

SECOND QUARTER 2016 IFTA, INC. BOARD OF TRUSTEES MEETING MAY 24 - 25

Board Members:

Cindy Arnold	Nevada Department of Motor Vehicles
David Helton	Florida Highway Safety & Motor Vehicles
Garry Hinkley	Maine Bureau of Motor Vehicles
Hugh Hughson	British Columbia Ministry of Finance
Trent Knoles	Illinois Department of Revenue
Stephen Nutter	Virginia Department of Motor Vehicles
Joy Prenger	Missouri Motor Carrier Services
Chuck Ulm	Comptroller of Maryland
Stuart Zion	Colorado Department of Revenue

IFTA, Inc. Personnel:

Lonette Turner	CEO
Jason DeGraf	Information Services Director
Tom King	Webmaster
Amanda Koeller	Comptroller
Debora Meise	Senior Director
Tammy Trinker	Office and Events Administrator

Guests:

Robert Pitcher	American Trucking Associations, Inc.
Joshua Waitz	Chase Investments
Tyson Breinholt	Commercial Properties, Inc.
Tyler Brody	Commercial Properties, Inc.

Call to Order

Mr. Stuart Zion (CO), IFTA, Inc. Board of Trustees (Board) President called the meeting to order. All Board members were in attendance and Mr. Robert Pitcher, American Trucking Associations, Inc., was also present.

Approval of Minutes

First Quarter 2016 Board Meeting

The Board reviewed the minutes of the First Quarter 2016 meeting and offered revisions. No motion was made to these minutes during the Board meeting, allowing IFTA, Inc. the opportunity to review the Industry Advisory Committee (IAC) report section.

Actions by Email

Email Action minutes were also reviewed by the Board. These actions took place during the period of January 1 through April 30, 2016. Amendments were offered to the minutes.

Motion: Mr. Hugh Hughson (BC) moved to approve the minutes as amended. Mr. David Helton (FL) seconded the motion. The motion passed.

Consent Agenda

The Consent Agenda included reports from the Agreement Procedures Committee (APC), Attorneys' Section Steering Committee (ASSC), Audit Committee (AC), Clearinghouse Advisory Committee (CAC), Dispute Resolution Committee (DRC), Law Enforcement Committee (LEC), and the Program Compliance Review Committee (PCRC). During these discussions, the Board reviewed the nomination of Ms. Kelley Heaton (AR) to the Audit Committee as a southeastern region representative.

Motion: Mr. Steve Nutter (VA) moved to accept Ms. Kelley Heaton (AR) as a member of the Audit Committee from the Southeast region. Ms. Cindy Arnold (NV) seconded the motion. The motion passed.

Mr. Chuck Ulm (MD), the LEC Board Liaison, addressed the request of additional travel funds for the Vice Chair of the committee to attend the Annual IFTA Business Meeting in Indianapolis, IN. This request was submitted by Lt. Andrew Markle (ON), LEC Chair. Lt. Markle explained that, as he was rolling off of the LEC in the fall of 2016, Mr. David Bales (KS), First Vice Chair, would be nominated as Chair. The Board discussed this request and noted that Mr. Bales also served on the Electronic Credentials Working Group (ECWG) and that there would be a breakout during the business meeting addressing roadside credentials. Concluding their discussions, it was recommended that the Board Liaisons speak with Lt. Markle. Based on the written request for funds, the Board did not believe that paying for Mr. Bales' travel was appropriate.

Motion: Mr. Trent Knoles (IL) moved to accept the Consent Agenda. Mr. Ulm seconded the motion. The motion passed.

IFTA, Inc.'s Investment Portfolio

Mr. Joshua Waitz, JPMorgan Chase Private Client gave an annual report on the IFTA, Inc. investment portfolio. Mr. Waitz reviewed the options the organization could pursue regarding its investments. IFTA, Inc. has two types of accounts through Chase Investments. The first account is a general retail brokerage account that the organization can decide how best to manage. The second account is a managed account where Chase Investments handles the management of the funds.

Referencing the retail brokerage account, Mr. Waitz stressed that diversification is best. Commenting on the options available, he explained that cash could be adversely affected by inflation, bonds are affected by rising interest rates, and the stock market is dependent on the activity and performances of the corporations. The Board opted to further review the portfolio information and contact Mr. Waitz at a later date with a direction to pursue.

