# MINUTES OF THE ANNUAL MEMBERSHIP MEETING

# OF THE

# FRICTION MATERIALS STANDARDS INSTITUTE, INC.

**Sunday and Monday, June 6 and 7, 1993**

**Longboat Key Club**

**Longboat Key, Florida**

| ACTIVE MEMBERS PRESENT | REPRESENTATIVES |
|---|---|
| Abex Friction Products | Walter Britland |
| AlliedSignal Friction Materials | Larry Mintman |
| Brake Parts, Inc. | Donald Delvy |
| Carlisle Corporation | Bill Wood |
| Fibro Friction, Inc. | Joseph Nir |
| Friction Material Company, Inc. | Robert Scott |
| Frictiontech Inc. | Andy Gagnon, Treasurer |
| Heavy Duty Friction (PMI) Echlin | Paul Myers |
| HKM of California Corporation | Ronald Randall |
| ITT Automotive Parts Supply Div. | Douglas Willsie |
| Raymark Friction Company | Doreen Tomao |
| Reddaway Manufacturing Co., Inc. | Ed Eggert, Vice President |
| TEK-Motive, Inc. | Ronald R. Moalli |
| T&N Industries/Ferodo America | Rita Grisham, President |
| Total Brake Industries | Alex Tabori |
| U.S. Automotive Mfg., Co., Inc. | Martin Chevalier |
| Wagner Brake | William Aymond |
| Wheeling Brake Block | Lee Burgess |

| ACTIVE MEMBERS - PROXIES TENDERED | PROXY FROM |
|---|---|
| Carlisle Corporation (To W. Wood) | W. Kinsey |
| CECO Friction (To G. N. Laycock) | D. Ted Shumate |
| Delco Chassis Division (To G. N. Laycock) | J. Pantano |
| S. K. Wellman (To G. N. Laycock) | Fred A. Kowalcyk |
| Ultra Brake (To R. Tygar) | N. Tygar |

| OTHERS PRESENT | |
|---|---|
| AlliedSignal Inc. Aftermarket Group | Judy Picone |
| A.P.R.A. Technical Service | Mark Kothe |
| Bonded Brakes, Inc. | Pat Buda |
| Brake Parts, Inc. | Mark Bonasera |
| Capital Tool & Design Limited | Michael Greenberg |
| EIS Brake Parts | Ray Piepenbring |
| Ferodo America, Inc. | Dan Cleeton |
| Fibro Friction, Inc. | Neil Gethin |
| Friction Material Company, Inc. | Doug Watkins |
| Frictiontech Inc. | Bob Beaupre |
| HKM of California Corporation | Max Sleeth |
| HKM of California Corporation | Mohammad Vakili |
| Reddaway Manufacturing Co., Inc. | F. William Barton |
| Sachs Automotive | Bill Vernier |
| Total Brake Industries | Tom Kennedy |
| Valeo Friction Materials, Inc. | Dennis Fox |
| Wheeling Brake Block | Rob Burgess |

OTHERS PRESENT (con't)

| | |
|---|---|
| Wheeling Brake Block | Burgess Burgess |
| Payne Morehouse Shafer & Harlow, Counsellors at Law | Thomas P. Weldy |
| Friction Materials Standards Institute | Lori Dinihanian |
| Friction Materials Standards Institute | Gilbert N. Laycock, Secretary |

Ms. Rita Grisham, President, called the meeting to order at 8:35 A.M. June 6, 1993. As the first order of business, the President called for a roll call.

## MINUTES OF PREVIOUS MEETING

The Secretary advised that minutes of the Membership Meeting of June 7-8, 1992 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 passed, it was:

RESOLVED: To accept the minutes of the Membership Meeting of June 7-8, 1992 as written.

## PRESIDENT'S REPORT

Ms. Rita Grisham, President, delivered her report. Please refer to EXHIBIT 1 in the report booklet.

Ms. Grisham noted that the over weekend meetings provide a dual benefit of less time out of the office and reduced airfares. Positive comments were made concerning the work of the various Institute Committees. More specifically: the Data Book and Technical Committee with new part number assignments totaling 112. A catalog produced and sold to members at a reduced cost from the previous years' catalog. It was noted that 62 years have past since the first catalog was published with standardized numbers by the Institutes' predecessor.

