

**IFTA, INC. BOARD OF TRUSTEES
SECOND QUARTER 2007 MEETING
APRIL 19 - 20
CHANDLER, ARIZONA**

Board Members:

Scott Bryer	New Hampshire Department of Safety
Kim Craig	Ontario Ministry of Finance
Kirk Davenport	Texas Comptroller of Public Accounts
Julian Fitzgerald	North Carolina Department of Revenue
Garry Hinkley	Maine Bureau of Motor Vehicles
Rena Hussey	Virginia Department of Motor Vehicles
Scott Greenawalt	Oklahoma Corporation Commission
Robert Turner	Montana Department of Transportation
Sonia Sanders	Kentucky Transportation Cabinet

IFTA, Inc. Personnel:

Lonette Turner	Executive Director
Jason DeGraf	Information Systems Administrator
Jessica Eubanks	Executive Assistant
Tom King	Webmaster
Debora Meise	Program Director
Tammy Trinker	Events Coordinator

Guests:

Gary Bennion	Con-Way, Inc.
Glenn Campbell	The One Group

Call to Order

Mr. Garry Hinkley (ME), IFTA, Inc. Board of Trustees (Board) President, called the meeting to order. All nine Board members were present. Mr. Gary Bennion (Con-Way, Inc.), Industry Advisory Committee (IAC) Chair was also present. Mr. Hinkley welcomed Mr. Glenn Campbell, IFTA, Inc. Financial Advisor.

Motion: Mr. Julian Fitzgerald (NC) moved that the Board go into closed session. Mr. Robert Turner (MT) seconded the motion. The motion passed.

Following the completion of the closed session discussions, the Board opened the meeting.

Approval of Meeting Minutes

First Quarter 2007 Board Meeting

The Board reviewed and offered minor corrections to the minutes as written.

Motion: Mr. Scott Greenawalt (OK) moved to accept the minutes as amended. Mr. Turner seconded the motion. The motion passed.

Board Actions by Email

During the First Quarter 2007, the Board corresponded by email. The purpose of the correspondence was to review committee leadership and vacancies and consider the registration fees proposed for the 2007 Annual IFTA Business Meeting. Minor corrections were offered to these minutes.

Motion: Ms. Rena Hussey (VA) moved to accept the minutes as amended. Mr. Scott Bryer (NH) seconded the motion. The motion passed.

Board Actions by Teleconference

During the First Quarter 2007, the Board communicated by conference call to discuss Ballot #12-2006. It was the decision of the Board to amend the ballot language for review by the Board. In reviewing the minutes, it was requested that the participant log be reviewed and, if amendments are necessary, that the minutes, as written, be revised to include all Board members as participating.

Motion: Ms. Sonia Sanders (KY) moved to accept the minutes as written. Mr. Greenawalt seconded the motion. The motion passed.

IFTA, Inc. Clearinghouse

Mr. Jason DeGraf, IFTA, Inc. Information Systems Administrator, reported on the new IFTA, Inc. Clearinghouse members. Missouri, North Dakota, and Oregon have recently joined, bringing the total to 46 active members. Saskatchewan will soon become an active member as well and will be the second Canadian Province to join.

IFTA, Inc. has recently purchased two additional servers for the transmittals database. These servers were configured using clustering services and are fully functional. The cluster design ensures more uptime and quicker responses for users. Testing of the servers has been successful; once the funds netting portion is launched, the servers will be deployed for immediate use.

Clearinghouse Advisory Committee (CAC) Update

Committee chair, Mr. Hinkley, provided this update. Sample funds netting screen shots and calculations were presented. The CAC proposed a prorating solution when jurisdictions fund late. The tardy jurisdiction would be accountable for any additional costs related to the late funding and such an occurrence could become a compliance issue on a compliance review.

Regarding interest earned against the funds netting account, IFTA, Inc. asked for a consensus and direction from the Board as to the manner in which to deal with any interest earned. The committee's recommendation was to use the interest to defray costs of the funds netting process and for Clearinghouse support and improvements.

The CAC is reviewing the concept of a funds netting calendar for the processing of transmittal funds. The RPC and IRP Clearinghouse calendars are being considered as models for the funds netting calendar. The dates identified by this calendar would be final.

ACTION ITEM 1-2Q07:

IFTA, Inc. will create an IFTA, Inc. Clearinghouse Funds Netting Calendar.

The Board is in favor of including a penalty should a jurisdiction be late in funding their portion of the funds netting account on a habitual basis. A pattern of non-funding or late funding would determine whether or not a jurisdiction would consider filing a dispute against another jurisdiction for late or non-funding.

