

FIRST QUARTER 2016 IFTA, INC. BOARD OF TRUSTEES MEETING FEBRUARY 8 - 9

Board Members:

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

IFTA, Inc. Personnel:

Lonette Turner	CEO
Tom King	Webmaster
Amanda Koeller	Comptroller
Debora Meise	Senior Director

Guests:

Sandy Johnson	North Star Fleet Solutions
Robert Pitcher	American Trucking Associations, Inc.
Tim Adams	IRP, Inc.
Tom Sullivan	IN Department of Revenue
Dave Nicholson	OK Corporation Commission
Helen Varcoe	MT Department of Transportation
Gerald Jackson	WY Department of Transportation (Retired)

Call to Order

The First Quarter 2016 IFTA, Inc. Board of Trustees (Board) meeting was held in Las Vegas, Nevada at the Tuscan Suites & Casino hotel. Mr. Stuart Zion (CO) presided over the meeting and called the meeting to order. All Board members were in attendance. Additionally, several guests were welcomed to the meeting.

Prior to the open portion of the Board meeting, the Board members met in closed session for the purpose of electing the Executive Committee. Once the meeting opened, it was reported that the Board elected Mr. Steven Nutter (VA) as 2nd Vice President, Mr. Chuck Ulm (MD) as 1st Vice President, and Mr. Zion as President.

Approval of the Minutes

The Board reviewed the minutes from the Fourth Quarter 2015 Board Meeting. Mr. Zion asked for comments or corrections to the minutes. Minor corrections were made.

Motion: Mr. Hugh Hughson (BC) moved to approve the corrected minutes. Mr. Garry Hinkley (ME) seconded the motion. The motion passed.

Board Actions by Email

The Board reviewed the minutes from the Board Actions by Email. These actions covered the period of October 1 through December 31, 2015.

Motion: Mr. Hinkley moved to accept the minutes of the Board Actions by Email as presented. Ms. Cindy Arnold (NV) seconded the motion. The motion passed.

Assignment of Board Liaisons to Jurisdictions and Committees

The Board reviewed the liaison assignments for both the jurisdictions and committees. Changes were made.

2016 Committee Board Liaisons		
Agreement Procedures Committee	Audit Committee	Clearinghouse Advisory Committee
Cindy Arnold (NV), Lead	Steve Nutter (VA), Lead	Garry Hinkley (ME), Lead
Trent Knoles (IL)	Joy Prenger (MO)	Cindy Arnold (NV)
Dispute Resolution Committee	Industry Advisory Committee	Information Technology Advisory Committee
Hugh Hughson (BC),	Hugh Hughson (BC), Lead	Garry Hinkley (ME), Lead
Steve Nutter (VA) -lead	Chuck Ulm (MD)	David Helton (FL)
Law Enforcement	Program Compliance Review	Attorneys Section Steering Committee
Chuck Ulm (MD), Lead	Trent Knoles (IL), Lead	Stuart Zion (CO),
Stuart Zion (CO)	Joy Prenger (MO)	Chuck Ulm (MD) -lead
Electronic Credentials Working Group	Dual Fuels Working Group	IFTA/IRP Board Subcommittee
Garry Hinkley (ME), Lead	Hugh Hughson (BC), Lead	Stuart Zion (CO)
Trent Knoles (IL)	David Helton (FL)	David Helton (FL)
		Chuck Ulm (MD)

2016 Jurisdiction Board Liaisons								
J. Prenger	D. Helton	G. Hinkley	H. Hughson	T. Knoles	S. Nutter	S. Zion	C. Arnold	C. Ulm
IA	AL	CT	AB	IL	AR	AZ	ID	DE
IN	GA	ME	BC	KS	NC	CA	MT	MD
MO	FL	MA	MB	KY	SC	CO	OR	NJ
NE	LA	NH	NB	MI	TN	NM	UT	OH
ND	MS	NY	NL	MN	VA	TX	NV	PA
SD		RI	NS	OK		WY	WA	WV
		VT	ON	WI				
			PE					
			QC					
			SK					

Consent Agenda

The Board reviewed the Consent Agenda. This agenda contained the reports of the Audit Committee, Agreement Procedures Committee, Clearinghouse Advisory Committee, Dispute Resolution Committee, Information Technology Advisory Committee, and the Law Enforcement Committee.

Motion: Ms. Arnold moved to approve the Consent Agenda. Mr. Nutter seconded the motion. The consent agenda was approved.