The Brake Performance Study Committee was acknowledged for its work concerning regulations covering vehicle brakes and performance. Also acknowledged was Bob Nelson as the first Chairman of the Committee in the 1960's, and also for his many contributions to the Institute and industry. The environmental concerns addressed by the Health and Environmental Affairs were noted. The work of other Committees such as Membership, Financial, Golf and Annual Meeting was also noted. Ms. Grisham thanked the Institute staff for their work and noted the past Presidents of FMSI in attendance.

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

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

## REPORT ON BOARD OF DIRECTORS ACTIVITIES

Mr. G. N. Laycock, Secretary, delivered this report. There is no written report for the Board of Directors Activities.

There were no special meetings during the year. All activities were transacted by mail ballot until the regularly scheduled meeting held on Saturday, June 5, 1993.

There were a number mail ballots by the Board of Directors during the year. These are listed chronologically.

The application for Regional Membership by Daedong Brake Manufacturing Company Ltd., was approved by the Board of Directors in July 1992.

Due to the requirement to book La Quinta Hotel Golf and Tennis Resort more than 12 months in advance, the Board of Directors voted in January 1993, to hold the 1994 Annual Meeting at La Quinta Hotel on June 3-6, 1994.

The application for Active Membership by BBA Friction Inc., was approved by the Board of Directors in February 1993, and by the Membership in March 1993.

Due to the retirement of Mr. Robert Nelson in December 1992, the Board of Directors based on the recommendation of the Nominating Committee, voted to have Mr. Walter Britland fill the remainder of Mr. Nelson's term. The term runs to June 1994.

The application for Regional Membership filed by Jaxon Motors and Trading Company, Ltd., was approved by the Board of Directors in April 1993.

The foregoing work was done by the Board of Directors up to the meeting of June 5, 1993. The following covers activities of the meeting held June 5, 1993.

The Board approved the application for Membership filed by Friction Products Company of Medina, Ohio. Since this is an Active Membership Application a vote of the members is required.

The board had considerable discussion concerning the use of FMSI part numbers by friction manufacturers who are not members of the Institute and those companies that may have obtained permission to use FMSI numbers by purchasing product from a member.

The Board discussed the possibility of revising the Constitution to require that any friction material manufacturer must be a member of the Institute in order to qualify to use the copyrighted FMSI numbers.

The Constitution Review Committee as established at last years meeting will continue its work toward recommending changes to bring the Constitution more in line with the current state of the industry.

The Board has considerable discussion concerning the Fee Formula Committee Report and its recommendation that dues be increased. The recommendations for fee changes will be given as part of the Fee Formula Committee Report.

In light of Registration Fees charged by other associations, the Board voted to revise the Registration Fees for next years meeting to $100 for members and $75 for guests.

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

RESOLVED: To accept the report on the Board of Director's Activities as read.

## MEMBERSHIP COMMITTEE

Ms. Doreen Tomao, Chairperson of the Membership Committee, presented this report. Please refer to EXHIBIT 2 in the report booklet.

Ms. Tomao noted that the Institute now has 87 affiliates down from 88 in June 1992, with Active Members decreasing from 34 to 33, Regional Membership numbers remained the same, with two losses and two additions and Licensee Membership being unchanged.

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

RESOLVED: To accept the Membership Committee Report as written.

There was some discussion by members concerning the unauthorized use of FMSI part numbers by non-members. It was noted that if anyone obtains price sheets or catalogs from someone not recognized as a member and using FMSI numbers, the information and documentation should be forwarded to the secretary.

## TREASURER'S REPORT

Mr. Andy Gagnon, Treasurer, presented this report. Please refer to EXHIBIT 3 in the report booklet.

The report projected an excess of expenses over total income or loss of $2,437. Operating income is projected to be $4,346 more than budgeted income primarily due to unbudgeted income from catalog sales. The largest single variance from budget, other than payroll and associated costs, was a favorable variance for catalog travel of $901, due to the elimination of one catalog trip. All variances greater than $250 are detailed in the report. The report included a Balance Sheet projected for June 30, 1993, a Statement of Income and Expenses for the 1992-93 Fiscal Year and a Seven Year Financial Summary.

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

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

## INVESTMENT ADVISORY COMMITTEE REPORT

Mr. Ed Eggert, Chairman, presented the Investment Advisory Committee report. Please refer to EXHIBIT 4 in the report booklet.

Mr. Eggert advised that the total investment assets projected to June 30, 1993 were $243,914 versus $233,211 at June 30, 1992. Current yields of Treasury Notes average slightly over 5 1/2% and Money Market yields are now less than 3%. Interest rates continue to be low and roll-overs on Treasury Notes will continue to reduce the overall average yield. The effect of these low interest rates will be felt for some years to come. The report also included a summary of the Institute's position in U.S. Treasury Notes.