Motion: Mr. Greenawalt moved that a prorated system for funds distribution be presented to membership at the 2007 Annual IFTA Business Meeting. This system would be utilized by the IFTA, Inc. Clearinghouse to address a jurisdiction's late funding of the Clearinghouse account. Ms. Hussey seconded the motion. The motion passed.

Motion: Ms. Hussey moved that the interest earned on funds deposited into the funds netting account be used to defray the cost of the IFTA, Inc. Clearinghouse operating expenses, including those expenses accrued from funds netting. Mr. Turner seconded the motion. The motion passed.

ACTION ITEM 2-2Q07:

IFTA, Inc. will present a prorated system for funds distribution to membership at the 2007 Annual IFTA Business Meeting. This system would be utilized by the IFTA, Inc. Clearinghouse to address a jurisdiction's late funding of the Clearinghouse account.

It was clarified that the interest earned against the funds deposited into the funds netting account would be available for IFTA, Inc. Clearinghouse support and improvements as outlined in the recommendation by the CAC, including face-to-face meetings as deemed necessary.

The committee has proposed changes to the IFTA, Inc. Clearinghouse Access Agreement. Principal proposed changes include an "all or nothing" participation clause as well as complying with the data definitions. IFTA, Inc. counsel has reviewed the document and proposed further amendments. IFTA, Inc. will incorporate these revisions to the IFTA, Inc. Clearinghouse Access Agreement. Once the revisions have been incorporated, the Board and participating IFTA, Inc. Clearinghouse members will review the amended document. The proposed amendments to the Access Agreement will be discussed during the Annual IFTA Business Meeting as well.

ACTION ITEM 3-2Q07:

IFTA, Inc. will revise the IFTA, Inc. Clearinghouse Access Agreement. Once the revisions have been incorporated, the Board and participating IFTA, Inc. Clearinghouse members will review the amended document for approval. The amended Access Agreement will be discussed during the Annual IFTA Business Meeting.

IFTA, Inc. Website Update

Mr. Tom King, IFTA, Inc. Webmaster, provided a demonstration of the IFTA, Inc. website. The tax rate matrix has been revised and is currently being tested for release following the second quarter publication date (June 1, 2007). Secure web pages have also been finalized for some of the IFTA committees including the Audit, Agreement Procedures, Attorneys' Section Steering, Dispute Resolution, Law Enforcement, Program Compliance Review, and the Board of Trustees. The Jurisdiction Communication Lists (JCL) have also been revised. Jurisdictions can now include the title of an individual listed on the JCL. Mr. King continues to work on improving the website and reviewing, locating, and correcting any problematic areas.

IFTA, Inc. Meeting Update

Registration Fees for Upcoming Meetings

IFTA, Inc. Events Coordinator, Mrs. Tammy Trinker, provided this update. The proposed registration fees for the 2007 IFTA Managers' and Law Enforcement Seminar and 2008 IFTA / IRP Audit Workshop were presented for consideration. The registration fees for the 2007 seminar were proposed at \$290 for members, \$350 for public and private sector representatives, and \$600 for exhibitors. The 2008 workshop registration fees were proposed at \$350 for members, \$400 for public and private sector representatives, and \$650 for exhibitors.

Motion: Mr. Fitzgerald moved to accept the 2007 IFTA Managers' and Law Enforcement Seminar registration fees as proposed. Ms. Hussey seconded the motion. The motion passed.

Motion: Mr. Bryer moved to accept the 2008 IFTA / IRP Audit Workshop registration fees as proposed. Ms. Sanders seconded the motion. The motion passed.

2009 IFTA / IRP Audit Workshop

Discussions were had regarding the 2009 IFTA / IRP Audit Workshop. IFTA, Inc. will contact Ms. Mary Pat Paris, IRP, Inc. Executive Director, to determine the direction that IRP would like to go in regards to the location and time frame for this specific workshop. The IFTA, Inc. Board is in favor of relocating the workshop to a more cost effective location. The Board deferred further discussions until IRP, Inc. has been contacted and provides their feedback.

ACTION ITEM 4-2Q07:

IFTA, Inc. will contact Ms. Mary Pat Paris, IRP, Inc. Executive Director, to determine the direction that IRP would like to go in regards to the location and time frame for the 2009 IFTA / IRP Audit Workshop.

2009 Annual IFTA Business Meeting

Two jurisdictions from the northeast have submitted Letters of Intent to host the 2009 Annual IFTA Business Meeting. As Maryland recently hosted the 2004 business meeting, the Board supported the decision to pursue hotel locations in New Hampshire. Additionally, it was noted that the jurisdiction of Maine stands ready to assist New Hampshire in any phase of the planning, should they need assistance.

Motion: Mr. Greenawalt moved to accept New Hampshire as the host location for the 2009 Annual IFTA Business Meeting. Ms. Kim Craig (ON) seconded the motion. The motion passed.