Quarterly Reports

Funds Netting

Mrs. Amanda Koeller, IFTA, Inc. Comptroller, presented a summary of the 2015 funds netting to the Board. 2015 was the first year IFTA, Inc. initiated the single payment requirement. Two jurisdictions needed to issue their payments by paper check and there were a total of eight (8) late payments. Mrs. Koeller informed the Board that there had been eight late payments in 2014 as well.

In January of 2016, Alberta became the fifty-fifth (55) jurisdiction to become a full member of the IFTA, Inc. Clearinghouse. The three jurisdictions yet to join fully are Newfoundland, Oklahoma, and Quebec. Currently, Quebec is working with security

issues and Canadian privacy issues. Mr. Hughson volunteered to reach out and speak with Quebec regarding the Clearinghouse.

The IFTA, Inc. Clearinghouse Funds Netting Rules were presented to the Board for discussion. These rules were last approved and revised in April 2014. Section III of the rules focuses on member jurisdictions that fail to comply with the funds netting calendar. It was explained that the jurisdiction of Illinois was unable to fund the amount due in December 2015 and January 2016. Presently the jurisdiction of Illinois remains without a budget and has no means to fund the funds netting account. Mr. Trent Knoles (IL) explained that the IL account into which IFTA monies are deposited is an appropriated account while the IRP funds account is not and, therefore, IL has been able to pay into the IRP clearinghouse but not the IFTA clearinghouse. IRP in Illinois is administered by the Illinois Secretary of State.

Discussion was had regarding the situation faced by Illinois and how it affects the other member jurisdictions. Some suggestions included drafting a letter to the Governor of Illinois while another suggestion was to exclude Illinois from participating in the Clearinghouse. During discussion, it was determined that if Illinois did not participate, it would have a detrimental effect on all member jurisdictions. Mr. Robert Pitcher, American Trucking Associations, informed the Board that the Uniform Carrier Registration Board (UCR) has sent a letter to the IL Commerce Commission in regards to lack of payment due to the budgetary constraints facing IL.

Clearinghouse Update

Ms. Lonette Turner, IFTA, Inc. CEO, reviewed the report provided by Mr. Jason DeGraf, IFTA, Inc. Information Services Director. IFTA, Inc. has been updating both the demographic and transmittal servers. It was noted that, with these changes, users will be required to change their passwords. Notices have been sent to the clearinghouse jurisdictions indicating this change. The Program Compliance Review (PCR) web pages have also been updated. These changes were done to make the site more user friendly and remove a lengthy upload delay.

The Clearinghouse Advisory Committee (CAC) has issued correspondence to those jurisdictions that have uploaded data that does not comply with the required field formats. IFTA, Inc. has also completed and updated the IFTA App. This app is a license status app that could allow roadside enforcement immediate results when searching for a licensee. Currently the data is tied only to test data, but could be made available online once it has been approved for release.

Reviewing the IRP database, it was explained that an error was identified by IRP in the Audit Report Exchange System. It has been addressed and fixed. No significant changes have been made to the programming of the IRP database. The Board was informed that IFTA, Inc. is now sending data to SAFER on behalf of Nevada, New Hampshire, and Massachusetts. Additionally, a test file from North Carolina was made available to SAFER in mid-December 2015.

IFTA, Inc. Financial Report

Mrs. Koeller informed the Board that IFTA, Inc. remains financially sound. It was noted that the previous financial audit conference call held with the Board and auditors from Lumbard & Associates went very well. At this time, the minutes from that teleconference had not been drafted for review.

Parallel accounting programs, Quick Books and Sage-Peachtree, will be run during April, May, and June as IFTA, Inc. works towards utilizing the different, more accurate accounting system, Quick Books.

The IFTA, Inc. Financial Policies were presented and reviewed by the Board. Discussion was had regarding Section 3, Conflict of Interest. It was speculated that this section should also encompass the IFTA, Inc. staff as well as the Board. These policies had been approved by the Board in November 2015 and are currently in place and should be reviewed on an annual basis by the Board.

IFTA, Inc. Website Review

Mr. Tom King, IFTA, Inc. Webmaster, presented a demonstration of the IFTA, Inc. website. Included in the demonstration was an overview of the yet to be released new IFTA, Inc. website. A survey will be issued to membership regarding the current website and will solicit feedback for pertinent data currently made available and what membership would like to see added to the new website. This survey will also include a link to the proposed new website.

Electronic Credentials Working Group Update

The Electronic Credentials Working Group (ECWG) has been quite active since the Wisconsin initiative to organize a pilot project for electronic credentials. Mr. Paul Bernander (WI) has been leading this project. The pilot project is scheduled to begin on April 1, 2016 and will run through September. Wisconsin continues to seek motor carriers and jurisdictions to participate.

