BOARD OF
DIRECTORS

FMSI 04280

MINUTES OF MEETING

of the

BOARD OF DIRECTORS

Tuesday, June 14, 1988

Hyatt Regency Monterey, Monterey, California

DIRECTORS PRESENT

Robert E. Nelson	Abex Corporation Friction Products Group
Arthur V. Moore	Carlisle Corporation Motion Control Industries
Larry Mintman	Certified Brakes Allied-Signal, Inc.
Larry Belans	Friction Material Company, Inc.
Ronald Randall	HKM of California, Corp.
Rita Grisham	Nuturn Corporation
F. William Barton	Reddaway Manufacturing Co.

OTHERS PRESENT

Michael J. Brady, Counsel	Harwood Lloyd, Counsellors at Law
Edward W. Drislane, Secretary	Friction Materials Standards Institute

* * * * *

Mr. F. W. Barton, acting as Chairman, called the meeting to order at 11:15 AM, June 14, 1988.

ELECTION OF OFFICERS

Mr. Barton called for nominations for the office of President. The name of Mr. W. Max Sleeth 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. W. Max Sleeth as President. The Secretary advised that the ballot had been cast.

Mr. Barton called for nominations for the office of Vice President. Mr. Larry Mintman 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. Larry Mintman as Vice President. The Secretary advised that the ballot had been cast.

For the office of Treasurer, the name of Mr. Larry Belans 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. Larry Belans 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:

W. Max Sleeth	-	President
Larry Mintman	-	Vice President
Larry Belans	-	Treasurer
Edward W. Drislane	-	Secretary

RETENTION OF COUNSEL

The Secretary 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 the Harwood Lloyd 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, 1988 THROUGH JUNE 30, 1989

The outgoing Board of Directors reviewed and recommended approval of an Expense Budget of $145,545 for the 1988-89 fiscal year. This budget was in turn approved by the Membership at its meeting earlier on this date.

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

RESOLVED: That the Expense Budget of $145,545 approved by the Members be adopted for the July 1, 1988 - June 30, 1989 fiscal year.

FEE FORMULA - July 1, 1988 to JUNE 30, 1989

The outgoing Board of Directors had earlier recommended a Fee Formula for the 1988-89 fiscal year. The recommended formula was approved by the Membership at its meeting earlier on this date.

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

RESOLVED: That effective July 1, 1988 the annual dues for Active Members and Regional Members with Active Member rights would be the total of a basic fee of $1,600, and a charge for participation in each of the following categories: Disc brake linings; Drum brake linings; Brake Blocks; Clutch facings. The charge would be $250 each for the first and second categories, and an additional $500 each for the third and fourth category. (One category $1,850; Two categories $2,100; Three categories $2,600; Four categories $3,100).

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

RESOLVED: That effective July 1, 1988 the annual fee for Regional Members (Regular) would be $1,600; Regional Member (Association) $2,600; Licensee: $600.

MEETING OF THE BOARD OF DIRECTORS

The next meeting of the Board of Directors is scheduled for June 1988 at Sawgrass in Florida. If due to Committee action or other reasons an earlier Board Meeting must be called, the Directors will decide on a location and date at that time.

* * * * *

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 11:25 AM.

E. W. Drislane
Secretary

MINUTES OF MEETING

of the

BOARD OF DIRECTORS

Monday, June 13, 1988

at

Hyatt Regency Monterey, Monterey, California

DIRECTORS PRESENT

Robert E. Nelson	Abex Corporation Friction Products Group
Arthur V. Moore	Carlisle Corporation Motion Control Industries
Larry Mintman	Certified Brakes Allied Signal Corporation
Ronald Randall	HKM of California, Corp.
Rita Grisham	Nuturn Corporation
Larry Belans	Friction Material Company, Inc.
F. William Barton, President	Reddaway Manufacturing Co.

OTHERS PRESENT

W. Max Sleeth, Vice President	HKM of California, Corp.
Michael J. Brady, Counsel	Harwood Lloyd, Attorneys at Law
Edward W. Drislane, Secretary	Friction Materials Standards Institute
William F. Wood (Chairman, Brake Performance Study Committee)	Carlisle Corporation Motion Control INdustries
Douglas A. Willsie (Chairman, Data Book & Technical Committee)	Aimco Division ITT Industries of Canada

Mr. Barton, President, called the meeting to order at 8:00 AM.

MINUTES OF PREVIOUS MEETING

The minutes of the previous meetings of June 15-16, 1987 had been distributed. It was suggested that the Secretary dispense with the reading of the minutes. Upon motion duly made, seconded and unanimously passed, it was:

RESOLVED: To accept the minutes of the meetings of the Board of Directors of June 15-16, 1987 as written.

FMSI 04286

PRESIDENT'S REPORT

Mr. Barton. President, delivered his report. Please refer to EXHIBIT 1 in the report booklet.

Mr. Barton noted highlights of this year's activities as he expressed thanks to the Technical Committee Chairmen for the work of those committees during the year. He noted particular examples of the work of these committees. After his prepared remarks, he noted that Mr. Drislane had indicated his intention of retiring and that there would be more on this development later in the meeting.

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

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

MEMBERSHIP COMMITTEE

Ms. Rita Grisham, Chairman of the Membership Committee, presented this report. Please refer to EXHIBIT 2 in the report booklet.

Ms. Grisham noted that there was relative stability in the ranks of Active Members and Regional Members during the year. There was considerable activity in the Licensee area, where the report showed a net loss of 4 members since 1987. The report detailed the changes.

It was noted that several applications for Membership were received at the Institute Office immediately after this report was prepared. The Board had most recently accepted the Licensee applications filed by Automatic Metal Stamping Co. (1987) Inc. and Anstro Manufacturing Co., Inc. The Automatic Metal Stamping is a new corporation, owned by new principals. The original Automatic Metal Stamping Co. filed for receivership in 1987 and its membership was terminated at that time. These two were included in the prepared report as additions even though the applications had not been approved at the time the report was written.

Since the report, three additional applications were received. The first was an application for Regional Membership filed by Goshen Industries of Taipei, Taiwan (Republic of China). This application had been reviewed by the Membership Committee, which had recommended its acceptance. Copies of the Goshen Industries application were distributed to the Board of Directors. Upon motion duly made, seconded and unanimously passed, it was:

RESOLVED: To accept the application for Regional Membership filed by Goshen Industries, Taipei, Taiwan.

The Secretary advised that an application for Licensee Membership had been received from SEMAC Industries, Ltd. of Brantford, Ontario, Canada. This application was received too late for consideration by the Membership Committee. SEMAC is a manufacturer of brake shoes primarily in the heavy duty truck area. The Secretary distributed copies of the SEMAC application. Upon motion duly made, seconded and unanimously passed, it was:

RESOLVED: To accept the application for Licensee Membership filed by SEMAC Industries Ltd. of Canada

In addition, an application was received for Regional Membership from Total Brake Industries, Ltd. Dorval, Quebec, Canada. Again, this application was received too late for Membership Committee review. Mr. Alex Tabori, formerly of Cougar Brake, is the Managing Director of Total Brake Industries. Mr. Drislane advised that the application had been received in good order and a check for prepayment of the first year's membership fee accompanied the application. Copies of the Total Brake application were distributed to the Board. Upon motion duly made, seconded and unanimously passed, it was:

RESOLVED: To accept the application for Regional Membership filed by Total Brake Industries, Ltd. of Canada

All three will have their memberships effective July 1, 1988.

A Director asked about Performance Friction Corporation of Gastonia, North Carolina. In the past, Directors and Members have questioned the use of the FMSI Numbers by Performance Friction. The Secretary noted that the meeting agenda included Copyright/Trademark protection, at which time Performance Friction's use of the copyrighted material and trademarks was to be discussed. It was decided to cover this question at this point. The Secretary advised that he had reviewed Performance Friction's use of the Institute's copyrights/trademarks with Copyright Counsel shortly before the meeting. A letter had been sent to Performance Friction. Shortly before the Secretary was to leave for the California meeting, Counsel advised that he had received a note from Mr. Burgoon asking that we be more specific on these violations. In the past, cross over to FMSI 7108-D184 (an IHC pad set) had been noted in their sales literature, and cartons containing Performance Function pads had been noted with FMSI 7108-D184 printed or stenciled on the carton. Those attending were asked to send the Institute examples of Performance Friction current use of FMSI numbers.

The Secretary advised of certain copyright infringement examples, where the Institute was not credited with the copyright line in distributor catalogs. The Directors approved a draft prepared by Copyright Counsel and the Secretary for mailing.

As regards delinquent dues, the Secretary advised that Artazcoz, S.A.I.C. of Argentina, was behind in its fee payments and services had been suspended. He also noted that Virginia Friction Products was late with the fee billing of January 1, 1988. The Directors recommended that the Institute continue servicing Virginia Friction. (Subsequent to the meeting, payments were received from Artazcoz and Virginia Friction).

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

RESOLVED: To accept the Membership report as written.

TREASURER'S REPORT

Mr. Larry Mintman, Treasurer, read this report. Please refer to EXHIBIT 3 in the report booklet.

The report projected an excess of income over expenses of about $3,000. The expenses were kept close to budget, and income was favorably impacted by slightly over $3,000 in fee income and $2,000 in investment income over estimate. Individual variances were noted with the conclusion that the Institute continues in healthy financial condition.

A Director questioned the excess of income over expenses as regards the Institute's Not-for-profit status. With gross income of about $140,000 and total "retained earnings" (excess of income over expenses) of less than $280,000, the Institute had a ratio of "retained earnings" slightly less than 2 times annual earnings. Counsel stated that the Internal Revenue Service considers several tests before alleging an excess accumulation of earnings by a Not-for-profit corporation. One was accumulation of more than 2-1/2 times annual earnings, but another was intent. With the Institute's audited statements and the possible needs for additional funds with the replacement of Mr. Drislane as Executive Director, allegations of excess accumulation of earnings are remote.

The Secretary had distributed to the Board copies of a response by our Accountants concerning handling of the Reserve for Environmental Affairs that now stood at $29,200. It was noted that any disposition of this Reserve required Board approval. The Board reviewed the Accountants comments and decided that no action would be taken as regards the Reserve at this time.

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

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

INVESTMENT ADVISORY COMMITTEE

Mr. Art Moore, Chairman, read the Investment Advisory Committee report. Please refer to EXHIBIT 4 in the report booklet.

Mr. Moore advised that total investment assets at June 30, 1988 were projected at about $295,000 versus $285,000 at June 30, 1987. This came with an increase in investment income from slightly higher interest rates on our Treasury Note holdings. The investment income was projected at about $25,000 for this year, which was over the amount projected in the June 1987 report.

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

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

BUDGET COMMITTEE

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

The Committee proposed an expense budget of $145,545 for the 1988-89 fiscal year. This is about a 4% increase over the expense budget for the year now ending. As in earlier budgets, the major items are Salaries, Pension Expense and Rent.

On Pension Expense, a question was asked about the assets in the trust for Miss Duschek. The Secretary explained that by the terms of the trust, any assets remaining at Miss Duschek's death would be returned to the Institute. It was noted that Pension Expense was a separate agenda item which will be covered later in this meeting.

In addition to the question asked of the Accountants on the Reserve for Environmental Affairs, they were asked about the Institute's Reserve for Bad Debts. As noted in the Accountant's letter which was circulated to the Board of Directors, the desirability of maintaining the Reserve for Doubtful Accounts was questioned. The reserve at the beginning of this fiscal year stood at $4,000. The Board considered the Accountant's recommendation that the reserve be eliminated entirely in one year, but took no action at this time.