Mr. Waitz informed the Board that he would work with the organization to reallocate the portfolio according to their instructions to better accommodate our changing needs, including allowing the portfolio to make withdraws on a monthly basis if requested.

Quarterly Reports

Clearinghouse Update

Mr. Jason DeGraf, IFTA, Inc. Information Services Director presented this update. The clearinghouse is now more secure as all transfers are now being handled through a Secure File Transfer Protocol (SFTP). In addition, the transmittal website has been remade and new SSL certificates have been installed on both the demographic and transmittal servers.

As requested by NLETS, a coding update has also been initiated. Flat files sent through to the clearinghouse must now pass a rule test, allowing for a validation check. In the near future, if any portion of the file does not meet the rule requirements, the file will be rejected and not sent to the database. A notice of this failure will then be generated and IFTA, Inc. would notify the jurisdiction of the situation.

Mr. DeGraf continues to work with membership on issues related to the clearinghouse. He informed the Board that, while some of the incorrect data has been corrected, the majority of errors still exist and have not been reviewed or corrected by the jurisdictions. It was suggested that an alert be added that would notify the user that the data they entered is incorrect. Mr. DeGraf also continues to work on the law enforcement application and adding security for this feature.

Funds Netting and Financial Statement Reports

Mrs. Amanda Koeller, IFTA, Inc. Comptroller reported that the 2016 funds netting is going smoothly. However there were outstanding funds from two jurisdictions. Reporting on the financial statements of the organization, Mrs. Koeller informed the Board that IFTA, Inc. remains financially stable and that membership dues for FYE17 are being received.

Electronic Credentials Working Group Report

Mr. Garry Hinkley (ME) reported on the activities of the Electronic Credentials Working Group (ECWG). Carriers have signed up to participate in the pilot project for electronic credentials being led by Wisconsin. In addition, several member jurisdictions, including Virginia, have agreed to participate in this project.

Clearinghouse Advisory Committee Update

Mr. Hinkley reported that the Clearinghouse Advisory Committee (CAC) is conducting a systematic review of the clearinghouse data quality. A number of member jurisdictions have been contacted by the committee regarding anomalies with their data.

Committee Chairs Teleconference

The Board held a teleconference with the IFTA committee Chairs. During this call the committees reported on their current activities and membership. The committees chairs

that participated on this call were from the APC, AC, CAC, DRC, Industry Advisory Committee (IAC), LEC, PCRC, ASSC, and the Dual Fuel Working Group (DFWG).

Agreement Procedures Committee (APC)

Ms. Cindy Swanson (CA), Vice Chair, offered this report for the Chair, Ms. Marie Stark (MT). The APC has drafted language for two 2016 IFTA ballot proposals. The first ballot, IFTA Full Track Preliminary Ballot (FTPBP) 01-2016, intended to create and implement an article that will make English the official written language for communication between jurisdictions and with IFTA, Inc. FTPBP #2-2016, also sponsored by the APC, intends to allow carriers to display their IFTA renewing credentials two months prior to the effective date shown on the license and decals.

The APC also has an at-large position available as they were not successful in securing a nominee from the Northeast region. The committee is currently reviewing the list of volunteers from other regions to fill this vacancy. The APC is also diligently working on the agenda for the fall IFTA/IRP Managers' and Law Enforcement Workshop.

Audit Committee (AC)

Mr. David Nicholson (OK), Chair of the AC, informed the Board that the committee continues to work on the agenda for the 2017 IFTA/IRP Audit Workshop and that a draft of this agenda is nearing finalization. The Audit Best Practices Guide is also being updated based on the passage of IFTA Full Track Final Ballot Proposal (FTFBP) 3-2014. Additionally, the AC plans to submit a short track ballot in late May for membership consideration during the upcoming Annual IFTA Business Meeting.

The AC has vacancies in both the Southeast and Canadian regions.

Clearinghouse Advisory Committee (CAC)

Mr. Ron Hester (ON), Chair, announced that a recent email was distributed regarding a vacancy on the CAC. The committee continues to stay abreast of the issue in Illinois and any related compliance issues. The CAC has been receiving updates from IFTA, Inc. regarding the funds netting process.