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

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

## BUDGET COMMITTEE

Mr. Ron Randall, Chairman, presented the Budget Committee Report. Please refer to EXHIBIT 5 in the report booklet.

The Committee proposed an Expense Budget of $176,095 for the 1993-94 fiscal year. This is an increase of 7.4% over the expense budget for the year ending June 30, 1993, however, it is a 3.2% increase over the projected expenses for the year ending June 30, 1993. The major portion of the increase is reflected in salaries which are authorized by the Board of Directors. Other individual or grouped line items showed small or no change from the prior year's budget. Unchanged were: Rent, Professional Services, Insurances, Travel Expenses Utilities and State Property Tax. Those items showing increases were: Office Expense, primarily telephone, Payroll Taxes, Pension Expense and depreciation.

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

> RESOLVED: To accept the Budget Committee Report as written.

## FEE FORMULA COMMITTEE REPORT

Mr. Larry Mintman, Chairman of the Fee Formula Committee, presented this report. Please refer to EXHIBIT 6 in the report booklet.

Mr. Mintman noted that there have been no changes in fees since the fee structure which was revised in 1987. The income from Membership Dues using the existing fee structure for the 1993-94 fiscal year was projected to be $145,950. The proposed expense budget is $176,095 giving a net loss of $30,145 comparing operating income to expenses. The projected investment income of $15,836 reduces the net loss to $14,309. The projected net loss for the fiscal year 1992-93 is $2,437. Applying the guidelines established in 1991, the Fee Formula Committee recommended that the Fee

Structure be increased for the coming fiscal year.

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

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

RESOLVED: The basic Membership Fee will by increased by $100. From $1600 to $1700.

## BRAKE PERFORMANCE STUDY COMMITTEE

Mr. William Wood, Chairman, delivered the Brake Performance Study Committee Report. Please refer to EXHIBIT 7 in the report booklet.

Mr. Wood presented an update of the status of SAE J1801 and SAE J1802 procedures for brake block applications. The performance guidelines for J1802 are the next task which will be worked on for brake block. The automotive test procedure work is progressing. Comparative dynamometer testing has shown significant variability from test to test on different dynamometers using the same material.

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

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

It was noted that the Brake Manufacturers Council is looking for support, both financial and technical, on the automotive side and a member suggested that it would be in the best interest of anyone making automotive brakes to become part of the group that is putting together a performance test specification. It is much better to have some influence before the fact than to have to live with the results after the fact, without any input. It was also noted that there is significant pressure from the NHTSA and government side in general to have some specifications in place to replace the current J661 test. The two areas currently being worked on are heavy duty, FMSI 4515, 16 1/2 x 7, S-cam block and automotive FMSI 7214A-D512 disc brake. At this time no work is being done on heavy duty wedge type brakes, heavy duty disc brakes or automotive drum type brakes. It was also noted that, due to the slow progress of J1802, the Maintenance Council of American Trucking Association (ATA) put forth a recommendation for a "Recommended Practice" to have independent testing of aftermarket brake blocks and publish a list of those that have passed FMVSS 121 test. It was noted that this carries no regulatory enforcement but would be considerable influence to fleet purchasing for heavy duty.

Mr. Wood also noted that there is increased government activity regarding brakes and braking. There are currently revisions to FMVSS 105 and 121 in progress reducing the required stopping distances on both tests. They are currently in the comment stage of rule making. On the heavy duty side all vehicles manufactured after October 19, 1994 must have automatic slack adjusters and it is believed that anti-lock brakes for heavy duty will be mandated by the end of the decade.

It was noted that in Europe the O.E. manufacturer must approve the replacement materials before they can be sold for specific vehicle. A similar structure exists in Canada for off-highway friction materials except that is done by Province. A member noted that the heavy duty J1802 is much further along than the automotive work and the automotive area is where companies can get involved and become pro-active and have an influence on the outcome.

## DATA BOOK AND TECHNICAL COMMITTEE REPORT

Mr. Doug Willsie, Chairman, presented this report. Please refer to EXHIBIT 8 in the report booklet.