As regards the reserve, the Secretary noted that he would like to write-off $400 due from Repuestos Colombianos, a Colombian Regional Member. There is an old receivable for the fee period October 1 - December 31, 1985 which remains unpaid. The Secretary stated that he had pursued collection with Repuestos Colombianos shortly after the receivable went into arrears. In correspondence they indicated that the check they had sent in payment had been charged to them. The Institute indicated that if had not received the proceeds. Except for this billing, Repuestos has been timely with fee payments. Because of the time and effort put into this collection, and the good history of Repuestos, the Secretary recommended that this receivable be written off. Upon motion duly made, seconded and unanimously passed, it was:

RESOLVED: To write-off the $400 receivable from Repuestos Colombianos for the period October 1 to December 31, 1985.

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

RESOLVED: To accept the Budget Committee Report as written.

FEE FORMULA COMMITTEE

Mr. R. E. Nelson, Chairman of the Fee Formula Committee, presented his committee's report. Please refer to EXHIBIT 6 in the report booklet.

Mr. Nelson noted that the fee formula was restructured for the 1987-88 fiscal year with a change in the definitions of categories. When the Committee and the Board were reviewing the changes in formula, it was their intent to keep the new formula "revenue neutral," so that the change could not be considered another means of raising the fee. Also, an attempt was made to have the individual members' fees reasonably consistent with earlier fees so that some would not bear an inordinate proportion of the fee formula change.

After a review of the expense budget and anticipated investment income, it was suggested that the fee formula for 1987-88 be used again in 1988-89. That formula is as follows:

Active Members and Regionals paying same dues as Active Members:
Basic Fee $1,600
Category Charge: $250 for each of the first two categories and $500 for each of the third and fourth categories
Regional Members (Regular): $1,600
Regional Members (Associations): $2,600
Licensees: $600

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

RESOLVED: To maintain the fee formula for the 1988-89 fiscal year at the same level as charged in 1987-88.

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

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

OTHER ASSOCIATIONS

The Secretary noted that he had seen a request to APRA Members by Automotive Parts Rebuilders Association (APRA) that they be sent copies of Institute Technical Bulletins. Mr. Drislane questioned APRA's need for these bulletins, as he felt that this could be a conduit for non-members to access DATA BOOK BULLETINS and SHOE BULLETINS. Such a channel for distribution could undermine the Institute. Many Institute Members and their customers are also APRA Members. A Director suggested that if the Institute Members did a good job of distributing copies of these bulletins to their customers and particularly the rebuilders, there would be no reason for APRA making a similar distribution. Other than improved Institute Member distribution of Institute bulletins, no action was suggested.

CONSTITUTION AND BY-LAWS

The Secretary advised that there was an inconsistency in the Constitution and By-Laws. The Constitution had been amended in 1976 to revise ARTICLE III, Section 5, Rights of Members, (b) Regional Members. This revision permitted Regional Members marketing products in the United States to have the same general rights as Active Members when paying the same membership dues as Active Members. However, in ARTICLE III - Membership, Section 2, Eligibility, the wording restricted Regional Members to friction products for use outside of the United States. The Eligibility wording went as follows:

> Any person, firm or corporation of good repute, residing or having its principal office outside the United States and engaged in the manufacture of brake linings or clutch facings in commercial quantities <u>for use</u> outside of the United States, or any trade association of manufacturers of brake linings or clutch facings as herein described having a principal office outside the United States shall be eligible to become a Regional Member.

The "for use" (underlined above) would restrict sales to outside of the United States whereas the "Rights of Members" section had no restrictions on marketing areas and specifically granted the same rights to Regional Members as to Active Members.

The Secretary suggested that the Constitution be amended to remove the words "for use" in the Eligibility Section. Any such amendment must be submitted for balloting by the Membership. The Directors were asked to approve submitting such amendment for balloting by the Members.

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

> RESOLVED: To submit to the Membership ballots for amending the Eligibility section of the Consitution on Regional Membership to remove the wording "for use" outside of the United States.

DATA BOOK AND TECHNICAL COMMITTEE

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

Mr. Willsie noted changes in the Committee and certain revisions to the Automotive Data Book that was published in May of 1988. In the latter part of the report, Mr. Willsie noted that the Brake Block Identification Catalog published in 1983 was five years old, and that there had been but 11 new blocks issued since that publication. The Office had released a bulletin summarizing new block numbers released since 1983 in tabular form. Suggestions were made that a new catalog be considered or that a supplement be issued. A Director suggested a mimeographed bulletin with illustrations that would be prepared by the Institute Office and then released as a special supplement to the Block Identification Catalog. The Secretary was directed to have a supplement with illustrations prepared for the members.

A Director questioned the "14 year" rule mentioned in Mr. Willsie's report. This refers to the dropping of old data. The 1988 catalog, for example, covers 1975 to 1988 model years. Where shoe or lining numbers are dropped, the new procedure tells the catalog user to refer to the catalog in which that number last appeared - for example "See 1986 Book." All earlier model year data might not be dropped where, for example, a 1971 model carried over into 1975 or later years. In recent years, the Institute lengthened this period from 10 years, to 12 years, and most recently to 14 years. Retention of an additional 2 years would add about 20 pages to the catalog, with resulting increased cost. (This is based on 2/16 x 184 pages approximately).

A suggestion was made concerning the use of colors or other means to distinguish semi-metallics from organics in the catalog. The Secretary advised that while we published a semi-metallic disc pad bulletin yearly, this data was not in the regular DATA BOOK BULLETINS, SHOE BULLETINS or the catalogs. This is a difficult area, because changes can be made to the material during the model year which the Institute may miss. Further, the Institute is not automatically advised as to changes in materials by any OE supplier. There are questions about whether a material is semi-metallic or organic when qualified people look at the same sample. Further, some suppliers and users have put semi-metallics on applications where original equipment was organic, and the other way around. The Institute is not anxious to get into an area which might draw criticism from some in the industry and alleged liability for errors from others.

A Director suggested that different colors be used on the Automotive Data Book covers to distinguish the year of the catalog. An example was cited where the user mistook the 1986 catalogs for the 1988 catalogs which both have green covers. The recommendation was to rotate color on the covers for the next three catalogs, where, for example, the 1990 Data Book would have a red cover, the 1992 Data Book would have a blue cover, and the 1994 Data Book would go back to the green cover. The Secretary was directed to implement color rotation as described. The Data Book and Technical Committee would be asked to select the colors.

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

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

BRAKE PERFORMANCE STUDY COMMITTEE

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

The Chairman noted that the Committee held two meetings during the past fiscal year. A prime reason for the meetings was to give Mr. Randy Petresh, Chairman of SAE's Brake Effectiveness Task Force, industry input on the draft J1801/1802 Recommended Practices. Further, the Committee was asked to prepare comments on Federal Specification HH-L-361G, the General Services Administration Specification for Automotive Brake Lining.

On Federal Specification HH-L-361G, the Committee drafted comments to TACOM (Tank Automotive Command) with criticisms of certain sections of the specification along with recommended changes. Detailed comments and worksheets were sent to TACOM in October 1987.

As regards SAE Recommended Practice (draft) J1802, a Director stated that TTBRG (Truck-Trailer Brake Research Group) was considering funding tests by either Link Engineering or Greening Testing Labs in order to more closely examine the J1802 procedure. In addition to getting quotes on running the dynamometer test for J1802, a study was planned for Rockwell to do some statistical work on the procedure.

It was noted that ATA (American Trucking Associations) had petitioned DOT (Department of Transportation) to begin rulemaking for a standard based on J1802. There are a lot of loose ends with J1802 including drum selection, cast or fabricated shoe, the actual brake configuration, etc. The aim of a procedure for compatibility of tractor/trailer linings must remove variables from the equation to see if the procedure works as real world evaluation of friction materials.

There were additional comments on the J1801 procedure for marking by cutting a friction identifier into the edges of the blocks. One talked of machining costs of perhaps 25¢ per block which would bring a block set penalty to $2.00. While the additional costs might seem unimportant at the beginning of the study, the actual customers will balk at any increase and the fleets will react against block manufacturers' attempts to get their costs back. It was noted that it would cost twice as much to cut identifiers into both edges of the block, and if they were to proceed in this direction, the suggestion should be made that identifiers on one edge would suffice.

While J1801 and J1802 work dealt primarily with brake blocks, the SAE has started another Task Force for the study of passenger car/light truck brake linings. This Task Force is chaired by Mr. Jim Trainor of Brake Systems, Inc. Two meetings have been held to date, and that committee is still in the concept stage.

At this time, the Task Force is considering the test equipment, and discussed the Teves/Krauss friction test machine. This work is still preliminary in nature. No draft procedures have been developed.

The Chairman advised that the SAE Recommended Practice area would be monitored for any progress, and that the Institute would comment accordingly.

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

Ms. Rita Grisham, Chairman, delivered this report. Please refer to EXHIBIT 9 in the report booklet.

The Chairman's report covered items such as the Institute bulletins to the Membership on workplace regulations and labeling, as well as the Institute's co-sponsorship of the October 1987 Fibers in Friction Materials Symposium. Also noted was Institute activity on California Proposition 65 and other regulatory matters.

Ms. Grisham noted that the courts have granted a stay on implementation of the HCS (Hazard Communications Standard) that was to be in effect by May 23, 1988. There is some question as to whether the stay applies to the construction industry only or to the entire standard.

In the discussion on EPA's proposed phase-out/ban on asbestos in friction products, the EPA has now moved the friction materials industry to the forefront of the asbestos users. While no figure is published, EPA insiders talk of a 7.5 million dollar figure as the price for saving one life from asbestos exposure. Friction material asbestos usage is now larger than AC pipe or roof coatings, even though overall asbestos is down. The friction materials industry is now apparently a major target, and in this area they have selected the brake repair mechanic as the individual most likely to be seriously exposed.

While studies have shown true asbestos exposure in brake facilities where linings are beveled, cut or drilled, the average brake mechanic is exposed to wear debris only. Fiber length and diameter in wear debris is such that over 99% are not considered fibers by the OSHA definition of a fiber. It was stated that EPA had not publicized the ASME (Batelle Labs) study on substitutes for asbestos in friction materials as sections of that report did not support what is apparently now the EPA position.

For counting purposes, NIOSH 7400 Method is now required. This method apparently is somewhat more consistent than the earlier procedure, but it can still result in counting fibers that are not asbestos. As regards control of exposures in the brake repair facility, there may be consideration to make Appendix F (1910.1001) for Work Practices and Engineering Controls in the Brake Repair Facility mandatory. Currently, OSHA's regulation has Appendix F as Non-Mandatory.

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

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

PUBLIC RELATIONS ACTIVITY

Mr. Drislane noted that we no longer had a Public Relations Committee, and that the Institute Office handled this work. The only announcement released during this past year was that of the reelection of officers at the June 1987 Meeting. The Secretary advised that this release was sent to the automotive press, but that he had not seen it in print. One Director noted that he had seen the release in print, many months after the June election.

The Secretary also noted the publicity which surrounded the Institute's co-sponsorship of the Fibers in Friction Materials Symposium held last October in Atlantic City, at which he delivered one of the welcoming addresses. Also noted was an article in TRUCKS Magazine (January 9, March9, 1988). The article was entitled "Asbestos And Your Brakes" and was a merger of the Institute's notice "Recommended Procedures for Reducing Asbestos Dust During Brake Servicing" with OSHA's timetable for implementation of the new Asbestos Regulations. Credit was given to the Institute's Health and Environmental Affairs Committee in the magazine.

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

RESOLVED: To accept the Secretary's verbal report on Public Relations Activity

ANNUAL MEETING COMMITTEE

Mr. Eggert, Chairman, prepared this report. Mr. Barton read the report. Please refer to EXHIBIT 12 in the report booklet.

Essentially, Mr. Eggert recommended returning to the Hyatt Regency Monterey for the 1989 Meeting. The Directors discussed this and alternate sites. While there was general satisfaction with the Hyatt, there was disappointment expressed with the golf arrangements at the Del Monte Course next to the Hyatt. They had originally stated that there would be no trouble having the Institute Golf on Tuesday, June 14, but the Golf Course reneged shortly before the meeting and an alternate site had to be arranged. A preference for a site which owned the golf course was expressed. One site suggested was Mission Bay in San Diego. The discussion turned to Sawgrass and after suggestions for alternate sites, a Director suggested Sawgrass as No. 1 for 1989 with a return to the Hyatt in Monterey as No. 2.