The Quality Control subcommittee has also been reviewing data quality issues within the clearinghouse and the Best Practices subcommittee has been working on a guide that would make better use of the clearinghouse data and promote uniformity of the data and processes. During the upcoming Annual IFTA Business Meeting breakout session, they will be showcasing issues related to both quality control and best practices.

Industry Advisory Committee (IAC)

Chair of the IAC, Ms. Sandy Johnson (North Star Fleet Solutions) offered this report. The committee is concentrating on strengthening the committee by adding more members to the Steering Committee. Those members the IAC are requesting to add are Ms. Connie Owen (JJ Keller), Ms. Kim Butner (ITS Compliance), and Mr. Chuck Ledwig (Penske Truck Leasing).

Law Enforcement Committee (LEC)

Inspector Andrew Markle (ON), LEC Chair announced that while the committee has no vacancies currently, the committee will be losing a member from the Western Region when Mr. Frank Hernandez (NV) resigns from the LEC at the end of the month. Additionally, Inspector Markle's term expires following the fall 2016 workshop.

The LEC is currently working with the ECWG and continues working on the LEC Best Practices Guide. It is the committee's intention to have the guide presented to the Board during the meeting for approval and release. The committee is also working diligently on the agenda for the September 2016 IFTA/IRP Managers' and Law Enforcement Workshop.

Program Compliance Review Committee (PCRC)

Mr. Richard Wagner (NV), Chair of the PCRC informed the Board that the committee has upcoming vacancies in both the Canadian and Midwest regions. In March 2016 the committee met at the IFTA, Inc. offices. At this meeting the PCRC worked to update and modernize the PCR Guide. Mr. Wagner stressed that the audits would remain on a five-year cycle, but that the committee would conduct smaller reviews more often.

Attorneys' Section Steering Committee (ASSC)

Ms. Sukanya Mukherjee (MD), ASSC Chair informed the Board that the committee continues to work on the agenda for the 2016 IFTA Attorneys Section Meeting to be held in Chandler, AZ, in late October. Members of the committee are also reaching out to regional attorneys so that they are made aware of the upcoming event. The ASSC had also submitted commentary on the IFTA FTPBP #3-2016 regarding the proposal that the denominator on which the three-quarters affirmative vote is tallied be based only on eligible jurisdictions casting a vote.

Dual Fuel Working Group (DFWG)

Mr. Hughson informed the Board that the working group has been looking at recommended means of reporting dual fuels use. The DFWG is drafting a presentation of the pros and cons of the IFTA Audit Committee's methodology that had been proposed. It is the position of the working group that the IFTA community is getting closer to a final resolution for future reporting of dual fuel use vehicles.

IFTA, Inc. Website Review

Mr. Tom King, IFTA, Inc. Webmaster then offered a demonstration of the new IFTA, Inc. website that is in development. Once this new website has been fully configured and finalized, IFTA, Inc. will issue a survey to membership, complete with screenshots, and ask for feedback and recommendations. One of the questions will inquire about the various levels of security.

Referencing the M&M Blitz campaigns, it was reported that twenty-three (23) jurisdictions participated during the March campaign. Data is still being received from the May initiative.

Ballots Update

Mrs. Debora Meise, IFTA, Inc. Senior Director provided an update on the ballots. FTFBP 3-2014 passed in March 2015. The intent of this ballot was to provide distance reporting requirements for IFTA that address technological advances in the recording of qualified motor vehicle travel, regardless of media. In addition, ballot 3-2014 was to modify the Audit Manual to enhance uniformity in the conduct of audits and in the content of the Interjurisdictional audit report. Currently, IFTA, Inc. is working on adding the necessary revisions to the manuals for release. This ballot language will go into effect January 1, 2017.

All seven of the 2015 ballots were voted on and approved by membership in March 2016. To date, there are three full track ballot proposals for 2016. In addition, it is anticipated that the Audit Committee will be submitting a short track ballot proposal for consideration at the Annual IFTA Business Meeting. IRP, Inc. currently has no open ballots for discussion.