Mr. Robert Pitcher, American Trucking Associations, informed the Board that the ECWG's most essential and necessary component to be successful was to clean up the provided data. Mr. Tim Adams, IRP, Inc. CEO, also announced that IRP is working on a data piece so that the law enforcement personnel could use and trust the IRP system. Ms. Sandy Johnson, North Star Fleet Solutions, added that mobile friendly E-Logs would be key to making a positive difference.

Ballot Update

2015 IFTA Ballots

Mrs. Debora Meise, IFTA, Inc. Senior Director, announced that the seven 2015 IFTA ballots are currently out for vote. Voting will conclude on March 24, 2016. The ballots out for vote include:

FTFBP #01-2015: Amend the IFTA Procedures Manual to remove the requirement for Clearinghouse members to notify all “read only” Clearinghouse members of the number of transmittals that have been sent that calendar year.

FTFBP #02-2015: Remove the confusing verbiage related to the reporting of the number of accounts cancelled, suspended or revoked so all jurisdictions are reporting the same data.

FTFBP #03-2015: Amend the IFTA Articles of Agreement to include a requirement to upload full demographic information on a daily basis for each business day.

FTFBP #04-2015: The requirement to send Cancellation, Revocation, Suspension and Reinstatement reports shall only be a requirement for those read only Clearinghouse member jurisdiction.

FTFBP #05-2015: To establish a standard unit measure for LNG reporting and transmittal purposes between IFTA members.

FTFBP #06-2015: Amend the IFTA Articles of Agreement to require the PCRC to recommend to the membership that a dispute be initiated against a member jurisdiction that has been found noncompliant on the subject of Licensee Audits by not auditing on behalf of all member jurisdictions.

FTFBP #07-2015: Amend the IFTA Audit Manual to require jurisdictions to include the Interest Charged Thru Date on the Audit Reports and Interjurisdictional Audit Reports they generate on the IFTA Full Track Final Ballot Proposal #7-2015 April 10, 2015 Page 2 of 4 completion of their audits.

2016 IFTA Ballots

IFTA, Inc. is accepting Preliminary Ballot Proposals for 2016. Membership, standing committees, and the Board are permitted to submit ballot proposals. The deadline to submit the ballot proposals for 2016 is April 22.

Draft Ballot Discussion

The Board then discussed a Nevada and Illinois proposed ballot. This ballot would propose verbiage throughout the Agreement to specify that only the votes that are actually cast be counted towards the final disposition of the vote. By doing this, the intent is to have the voting results be representative of those jurisdictions that actually voted. Furthermore, the percent of votes needed for passage shall be based on the number of jurisdictions voting and not the total membership (58) as currently written. Jurisdictions abstaining from a vote will be recorded as such and will not influence voting results.”

Discussion was had regarding the feedback from the Attorneys' Section Steering Committee (ASSC). It was the decision of the Board that a teleconference be scheduled with the ASSC Chair and Vice Chair and the ballot sponsors to review and consider this ballot. This call should be scheduled right before a regularly scheduled ASSC conference call.

IRP Ballots

At the time of the Board meeting, Mrs. Meise announced that there are no open IRP ballots.

Industry Advisory Committee Report

Ms. Johnson reported that nothing pressing was happening. She commented on the increased number of industry representatives attending the 2016 IFTA/IRP Audit Workshop adding that the subject matter may have raised interest in bringing industry to the workshop. She explained that the cooperation between government and industry is key to IFTA's success.

Quarterly Region Calls

Mrs. Meise announced that the only region that has held a call to date was the Western Region in December 2015. During this call discussion was had regarding the excess funds and Ms. Arnold offered to take any concerns or comments the jurisdictions had to the Board. The five jurisdictions participating on the call were interested in continuing the quarterly calls. All other regions do have their quarterly calls scheduled in Mid-March. Those invited on the calls include the IFTA Commissioners and Assistant IFTA Commissioners. It was suggested that the office level supervisor/manager, law enforcement and audit contacts also be included in the invitation to these regional calls.

Attorneys' Section Steering Committee Formal Request

Mr. Ulm led this discussion. The ASSC has requested to hold a formal meeting in 2016. The Board discussed the scheduling of this meeting.

Motion: Mr. Ulm moved that the Board permit the ASSC to hold a meeting in Chandler, AZ, in late October 2016. Ms. Arnold seconded this motion. The motion passed.