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

RESOLVED: That Sawgrass, Ponte Vedra Beach, Florida, be the site for June 1989 Meeting, with the Hyatt Regency Monterey, California, selected as the back-up site.

HISTORICAL SALES

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

The period covered was calendar 1987, as the results for the first quarter of 1988 were reported after this report was written. There was a break during the year when Fras-Le discontinued participation after the first quarter. Further, one Active Member (Brake Systems, Inc.) did not elect to participate during the 1987 year after having been part of the program since its beginning.

The Secretary advised that he had contacted both Fras-Le and Brake Systems, Inc. in an attempt to get their participation in the program, but without success.

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

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

INSTITUTE PENSION PLANS

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

There are two plans: (1) the Simplified Employee Pension Plan (SEP) for current employees, and (2) the Trust established for Harriet G. Duschek which was funded by an Institute contribution of $55,000 in 1980.

The SEP calls for 15% of eligible employee salaries to be contributed to the employee's IRA. The Duschek Trust was discussed earlier under the Budget Committee Report, and it pays Miss Duschek $550 monthly, with assets at December 31, 1987 of $48,673.

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

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

MR. DRISLANE'S RETIREMENT

This agenda item was deferred till the end of the Board Meeting. On June 6, Mr. Drislane wrote to the Officers and Board of Directors advising that he planned to retire and was giving 8 to 12 months notice. In his letter he advised that he would like to retire no sooner than February 28, 1989, but no later than June 30, 1989.

The Officers and Directors discussed this development, and asked Mr. Drislane to stay on until June 30, 1989. Mr. Drislane agreed. At the present time, it was felt that the best approach was to get the news of Mr. Drislane's retirement and the need for a replacement out to the Membership. No immediate search or quick hiring of a replacement was planned. A notice would be sent to the Membership asking for their input or recommendations, and inviting those interested in taking over as Executive Director to contact the Institute.

A three member Task Force or Committee was to be established. Mr. Sleeth as heir apparent to the Presidency would oversee this Task Force. Mr. Mintman and Mr. Barton volunteered to serve on the Committee. The actual Committee will be formed when the new President takes office.

An outline of the time frame for replacing Mr. Drislane was prepared:

July 1 - August 31, 1988:	Prepare notice of Mr. Drislane's retirement plans and seek input from the Membership.
September 1 - December 31, 1988:	Active search for replacement, with interviews and planned hiring.
January 1 - June 30, 1989:	Have new hire start at the Institute and overlap with Mr. Drislane.

Mr. Drislane was asked to prepare a Job Description for his duties which would be ready before September 1. The Committee would finalize the Job Description. Questions about the location of the Institute Office would be addressed as applicants are interviewed. There being no other business brought to the attention of the Board of Directors, and upon motion duly made, seconded and unanimously passed, it was:

RESOLVED: To adjourn

Adjourned at 11:30 AM

E. W. Drislane
Secretary

FMSI 04297

MINUTES OF MEETING

of the

BOARD OF DIRECTORS

Wednesday, June 16, 1987

Camelback Inn, Scottsdale, Arizona

DIRECTORS PRESENT

Robert E. Nelson	Abex Corporation Friction Products Group
Arthur V. Moore	Carlisle Corporation Motion Control Industries
Larry Mintman	Certified Brakes Allied-Signal, Inc.
Larry Belans	Friction Material Company, Inc.
Ronald Randall	HKM of California, Corp.
Rita Grisham	Nuturn Corporation
W. Max Sleeth, Vice President	Virginia Friction Products, Inc.

OTHERS PRESENT

F. William Barton, President	Reddaway Manufacturing Co.
Randal W. Habeeb, Counsel	Harwood Lloyd, Counsellors at Law
Edward W. Drislane, Secretary	Friction Materials Standards Institute

* * * * *

Mr. F. W. Barton, acting as Chairman, called the meeting to order at 3:55 PM, June 16, 1987.

ELECTION OF OFFICERS

Mr. Barton called for nominations for the office of President. The name of Mr. F. William Barton 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. F. William Barton as President. The Secretary advised that the ballot had been cast.

MINUTES OF MEETING

of the

BOARD OF DIRECTORS

Wednesday, June 16, 1987

Camelback Inn, Scottsdale, Arizona

DIRECTORS PRESENT

Robert E. Nelson	Abex Corporation Friction Products Group
Arthur V. Moore	Carlisle Corporation Motion Control Industries
Larry Mintman	Certified Brakes Allied-Signal, Inc.
Rita Grisham	Nuturn Corporation
Larry Belans	H. K. Porter Company Thermoid Division

OTHERS PRESENT

F.William Barton, President	Reddaway Manufacturing Co.
W. Max Sleeth, Vice President	Virginia Friction Products, Inc.
Randal W. Habeeb, Counsel	Harwood Lloyd, Counsellors at Law
Edward W. Drislane, Secretary	Friction Materials Standards Institute

* * * * *

Mr. F. W. Barton, acting as Chairman, called the meeting to order at 3:55 PM, June 16, 1987.

ELECTION OF OFFICERS

Mr. Barton called for nominations for the office of President. The name of Mr. F. William Barton 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. F. William Barton as President. The Secretary advised that the ballot had been cast.

Mr. Barton called for nominations for the office of Vice President. Mr. W. Max Sleeth 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. W. Max Sleeth as Vice President. The Secretary advised that the ballot had been cast.

For the office of Treasurer, the name of Mr. Larry Mintman 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. Larry Mintman 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:

F. William Barton	-	President
W. Max Sleeth	-	Vice President
Larry Mintman	-	Treasurer
Edward W. Drislane	-	Secretary

RETENTION OF COUNSEL

The Secretary 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 the Harwood Lloyd 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, 1987 THROUGH JUNE 30, 1988

The outgoing Board of Directors reviewed and recommended approval of an Expense Budget of $140,085 for the 1987-88 fiscal year. This budget was in turn approved by the Membership at its meeting earlier on this date.

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

RESOLVED: That the Expense Budget of $140,085 approved by the Members be adopted for the July 1, 1987-June 30, 1988 fiscal year.

FEE FORMULA - JULY 1, 1987 to JUNE 30, 1988

The outgoing Board of Directors had earlier recommended a Fee Formula for the 1987-88 fiscal year. The recommended formula was approved by the Membership at its meeting earlier on this date. The new formula adopted guidelines approved by the Board and the Membership at the June 1986 Meeting. Essentially, the change was in the categories of friction products on which the fee would be based. There would be a basic fee, and then an additional charge based on the categories declared by the Member. This formula would apply to Active Members and Regional Members with Active Member rights. The fees for other Regional Members and Licensees would be established by the Board of Directors.

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

RESOLVED: That effective July 1, 1987 the annual dues for Active Members and Regional Members with Active Member rights would be the total of a basic fee of $1,600, and a charge for participation in each of the following categories: Disc brake linings; Drum brake linings; Brake Blocks; Clutch facings. The charge would be $250 each for the first and second categories, and an additional $500 each for the third and fourth category. (One category $1,850; Two categories $2,100; Three categories $2,600; Four categories $3,100)

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

RESOLVED: That effective July 1, 1987 the annual fee for Regional Members (Regular) would be $1,600; Regional Member (Association) $2,600; Licensee: $600. (No change from 1986-87).

MEETING OF THE BOARD OF DIRECTORS

The next meeting of the Board of Directors is scheduled for June 1988 in Monterey, 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.

* * * * *

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 4:00 PM.

E. W. Drislane
Secretary

MINUTES OF MEETING

of the

BOARD OF DIRECTORS

Monday, June 15, 1987

at

Camelback Inn, Scottsdale, Arizona

DIRECTORS PRESENT

Robert E. Nelson	Abex Corporation Friction Products Group
Arthur V. Moore	Carlisle Corporation Motion Control Industries
Larry Mintman	Certified Brakes Allied Signal Corporation
Rita Grisham	Nuturn Corporation
Larry Belans	Friction Material Company, Inc.

OTHERS PRESENT

F. William Barton, President	Reddaway Manufacturing Co.
W. Max Sleeth, Vice President	Virginia Friction Products
Randal W. Habeeb, Counsel	Harwood Lloyd, Attorneys at Law
Edward W. Drislane, Secretary	Friction Materials Standards Institute
William F. Wood (Chairman, Brake Performance Study Committee)	Brake Systems Inc.
John Riopelle (Guest Speaker)	Allied Automotive - Bendix Friction Materials Div. (retired)

Mr. Barton, President, called the meeting to order at 8:30 AM. The Secretary noted that the Board was down to five members, due to the loss of Mr. Messier and Mr. Comins, who both resigned during the year. It was noted that there was a quorum for this Board meeting.

MINUTES OF PREVIOUS MEETING

The minutes of the previous meetings held at Sawgrass on June 17, 1986 and June 18, 1986 had been distributed. It was suggested that the Secretary dispense with the reading of the minutes. Upon motion duly made, seconded and unanimously passed, it was:

RESOLVED: To accept the minutes of the meetings of the Board of Directors of June 17-18, 1986 as written.

PRESIDENT'S REPORT

Mr. Barton, President, read this report. Please refer to EXHIBIT 1 in the report booklet.

Mr. Barton touched on regulatory actions affecting our industry as well as some of the actions taken by mail ballot during the year. He noted that changes were planned in the fee formula, changes had been made in the Constitution, and that details on the Institute's finances would be covered in reports of the Treasurer and certain Committee chairmen. He also noted that the Institute would be a co-sponsor of a conference on fibers in friction materials to be held this Fall.

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

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

HEALTH AND ENVIRONMENTAL AFFAIRS COMMITTEE

Ms. Rita Grisham, Chairman of the Health and Environmental Affairs Committee, presented this report. Please refer to EXHIBIT 9.

Ms. Grisham's report referred to the OSHA and EPA activity during the past year, including the requirement of NIOSH Method 7400 for measuring asbestos dust concentrations. The EPA hearings on banning asbestos were discussed as were certain reports by outside contractors for EPA. In the discussion that followed, it was noted that EPA had accepted a report on the asbestos ban from the American Society of Mechanical Engineer's (the Battelle Institute report). This study indicated a difficult problem for replacement automotive brake linings if a ban is adopted. Another contractor, ICF, was preparing a report which apparently took the EPA line on the proposed asbestos prohibition. It was noted that in a recent publication of the EPA regulatory agenda, that they plan to have completed a review of studies on the suggested ban by June 1988. EPA has apparently continued to avoid the issue of possible problems with other fibers.

As regards other fibers, it was stated that the Hazard Communications rules put out by OSHA (Part 1910.1200 CFR) direct the manufacturer or importer to advise the user of possible hazards in their products. This section, among other things, mandates material safety data sheets and certain container labeling. This extends the warning requirements to materials other than asbestos where those fibers may be considered possible hazards to the user.

It was noted that some Members are already including warning labels where using fibers other than asbestos. The Secretary asked that copies of such labels be sent in to the Office so that sample warning signs could be illustrated to the Membership. Two directors volunteered to send in samples of labels they were using on their packaging.

Continuing the discussion on regulatory actions, it was noted that there will be a National Emissions Standard for Hazardous Air Pollutants (NESHAPS) coming from EPA in July 1987. The no visible emissions rule will be replaced with more stringent controls at each point where emissions might be discharged into the environment.

The Board of Directors had earlier, by mail ballot, endorsed Institute co-sponsorship of the Fibers in Friction Materials Symposium scheduled for October 7-8, 1987 to follow the SAE Brake Meetings in Atlantic City. Along with the Institute and SAE, the Asbestos Institute will act as a co-sponsor. Ms. Grisham indicated that the Asbestos Information Association (AIA) would also be a co-sponsor. The Institute's participation will essentially be limited to promotion of the symposium, along with a brief participation by the Secretary in the welcoming of the attendees.