ACTION ITEM 5-2Q07:

IFTA, Inc. is to work with the jurisdiction of New Hampshire in pursuit of a viable hotel location for hosting the 2009 Annual IFTA Business Meeting.

2009 IFTA Managers' and Law Enforcement Seminar

The Agreement Procedures (APC) and Law Enforcement (LEC) Committees have discussed the seminar location for 2009. A final confirmation from the LEC determined that the committee is interested in pursuing hotel negotiations in North Carolina. The APC had no formal position and was agreeable to IFTA, Inc. securing a local hotel contract in the Phoenix area.

Motion: Ms. Sanders moved to accept North Carolina as a possible host location for the 2009 IFTA Managers' and Law Enforcement Seminar. Ms. Hussey seconded the motion. The motion passed.

ACTION ITEM 6-2Q07:

IFTA, Inc. is to work with the jurisdiction of North Carolina in pursuit of a viable hotel location for hosting the 2009 IFTA Managers' and Law Enforcement Seminar.

2008 and 2009 IFTA Attorneys' Section Meeting

IFTA, Inc. is actively pursuing a local hotel contract in the Phoenix area for the 2008 IFTA Attorneys' Section Meeting. The Board has asked IFTA, Inc. to consider combining the 2008 meeting dates to coincide with the 2Q08 Board Meeting. The Board Meeting would begin April 17 with a cross-over day on April 18. The Attorneys' Section Meeting would then conclude on April 19. Referencing the 2009 IFTA Attorneys' Section Meeting, Utah and Ontario are both being considered as possible host jurisdictions. IFTA, Inc. will work with both jurisdictions to secure the best possible hotel contract.

ACTION ITEM 7-2Q07:

IFTA, Inc. is to actively pursue a local hotel contract in the Phoenix area for the 2008 IFTA Attorneys' Section Meeting. The dates of this meeting are to coincide with the 2Q08 Board Meeting, beginning on April 17. Dates for the Attorneys' Section Meeting should be April 18 – 19, 2008.

ACTION ITEM 8-2Q07:

IFTA, Inc. is to work with the jurisdictions of Utah and Ontario regarding the best host location for the 2009 IFTA Attorneys' Section Meeting.

Program Compliance Review Update

Mrs. Debora Meise, IFTA, Inc. Program Director, reported on the IFTA / IRP Combined Review Project. Two test combined reviews will be conducted this year. The Wyoming review has been scheduled and Oregon has yet to finalize their combined review date. Mr. Dick Beckner, IFTA, Inc. Program Compliance Administrator, will be Lead Reviewer on the Wyoming review. Following the conclusion of these reviews,

surveys completed by the team members will be tabulated and shared with IFTA and IRP membership to consider the possibility of continued combined IFTA and IRP reviews.

Program Compliance Review Committee (PCRC) Report

Board Liaison Ms. Hussey provided this report. The Board had approved Mr. Jay Starling (AL) as Chair, Ms. Cathy Beedle (NE) as Vice-Chair, and Ms. Vicki Hayden (AR) as Ex-Officio. Additionally, the committee submitted two nominations for committee representation. Ms. Brenda Brand (FL) was nominated as the southeast representative while Mr. Joe Dian (IN) was nominated as the Midwest representative.

Motion: Ms. Hussey moved to accept the Program Compliance Review Committee's nominations of Ms. Brenda Brand (FL) and Mr. Joe Dian (IN). Mr. Bryer seconded the motion. The motion passed.

The committee has amended the PCRC charter and submitted the revised draft to the Board for their consideration. The committee is also developing a committee member roll off schedule. IFTA, Inc. is working with the committee on this procedure. The New Committee Member Guide is also being reviewed.

ACTION ITEM 9-2Q07:

The Program Compliance Review Committee will develop a committee member roll off schedule. IFTA, Inc. is to work with the committee on this procedure.

As co-sponsors to IFTA Full Track Preliminary Ballot Proposal (FTPBP) #2-2007, the PCRC is very supportive. The intent of this ballot proposal is to amend the IFTA Articles of Agreement to allow the Program Compliance Review Committee to initiate a compliance matter. The committee intends to post their comments on the IFTA, Inc. ballots web page, but will not indicate their position.

Industry Advisory Committee (IAC) Report

IAC Chair, Mr. Bennion, provided this report. The last committee meeting was in January 2007 following the IFTA / IRP Audit Workshop. There was concern expressed regarding the closed session held during the workshop and Mr. Bennion will focus on this concern in a panel discussion being held during the Attorneys' Section Meeting in May.

