board set up at the June 1982 Meeting. In addition, it was noted that expenses were close to budget, but that there were some variances, and these were analyzed.

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

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

It was noted that the income should project out $3,000 higher than indicated in the Report, based on the unanticipated payment by Mex-Bestos, S.A. on its account. That payment of $3,151 was received by the Institute on June 9, 1983.

INVESTMENT ADVISORY COMMITTEE REPORT

Mr. Barton, Chairman, read this report. Refer to EXHIBIT 4.

This report noted that Institute Investments should increase from about $175,000 on June 30, 1982 to about $190,000 on June 30, 1983. This increase reflects the projected net income for this year plus the establishment of a Reserve for Environmental Affairs in amount of about $8,000 based on resolutions at the June 1982 Meeting.

Investment Income would increase from approximately $17,500 to $22,000 for the 1982-83 fiscal year. This increase came primarily from higher investments in interest bearing U. S. Treasury notes, and lower investment in the Money Market Trusts.

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

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

The Secretary noted that he found it advisable to leave some funds in the Merrill Lynch Ready Assets Trust so as to earn income from these funds after interest dates, maturity of notes, etc., in order to prevent Merrill Lynch from taking undue advantage of the float between due dates and actual investment of funds when checks were "in the mail".

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

RESOLVED: To authorize the Institute to invest funds in the Merrill Lynch Ready Assets Trust.

BUDGET COMMITTEE REPORT

Mr. W. M. Sleeth is Chairman of the Budget Committee. The Secretary read this report. Refer to EXHIBIT 5.

The Budget Committee Report recommended a 1983-84 Expense Budget of $110,590. Individual items in the expense budget were examined and budget figures assigned. The approximate $3,000 increase in the expense budget over the 1982-83 budget was caused primarily by larger than normal increases in the Provision for Bad Debts, Dues and Subscription Expense, and Insurance Expense. The expense budget did not include the approximately $8,000 Provision for Environmental Affairs established at the June 1982 Meeting. Over half the Expense Budget is for Salaries.

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

RESOLVED: To accept the Budget Committee Report as written.

Based on subsequent discussion and action by the Board, the Salaries figure in the budget was increased by $2,500.

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

RESOLVED: To adopt an Expense Budget of $113,090 (a $2,500 increase over the proposed budget for Salaries) for the 1983-84 fiscal year.

FEE FORMULA COMMITTEE REPORT

Mr. Rob Nelson served as Chairman of this Committee, replacing Mr. Dave Cunningham who had retired. Mr. Drislane read Mr. Nelson's report. Refer to EXHIBIT 6.

The Directors reviewed the proposed budget put forth by the Budget Committee, the projected investment income from the Investment Advisory Committee Report, and the fee categories declared. They concurred with the Chairman of the Fee Formula Committee in holding the fee formula unchanged for the 1983-84 fiscal year.

With these considerations, and including continuance of the provision for Environmental Affairs Reserve at the approximate same figure as in 1982-83, the

Formula should produce a small excess of income over expenses in 1983-84.

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

RESOLVED: To adopt the same fee formula for 1983-84 as was used for 1982-83:
Active Members and Regional with Active Member rights: Basic Fee $1,300; Category Fee $700;
Regional Member (Regular): Fee $1,600;
Regional Member (Association): Fee $2,600;
Licensee: Fee $600.

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

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

PUBLIC RELATIONS COMMITTEE REPORT

Mr. William Simon, Chairman of the Public Relations Committee, read his report. See EXHIBIT 10.

Mr. Simon reported on the only Institute press release in 1982-83, the election of Officers at the June 1982 Meeting. This release appeared in several automotive trade magazines, and Mr. Simon particularly paid tribute to Mr. Stuart Comins whom he described as a bastion of productive intensity in forwarding several press releases to the Committee. Mr. Simon also noted completion of the selection of an Institute logo during the 1982-83 fiscal year.

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. Gordon Smith served as Chairman of this Committee, replacing Mr. Phil Grim of Abex who retired in May 1983. Mr. Messier read Mr. Smith's report. Refer to EXHIBIT 8.

This report noted the change in Chairmen, and the change in Committee membership. The report noted final completion of the consolidated 1982 Automotive Data Book, which included brake shoe identification information in the Data Book for the first time. The report covered Committee resolutions on improvement of the Automotive Data Book. These included prominent section numbers in the catalog to enhance ease of use, a new color green for the cover to distinguish it from earlier catalogs, the addition of drawing numbers at the top of pages in the illustration section, use of the new FMSI logo on the cover and a recommendation to maintain fourteen years of model listings in the catalogs. In addition to resolving several specific questions, the Committee voted to proceed with publication of a 1983 Brake Block Identification Catalog.