Mr. Willsie noted the roster of the Committee. There were no meetings of the Committee. All committee decisions were handled by mail ballot. There were, during the past year, additions of new FMSI part identities in all categories: disc lining, disc plate, drum lining, drum shoe, clutch and brake block for a total of 112 new assignments. A total of five bulletins were produced with new part additions. The 1993 Automotive Data Book was the same page count as 1992 but sold at a reduced cost of $1.10 per copy. Mr. Willsie acknowledged those who contributed parts or data for the generation of new FMSI assignments and also those who contributed information concerning carry over applications for existing assignments.

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

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

One member asked where the Institute got its information for new assignments. Mr. Willsie explained that the information comes from the membership. If a manufacturer is making a part for original equipment they can and do submit drawings to the Institute for assignment. In some instances the drawings are not completely detailed for identification. However, the majority of new part assignments are made from sample O.E. sets submitted by members. The drawings are generated by the Institute from sample O.E. parts. One member questioned the accuracy of some of the older part dimensions. It was noted that over the years the dimensioning of parts has changed from fractional inches to decimal inches and from metric dimensions rounded to .5mm to metric dimensions rounded to .1mm. Older parts may be more prone to dimensional variability, but if anyone can document an error and provide correct information the Institute will revise and re-issue corrected drawings. Mr. Willsie noted that the committee meets when there are sufficient agenda items to call a meeting and that agenda items are submitted by members for the committee to consider. One possible agenda item for the committee to consider was a "Library or Historical" catalog. Our current catalogs have a 14 year window of coverage so that when a part application is 15 years old for the last usage it falls out of the catalog. The part number remains with a note saying "See (year) Book", noting the last catalog in which that part appears. This practice has only been done since the shoe and lining catalogs were consolidated in 1984. From a show of hands of the members there was an interest in having such a catalog. It will be up to the committee to determine the exact make up of the catalog and just how far back in history it should go.

## HEALTH AND ENVIRONMENTAL AFFAIRS COMMITTEE

Mr. Mohammad Vakili, Chairman, presented this report. Please refer to EXHIBIT 9 in the report booklet.

Mr. Vakili presented an update on the Environmental Protection Agencies (EPA) current approach to the use of asbestos in the automotive industry. The EPA is seeking voluntary commitments from the vehicle manufacturers to phase out asbestos usage in the time frame contained in the now abandoned EPA Asbestos Ban. Mr. Vakili noted that EPA and OSHA are planning to jointly publish an updated Work Practice Pamphlet. The Clean Air Act CFC Labeling requirements were reviewed. FMSI members were encouraged to read Federal Register, EPA Report, February 11, 1993 40 CFR part 82 Protection of Stratospheric Ozone Labeling: Final Rule.

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

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

There was a question from the membership as to why there were two classifications of ozone depleting substances. Mr. Vakili explained that the Class I substances were to be phased out almost immediately and the Class II substances were to be phased out after the year 2000. There was a question why the EPA is trying to seek voluntary phase out of asbestos materials on O.E. applications particularly in light of the questions that have been raised concerning the performance of the non-asbestos substitute materials. While Mr. Vakili could not answer for the E.P.A. he theorized that asbestos is still on their hit list, but, they are trying to discontinue its use without legislation. He also noted that the major performance concerns of non-asbestos materials were in the heavy duty area not in the automotive applications. It was also noted that it is believed that the E.P.A. logic is that once the O.E. vehicles are totally non-asbestos the aftermarket will follow. Another hidden rule which may force this change is the use of a S.N.U.R. (Significant New Use Rule), which may be made mandatory. Under this rule if a car was supplied with non-asbestos materials a significant new use would be to install an asbestos product. A question was raised concerning any federal regulations concerning emissions from manufacturing facilities. It was noted that the individual state regulations are the rules by which one must abide.

There was a question as to how one becomes involved in the dialogue between the industry and the E.P.A. Ms. Grisham suggested that one call Mr. Mike Mathiason at 202-360-7303. It was also noted that there may be hazards, as yet undiscovered, with the substitute materials for asbestos and that the EPA is looking at these products. Another point was made from the perspective of the rebuilder is to identify the material on the shoe or clutch as this has an effect on processing and disposal. It was suggested that the Institute participate with EPA, OSHA, the Asbestos Information Association and the Asbestos Institute in generating a "Work Practices and Disposal Practices" Booklet. It was also noted that under the Clean Air Act of 1996 "Fugitive Emission" from materials such as magic markers, white out, hair sprays and Xerox Machines will be monitored and that the best approach would be to contact your individual State D.E.P. to see what their approach will be. There is a provision in the rule which requires states to assist small businesses with compliance. It was also requested that if there are any individuals who wish to serve on the Health and Environmental Affairs Committee that they give their names to Mr. Vakili. As additional information the EPA has classified refractory ceramic fibers as a "Probable Human Carcinogen" as of May 14, 1993. This would effect how these would be handled on Material Safety Data Sheets (MSDS).