The Institute's "Friction Materials Work Practices Guide" which was published in 1978 has been rendered obsolete with the new OSHA regulations. There has been some interest in publication of a new guide. The Health and Environmental Affairs Committee up-dated the one page insert for its catalogs during the past year. This is the "Recommended Procedures for Reducing Asbestos Dust During Brake Servicing." The recommendations were based on the new OSHA standards, and adapted certain parts of OSHA's Appendix F (1910.1001 CFR) for the recommendations. The Institute had earlier distributed copies of EPA's "Guidance for Preventing Asbestos Disease Among Auto Mechanics." Certain recommendations in EPA's booklet were not in harmony with OSHA's Appendix F. These regulatory efforts on work practices may make the question of an Institute booklet moot. The question on a new "Work Practices Guide" will be referred to the Health and Environmental Affairs Committee.

The Board had been advised earlier on the invitation to Mr. John Riopelle to address the Membership at the June 16 Meeting. Mr. Riopelle indicated he would give a presentation concerning worldwide regulations on asbestos, with emphasis on controls in friction materials factories. Also, he would discuss the improvement in fiber counts which may be partly traceable to the now required NIOSH Method 7400 for measuring asbestos dust counts. Mr. Riopelle indicated he would illustrate his presentation with overhead projections, and he gave the Secretary a set of charts for subsequent distribution to the Membership.

In response to a question on certain improved counts after a thorough factory cleaning, Mr. Riopelle indicated that how much of the improvement was due to the cleaning and how much to the new counting method could not be established, but this was the reason for the importance of a survey the Institute had sought on fiber counts. The Members had earlier been asked to send in results on asbestos fiber air sampling before and after adoption of NIOSH Method 7400, but the response from the Members had been nil (2 responses).

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

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

MEMBERSHIP COMMITTEE

Ms. Rita Grisham, Chairman of the Membership Committee, read this report. Please refer to EXHIBIT 2 in the report folder.

Ms. Grisham's report summarized the changes in Membership during the year. These noted that Active Members increased from 21 to 22; Regionals showed no change at 27; Licensees increased from 21 to 24.

The Secretary noted that Toledo Pressed Steel, a Licensee had indicated earlier in the year that it would be discontinuing its Membership. Toledo had not paid its Membership Fee for the 1986-87 fiscal year. Upon motion duly made, seconded and unanimously passed, it was:

RESOLVED: That the Licensee Membership of Toledo Pressed Steel be terminated for failure to pay its Membership Fee for the 1986-87 fiscal year.

A Director noted that Midwest Tool had purchased certain Toledo assets and could be eligible for Licensee Membership. He advised that he would send the Institute information on Midwest Tool.

The Directors discussed Burr-Bilt Products which is now known as Performance Friction. This manufacturer was formerly in Canton, Ohio and is now located in North Carolina. An Officer noted that Mr. Rob Nelson was now Sales Manager for Performance Friction. A Director noted that he had seen truck disc pads with FMSI Numbers on the packages. The Secretary was directed to contact Performance Friction to solicit their application for Membership. A Director volunteered to send along the full name and address in North Carolina.

The Secretary noted that one stale receivable was that of Artazcoz, S.A.I.C. of Argentina. He indicated that he was prepared to ask for their termination as they had not made payment on their 1986-87 dues since the billing of July 1, 1986. However, immediately before the meeting he had been contacted by Artazcoz who stated that their "Check is in the mail." (Upon return after the meeting, the check had been received and the proceeds were collected). No action was taken on Artazcoz.

The Secretary advised that an application for Regional Membership had been filed by Industria de Balatas ("Indubal") of Santiago, Chile. This application had been received on June 4, and was immediately sent out to the Membership Committee for its review. The Committee recommended approval. Indubal is a manufacturer of friction material in Chile. They indicated that their Membership would be for use of the Institute's copyrights and trademarks outside of the United States, with current distribution in Chile only. The application had been received in good form along with the required prepayment of the first year's membership dues. Copies of the application were distributed to the Directors. It was noted that the Board of Directors vote on Regional Membership applications is final.

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

RESOLVED: To accept the application filed by Industria de Balatos (Indubal) for Regional Membership in the Institute.

The Secretary noted that with the exception of the Artazcoz receivable, that the only problems were some slow payers from Mexico. Mexbestos, S.A. runs late with its payments, but has made payments this past year, even though they are late. Both Pasta Clutch, S.A. and Itapsa, S.A. were terminated as Regional Members during the year for failure to pay the membership dues.

A Director stated that he understood that Wagner would take over as the Active Member in 1987-88. Currently, Wagner is a Licensee and the Guardian Division of

Cooper Industries is the Active Member. He stated that it was likely that there would be only one membership, and that would be Wagner Division of Cooper Industries as the Active Member. The Secretary stated that he had not been advised of such a change by either Wagner or Guardian, but that the change sounded logical.

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

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

TREASURER'S REPORT

Mr. Larry Mintman, Treasurer, read this report. Please refer to EXHIBIT 3 in the report package.

Mr. Mintman's report projected an excess of income over expenses of a little over $9,600 for the 1986-87 fiscal year. It was noted that the report is a projection, based on estimates for income and expenses in May-June 1987. The most significant variance developed from the net from sales of catalogs - this being in the $10,000 neighborhood. This came about because of our substantial overrun with the 1986 book, our write-down to $1.00 at June 30, 1986, followed by the sale of all catalogs from the overrun during 1986-87.

It was noted in the report that the Institute had made a provision of $7,300 for the last four years (1982-83, 1983-84, 1984-85, 1985-86) for an environmental reserve. This reserve at June 30, 1986 totalled $29,200. No provision was made during 1986-87 for adding to the reserve. The Directors considered this reserve, and decided to make no additional provision for it. Upon motion duly made, seconded and unanimously passed, it was:

RESOLVED: To discontinue additions to the Reserve for Environmental Affairs.

The Secretary was asked to check with the Accountants on suitable action as regards this $29,200 reserve.

The Secretary noted that the 1986 Tax Reform Act directed that the Reserve method for booking bad debts be discontinued. From now on companies with doubtful receivables will write them off as they become uncollectible, and cannot make a provision to establish a reserve. There is a question as to whether the Institute, as a not-for-profit association, must follow the same tax accounting procedures as taxable entities. The Institute has used the reserve method for several years and will have about a $4,000 reserve at June 30, 1987. Again, this question will be referred to the Accountants before the next audit.

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

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

INVESTMENT ADVISORY COMMITTEE

Mr. Art Moore, Chairman, read the Investment Advisory Committee report. Please refer to EXHIBIT 4 in the report package.

Mr. Moore's report projected a little over $288,000 in investment assets at June 30, 1987, despite about a $3,000 drop in investment income this year. The increase in assets reflects the excess of income over expenses realized during the 1986-87 fiscal year. Investment income is projected to drop still further in 1987-88 based on the drop in interest rates. Investment income will lag interest rates as we have continued our policy of investing in only United States Treasury notes with 3 to 4 year maturities, and our lower yielding notes are now almost half the portfolio. Still, over $24,000 investment income is projected for the current fiscal year.

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

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

BUDGET COMMITTEE

Mr. Sleeth, Chairman, presented the Budget Committee report. Please refer to EXHIBIT 5 in the report package.

The Committee recommended an expense budget of $140,085 for fiscal 1987-88. This is about a 4.5% increase over the 1986-87 budget. Details of recommended budget items are listed in the report opposite the budget items for 1986-87. The main items of expense in the budget are Salaries, Rent and salary-associated Pension Expense. There are no major line item changes proposed in the 1987-88 budget.

The Secretary explained that it is the Board of Directors responsibility to prepare and submit the budget to the Membership. The Membership has final say as to approval of the budget.

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

> RESOLVED: To recommend an Expense Budget of $140,085 for the 1987-88 Fiscal Year in line with the Budget Committee report.

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

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

FEE FORMULA COMMITTEE

Mr. Robert E. Nelson, Chairman, presented this Committee report. Please refer to EXHIBIT 6 in the report package.

The Chairman noted that it had been resolved at the June 1986 Meetings that a new basis for the fee formula would be used effective July 1, 1987. The old formula had four categories: (1) Brake linings; (2) Brake Blocks; (3) Clutch Facings; (4) New un-lined brake shoes. It had been decided that the new formula would have the following categories: (1) Disc brake linings; (2) Drum brake linings; (3) Brake Blocks; (4) Clutch facings.

Essentially, the new formula would drop the "New un-lined brake shoe" category, and would split the earlier "Brake linings" category into two categories: "Disc brake linings" and "Drum brake linings." It was the intent of the Board to recommend a new formula that would be "revenue neutral" at least in the first year of use.

The Committee, in its report, came up with several formulae that would produce equivalent income with the 1986-87 fee schedule. These revolved around new basic fees and new category amounts. Three examples were shown and were referred to as Plan 1, Plan 2 and Plan 3.

Plan 1 basic fee of $1,400; category charge of $400
Plan 2 basic fee of $1,500; First 2 categories at $350; Last 2 at $400
Plan 3 basic fee of $1,300; category charge of $450

The fees were analyzed to indicate how the Active Member would be affected. An analysis indicated that 5 members reporting one category in 1986-87 (brake linings) would move to 2 categories in 1987-88 (disc brake linings, drum brake linings) and these would have the biggest percent increase under Plans 1, 2, 3 (from $1,850 to $2,200) (19% increase). An additional plan, referred to as Plan 4, was suggested to ease the increase:

Plan 4 basic fee of $1,600; First 2 categories at $250; Last 2 at $500.

This would ease the 1 category transition to 2 categories (from $1,850 to $2,100), a 13.5% increase. Questions were asked concerning the effects on the classes of directors which might change because of the new fee categories. The Secretary noted that the Constitution states that the classes referred to in ARTICLE IV read "annual fee payable to the Institute is within the top one-third bracket of annual fees paid," or "middle one third bracket" or "lowest one third bracket." The fee paid does not need to be the highest one third, or middle one third, or lowest one third. For example, the highest fee would be $3,100, but the highest one third bracket would include the two members in the $3,100 level and five of the next group in the $2,600 level. For the lowest one third this would be six members in the lowest $1,850 level, but could include one Member in the $2,100 level (as there are seven members in each bracket: 1/3 x 21 Members).

The Nominating Committee Chairman indicated that those recommended for nomination to the Board of Directors for the 1987-88 fiscal year would meet the Constitutional requirements for diversification by classes.

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

RESOLVED: That the recommended fee formula for Active Members and Regional Members with Active Member rights include a basic fee of $1,600 plus a $250 category charge for each of the first two categories in which a Member participates, and a $500 category charge for each of the last two categories in which the Member participates.

This is summarized as follows:

Member in one category:	$1,850 per year
Member in two categories:	2,100 per year
Member in three categories:	2,600 per year
Member in four categories:	3,100 per year

The Secretary noted that, as with the budget, the Board of Directors recommends a fee formula for Active Members, and the Membership has final vote on the fee. On the other hand, the Board has final say on the fee for Regional Members and Licensees. Upon motion duly made, seconded and unanimously passed, it was:

RESOLVED: That the annual fee for Regional Member associations be $2,600 for the 1987-88 fiscal year; that the annual fee for Regional Members (regular) be $1,600 for the 1987-88 fiscal year; that the annual fee for Licensees be $600 for the 1987-88 fiscal year.

The Secretary noted that he was concerned on future fee revenue where possible merger/acquisition activity could reduce the Institute's Membership significantly. It was suggested that the Institute consider a formula that takes into account the number of different manufacturing locations in North America as an additional set of fee "categories." In an earlier memo to the Board, the Secretary took note of the Echlin and Allied Automotive activity. He noted that for the present, certain manufacturers have decided to maintain separate memberships. This is the case with Allied Automotive, where the Certified Brakes group indicated it will maintain a separate membership. Also, Friction Materials Inc. and Brake Systems, Inc. are both subsidiaries of Echlin and they too are maintaining separate memberships. Were this to change, the Secretary suggested that where a member has more than three separate manufacturing facilities in North America that additional membership fees be billed to that Member.