The Directors reviewed this report with interest and agreed with the various resolutions passed by the Committee. In consideration of the Brake Block Identification Catalog, the Directors stated that the Committee should review and report on the idea of adding heavy duty disc brake linings in that catalog. In consideration of the "heavy duty" class, it was stated that this would be disc brake pads used on vehicles over 10,000 pounds GVW. With this possible addition to the brake block identification catalog, it was recommended that the Committee consider establishing a new set of FMSI Numbers for disc brake pads in this "over 10,000 pounds GVW" category. Currently the 700 series (all in use) and the 7000 series (numbers assigned to 7150) are used for all disc brake pads. The suggestion was that a series such as 900 and 9000 be used. The rationale for this change was that there has been much talk of disc pads replacing blocks on heavy duty vehicles.

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

RESOLVED: That the Data Book and Technical Committee consider
(1) Addition of heavy duty disc brake pads in the next issue of the Brake Block Identification Catalog, and
(2) The assignment of FMSI Numbers outside of the 700 and 7000 Series for heavy duty disc brake pads.

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

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

In reviewing the report, the Directors took no exception to the recommendations of the Committee. However, they noted that this report was open for discussion at the Membership Meeting scheduled for June 15, 1983. Input from the Membership will be asked at that meeting.

BRAKE PERFORMANCE STUDY COMMITTEE

Mr. Wayne Matthes of Abex is Chairman of this Committee. Mr. Nelson, also of Abex and former Chairman of the Committee read this report. See EXHIBIT 7.

The report noted the revision of Regulation V-3 by the Vehicle Equipment Safety Commission, in line with Institute recommendations for granting V-3 approval where certain linings have friction ratings below ED. The report noted the demise of the VESC subsequent to this revision. The changes at AAMVA, where the Equipment Approval Program was replaced with a Safety Equipment Compliance Program, were discussed. The Chairman conducted a poll of four manufacturers who all indicated they were continuing with the AAMVA's Compliance Program.

The Chairman reported on formation of a task force called the Truck/Trailer Brake Research Group. This group was chaired by Sid Williams of NHTSA, with participation by American Trucking Association (ATA), Motor Vehicle Manufacturers Association (MVMA) and Truck Trailer Manufacturers Association (TTMA). The problem is with compatibility of brakes between the towing vehicle and the trailer. Mr. Williams will be contacting the Institute for input.

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

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

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

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

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

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

PRODUCT LIABILITY INSURANCE

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

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

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

PRODUCT LIABILITY ALLIANCE

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

ANNUAL MEETING COMMITTEE

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

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

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

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

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

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

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

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

HISTORICAL SALES REPORTING

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

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

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

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

INSTITUTE PENSION PLANS

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

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

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

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

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

OTHER BUSINESS

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

* * * * *

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

RESOLVED: To adjourn

Adjourned at 12:20 PM.

E. W. Drislane
Secretary

MINUTES OF MEETING

of the

BOARD OF DIRECTORS

Wednesday, March 1, 1983

at

Troy, Michigan

DIRECTORS PRESENT

Robert E. Nelson, President	Abex Corporation Friction Products Group
Francis E. Messier	Bendix Corporation Automotive Aftermarket Operations
Stuart Comins, Vice President	P. T. Brake Lining Company
John P. Gallagher	Thiokol Corporation Friction Division
Gordon A. Carrigan	S. K. Wellman Corporation

OTHERS PRESENT

William E. Harris, Jr.	Carlisle Corporation Motion Control Industries
Edward W. Drislane, Secretary	Friction Materials Standards Institute

DIRECTORS ABSENT

Robert Mighton	Certified Brakes Lear-Siegler Company
F. William Barton	Reddaway Manufacturing Company

Mr. Nelson, President, called the meeting to order at 3:00 P.M., March 1, 1983.

MINUTES OF PREVIOUS MEETING

The minutes of the Board of Directors meetings of June 15 and June 16, 1982 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 15 and June 16, 1982, be accepted as written.

AGENDA FOR MEETING

This special meeting was called to consider Members' concerns on asbestos litigation and the product liability insurance areas relating thereto. As this subject was the main purpose of the meeting, and Mr. Harris who was to address the Board had not arrived at 3:00 P.M., the Directors proceeded with other agenda items.