## INSTITUTE PENSION PLANS

The Secretary reported on the Institute Pension Plans. Please refer to EXHIBIT 10 in the report booklet.

The Secretary reported that there are two plans in effect. The Simplified Employee Pension Plan (SEPP) for current employees contributes 15% of eligible employees salaries to the employees IRA and a pension trust established by the Institute for benefit of Harriet G. Duschek. The trust pays Ms. Duschek $550 monthly and as of December 31, 1992, has assets of $30,960. It was noted that since 1980 the trust has paid Ms. Duschek $85,800 and still has 56% of the principal remaining.

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

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

## HISTORICAL SALES REPORTING

The Secretary reported on the Historical Sales Program for the past year. Please refer to EXHIBIT 11 in the report booklet.

The report covered the activities of the Historical Sales Statistics Program for the calendar year 1992. It was reported that the number of participants ranged from 17 to 21 during the year. There are 52 members eligible to participate in the program. The percentage of participation ranged between 33 and 40 percent. The number of companies participating in each category by quarter was given. It was noted that a Ten Year Rolling Summary was distributed to each contributor of fourth quarter data.

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

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

There was discussion as to the viability of the Historical Sales Statistics Reporting since, as a maximum, only 40% of eligible members contribute data. It was noted that the annual cost to the Institute for four quarterly reports is $2400, and if we were to go to a single year end report the cost would theoretically drop to $600. Several members noted that there are various other sources for the size of the aftermarket if people are using the data as a measure of their market share.

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

RESOLVED: To change the format for Historical Sales Reporting from Quarterly to year end only.

## ANNUAL MEETING COMMITTEE REPORT

Mr. Ron Randall, Chairman, presented this report. Please refer to EXHIBIT 12 in the report booklet.

Mr. Randall's report noted that the Annual Meeting will be held at La Quinta Hotel Golf and Tennis Resort in La Quinta, California. La Quinta was the site of our 1992 meeting and was well received by all who attended. It was necessary to reserve space more than 12 months in advance. The room rate is $100.00 per night European Plan plus occupancy tax. The meeting dates are June 3-6, 1994.

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

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

## NOMINATING COMMITTEE REPORT

Mr. W. Max Sleeth, Chairman delivered this report. There is no written report for the Nominating Committee.

The Board of Directors has five positions which expire this year. They are:

| | | |
|---|---|---|
| Andy Gagnon | - | Frictiontech Inc. |
| Ronald Moalli | - | TEK-Motive Inc. |
| Ronald Randall | - | HKM of California Corp. |
| Douglas Willsie | - | ITT Automotive Parts Supply Div. |
| William Wood | - | Motion Control Industries |

There are four Directors whose terms run to June 1994. They are:

| | | |
|---|---|---|
| F. William Barton | - | Reddaway Manufacturing Company |
| Walter Britland | - | Abex Corporation |
| Doreen Tomao | - | Raymark Friction Company |
| Lawrence Mintman | - | AlliedSignal Automotive |

Mr. Sleeth discussed the Constitutionally mandated balance of the Board which must be maintained with respect to the mix of large (multi-category) and small (single category) manufacturers. This is made particularly difficult when one factors in that, to be considered for the Board one must attend meetings.

The recommendation of the Nominating Committee for five Directors to serve a two year term until June 30, 1995, were:

| | | |
|---|---|---|
| Martin Chevalier | - | U.S. Automotive Manufacturing |
| Robert Scott | - | Friction Material Company |
| Andy Gagnon | - | Frictiontech |
| Ronald Moalli | - | TEK Motive Inc. |
| Doug Willsie | - | ITT Automotive |

The President asked if there were any nominations from the floor. There were no nominations from the floor.

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

RESOLVED: That nominations for the Board of Directors be closed.

The Secretary was directed to cast one ballot for the election of Mr. M. Chevalier, Mr. A. Gagnon, Mr. R. Moalli, Mr. R. Scott and Mr. D. Willsie to serve two year terms until June 30, 1995. The Secretary advised that the ballot had been so cast. The Secretary advised that with the election of these five Directors, the Board had the required nine Members.

## OTHER NEW BUSINESS

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

RESOLVED: To adjourn

Adjourned at 10:00 A.M. June 7, 1993

G. N. Laycock
Secretary