As this consolidation of memberships did not effect 1987-88, a Director stated that he felt it was more important to be certain that there was no undue concentration of power from two or more votes from controlled groups. Two approaches were considered: (1) a limitation on Director eligibility from related corporations and (2) possible limitation on a Delegate's vote from related companies. With these considerations, it was suggested that the Directors move to another agenda item which had been listed as "Constitutional Considerations - Affiliated Members."

CONSTITUTIONAL CONSIDERATIONS - AFFILIATED MEMBERS

This subject was added to the agenda as the result of the merger/acquisition activity in the friction materials field over the past year. Echlin's acquisitions of existing companies such as Brake Systems, Inc., Distex Industries and the assets of Molded Industrial Friction Corporation, R & D Friction of Canada, and Allied's acquisition of Certified Brakes are the most prominent examples. In addition, to questions on the fee income of the Institute, questions could arise on control of the Institute. There are two areas where control could be impacted: (1) Membership votes and (2) Board of Directors votes. While there are some areas of Membership balloting that could be of concern, the most likely area would be in balloting for the Board of Directors, and in Board of Directors' control of the Institute.

A Member noted that there were other areas of overlapping affiliation and noted that Echlin retained a 26% interest in Raymark. This is through its ownership of common stock in Raymark after the Echlin acquisition of Brake Systems, Inc.

The Directors felt that the first area of concern should be eligibility to serve on the Board of Directors. With that objective, wording was suggested for adding an eligibility section to the Constitution's Article IV on "Directors." Proposals to amend the Institute's Constitution and By Laws must be submitted to the Membership for balloting. Acting on this input, Legal Counsel prepared the wording for proposed amendment of the Constitution by adding the following Eligibility Section to Article IV:

> Active Members in good standing shall be eligible as candidates for election to the Board of Directors. Notwithstanding the foregoing, there shall be no more than one (1) director from affiliated firms or corporations. For purposes of this Section, affiliated firms or corporations shall mean firms or corporations that have in excess of 10% common ownership.

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

> RESOLVED: To submit to the Membership a proposed amendment of the Constitution to limit the eligibility of candidates for Membership on the Board of Directors of individuals from affiliated members in line with the specific wording drafted by Legal Counsel.

FACTORY SERVICE BULLETINS

The Secretary noted that he had received a suggestion that the Institute subscribe to a technical bulletin service and relay the information on to its members. The service is ATC (Automotive/Technical Communications) located in Stratford, Connecticut. The suggestion was that the Institute subscribe to the service, and cull from these bulletins information on brakes or brake parts. He contacted the ATC, and they were reluctant to serve the Institute in that fashion, as our one subscription could cost them the loss of ten or more subscriptions from member manufacturers who are already subscribers. We corresponded further with ATC on this subject to see if there was some middle course we could take to get the information and somehow advise our members without ATC suffering a subscription loss. They offered to provide a service at $600 per year that would provide us with a special index on brakes which we could distribute to our Members. They in turn would provide those bulletins to our Members ordering them at $10 per bulletin.

The Directors discussed this service. As the direct service was available to those sufficiently interested to pay the subscription price, and if we were to subscribe and distribute as originally suggested we would be undermining a worthwhile service, the Directors were negative as regards the Institute becoming involved with this service. Upon motion duly made, seconded and unanimously passed, it was:

RESOLVED: That the Institute would not participate in the subscription to or distribution of technical service bulletins.

PRODUCT LIABILITY INSURANCE

The subject of Product Liability Insurance and the possibility of forming a captive for providing such insurance was a major agenda item at recent Board of Directors and Membership Meetings. The Secretary noted that the Institute Office circulated a questionnaire on product liability insurance in the Summer of 1986. All United States Active Members, all United States resident Licensees and all Canadian Regional Members and Licensees were circularized. Based on the response rate (seven interested; nine opposed; thirty no replies) the Board of Directors, by mail ballot, voted to take no further action on this question.

One Member took exception to the Board's action and the Secretary advised the Board. No further action was taken. This subject was again brought to the attention of the Board for possible review. Upon motion duly made, seconded and unanimously passed, it was:

RESOLVED: To take no action as regards Product Liability Insurance.

PUBLIC RELATIONS

The Secretary advised that there would be no Public Relations Committee Report at this meeting. Mr. Belans had volunteered to help with the public relations releases through the H.K. Porter Company's Advertising Group in Pittsburgh. Because of Porter's sale of the Huntington facility to the new Member, Friction Material Company, this avenue of public relations distribution is no longer available. Mr. Belans indicated that the release on election of officers at the June 1986 meeting was distributed, and he had noted the announcement in the trade press.

CONTINGENCY PLANNING ACTIONS

The Institute took action in two areas to handle possible emergency staffing problems at the Institute Office. The Institute established a Cash Management Account at Merrill Lynch, and arranged with the accountants to have them provide emergency office management services should the need arise. As these items were noted earlier in the President's and Treasurer's Report, there was no further discussion on this subject.

DATA BOOK AND TECHNICAL COMMITTEE

Mr. Francis Hudson is Chairman of the Data Book and Technical Committee. In his absence, Mr. Bob Nelson read the Chairman's report. Please refer to EXHIBIT 8 in the report package.

The Chairman noted highlights of Committee activity during the past fiscal year. The major business of the Committee was acted on at a meeting on April 29, 1987. The Committee resolved to have a complete semi-metallic disc pad application bulletin issued for all such usage from the 1960's through 1987. Changes were voted for the Data Book including a consolidation of shoe listings from two to one; reference to discontinued numbers when the "14 year rule" drops an application; and a special black indexing tab for the Catalog to indicate catalog sections.

A Director questioned the dropping of the DA brake system code, asking what did "DA" indicate. The DA designation was added for air disc brakes several years ago. The Committee decided to drop the DA designation and list all caliper disc brakes with the "D" designation. One Director commented favorably on the addition of the tab indexing for the Data Book. The Secretary advised that the Printer indicated this would add about $.01 to the cost of a catalog copy.

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

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

BRAKE PERFORMANCE STUDY COMMITTEE

Mr. Bill Wood, Chairman of the Brake Performance Study Committee, presented this report. Please refer to EXHIBIT 7 in the report package.

The Chairman noted that the proposed SAE J1801, J1802 recommended practices for friction rating and marking had been balloted, and that there were 3 and 4 disapprovals respectively. Mr. Arne Anderson of Ford Motor Company who had chaired a special SAE Task Force to come up with new brake lining effectiveness ratings and marking procedures has retired. Mr. Randy Petresh of Rockwell has taken over this Task Force. With the ballot disapprovals, changes will be necessary in the proposed J1801, J1802 procedures.

Mr. Wood gave a brief up-date on NHTSA rulemaking with DOT 105, DOT 121 and the proposed DOT 135 Systems standards, and he noted that Federal Specification HH-L-361F was replaced with HH-L-361G. Mr. Wood noted that several interested parties were not aware of the new Specification.

He noted that the Institute should be certain that the brake lining manufacturer interests are considered when any new friction rating test and marking procedures are adopted. This can be done by those who participate in SAE Committee work. Also, the Institute should further investigate Federal Specification HH-L-361G and provide input to the Federal authorities thereon.

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

RESOLVED: That the Brake Performance Study Committee report be accepted as written.

ANNUAL MEETING COMMITTEE

Mr. Ed Eggert is Chairman of the Annual Meeting Committee. Mr. Barton read this report. Please refer to EXHIBIT 12 in the report package.

Mr. Eggert recommended that the Institute hold its June 1988 meeting in Monterey, California. He specifically noted the Monterey Beach Hotel, and had contacted them for group rates. As there had been earlier objection to the higher rates at two locations in the Monterey area (Lodge at Pebble Beach and Quail Lodge in Carmel), Mr. Eggert noted that the group rates at the Monterey Beach Hotel were quite competitive.

The President asked the Secretary about the golfing available in Monterey, and the Secretary advised that he had contacted the Monterey Beach Hotel on Thursday, June 11 - immediately before the meeting. They advised that the courses at Pebble Beach and Spyglass are open to the public, but they do not book advance reservations. Those wishing to play must check in at the clubhouse on the day they wish to play, and then get starting times. The Monterey Beach Hotel indicated that they had working arrangements with two golf courses: Carmel Valley Golf Club (belongs to Quail Lodge) and Rancho Canada Golf Club. They could arrange reservations at these two courses.

After further discussion, the Board indicated its approval of holding the June 1988 Meeting in Monterey. It was noted that no one had inspected this site. Assuming the site is satisfactory and is available for the week of June 12, 1988, the Directors approved Mr. Eggert's report.

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

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

The Directors added that if the Monterey site was not satisfactory or available for the June 1988 dates, that Sawgrass be selected as a back-up site. Upon motion duly made, seconded and unanimously passed, it was:

RESOLVED: That Sawgrass, Ponte Vedra Beach, Florida, be the back-up site for the June 1988 Meeting if the Monterey site is either unsatisfactory or unavailable.

HISTORICAL SALES REPORTING

The Secretary reported on the Institute's Historical Sales Reporting Program. Please refer to EXHIBIT 11 in the report package.

Essentially, the sales reporting statistics program was unchanged from that in previous years. However, the Secretary noted that there were more difficulties with the data sent to the Accountants than there had been in previous years. As a result, the reports were usually late, and corrections had to be made subsequent to the report. The difficulties were apparently the result of changing responsibilities at reporting companies, either with new people reporting, or with significant changes in the structures of reporting companies caused by acquisitions and mergers. The Members were asked to review each report before sending the data to the accountants to be certain it was consistent with earlier data.

INSTITUTE PENSION PLANS

The Institute has two pension programs: (1) A Trust set up in 1979 to pay Miss Duschek, retired Secretary of the Institute, $550 per month for the remainder of her life, and (2) A Simplified Employee Pension Plan (SEP) funded with contributions to employee IRA's. See EXHIBIT 10 in the report package. Mr. Drislane presented this report.

It was noted that the only paper work for the SEP Plan for current employees is drawing the checks for deposit to the employees' IRA's. Contributions of $11,250 were projected for 1986-87.

The Duschek Trust showed a net invasion of principal at December 31, 1986 of a little less than $4,300. The Trust started with a contribution of $55,000 and there was approximately $50,700 in assets on hand as of December 31, 1986. The Trust has made payments of $550 monthly for benefit of Miss Duschek since January 1, 1980.

In response to a question, Mr. Drislane advised that Miss Duschek resides at the Baptist Home for the Aged in Bronx, New York. He has not had direct contact with Miss Duschek recently, but has contacted her guardian and her Sister-in-law.

OTHER BUSINESS

The Chairman asked if there was any other business for the Board of Directors Meeting. None was suggested.

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

RESOLVED: To adjourn.

Adjourned at 12:15 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

Wednesday, June 18, 1986

at

Sawgrass, Ponte Vedra Beach, Florida

DIRECTORS PRESENT

Robert E. Nelson	Abex Corporation Friction Products Group
Francis E. Messier	Allied Automotive Bendix Aftermarket Brake Division
Arthur V. Moore	Carlisle Corporation Motion Control Industries
Larry Mintman	Certified Brakes Lear Siegler Company
Rita Grisham	Nuturn Corporation
Stuart Comins	P. T. Brake Lining Company
Larry Belans	H. K. Porter Company Thermoid Division

OTHERS PRESENT

F. William Barton, President	Reddaway Manufacturing Co.
W. Max Sleeth, Vice President	Virginia Friction Products, Inc.
Russell A. Pepe, Counsel	Harwood Lloyd
Edward W. Drislane, Secretary	Friction Materials Standards Institute

* * * *

Mr. Stuart Comins, acting as Chairman, called the meeting to order at 4:15 PM, June 18, 1986.