An earlier email, circulated throughout the IFTA community including industry personnel, was briefly discussed. Mr. Bennion stated that industry is, and will continue to be, an active participant within IFTA. The Board expressed that any views disseminated through such emails are not necessarily those shared by managers and commissioners within the IFTA community.

Agreement Procedures Committee (APC) Report

Board Liaison Mr. Greenawalt provided this report. The committee continues to review and revise the APC Best Practices Guide. Work on the Annual Report and Exemption database also continues. During the 1Q07 Board Meeting, the APC was tasked with drafting a new format for the Annual Report and to provide a mock-up of such a report for the Board's review. To assist the committee in completing this task, the Board recommended a subcommittee be formed. The subcommittee will provide a report on their progress to the Board at the October 2007 Board Meeting.

ACTION ITEM 10-2Q07:

It was recommended that the Agreement Procedures Committee create a subcommittee to complete the Board-assigned task of reformatting the Annual Report and providing a mock-up of such a report for the Board's review. The subcommittee will be asked to provide a report on their progress to the Board by the October 2007 Board Meeting.

Law Enforcement Committee (LEC) Report

Mr. Fitzgerald, committee Board Liaison, presented this report. In March, a face-to-face meeting was held in NC. Ten committee members were present as were three NC investigators. The committee is considering the possibility of a road show to promote enforcement and increase awareness in the IFTA jurisdictions. This promotion and education would be provided by committee representatives selected to travel to various member jurisdictions. The committee is also looking to coordinate a special operation wherein all participating jurisdictions would focus on IFTA compliance within a specified time period.

The committee has sponsored IFTA FTPBP #1-2007. The intent of this ballot is to establish uniform enforcement of IFTA licensing violations among member jurisdictions and support jurisdictional legislative changes and practices required to obtain uniformity.

Mr. Don Boswell (VA) has volunteered to participate on the Alternative Fuels Committee chaired by Ms. Craig. The objective of this committee is to review the biodiesel and alternative fuel issues as they relate to IFTA. The LEC continues to work on the September 2007 IFTA Managers' and Law Enforcement Seminar agenda and jurisdiction law enforcement contacts, as well as the LEC Best Practices Guide.

Information Technology Advisory Committee (ITAC) Report

Ms. Sonia Sanders (KY), ITAC Board Liaison, presented this committee report. The committee held teleconferences in March and April. The positions of Chair and Vice-Chair were discussed. Mr. Tony Etherington (MT) had volunteered to be Chair, with Ms. Elizabeth Devlin (NY) as Vice Chair. However, Mr. Etherington was unable to assume this position due to a change in his position in Montana. Both the Chair and Vice Chair positions remain open pending confirmation from other committee participants' abilities to serve.

ACTION ITEM 11-2Q07:

The ITAC committee will review the Chair and Vice Chair positions and provide nominations for the appointment.

A survey regarding electronic filing was provided, online, to all member jurisdictions. Forty-one (41) responses were received with mixed opinions as to whether electronic filing would be beneficial. Thirty-one (31) jurisdictions currently have electronic filing or are developing electronic filing for their taxpayers. The committee will continue to brainstorm for future technology projects.

The committee has been asked to look into the possibility of providing IFTA, Inc. Clearinghouse status information through NLETS for roadside enforcement. Lt. Jennifer Brown (AZ), IFTA Law Enforcement Committee (LEC) Chair, has been asked to participate on the next teleconference with ITAC regarding this discussion. The next committee teleconference will be in early May. In an attempt to expand committee membership, the Board asked Mr. Bennion to nominate an IAC representative to serve on this committee.

ACTION ITEM 12-2Q07:

The IAC will consider nominating a committee representative to serve on the ITAC.

Alternative Fuel Subcommittee Report

Ms. Craig, Board Liaison, reported that the committee held its first teleconference on March 1. Members of this committee include Mr. Fred Alleman (PA), Mr. Boswell, Ms. Donna Burch (Ryder Transportation Services), Ms. Meg Cronk (NY), Mr. Andrew Foster (NB), Mr. Gary Frohlick (SK), Mr. Hinkley, Mr. Mark Osbaldeston (ON), Mr. Robert Pitcher (ATA), Ms. Pat Platt (KS), Ms. Jan Skouby (MO), and Mr. Bill Staples (NB).

The committee reviewed the IFTA Membership Resolution for issues regarding biodiesel. A subcommittee was established to further review this issue and draft a survey for membership. The survey would reference

the use, taxation, and incentives of biodiesel fuel. The committee may contact the Attorneys' Section Steering Committee for additional information regarding the application of such fuels through IFTA.