CREDIT REPORTING SERVICE

At the June 1982 Membership Meeting, the Members had voted to initiate a Credit Reporting Service for the Members. This was to be a voluntary service, where those wishing to participate would make available the Name, Address and Phone Number of its representative who could be called for credit information on Member customers. Those who provided this information would receive a list of the parties they could call for this information. The start-up of this service was to begin after Legal Counsel approved the Notice and Form drawn up by the Institute for this service.

The Secretary wrote Legal Counsel in August 1982 asking for his review of the proposed notice to the Membership and the Form for collecting this data. Follow-ups were made, but Counsel did not reply. This lack of performance by Counsel is noted in another section of these minutes.

The Secretary asked the Board to review this question and either (1) proceed with the notice on a credit reporting service, or (2) table the project until Legal Counsel could review it. The Board voted by mail ballot 4 to 3 in favor of circulating this memo without Counsel review and approval. Because of the closeness of this balloting, this subject was made an agenda item for this meeting.

There was discussion on this subject beyond the Credit Reporting Service as such. It was stated that this continued referral of questions to Counsel was a deterrent to getting things done, as in the past Mr. Gorman would often hold-up decision on matters for several months. It was suggested that if the Board of Directors made a decision, and it was not felt to need review by Counsel, and particularly if Counsel was present at the meeting, this matter would be acted on without further Counsel review.

Upon further discussion of the credit service, and review of the notice proposed for circulation to the Membership, and upon motion duly made, seconded and unanimously passed, it was:

RESOLVED: To initiate the Credit Reporting Service using the notice prepared by the Secretary in August 1982.

ASBESTOS LITIGATION/PRODUCT LIABILITY INSURANCE

Mr. Harris has indicated the seriousness of the asbestos litigation problems in earlier correspondence addressed to Mr. Nelson, President and to Mr. Drislane, Secretary. He indicated that Mr. Comins' letter of December 16, 1982, which had been circulated to the Board and to the Health and Environmental Affairs Committee, supported his position that the asbestos litigation problem was the most serious problem facing the industry and the Institute's Members. He indicated that one area where the Institute might help in the litigation area would be the gathering of specific information of a medical nature. He felt that some headway had been made in developing a more accurate definition of asbestos-related diseases. Accurate information on how much asbestos disease has occured in those exposed to asbestos in brake lining factories would be helpful. Information and specific data on asbestos-related diseases for those exposed in brake repair facilities would also help. He suggested that the data could be gathered from the Members by submitting it to a disinterested party to maintain confidentiality. This, he suggested, could be done by an Accounting firm in a manner similar to that for gathering data for the historical sales program.

Mr. Harris indicated that he was interested in gathering factual data which he felt would show that brake lining factories and brake repair facilities did not have the extensive asbestos-related diseases of such groups as the shipbuilding, insulation, and textile industries. He felt the Institute could help in gathering such data, and he was not suggesting joint Legal Defense and items of that nature. Mr. Harris noted that his Firm had engaged the services of Cadwalader, Wickersham & Taft of New York City. Mr. Drislane noted that in a hand-out for this meeting that the Cadwalader Wickersham, Taft Firm, which specializes in hazardous materials, has gathered materials which could be helpful in defending asbestos litigation. Mr. Wendell Alcorn, Jr. is the contact specializing in the asbestos area. They have gathered data such as literature going back to the 1960's, scientific studies on epidemiology, Medical Doctors who may give testimony, etc. Mr. Drislane indicated that these records and papers may be accessed through Mr. Alcorn, and that there would be a fee for inspection.

Mr. Harris advised that he would help in any such information gathering. A Director stated that certain questions would need answers before going into this area. What would be the purpose of gathering this data? What would be the purpose of establishing a statistical data bank of this type? It was stated that in attempting to establish a disease/exposure relationship that there may have been other materials and chemicals to which workers were exposed. It was suggested that if this fact-gathering were to be started, that expertise beyond that of the Institute's Health and Environmental Affairs Committee might be needed—such as Legal, and Medical expertise.

In the discussion of litigation, it was stated that all litigation currently in the courts would have to be settled in the courts even if a Federal Compensation Act were to become law. Most drafts of statutes in this area provide for cutting off litigation and making the compensation provisions the full remedy when and if such an Act becomes law. All litigation in process before enactment of legislation would be settled through the courts and not be covered by the Compensation Act.