ELECTION OF OFFICERS

Mr. Comins called for nominations for the office of President. The name of Mr. F. William Barton 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. F. William Barton as President. The Secretary advised that the ballot had been cast.

Mr. Barton then assumed the chair. As Chairman, Mr. Barton called for nominations for the office of Vice President. Mr. W. Max Sleeth 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. W. Max Sleeth as Vice President. The Secretary advised that the ballot had been cast.

For the office of Treasurer, the name of Mr. Larry Mintman 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. Larry Mintman 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:

F. William Barton	-	President
W. Max Sleeth	-	Vice President
Larry Mintman	-	Treasurer
Edward W. Drislane	-	Secretary

RETENTION OF COUNSEL

The Secretary 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 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, 1986 THROUGH JUNE 30, 1987

A preliminary expense budget of $132,960 was approved by the Board of Directors at its meeting on June 17, 1986. Based on action of the Board of Directors at this earlier meeting, the Salaries item in the 1986-87 Expense Budget was increased by $1,000, leaving a new Expense Budget of $133,960. The Expense Budget does not include the Provision for Environmental Affairs of $7,300 which started in 1982-83 based on Board of Directors action at its meeting of June 15, 1982.

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

RESOLVED: That an Expense Budget of $133,960 be approved for the July 1, 1986 - June 30, 1987 fiscal year.

FEE FORMULA - JULY 1, 1986 TO JUNE 30, 1987

The Board of Directors had earlier established the Fee Formula for the 1986-87 fiscal year at the same fee levels as in effect for this past fiscal year. (This agenda item for the new Board of Directors is to ratify the Formula for the 1986-87 year and does not relate to the new formula which is to take effect in the 1987-88 fiscal year).

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

RESOLVED: To adopt the following fee formula for the 1986-87 fiscal year:

Active Members and Regional Members with Active Member rights: Basic Fee $1,150; 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 June 1987. 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.

* * * * *

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 4:20 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 17, 1986

at

Sawgrass, Ponte Vedra Beach, Florida

DIRECTORS PRESENT

Robert E. Nelson	Abex Corporation Friction Products Group
Francis E. Messier	Allied Automotive Bendix Aftermarket Brake Division
Arthur V. Moore	Carlisle Corporation Motion Control Industries
Larry Mintman	Certified Brakes Lear-Siegler Company
W. Max Sleeth, Treasurer	Virginia Friction Products, Inc.

DIRECTOR ABSENT

Robert H. Nelson	Nuturn Corporation

OTHERS PRESENT

Stuart Comins, President	P.T. Brake Lining Company
F. William Barton, Vice President	Reddaway Manufacturing Co.
John Riopelle (Chairman, Health and Environmental Affairs Comm.)	Allied Automotive Bendix Friction Materials Division
William F. Wood (Chairman, Brake Performance Study Committee)	Brake Systems, Inc.
Russell A. Pepe, Counsel	Harwood Lloyd, Counsellors at Law
Edward W. Drislane, Secretary	Friction Materials Standards Institute

Mr. Comins, President, called the meeting to order at 8:00 AM. The Secretary noted that Mr. Norman Morse, who had served as a Director, resigned by letter to the Institute as of April 4, 1986.

FMSI 04320

MINUTES OF PREVIOUS MEETING

The minutes of the previous meeting held on March 11, 1986 had been distributed. It was suggested that the Secretary dispense with the reading of the minutes. Upon motion duly made, seconded and unanimously passed, it was:

RESOLVED: That the minutes of the meeting of the Board of Directors of March 11, 1986, be accepted as written.

PRESIDENT'S REPORT

Mr. Stuart Comins, President presented his report. Refer to EXHIBIT 1. Mr. Comins noted certain items to be covered later at the Board Meeting including the study of the fee formula, contingency planning for staffing the Institute, financial results, and the activities of the Board at its meeting in March 1986. In closing his report, Mr. Comins urged the Membership to continue support of the Institute.

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

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

MEMBERSHIP COMMITTEE REPORT

Ms. Rita Grisham is Chairman of the Membership Committee. The Secretary read Ms. Grisham's report. Refer to EXHIBIT 2.

Ms. Grisham noted the changes in Membership during the past fiscal year. The losses include Active Members BMC Corporation and Cougar Brake; Regional Members Ferodo (Pty.) Limited and Mintex (S.A.)(Pty.) Limited, both of South Africa. Gains include Tappa Enterprises as an Active Member; Fricciones Tecnicas y Maquinados, Satisfied Brake Products, and Tormos Frictiemateriaal B.V. as Regional Members; BLD Products and Lucas Industries as Licensees.

In summary, Active Members decreased from 22 to 21; Regional Members increased from 27 to 28; Licensees increased from 19 to 21.

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

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

The Secretary advised that the Institute had received an application for Licensee Membership from Reinz Wisconsin Gasket and Mfg. Co. of Milwaukee, Wisconsin. This application had been received by the Institute two weeks before the scheduled Florida meeting. While it had been circulated to the Membership Committee, only one (of two) ballots had been returned. Copies of the Reinz Wisconsin application were distributed to the Directors. The Secretary noted that they were manufacturers of insulators for disc pads and were eligible for Licensee Membership per our Constitution. Further, they had formerly been

Licensees but had resigned in the year ending June 30, 1982. At the time of resignation, they had become a Licensee in good standing with all amounts due the Institute fully paid. Upon motion duly made, seconded and unanimously passed, it was:

RESOLVED: To accept the application filed by Reinz Wisconsin Gasket and Mfg. Co. for Licensee Membership in the Institute.

The Secretary advised that the Reinz Wisconsin Gasket Licensee Membership would commence as of July 1, 1986.

The Secretary advised that R & D Friction Inc. of Canada had failed to pay its last two membership fee installments. They were in arrears to the Institute by $925.00. The Institute had recently been advised that R & D was in receivership, and this had been confirmed by a notice from the Receivers. As background, R & D Friction was a new Regional set up in Canada by Ron Farnocchi and Dave Cohen, two individuals well known in the friction materials business. Based on the receivershipbackground indicated, the Secretary suggested that R & D Friction's membership be terminated.

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

RESOLVED: To terminate the Regional Membership held by R & D Friction Inc. of Milton, Ontario, Canada.

The Secretary called to the Board's attention that three Mexican Members and one Brazilian Member were delinquent in payment of their Membership Dues. These were Pasta Clutch, Itapsa and Mex-Bestos of Mexico and COBREQ of Brazil. These were in arrears from $1,200 at Mex-Bestos to $2,700 at Pasta Clutch.

Mr. Drislane explained further, that the three Mexican Members were also in arrears in June 1985, and termination had been considered. At that time the Directors recommended waiting until December of 1985 before taking action. In the meanwhile, all three made significant payments. As the payment of funds out of Mexico is regulated by their Central Bank, we have made additional allowances for these collections in the past. The Directors stated that no action would be taken on termination at this time. However, the Institute Office was instructed to suspend service to Members who are more than six months behind in fee payments. Providing of prints, catalogs, etc. will be suspended when a Member is more than six months in arrears.

Because of corporate acquisitions, two Active Members and one Licensee have new corporate structures. The Board of Directors upon motion duly made, seconded and unanimously passed:

RESOLVED: To enter the following corporate name changes and Memberships on the Institute's records:

Active Member:	Guardian, Cooper Industries
Active Member:	HKM of California, Corp., H. Krasne Manufacturing Division
Licensee:	Wagner Division, Cooper Industries

FMSI 04322

TREASURER'S REPORT

Mr. W. Max Sleeth, Treasurer presented this report. Refer to EXHIBIT 3. In summary, the report noted a projected excess of income over expenses for the 1985-86 fiscal year of approximately $15,000. Mr. Sleeth noted the highlights and variances that produced this income.

The Directors suggested that a full reading of the Treasurer's Report was not necessary. Upon motion duly made, seconded and unanimously passed, it was:

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

A Director noted that the total accumulated surplus of the Institute, including original assessment and the environmental affairs reserve projected slightly over $267,000, with the projected total expenses of about $122,000. This indicates a surplus of a little over two times budgeted expenses. The question was asked at what point the Internal Revenue Service might challenge the accumulation of earnings for a Not-for-profit corporation such as the Institute. While some earlier limits were suggested at the 2-1/2 times budget, Counsel indicated that income accumulations of 3 times budget were unlikely to trigger IRS scrutiny. In addition, part of this surplus is in a reserve for environmental affairs.

A question arose at this point as to the status of the funds in the Trust for Miss Duschek's benefit. The Secretary advised that in accordance with the Trust Agreement that any funds left in the Trust at Miss Duschek's death will revert back to the Institute. As will be noted in the report on Pensions, the Trust for Miss Duschek had assets of slightly over $52,000 as of December 31, 1985.

1982-83 BILLING BY ROBERT P. GORMAN, FORMER INSTITUTE COUNSEL

At this point the Secretary noted that the projected excess of income over expenses for this past fiscal year could be impacted sharply by a letter and Invoice received at the Institute Office on June 13, 1986. This letter and Invoice had been received at the Office shortly before noon on that date, and had not been entered as an Agenda item. Copies of the June 8, 1986 letter from Mr. Gorman, former Counsel for the Institute, were circulated to Officers, Directors and Counsel.

As background, Mr. Gorman had been Counsel for the Institute since 1975 when he was with Clapp & Eisenberg, a Newark Law Firm. Mr. Gorman's retainer was based on an estimated 9 days of attendance at Committee, Membership and Board Meetings and the handling of assorted inquiries during that time. Mr. Gorman billed and was paid for one half the retainer for 1982-83. During that period he had no time spent on Committee, Board or Membership Meetings but he did represent us when the Secretary gave a deposition at the Institute Office on an asbestos case involving Johns Manville. Mr. Gorman put time on the deposition but no time for work that was covered by the retainer.

We discontinued Mr. Gorman's services in January 1983, because of his failure to return phone calls or address several items that were requested at the previous

June Meetings, and an inquiry I had on treatment of semi-metallic linings. He had been called several times after the deposition in addition to written requests for information. He had not paid the second half of the retainer, and he had never billed the Institute.

The recent billing - over three years later - was for the second half of the 1982-83 retainer, charges for services at the deposition, associated disbursements and a 1984 charge for certain deposition copies (papers which were originally copied here at the Office). The total billing was for $6,399.48.

The Secretary stated that we were the "injured" party when Mr. Gorman simply stopped servicing us. A Director stated that we could be the hurt party and be correct in not paying for services not delivered, but if we had to pay $5,000 or more in court costs, it would not be in the best interests of the Institute. The Secretary agreed that any such confrontation would not only cost money, but would take considerable time and effort on his part.

The Secretary was asked to contact Mr. Gorman and determine if this Invoice could be settled without confrontation, perhaps with a partial payment to settle any actual balance due.

INVESTMENT ADVISORY COMMITTEE REPORT

Mr. Barton, Committee Chairman, presented this report. Please refer to EXHIBIT 4.

Mr. Barton's report projected investment balances at a little over $265,000 at June 30, 1986, about a $17,000 increase over June 30, 1985. Also, investment income would be down about $2,000 to slightly over $27,000 this year, based mostly on no significant capital gains on maturing Treasury Notes this year.

The details on investment activity, past, present and projected were shown in the report. A Director recommended that the Chairman dispense with reading of the report. 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. Sleeth, Chairman of the Budget Committee, presented this report. Please refer to EXHIBIT 5.

The report recommended an expense budget of $132,960 for 1986-87, an increase over the past year's Expense Budget of about 5%. The report detailed expense items with projections for the coming year. A Director suggested that a full reading of the Committee Report was not necessary, and that the specifics were in the written reports which had been distributed to the Directors.

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

RESOLVED: To accept the Budget Committee Report as written.

FEE FORMULA COMMITTEE REPORT

Mr. Messier, Chairman of the Fee Formula Committee presented his report. Refer to EXHIBIT 6.