Audit Committee (AC) Report

Audit Committee Board Liaison, Mr. Bryer, provided this committee report. The committee nominated Ms. Charmin Tillman (MS) to fill the vacancy left by Ms. Mary Tamplin-Collier (GA), from the Southeastern Region, who completed her two terms of service. A vacancy still exists in the Canadian Region and the committee continues their search for a nominee.

Motion: Mr. Bryer moved to accept the Audit Committee's nomination of Ms. Charmin Tillman (MS). Mr. Fitzgerald seconded the motion. The motion passed.

A Joint Audit Subcommittee is being created by both the IFTA and IRP Audit Committees to explore how joint IFTA and IRP audits could be best performed. This subcommittee will develop a process and subsequently coordinate multi-jurisdictional or joint audits of larger IFTA licensees and IRP registrants. Ms. Dawn Leitz (NV) and Mr. Thom Rabaglia (WI) jointly co-chair this subcommittee. Candidates are being sought from both the IFTA and IRP organizations to complete the make up of this subcommittee.

The AC is also discussing alternatives to the 3% audit requirement, sampling periods, and three-year vs. one-year audits.

Dispute Resolution Committee (DRC) Report

Ms. Craig presented the DRC report. The committee held a teleconference in late February to discuss the possibility of a mock dispute hearing. All materials will be provided and preliminary work will be conducted via email or the committee's secure web page. The DRC plans to conduct a final deliberation on the mock hearing in conjunction with the 2007 Annual IFTA Business Meeting. Since the mock dispute hearing is not an actual dispute, and the mock hearing will be scheduled in conjunction with the Annual IFTA Business Meeting, it was the position of the Board that travel expenses should be the responsibility of the committee members in attendance. Should an actual dispute be filed and a hearing become necessary, travel expenses would, at that time, be budgeted and reimbursed according to IFTA, Inc. policy.

Nominating Committee

The 2007 Nominating Committee was established. The task of this committee is to search for and nominate candidates to the IFTA, Inc. Board of Trustees. Mr. Bryer was appointed Chair of the committee. Serving on the committee will be Mr. Fitzgerald, Ms. Sanders, and Mr. Bob Turner (MT). There are five Board seats to be considered. Board members Mr. Kirk Davenport (TX) and Mr. Hinkley will not be seeking re-election. The memorandum to IFTA Commissioners with interest in serving on the Board will be distributed in late April and request a response by May 25 for consideration by the Nominating Committee.

ACTION ITEM 13-2Q07:

The Nominating Committee will draft and distribute the Letter of Interest to all IFTA Commissioners regarding interest in serving on the IFTA, Inc. Board of Trustees. Responses will be requested by May 25 to Mr. Bryer, Committee Chair.

Annual IFTA Business Meeting

Reviewing the 2007 Annual IFTA Business Meeting, the Board made assignments and revised the preliminary agenda to incorporate additional items of interest. The registration packet will be posted to the IFTA, Inc. website in late April. Registration fees for this business meeting will be \$280 for non-voting member delegates, \$340 for public and private sector representatives, and \$600 for exhibitors. As done previously, the registration fee for one voting delegate will be waived from each member jurisdiction.

2007 IFTA Ballot Review

Five full track preliminary ballot proposals (FTPBP) for 2007 were reviewed. The first comment period expires May 14. FTPBP 1-2007, sponsored by the LEC, focuses on uniformity in enforcement practices. The subject of FTPBP 2-2007 deals with disputes arising from certain findings of non-compliance in program compliance reviews. This ballot is co-sponsored by the Board, the PCRC, and the jurisdictions of Kentucky and Illinois. Ballot 3-2007, sponsored by Nebraska, addresses the addition of the USDOT number to the IFTA applications. Sponsored by Alabama, FTPBP 4-2007 addresses multiple audit counts in relationship to registration years and fuel type audited. Alabama also sponsored ballot 5-2007 which focuses on multiple audit counts in relation to carrier size.

Consensus Board Interpretation Draft (CBID) 1-2007

The Board reviewed CBID 1-2007 in depth. The issue was submitted by the jurisdictions of Colorado, Iowa, Nevada, and Utah. These jurisdictions requested interpretations regarding various audit and re-audit provisions of the Articles of Agreement. The issues, and the Board's interpretations, are presented below:

Issue 1

Is it allowable under the IFTA for a jurisdiction to delay or dismiss any reasonable request for a re-audit?

Proposed Board Interpretation:

R1360.200 allows a member jurisdiction to re-audit a licensee if the jurisdiction notifies the base jurisdiction and the licensee of reasonable cause for the re-audit. It is not allowable under this provision for a jurisdiction to dismiss a request if these conditions are met.

R1360.200 does not establish timeframes for a jurisdiction to respond to a request for re-audit. The Agreement does not state whether a jurisdiction is allowed to delay a request for re-audit. However, R1360.300 clearly establishes the requirement for a requesting member jurisdiction and the base jurisdiction to cooperate which implies timely cooperation.