The methods and reliability of information gathering were questioned. It was stated that no one now has statistics on actual bonafide asbestos related diseases for the brake lining industry. Would the Members go to the effort of supplying accurate disease data on their workers and the data on worker exposures, assuming they had such information? A question was asked as to whether the Members would group together on anything. It was suggested that if such a program were initiated, the grouped data would be made available only to those who provided data.

Questions were asked about the type statistics to be gathered if the Institute were to proceed with such a program. The data would be of two types: (1) The Workmens Compensation data on settlements for workers in the brake lining factory; (2) Third party liability settlements to those in the brake repair industry and elsewhere.

The Secretary advised that there was a service in the asbestos litigation area entitled the "Asbestos Litigation Reporter." This is published by

Andrews Publications, Inc.
P. O. Box 200
Edgemont, PA 19028

The "Reporter" is published twice monthly and the service now costs $700 per year. It publishes information on litigation, court rulings, and any legislation which might affect future litigation. This includes litigation among basic asbestos industry figures such as Manville, various asbestos products manufacturers, as well as the insurance industry. See page 7 of these minutes for additional discussion of the "Asbestos Litigation Reporter."

The discussion then turned to the mechanics of litigation. A Director stated that when a plaintiff sues, a Member's in-house legal counsel (if used), outside Counsel and the Insurance Company Lawyers all work on the defense. In most cases there are multiple defendants--usually all the friction materials manufacturers if the allegations are based on exposure in a brake repair facility or in an occupation where the plaintiff claims exposure to asbestos from brake repair work. The Lawyers in most cases are doing the same general exploratory work in attempting to defend the claims. He suggested that it may be costing $100,000 in legal fees because the defense is fragmented and the lawyers are duplicating work which might be done for $10,000.

Mr. Comins suggested that the Institute should ballot the Members, and by this he meant the corporate officer responsible for litigation rather than the Delegate and Alternate who may have little or no responsibility in this area. He suggested that the Members be balloted to see if they were interested in different approaches in combatting the costs of tort litigation for disease or disability alleged from exposure to asbestos in brake repair--the third party suits. Several Directors pointed out that they had referred Mr. Comins' letter on product liability and insurance litigation to those in their Company responsible for those problems--legal, insurance, risk management. The reactions expressed in letters to the Institute on this subject were those of individuals responsible in these areas. In general, those from the larger companies would continue to work through their own Legal Departments and their own outside Counsel in defense of asbestos litigation.

Mr. Comins stated that if the larger companies don't wish to join together to control the costs of asbestos litigation, the smaller Member companies may wish to organize themselves in this area. If such organizing cannot be done through the Institute, it could be done elsewhere. He also suggested that while the larger companies may not wish to depart from defending their companies with in-house Counsel and regular outside Counsel, it would still be in their best interests to hear what might be done to control legal costs with some type of united front. He indicated that the type insurance can be tailored to the needs of the insured, such as having the insured pay the claims, but insuring against the legal costs. Deductibles would be tailored to the needs of the insured. If Members could band together for group insurance, the types of coverage could be worked out with the broker and with those participating. It was suggested that if even five or six Members were interested, a program might be feasible.

Mr. Comins had talked with a representative of Frank B. Hall, Insurance Brokers. Mr. Comins outlined the Frank B. Hall questions on product liability insurance as follows:

1. Is there an individual problem in getting coverage for asbestos related health hazards under product liability insurance?
   1.1 Currently
   1.2 Forseen in the future

   Because of:
   1.3 The cost
   1.4 Placement

2. Current 1st or 3rd party suits
3. Would banding together for buying power mean anything?

Mr. Comins reiterated his suggestion that a representative of Frank B. Hall be invited to address our annual Membership Meeting. In response to a question, the Secretary advised that he had not been contacted by Frank B. Hall or its representative on this question. Mr. Comins will contact Frank B. Hall on such an invitation. A representative of Frank B. Hall will be asked to contact Mr. Drislane. If there is no good reason not to ask for a presentation, a representative of Frank B. Hall will be invited to attend and address our Annual Meeting. Expenses for such a presentation will not be borne by the Institute.

The Directors then returned to the suggestions Mr. Harris presented earlier in the meeting. Each Director indicated that they would have to go to others in their organization--probably Legal Departments--before having a position on Mr. Harris' suggestions to gather statistics on asbestos related disease experience and submitting such data to disinterested parties (such as an Accounting House) for compilation. Any such participation would have to be supported by higher-ups in these companies. There was some question about the value of such data, and the difficulty in gathering it. This would be particularly difficult in the area of third party suits as there would be little base data on the exposures that were involved. There is also the problem of establishing or estimating levels to which the manufacturers' employees were exposed.