Industry Advisory Committee Report

Mr. Pitcher presented an additional IAC report. The committee has requested to add three additional members to their Steering Committee increasing that number from six to nine. The individuals that the committee presented for Board approval are Ms. Connie Owen, JJ Keller, Ms. Kim Butner, ITS Compliance, and Mr. Chuck Ledig, Penske Truck Leasing. The committee also requested to change their charter permitting past chairs to remain active on the committee.

Motion: Mr. Hughson moved to approve the Industry Advisory Committee's request to add Ms. Owen, Ms. Butner, and Mr. Ledig to the Steering Committee. Mr. Knoles seconded the motion. The motion passed.

The Board then asked Mr. Pitcher to discuss the charter issue further with the committee before any decision is made.

Quarterly Board Region Calls

The Western, Northeast, Southeast, and Midwest all held conference calls following the 1Q16 Board meeting. One topic of discussion in all regions included concern regarding Illinois as it relates to funding the clearinghouse and what could be done to resolve the issue. Other topics included late posting of taxes to the IFTA tax rate matrix, surplus funds, program compliance review committee, and the motor carrier pilot project. A majority of the next regional calls have been scheduled for June.

Program Compliance Review Committee Meeting Report

Ms. Joy Prenger (MO), Board Liaison to the PCRC reported that all of the committee members were receptive to the presented ideas of streamlining and simplifying the review

process. The committee had met at the IFTA, Inc. offices in early March. During this meeting the committee worked to create a draft Review Guide and Worksheets. This draft is on the premise of modernizing the same documents based on the Board Charge and focuses on disputable items found in R1555.

Program Compliance Review Report

Mrs. Meise reported on the Program Compliance Reviews and commented on the continued difficulties of securing reviewers. It was explained that all member jurisdictions are required to participate, but when they are contacted the jurisdiction informs IFTA, Inc. that they are unable to participate on the review. Review training has also been provided by webinar, but none of the 2016 review volunteers requested this training opportunity. In regards to the jurisdiction training, all Canadian jurisdictions participated in this training opportunity. Referencing the e-reviews, Mrs. Meise informed the Board that membership continues to support this process. No negative feedback has been received regarding the e-reviews.

Law Enforcement Best Practices Guide

The Board reviewed the LEC Best Practices Guide. Originally, the Board charge to the LEC for a best practices guide was established in June 2015. A current guide was provided on the committee website and dated prior to the charge, back in 2008. It was the decision of the Board that the Board Liaisons should contact the committee and provide a list of items that should be considered for inclusion in the guide. The guide was sent back to the LEC to add some additional information.

IFTA Meetings Update

Mrs. Tammy Trinker, Office and Events Administrator presented a meetings update to the Board. A hotel contract has been procured to host the 2016 IFTA Attorneys Section Meeting. This meeting will be held at the Hilton Phoenix/Chandler hotel. Dates for this event will be October 26 – 27. Prior to the Board meeting, the registration fees had been approved by the Board. The fees were set at \$380 for members and \$405 for general public and industry representatives.

The 2017 IFTA/IRP Audit Workshop has been finalized and will be held February 28 – March 2 at the Omni Galleria in Houston, TX. The 2017 Quarterly Board Meetings have also been scheduled. The 1Q17 Board Meeting will be held January 18 – 19, the 2Q17 Board Meeting will be held April 25 – 26, and the 4Q17 Board Meeting will be held October 24 – 25.

IFTA, Inc. has also finalized and signed with the Sheraton Grand at Wild Horse Pass in Chandler, AZ for the 2017 Annual IFTA Business Meeting. The dates of this event will be August 9 – 10. An opening reception will be held Tuesday night, August 8.

Referencing the 2018 meetings, it was decided to hold off on contracting for the Board meetings until a decision has been reached regarding the status of the office location. IFTA, Inc. will also be reviewing possible locations for the 2018 IFTA/IRP Audit

Workshop and 2018 Annual IFTA Business Meeting. It is planned that these events be contracted before the end of 2016.

Mrs. Trinker then presented a proposal to the Board regarding the procedure for approving registration fees. Historically the Board would review and approve the submitted fees for meeting registrations. Following discussions it was determined that IFTA, Inc. could establish all registration fees and that the requirement of the Board's approval would no longer be necessary.