Issue 2

Please define "must be performed in cooperation with the base jurisdiction."

Proposed Board Interpretation:

R1360.300 requires a re-audit or re-examination to be completed through the cooperation of the requesting jurisdiction and the base jurisdiction. This section does not specify which aspects of the re-audit or re-examination process the base jurisdiction must participate in; however, this section clearly suggests that the base jurisdiction must cooperate in a manner that allows the re-audit or re-examination to occur. R1360.300 does require that any resulting adjustments be reconciled with the original audit findings. The reconciliation process would require the cooperation of the jurisdictions and the new findings must be issued by the base jurisdiction.

Issue 3

Does the IFTA prevent a re-audit of a carrier by other jurisdictions? If yes, this appears to be opposite of the intent of the IFTA.

Proposed Board Interpretation:

R1360.200 states that a member jurisdiction may re-audit a licensee. IFTA does not prevent a re-audit of a carrier by other jurisdictions.

Issue 4

The base jurisdictions of Colorado, Iowa, Utah and Nevada respectfully request a CBI of the contradictions inherent between R1310, which permits audits by member jurisdictions, and R1360, which appears to give the base jurisdiction the ability to 'veto' a re-audit.

Proposed Board Interpretation:

R1310 addresses the audit of a licensee while R1360 addresses the re-audit or re-examination of a licensee. As such there is no inherent contradiction between R1310 and R1360.

Following much discussion and deliberation, Mr. Hinkley asked for a motion on the above drafted interpretation.

Motion: Mr. Greenawalt moved to adopt the proposed interpretations to the issues contained in CBID 1-2007 as drafted by the Board. Ms. Sanders seconded the motion.

During discussions of the motion, the Board amended the proposed interpretations, requesting a preface be included. This preface states that “The Board reviewed the CBID presented by the four requesting jurisdictions and have not considered any facts or details pertaining to any specific matter. The Board is merely issuing a proposed interpretation of the Agreement language.”

Amended Motion: Mr. Greenawalt moved to adopt the proposed interpretations as amended. Ms. Sanders seconded the motion. The motion passed.

ACTION ITEM 14-2Q07:

IFTA, Inc. is to draft the Consensus Board Interpretation for ratification by membership during the Annual IFTA Business Meeting.

Unprocessable Returns Project Report

The Board reviewed the data compiled regarding the Unprocessable Returns Project. This project was undertaken following the Board’s withdrawal of FTPBP # 10-2006 in an effort to determine if any such problem existed. The intent of this ballot was to define specific circumstances where a return can be deemed unprocessable and to provide standardized timeframes by which these returns must be resolved and any associated funds distributed. Also, the intent of this ballot was to add a requirement for jurisdictions to report to membership the number of unprocessed tax returns with undistributed funds.

The data compiled by IFTA, Inc. did indicate that there exists a growing concern regarding late returns on transmittals. A pattern emerged showing that, in previous years, the number of late returns on transmittals by membership was very low. As the study advanced closer to the present date, the number of late transmittals grew higher.

Through the current PCR process, review teams do not separate unprocessable returns from the late transmittals. If directed to separate these findings, it was opined that the current review process would need to add an additional day due to the amount of data the review teams would need to examine. The Board decided to discuss this project with membership at the 2007 Annual IFTA Business Meeting.

NAFTA Fuel Tax and Registration Working Group

Ms. Lonette Turner, IFTA, Inc. Executive Director, provided an update on the NAFTA Border States Working Group. A meeting was held in March in San Diego, CA. US Secretary of Transportation, Ms. Mary Peters, had announced a pilot program to implement NAFTA cross border operations. In this program, the USDOT would issue provisional authority to 100 motor carriers selected by the Mexican Federal Government and 100 US carriers would also be eligible for reciprocal authority to operate in Mexico. The Pre-Authorization Safety Audits (PASAs) of Mexican carriers by FMCSA are underway. This pilot program will last for one year from the date of the first carrier receiving the provisional operating authority.

The issue of bonds was also reviewed. California and Texas will require bonds in the amount of \$1,500 while Arizona and New Mexico will require a minimum bond in this amount plus an additional fee for each vehicle. No further meetings have been formally scheduled at this time.

California IFTA Decals

During the 1Q07 Board Meeting, the Board had authorized California to produce its 2008 IFTA decals to the specifications found in the IFTA Procedures Manual and including a barcode as requested by the jurisdiction. Following the Board's approval, CA requested to pursue their request for the 2009 IFTA decal instead. California would like to broaden their search for an acceptable vendor to provide their decals, including the barcode.