The Fee Formula Committee had been asked to consider changes in the Fee Formula that would include a separate fee category for disc brake linings. However, no action had been taken earlier in the year when the Institute gathered data on categories for the next fiscal year. Based on projections shown in the Budget Committee Report and the Investment Advisory Committee Report, it was recommended that the fee formula in effect for this past fiscal year be maintained for the 1986-87 fiscal year.

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

RESOLVED: To maintain the same Fee Formula in 1986-87 Fiscal Year that was in effect for the 1985-86 year.

	Basic	Per Category
Active Members and Regionals with Active Member rights	$1,150	$700
Regional Members - Individual	1,600	
Regional Members - Association	2,600	
Licensees	600	

The Board then discussed possible revision of the Fee Formula for the 1987-88 Fiscal Year. The general recommendation was to add a Disc Brake Lining Category. In the current formula, the Brake Lining Category includes both drum brake linings and disc brake linings. The intent was to have those serviced in a certain area pay for that service. Also, there is an uncertainty in the present reporting system where heavy duty disc pads are to be declared under the brake block category. However, the definition for "Brake Block and Disc Brake Linings 3/4" Nominal and Over" is confusing. An additional consideration was the "New Unlined Brake Shoe" category which included drum and disc shoes. Only one Active Member was reporting this category.

An Officer asked as to how a change in the fee formula, making disc brake linings a separate category, would effect classes of Directors. Mr. Messier, Chairman of the Committee had earlier asked for such a study. The changes would spread the fee formula categories more evenly through the classes of Directors, and would help in providing the needed diversity of fee levels among the Membership.

An analysis, based on current year activities, indicated that the new fee formula would have the following distribution of categories:

4 Categories:	2	(Allied, Nuturn)
3 Categories:	5	(Abex, Brake Systems, Carlisle, Coan Equipment, P.T. Brake)
2 Categories:	8	(Delco, Certified, Friction Products, Guardian, H.K. Porter, Scan Pac, U.S. Automotive, Virginia Friction)
1 Category:	6	(Krasne, Raymark, Reddaway, Tappa, Wellman, Wheeling)

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

RESOLVED: To adopt a fee formula starting July 1, 1987, to have four categories reporting for fee formula purposes: (1) Drum brake linings (less than 3/4" nominal); (2) Disc brake linings (all); (3) Brake Blocks (3/4" nominal and over); (4) Clutch Facings.

It was the Board's intent to have the new categories be "revenue neutral." That is, with the additional number of categories reporting, they should produce no more fee income than the old categories, except where needed to provide for budget increases in the future. Also, this new fee formula makes disc brake linings (all) a separate category, and drops the "New Unlined shoe category" in which only one Active Member was engaged.

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

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

PARTICIPATION OF COMMITTEES

Mr. Sleeth, after reviewing a notice sent by the Secretary to Officers and Directors on the Liability Insurance question, asked to have the subject of Committee participation and sources of product information added as agenda items at this Meeting.

Mr. Drislane indicated the Committee problem is evidenced by the lack of a Chairman for the Data Book and Technical Committee since Mr. Gordon Smith's resignation. There have been no volunteers to take this position. Also, participation was noted in earlier lack of activity on the Fee Formula, all action on that subject being taken at this Meeting. Also, up until May there had been no movement on the contingency planning assignment. The Brake Performance Study Committee had met in the Fall of 1985, but results from a survey it initiated had not been completed and there had been no input from the Committee on recommendations of the SAE Task Force work on SAE Recommended Practices J1801 and J1802.

Action was taken at this Meeting on the Fee Formula and the Contingency Planning. While the question of a successor to Mr. Smith on the Data Book Committee is still unresolved, Mr. Wood plans to hold a meeting of the Brake Performance Study Committee in the Fall to consider questions relating to the Arne Anderson SAE Task Force and J1801 and J1802.

INSTITUTE SOURCES OF PRODUCT INFORMATION

The Secretary stated that maintaining sources of product information was a more serious problem as he does not develop his information from Committee action. While certain Committee Members are helpful in providing product information, this is generally done outside of Committee work.

The difficulty in accessing information is increasing yearly as more vehicles are manufactured outside the United States. Certified Brakes was the leading supplier of information on imports and particularly so when Doug Ogilvie was there.

While Certified is helpful, they do not have the breadth of coverage of the imports that they had several years ago. We recently lost an information source at Certified when Tony Vacca resigned. Recently, we lost Mr. Bob Dix of Kelsey Hayes who was particularly good on Chrysler Corporation information, but who could provide other information when necessary. Mack Truck, for the first time in years, has not provided the Institute with information. They are in the middle of moving some of their operations out of Allentown and these difficulties may continue.

We have never been able to establish contacts with foreign manufacturers who are selling commercial vehicles in the United States. Examples would be Iveco and M.A.N. Some American manufacturers are filling in model lines with vehicles imported from Japan, Germany or Brazil. The sources in the United States do not have this information. An example would be the Ford Cargo Trucks from Brazil. Certain vehicles (the Corvette is an example) are equipped with brakes sourced outside the United States, and we generally do not receive information direct from these sources.

The problem is that the sources of information are getting more difficult to access, and some Members want the Institute to take on new services such as running a captive insurer where even the Insurance Consultants say it takes dedication, effort and a full time follow-up.

The Secretary stated that another problem is that some of the Members who are not involved with original equipment business do not provide the Institute with information when they are servicing certain aftermarket jobs. For example, Members must be servicing the Iveco and Mercedes Commercial vehicles. If they could simply give general size (diameter, width, thickness, length) and drilling information (number of holes, size) and application data, we might be able to get prints from other sources. Or, these Members could have prints made up from these samples and provide them to the Institute. Or, samples could be sent the Institute from which the Institute might gather sufficient information to make assignments. It is felt the aftermarket suppliers (even without original equipment business) might be able to fill the Institute in on certain data on these vehicles which are mainly sourced outside of the United States. Any size and drilling information with application data may be helpful in making assignments. This is true for clutch facings as well as for brake linings and blocks.

The Secretary was asked to list the contacts for product information and to then note those vehicles where the Institute does not have product information sources. A list of vehicles where the Institute does not have contacts should be prepared and sent to the Membership asking for their recommendations on information sources.

A Director asked about information from Licensees. It was noted that some information might be available from Regional Members. The Secretary stated that in the case of the Ford Cargo Trucks that were sourced in Brazil, that it was through Fras-Le that the brake information was developed. The Secretary advised that the Data Book and Technical Committee had been opened up to Licensees when the Institute accepted "Associates" to serve on that Committee. To further open up the Committees, and in some cases to perhaps have Chairmen from outside the Active Member class, it was suggested that the Institute consider an amendment to the

Constitution to permit Licensees to serve as Members of Committees. The Secretary was directed to prepare ballots for possible amendment of the Constitution to permit full Committee Membership for Licensees.

BOARD OF DIRECTORS PARTICIPATION

Mr. Nelson had earlier asked that Director participation be an agenda item at this Meeting. The problem has been operating with five Directors for almost two years. This caused considerable difficulty in having a quorum at the Board Meeting in June 1984. Mr. Robert H. Nelson of Nuturn and Mr. Norman Morse of Guardian were the two Directors in question. Both were elected in June 1984 for two year terms. Mr. Morse was not even at the June 1984 Meeting. Mr. Nelson last performed as a Director in October 1984. While an occasional mail ballot was returned, several were not. The Institute had only four Directors on hand at the June 1985 Meeting.

While Mr. Robert H. Nelson tendered his resignation as Delegate, he did not tender his resignation as a Director. Mr. Morse tendered his resignation as a Director in April 1986. It was not felt that a corporate resolution was called for on this question. When the Secretary feels the Institute is not being served by a Director either through failure to attend meetings, return mail ballots, etc., he is to advise the other Directors. If warranted, the Secretary will then be asked to request that Director's resignation. Mr. Drislane volunteered that he had not specifically sought either Director's resignation during these past two years.

NOMINATING COMMITTEE

The Nominating Committee was not asked to report at this Meeting. They were to have a recommendation ready for the Membership Meeting on June 18. It was stated that a representative from the Nominating Committee should specifically ask a suggested nominee if he will be able to serve as a Director if elected.

One of the problems in selecting nominees is that there are not many Members in the 1 category grouping that are active in the Institute. Two parties who are active, Mr. Barton and Mr. Sleeth, are slated for election as President and Vice President. While the Constitution notes that the President and Vice President "can be, but need not be, members of the Board," the Institute has attempted to broaden participation by having them not also serve as Directors.

It was noted during the Fee Formula discussion that there would be changes in upper, middle and lower brackets of fee categories when the new Fee Formula takes effect in July 1987. The new formula would more broadly distribute the Membership Fee among the Members and would alleviate the problem in selecting Director nominees from the three brackets of fee levels.

CONTINGENCY PLANNING

Mr. Larry Mintman was asked at the June 1985 Meeting to serve as a one-man Task Force to review Institute procedures and prepare the Institute should Mr. Drislane be disabled or otherwise unable to continue as the Institutes Executive Director.

Mr. Mintm n reported that several schedules pertaining to meeting planning, publishing of bulletins and catalogs, Committee organization, financial reporting, and gathering of technical data had been prepared. There were also write-ups on tax return preparation, year-end returns, and specific write-ups on editing copy, preparation of bulletins, and the like. These write-ups were prepared to help a temporary or successor handle details of the Institute business.

In addition, Mr. Mintman concurred with the Secretary that the Institute should open a Cash Management Account at Merrill Lynch to facilitate the handling of funds, not only in an emergency situation but in the regular handling of Institute funds.

Mr. Mintman recommended that the Institute authorize beforehand an agreement for notifying the Accountants should their services be needed to pay Institute taxes, regular billings, rent and wages in any interim period where such services are needed.

An Officer suggested that the Institute add an Assistant Executive Director in the near future so that back-up would be on hand whatever Mr. Drislane's plans or health. It was noted that this would add $30,000 to $40,000 to the budget. It was also pointed out that Member firms could operate in an environment where the brake lining, brake shoe and clutch facing data was late in publication. In the 1970's, the Brake Shoe Catalog was not published until the Fall of the year. Now the combined Catalog is published in the Spring. The Secretary did not feel that an Assistant was necessary unless the Institute were taking on some major new assignment. No action was taken on this recommendation.

Mr. Drislane was asked about his plans and indicated that he planned to stay with the Institute into 1989, but would give 8 to 10 months notice when he planned to retire. He stated that he did not feel comfortable giving a long term commitment should he subsequently defer plans for retirement beyond 1989.

The Secretary was asked to prepare a list of contacts at the vehicle manufacturers, brake and axle manufacturers, and the original equipment brake lining and clutch facing sources where he now gathers product information. Additional comments on this subject are noted in these minutes under "Institute Sources of Product Information." This information is for the Institute Office and not for general distribution.

There was general agreement with the suggestion that the Accountants be asked to handle Institute Office details should the need arise. Upon motion duly made, seconded and unanimously passed, it was:

RESOLVED: To authorize an Officer of the Institute to contact the Institute's Accountants for assistance in general office routines should a staffing emergency occur.

The details as to which Officer would contact the Accountants will be detailed by the Secretary based on instructions from the President and Treasurer. The Secretary was asked to establish the Cash Management Account (for investments and money market funds) after consultation with the President and Treasurer.

No resolution on Mr. Mintman's full report was requested. Mr. Mintman's report will not be read to the Membership but summary items will be reported when the Secretary reads his report on Board of Director activities.

PUBLIC RELATIONS REPORT

The Secretary prepared and read the report on Public Relations activities for the year. Refer to EXHIBIT 11.

Mr. Simon had chaired this one-man Committee for several years. Mr. Rob Nelson of Nuturn had briefly co-chaired the Committee, but a Committee was not formed for Public Relations in 1985-86. There was but one press release in 1985-86, and that was the re-election of Officers at the June 1985 meetings. This release appeared in certain publications in the trade press.