Annual IFTA Business Meeting

The Board reviewed the preliminary agenda for the 2016 Annual IFTA Business Meeting. IFTA, Inc. presented the registration fees for this event. Registration fees for non-voting members will be \$415 and the general and public sector fee will be \$475. The registration fees for the voting delegates and Committee Chairs will be waived by IFTA, Inc.

Closed Session

The Board met in closed session to review and discuss the proposed IFTA, Inc. budget for FYE17. The proposed budget had been provided to the Board in April. Following the closed session, the Board re-opened the meeting. The Board approved the budget as amended.

Motion: Mr. Garry Hinkley (ME) moved to accept the proposed budget for FYE17 as amended. Mr. David Helton (FL) seconded the motion. The motion passed.

Real Estate Review

Mr. Tyson Breinholt and Mr. Tyler Brody, Commercial Properties, Inc. (CPI) provided an in-depth review of local business offices currently on the market within the Chandler, Mesa, and Tempe locations. Options of leasing and purchasing office space were reviewed. Following the presentation, the Board later discussed the options provided by CPI. It was the position of the Board that the first step would be to place the current office building on the market for sale and that the organization did not need to pursue either a leasing or purchasing option at this time.

Motion: Mr. Stephen Nutter (VA) moved to put the IFTA, Inc. office building on the market to be sold. Mr. Hughson seconded the motion.

During discussions it was opined that a threshold should be set and that, if an offer is made below this amount, that IFTA, Inc. should contact the Board for their response.

Motion: Mr. Hinkley moved that if the offer is over one million dollars, IFTA, Inc. could accept the offer on behalf of the Board. If the offer is under the one million dollar threshold the amount must be brought before the Board for consideration. Ms. Cindy Arnold (NV) seconded the motion. The motion passed.

Membership Proposals

Membership proposals for projects relating to the available assets were then reviewed by the Board. The Board has asked IFTA, Inc. to contact Connecticut to obtain additional information on its proposal for joint audits of supercarriers. Funding of travel was also discussed.

Motion: Ms. Arnold moved to fund travel and attendance for one jurisdiction representative per year to attend one of the following meetings: the IFTA/IRP Audit Workshop, IFTA/IRP Managers' Workshop or the IFTA Attorney's Meeting. This attendance is at the jurisdiction's choice and is based on a calendar year, beginning in 2018. Ms. Joy Prenger (MO) seconded the motion. The motion passed.

It was noted that IFTA, Inc. would continue funding travel for IFTA Commissioners to attend the Annual Business Meeting.

Strategic Plan

The Strategic Plan was also reviewed and changes were made to the Plan by the Board.

New Business

Tax Rate Matrix – Late Rate Changes

Late tax rate changes were also discussed. It was explained that the problem exists today when jurisdictions change their tax rates and only a portion of membership is agreeable, or able, to make the change and others are not. This implies that there are two different tax rates for the jurisdiction with the change. Mr. Hughson will work with the APC on a possible ballot proposal and organizing a discussion at the August 2016 Annual IFTA Business Meeting.

Joint Task Force

IRP, Inc. has organized a joint task force including membership from various organizations including, but not limited to, IRP, Inc., IFTA, Inc., CVSA, and AAMVA. The long term goal of this task force is to research and determine a location for a cloud-like database housing pertinent information relative to all membership. This task force will give a report to the IRP, Inc. Board of Directors in October.

Annual Report Working Group

Concluding the open session of the Second Quarter Board meeting, discussion was had regarding the creation of an Annual Report Working Group. This working group would be charged with reviewing the current IFTA Annual Report to determine if changes are necessary to what is currently requested so that it would become a more useful source of data to membership. A list of representatives for this working group was presented and accepted by the Board. Mr. Ron Hester (ON) was appointed Chair of this working group. A formal charge for the working group is pending.

Closed Session

A closed session followed the open portion of the Board meeting. Following the closed session, the Board adjourned the meeting.

Motion: Ms. Arnold moved to adjourn the Second Quarter 2016 IFTA, Inc. Board of Trustees Meeting. Mr. Helton seconded the motion. The motion passed.