Motion: Mr. Greenawalt moved to allow California to pursue a bar coded IFTA decal for 2009. Ms. Hussey seconded the motion. The motion passed.

It was noted that California would still need to have their 2009 IFTA decals meet the specifications as outlined in the IFTA Procedures Manual.

ACTION ITEM 15-2Q07:

IFTA, Inc. is to inform California that the Board approved their request to pursue a bar coded IFTA decal for 2009 in lieu of 2008. California is to still adhere to the specifications outlined in the IFTA Procedures Manual for the 2009 decal.

IFTA Committee Charter Revisions Project

The Board reviewed the revised IFTA committee charters at length. All committees have had an opportunity to review and offer their commentary on the revision of the charters. The IAC charter was reviewed by the Board first.

Motion: Mr. Bryer moved to accept the IFTA Industry Advisory Committee Charter as amended. Mr. Turner seconded the motion. The motion passed.

The remaining IFTA committee charters were then discussed. The Board offered amendments to the charters during the review process. .

Motion: Mr. Greenawalt moved to adopt the recommended language, regarding membership and the chair's recommendation for removal, to all IFTA Committee charters, with the exception of the Industry Advisory Committee charter. Following additional discussions, Mr. Greenawalt withdrew his motion.

The Board proposed some standardized language to be included in the charters. IFTA, Inc. will amend the IFTA committee charters to incorporate the proposed Board amendments. After the amendments have been incorporated, the Board will review the revised documents.

ACTION ITEM 16-2Q07:

IFTA, Inc. will amend the IFTA Committee charters to incorporate the proposed Board amendments. After the amendments have been incorporated, the Board will review the revised documents.

IFTA, Inc. Bylaws

During the review of the IFTA committee charters, it was noted that the IFTA, Inc. Bylaws would also need to be amended so that the language of the Bylaws mirrors the proposed amendments of the charters. IFTA, Inc. will amend the IFTA, Inc. Bylaws in relation to the amendments proposed to the IFTA committee charters. After the revisions have been incorporated, the Board will review the amended document. Following Board approval, the amended IFTA, Inc. Bylaws will be presented to membership for ratification at the July 2007 Annual IFTA Business Meeting.

ACTION ITEM 17-2Q07:

IFTA, Inc. will amend the IFTA, Inc. Bylaws in relation to the amendments proposed to the IFTA committee charters. After the revisions have been incorporated, the Board will review the amended document. Following Board approval, the amended IFTA, Inc. Bylaws will be presented to membership for ratification at the July 2007 Annual IFTA Business Meeting.

IFTA, Inc. Strategic Plan

The Board reviewed the IFTA, Inc. Strategic Plan. Several changes were made to the action items and dates. Two succession plans, one for a planned succession and another for an unplanned succession, as well as the IFTA, Inc. Contingency Plan, were presented for consideration. The Board deferred discussion of the plans until the 4Q07 Board Meeting.

ACTION ITEM 18-2Q07:

The Board will review the Planned and Unplanned Succession Plans, as well as the Contingency Plan, for discussion during the 4Q07 Board Meeting.

The past committee chairs list was then reviewed. IFTA, Inc. compiled this list for the Board's review regarding the Guide for New Chairs and Vice Chairs project. The Board decided to ask Mr. Gary Frohlick (SK), past Board President and member, to lead the project. The objective of the project would be to draft a guide that would assist new committee chairs and vice chairs as they assume the positions and lead the committee.

ACTION ITEM 19-2Q07:

The Board will contact Mr. Gary Frohlick (SK) to inquire as to his availability to lead the New Chair and Vice Chair Guide project.

IFTA, Inc. Financial Report

Ms. Turner provided the IFTA, Inc. financial report. She reported that IFTA, Inc. remains in very good shape and continues to be financially sound. It is estimated that IFTA, Inc. will be operating under budget for this fiscal year.

Closed Session

The Board then went into a closed session for the purpose of discussing budget, personnel, and other related matters. Following the conclusion of the closed session, the Board re-opened the meeting.

Motion: Ms. Hussey moved to adopt the salary and benefits as proposed. Mr. Greenawalt seconded the motion. The motion passed by a vote of 8 to 1. Mr. Bryer opposed the motion.

Motion: Ms. Hussey moved to accept the budget for fiscal year 2007/2008 as proposed. Ms. Craig seconded the motion. The motion passed unanimously.

Single Dues Structure Subcommittee

This subcommittee provided an update on their review of the single dues structure project. It was recommended that the subcommittee review the corporation's investments, 5-year budget plan, and membership dues history. Additionally, the subcommittee will investigate any increase in membership dues to be presented in increments over a period of years.