Without seeing specific advantages in gathering such data, it was questioned, with the other problems existing today, whether a company would spend the time and money to gather, organize and present this type data. It was also questioned whether data so gathered could be used against the Member companies who participate.

The Directors asked Mr. Drislane to write to Mr. Harris to support proposed Institute efforts for such a statistical gathering:

1. What specifically would be the benefits of such data gathering?

2. Provide reasons for the Directors to give to those responsible in their companies which might convince them to support such a program.

Mr. Drislane was also directed to provide Mr. Harris a copy of the minutes of this meeting with his letter.

SELECTION OF LEGAL COUNSEL

Based on a mail ballot in January 1983, the Directors voted to terminate Mr. Robert P. Gorman of the Princeton, New Jersey Firm of Durand, Gorman, Heher, Imbriaco & Lynes as Legal Counsel. This termination was due to Mr. Gorman's failure to respond to the Secretary on several items of Institute business since August of 1982. The Secretary advised Mr. Gorman of this termination by certified mail on January 24, 1983.

In reviewing the selection of Legal Counsel with the President, it was suggested that a local firm be retained. Local would be Hackensack, New Jersey, which being the county seat of Bergen County, has several firms which might be suitable. General guidelines were that the Firm have five or more attorneys so that we could be serviced when others might be in court, on vacation or in other fashion tied up on other business. A Director suggested that it would not be necessary to have five partners, but a Firm with two or three partners, but with additional Associate Counsel totalling five could cover our work. The committee meeting work does not require a Senior Partner. The only time we have the need for an experienced Partner is at the Annual Membership Meetings.

The Secretary advised that he had copied pages from a Lawyer Directory (Martindell-Hubbel) which listed several Hackensack firms. This service also includes areas where the firms specialize and in some cases lists major clients.

The Secretary advised that in his search for Counsel in 1974-75, some Law Firms would not give estimated retainers. When they did suggest retainers, it was based on estimated work loads and the level of attorney needed therefor. For this purpose, the following was suggested as a breakdown of legal time each year:

3 Days - Annual Meeting - Partner
3 Days - Committee Meetings - Associate Level
3 Days - General legal service - draw up a trust, review minutes or suggested correspondence, sit-in on deposition - Associate or Partner

The Secretary was directed to interview Firms in the Hackensack area. Mr. Drislane would then advise the Directors on proposed selection of Counsel, and the Directors would be asked to approve or disapprove the choice by mail ballot.

ASBESTOS COMPENSATION COALITION

The Secretary advised the Directors on the status of the Asbestos Compensation Coalition and any federal action on asbestos compensation. The Institute had invited Mr. Dave Pullen of the Asbestos Compensation Coalition to address the June 1982 Membership Meeting. We were to maintain contact with the Coalition, and in the Summer of 1982 distributed to the Members copies of the Coalition's "Occupational Disease Compensation Improvement Act."

The Coalition broke up in the Summer of 1982 after the Manville filing for Chapter 11. A new group was formed, the Committee for Equitable Compensation (ECE). It was organized by most of the same members of the Coalition, but without those which had filed Chapter 11 (Manville, Unarco and Amatex). All activity now centers on the Representative Miller bill. Hearings were being held on this bill in early February 1983.

A new Director was to take over the ECE's activities on March 1, 1983. Other than the Miller bill, there is nothing of substance going on as concerns an asbestos compensation bill.

ASBESTOS LITIGATION REPORTER

The Secretary advised on the availability of the Asbestos Litigation Reporter. This is a service out of Edgemont, Pennsylvania which has reporters sending in updates on asbestos litigation in the courts. While it summarizes individual court actions and settlements, it also touches on decisions on insurance, bankruptcy and similar cases that affect the asbestos decisions. It is quite lengthy, and there is a question as to its value. Because of its nature, the copy is expressly protected by copyright. It cannot be reproduced for distribution to the Members. Copy in the Reporter can be digested for Members' information, but the text cannot be directly copied.

The subscription rate is currently $350 per six months subscription. The "Reporter" is published twice monthly. The Secretary was advised to subscribe to this service so that its value can be determined.

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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 5:15 P.M.

E. W. Drislane
Secretary