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

RESOLVED: To accept the report on Public Relations as written.

DATA BOOK AND TECHNICAL COMMITTEE REPORT

The report on Data Book and Technical Committee activities was prepared by the Secretary. Please refer to EXHIBIT 8.

Mr. Drislane noted that this Committee has once again lost its Chairman. Mr. Gordon Smith who had chaired this Committee since 1983 is no longer with Bendix and the Committee is currently without a Chairman.

Mr. Drislane noted the recent changes in the Automotive Data Book including the consolidation in 1982, the change in cover color in 1984 and the fact that the 1986 Automotive Data Book was set with computerized typesetting. This latter move facilitated up-dating the Catalog both at the Printer level and at the Institute Office when new data is being added. In addition, certain changes made in the 1986 Automotive Data Book were detailed.

Two items of concern to the Members were resolved during 1985-86. The continued assignment of FMSI 4311J for an Eaton 16-1/2 x 7 block with an inside radius change was re-affirmed. Eaton Brakes made an analysis of certain questions raised by our staying with the FMSI 4311J assignment. Also, the Institute commenced usage of a blocked series (FMSI 7800, 7900) for heavy duty disc brake linings.

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

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

An Officer questioned the computerized typesetting used for printing the 1986 Automotive Data Book. He questioned whether the Institute or the Printer owned the program. The Secretary advised that the program belonged to the Printer. The Institute did not pay for it. The Officer suggested that with their owning the program, we would be fairly well locked-in to that Printer. The Secretary agreed that the Institute now is well locked-in to this Printer for the full Data Book. However, the Institute has some leverage in that there are Supplements and other books printed by the Institute at different times, and if the price for the Data Book gets too heavy, the Institute could start from scratch with another printer.

BRAKE PERFORMANCE STUDY COMMITTEE REPORT

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

Mr. Wood discussed the meeting the Committee held in October 1985 concerning edge coding of brake friction material. It is almost universally agreed that the existing edge code as developed in SAE J661 (Vehicle Equipment Safety Commission Regulation V-3) is unsatisfactory. It was noted that the Truck/Trailer Brake Research Group (TTBRG) had earlier contacted the Institute and others in seeking a better friction rating system and specifically a more permanent lining identification. The TTBRG is a group formed by the American Trucking Associations, the Motor Vehicle Manufacturers Association and the Truck Trailer Manufacturers Association. While this group has no regulatory powers, it can pressure friction materials manufacturers to provide them with better technical information on which to base lining selections.

Mr. Wood discussed the work done by Mr. Arne Anderson's Task Force as regards recommended practices J1801 (Coding and Marking) and J1802 (Brake Block Effectiveness Rating).

Mr. Wood noted that there were several issues to be addressed by the Committee and he planned to call a meeting sometime in the early Fall: (1) Monitoring of the Identifications; (2) Providing input to the SAE Committees/Task Forces; (3) Investigate the impact of any final recommended practice completed by the SAE.

In the discussion following, Mr. Wood noted that the 16-1/2 x 7 Rockwell Q Brake configuration had been selected as the standard test apparatus for a brake block rating procedure (recommended practice).

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

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

Mr. Wood noted a recent "requirement" prepared by the Bureau of Motor Carrier Safety (BMCS). Their requirement for brake lining (Section 393.47) reads as follows:

> The brake lining on every motor vehicle shall be so constructed and installed as not to be subject to excessive fading and grabbing and shall be adequate in thickness, means of attachment, and physical characteristics to provide for safe and reliable stopping of the motor vehicle.

While it is apparent that this "requirement" needs help, the Committee will be asked if comments should be made to the BMCS.

An Officer asked if other Board Members agreed with the need for testing on a full inertia dynamometer that appeared to be the heart of the Arne Anderson Task Force recommendations. It was noted that representatives of several FMSI Members are on the SAE Task Force, and that Mr. Drislane also is a Task Force Member. Representatives of Member companies have given input to the Task Force. It appears that an inertia dynamometer will be necessary to develop a reasonable rating system, at least for brake blocks. It was also noted that while the Task Force is working on brake blocks now, conventional drum brake linings and disc brake linings will be studied later.

In the discussion on permanent identification, it was stated that a machined friction identification or bar code on the inside radius was some years down the road. However, it was agreed by the Committee Chairman and several Directors that the inertia dynamometer J1802 effectiveness procedure was superior to the J661 machine as a valid means of rating friction of brake blocks. The Committee will consider possible comments to the SAE Task Force at its next meeting.

HEALTH AND ENVIRONMENTAL AFFAIRS COMMITTEE REPORT

Mr. Riopelle presented the report on activities of the Health and Environmental Affairs Committee. Refer to EXHIBIT 9.

Mr. Riopell'e's report noted that the OSHA proposals on asbestos in the workplace were near release. He noted that the report (written several weeks before the meeting) was now a little late on this subject, as OSHA announced to the media on June 13 that the new OSHA standards would be published this week in the FEDERAL REGISTER. (Actual publication was on Friday, June 20).

The Secretary was asked to gather details of the new OSHA regulations for further discussion at the Membership Meeting.

In his written report, Mr. Riopelle noted particularly the proposed rules which the Environmental Protection Agency (EPA) had published in the FEDERAL REGISTER on January 29, 1986, and their meaning to the friction products industry. At its March 1986 Meeting the Board of Directors outlined comments which were to be drafted by Mr. Riopelle and Drislane and sent to EPA. Those comments were circulated to the Board, the Committee and to Legal Counsel, and were sent to the EPA on June 13, 1986. Copies of these comments were circulated at the meeting. The Secretary advised that the full Membership would be receiving copies of these comments.

It was noted that the EPA would be holding hearings in Washington on these proposals on July 15, 1986. Mr. Riopelle noted that he would be attending these hearings representing Allied Corporation. The Secretary was asked to represent the Institute at the July 15 hearing.

Mr. Riopelle noted that OSHA recommended that NIOSH Method 7400 be adopted for making airborne asbestos fiber counts. This procedure has been documented by NIOSH and copies are available. (The NIOSH 7400 Method was incorporated as a required procedure for asbestos fiber counts in the new OSHA regulations for asbestos exposure in the workplace). Mr. Riopelle recommended that the Institute secure copies of the NIOSH 7400 Method for distribution to the Membership.

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

Mr. Jack Carney, who had Consultants (Kamp Associates) study the possibility of setting up a captive insurance company with Institute sponsorship, will not be attending this meeting. Mr. Carney, representatives of Kamp Associates, and representatives of Frank B. Hall had attended a meeting of the Board on March 11, 1986.

The Kamp Associates survey of Institute Members indicated insufficient interest on the part of friction materials manufacturers to proceed further with study of the captive. Their survey also indicated that those who responded did not have sufficient losses in liability fields other than asbestos as to make liability insurance a problem. Essentially, the Carney/Kamp Associates work indicated that establishment of a captive insurer was not in the best interests of friction materials manufacturers.

Frank B. Hall, working with The Wyatt Company (Actuaries) worked up a "Business Case" illustrating for set-up of a captive. It was noted at the outset that Wyatt did not have sufficient input or background data to closely approximate costs, but it made certain assumptions to illustrate the captive concept. Frank B. Hall noted that any such captive would require a strong commitment both in time and in money.

Based on both the Kamp Associates background and the Frank B. Hall/Wyatt correspondence, the Directors generally noted that costs for establishing a captive were too great considering the lack of return, particularly since all insurance plans included an asbestos exclusion.

The Directors concluded that, subject to some new development that might arise in the liability area, that it would take no further action on liability insurance and possible sponsorship of a captive insurer.

ANNUAL MEETING COMMITTEE

Mr. Ed Eggert is Chairman of the Annual Meeting Committee. Mr. Drislane read the Chairman's report. Please refer to EXHIBIT 13.

Mr. Eggert's report recommended a return to LaCosta in Carlsbad, California for 1987. As an alternate, and for possible following year consideration, his report suggested locations on the Monterey Peninsula, California, about 120 miles south of San Francisco.

The report also suggested consideration of three locations that the Institute had used in previous years: Sawgrass, The Homestead, and Innisbrook. The Secretary noted that it was based on this recommendation that he contacted Sawgrass for the 1986 meeting after Sandpiper Bay cancelled our 1986 meeting in Port St. Lucie.

The Secretary noted that he wrote to several of the places Mr. Eggert had recommended to block space for 1987-88, if the Directors chose the California locations. Mr. Drislane blocked space at LaCosta for June 1987 and at the Quail Lodge in Carmel Valley for both 1987 and 1988. He had written to the Lodge at Pebble Beach and the Hyatt Regency Monterey (both on the Monterey Peninsula) but had no response. LaCosta offered a price of $195 per room. While Quail Lodge did not specify a group rate for 1987 or 1988, it indicated rooms at $175 minimum in 1986.

The Secretary brought literature he had received during the past week from Marriott's Camelback Inn, Scottsdale, Arizona, a resort where the Institute had met in June 1977 and June 1978. The Camelback offer was for guest rooms at $50 per night along with such things as free coffee breaks, a luncheon and free tennis.

One Director noted that his company takes exception to meeting costs when they are at luxury resorts such as LaCosta and the daily room runs near $200. Another suggested that it is much easier supporting meeting attendance when the costs - particularly the room cost - are not over the $120 to $130 level.

The Secretary advised that he had called Camelback last week, but was unable to block space at that time. Upon motion duly made, seconded and unanimously passed, it was:

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

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

> RESOLVED: To select Marriott's Camelback Inn as the meeting site for the Institute's June 1987 meeting, with Sawgrass Resort as the back-up choice.

HISTORICAL SALES REPORTING

The Secretary prepared and read the report on the Historical Sales Reporting Program. Please refer to EXHIBIT 12.

In the report, the Secretary listed the companies reporting for each quarter of calendar 1985. It was noted that one Member failed to report the full 12 months sales at year end, where that Member had reported for the first three, six and nine months periods. This reporting affected the disc brake sales reporting category only.

The Secretary was asked to have the Accountants provide a corrected report for the first three, six and nine months periods without the disc brake sales for the Member who failed to report for the full twelve month period. And further, the Secretary was directed to similarly have the quantities restated in the future where a Member fails to report for a similar period as was the case in 1985.

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

RESOLVED: To accept the report on historical sales reporting as written.

INSTITUTE PENSION PROGRAMS

The Secretary prepared the report on the Institute's pension plans. Please refer to EXHIBIT 10.

The Institute has two plans: (1) The Simplified Employee Pension Plan (SEP-IRA) for active employees where the Institute contributes 15% of gross salary to employee IRA's, and (2) The Trust which was established for Miss Duschek on January 1, 1980.

The SEP-IRA arrangement is a simple pension contribution without the extensive paper work required for a qualified employee plans. Miss Duschek's pension is paid from a trust to which the Institute contributed $55,000 in 1980. The Trust has been paying Miss Duschek $550 per month and as of December 31, 1985 had a little over $52,000 in assets on hand. As noted earlier, the assets in the Duschek Trust will be returned to the Institute upon Miss Duschek's death.

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

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

OTHER BUSINESS

The Secretary indicated that he had intended to bring up the subject of the surprise billing of 1982-83 fees by Mr. Gorman as an item of "Other Business." However, he felt it appropriate to bring this subject up for discussion at the conclusion of the Treasurer's Report, as it would impact the statements shown therein. That subject is reported in the minutes immediately after the Treasurer's Report.

Mr. Comins asked that another item be considered under "Other Business." He recommended that the Institute change its policy as to spouse's participation in social affairs at the June meeting. In particular, he suggested that Wednesday night reception and dinner be open to Members' spouses. As the Tuesday night reception already welcomes Members' spouses, the change on Wednesday evening would be the only change.

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

RESOLVED: That Members' spouses would be invited to attend social events scheduled at the June meetings to which the Members are now invited.

* * * * * *

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 11:30 PM

E. W. Drislane
Secretary