ACTION ITEM 20-2Q07:

The Single Dues Structure Subcommittee will review the corporation's investments, 5-year budget plan, and membership dues history. Additionally, the subcommittee will investigate any increase in membership dues to be presented in increments over a period of years.

Adjournment

Following the conclusion of the business discussions, the Board moved to adjourn the Second Quarter 2007 IFTA, Inc. Board of Trustees Meeting.

Motion: Ms. Sanders moved to adjourn the Second Quarter 2007 IFTA, Inc. Board of Trustees Meeting. Mr. Greenawalt seconded the motion. The motion passed.

ACTION ITEMS RESULTING FROM THE 2Q07 BOARD MEETING

ITEM	ACTION	PAGE
1.	IFTA, Inc. will create an IFTA, Inc. Clearinghouse Funds Netting Calendar.	2
2.	IFTA, Inc. will present a prorated system for funds distribution to membership at the 2007 Annual IFTA Business Meeting. This system would be utilized by the IFTA, Inc. Clearinghouse to address a jurisdiction's late funding of the Clearinghouse account.	3
3.	IFTA, Inc. will revise the IFTA, Inc. Clearinghouse Access Agreement. Once the revisions have been incorporated, the Board and participating IFTA, Inc. Clearinghouse members will review the amended document for approval. The amended Access Agreement will be discussed during the Annual IFTA Business Meeting.	3
4.	IFTA, Inc. will contact Ms. Mary Pat Paris, IRP, Inc. Executive Director, to determine the direction that IRP would like to go in regards to the location and time frame for the 2009 IFTA / IRP Audit Workshop.	4
5.	IFTA, Inc. is to work with the jurisdiction of New Hampshire in pursuit of a viable hotel location for hosting the 2009 Annual IFTA Business Meeting.	4
6.	IFTA, Inc. is to work with the jurisdiction of North Carolina in pursuit of a viable hotel location for hosting the 2009 IFTA Managers' and Law Enforcement Seminar.	4
7.	IFTA, Inc. is to actively pursue a local hotel contract in the Phoenix area for the 2008 IFTA Attorneys' Section Meeting. The dates of this meeting are to coincide with the 2Q08 Board Meeting, beginning on April 17. Dates for the Attorneys' Section Meeting should be April 18 – 19, 2008.	4
8.	IFTA, Inc. is to work with the jurisdictions of Utah and Ontario regarding the best host location for the 2009 IFTA Attorneys' Section Meeting.	4
9.	The Program Compliance Review Committee will develop a committee member roll off schedule. IFTA, Inc. is to work with the committee on this procedure.	5
10.	It was recommended that the Agreement Procedures Committee create a subcommittee to complete the Board-assigned task of reformatting the Annual Report and providing a mock up of such a report for the Board's review. The subcommittee will be asked to provide a report on their progress to the Board by the October 2007 Board Meeting.	5
11.	The ITAC committee will review the Chair and Vice Chair positions and provide nominations for the appointment.	6
12.	The IAC will consider nominating a committee representative to serve on the ITAC.	6
13.	The Nominating Committee will draft and distribute the Letter of Interest to all IFTA Commissioners regarding interest in serving on the IFTA, Inc. Board of Trustees. Responses will be requested by May 25 to Mr. Bryer, Committee Chair.	7
14.	IFTA, Inc. is to draft the Consensus Board Interpretation for ratification by membership during the Annual IFTA Business Meeting.	9

ACTION ITEMS RESULTING FROM THE 2Q07 BOARD MEETING

ITEM	ACTION	PAGE
15.	IFTA, Inc. is to inform California that the Board approved their request to pursue a bar coded IFTA decal for 2009 in lieu of 2008. California is to still adhere to the specifications outlined in the IFTA Procedures Manual for the 2009 decal.	10
16.	IFTA, Inc. will amend the IFTA committee charters to incorporate the proposed Board amendments. After the amendments have been incorporated, the Board will review the revised documents.	10
17.	IFTA, Inc. will amend the IFTA, Inc. Bylaws in relation to the amendments proposed to the IFTA committee charters. After the revisions have been incorporated, the Board will review the amended document. Following Board approval, the amended IFTA, Inc. Bylaws will be presented to membership for ratification at the July 2007 Annual IFTA Business Meeting.	11
18.	The Board will review the Planned and Unplanned Succession Plans, as well as the Contingency Plan, for discussion during the 4Q07 Board Meeting.	11
19.	The Board will contact Mr. Gary Frohlick (SK) to inquire as to his availability to lead the New Chair and Vice Chair Guide project.	11
20.	The Single Dues Structure Subcommittee will review the corporation's investments, 5-year budget plan, and membership dues history. Additionally, the subcommittee will investigate any increase in membership dues to be presented in increments over a period of years.	11