IFTA, Inc. will work with local hotels to procure this meeting location.

Timing of Election of Board Officers

Mr. Zion led this discussion. It was questioned if Board officer elections should be done during the Fourth Quarter meeting for officers taking positions on the Executive Committee for the next calendar year. Concerns were expressed regarding the current Board's voting for their officers as new Board members do not attend the Board meetings until the First Quarter. Following these discussions a straw vote was taken. It was decided that the idea would not be pursued at this time.

Review of Suggestions/Proposals for IFTA Projects

Former Board President, Mr. Ron Hester (ON), had issued a letter to membership soliciting suggestions and proposals for IFTA projects that could be funded from the JPM investment portfolio. IFTA, Inc. received proposals from Alberta, British Columbia, Connecticut, and Kentucky. The suggestions offered were as follows:

- Applying the funds to reduce the IFTA renewal fee for a year;
- Conducting a study on the 3% audit coverage to determine whether the percentage should be reduced or replaced with other compliance measures;
- Conducting a study on the pros and cons of a risk based audit approach, considering the tax impact involved;
- Supporting travel costs for face-to-face committee meetings once per year;
- Improving testing/sharing of information related to GPS tracking systems being utilized by IFTA carriers;
- Providing education and training/information materials to carriers and other jurisdictions regarding the specific reporting requirements for IFTA carriers with dual fuel vehicle fleets;
- Providing a detailed review and re-development of the IFTA website utilizing the services of a third-party service provider;
- Funding of attendance at the IFTA Annual Business Meeting;
- Funding of attendance at the annual Audit Workshop;
- Creation of a focus group to initiate a “perpetually audited taxpayer” program; and
- Conducting an IFTA Demographics Data Quality pilot project

It was recommended that a spreadsheet be created to establish the criteria of the presented proposals and identify those which could be incorporated into the IFTA, Inc. Strategic Plan. It was further thought that more proposals may be solicited during the Annual IFTA Business Meeting.

Following additional discussions, the Board decided to place the Kentucky proposal regarding the IFTA Demographics Data Quality pilot project on hold until the CAC’s efforts to clean up the data has been completed.

The Audit Committee will be charged with reviewing the Alberta proposals pertaining to the 3% audit coverage as well as the risk based audits. In addition, as the AC is currently reviewing the GPS systems, this proposal idea from British Columbia will also be placed on hold pending that outcome. Education and training materials for dual fuel vehicles has also been put on hold presently.

Proposals which the Board will be considering include supporting committee travel and a focus group to initiate a perpetually audited taxpayer program. Expenses related to the Audit Workshop and Managers' and Law Enforcement Workshop will need to be reviewed for total expenses before it could be considered. Those proposals rejected by the Board included the reduced membership fees as well as additional funding for another person to attend the Annual IFTA Business Meeting.

Program Compliance Review Committee Report

Program Compliance Review Committee (PCRC) Chair, Mr. Richard Wagner (NV), provided this report to the Board. Mr. Wagner offered the committee's appreciation for the Board allowing the committee to meet face to face in early March at the IFTA, Inc. offices. The committee's primary focus will be to review IFTA FTFBP 3-2014 requirements to ensure that the Review Guides are updated and modernized. It is the intention of the PCRC to have the Review Guides for commentary by May. The committee will also forward a completed draft of the guides to the IFTA Compliance Audit Working Group members for their review to ensure that the direction of the guides was their initial intent when the proposed IFTA FTFBP 3-2014.

Mr. Wagner also mentioned the possibility of more volunteers on the review teams for the larger reviews. It was offered that committee members could participate on one review each per year. The PCRC will be working to streamline the process so that the time committed to the reviews will not become a burden to any one individual or jurisdiction.

Technology Committees

Clearinghouse Advisory Committee - CAC

The Board discussed the CAC Chair position. It was recognized that the committee had been without a Chair but that there was an interested party to assume the position. Mr. Ron Hester (ON) volunteered to assist IFTA in whatever capacity was deemed necessary when he left office at the conclusion of the 4Q15 Board meeting. After determining that the current CAC Vice-Chair, Mr. Marc Walker (NB), was unable to assume the Chair position, the Board considered Mr. Hester as a candidate for the position.

Motion: Mr. Hinkley moved to approve Mr. Ron Hester (ON) as Chair of the Clearinghouse Advisory Committee. Ms. Arnold seconded the motion. The motion passed.

Information Technology Advisory Committee - ITAC

It was noted that the ITAC has also been operating without a Chair for quite some time. The committee also has several vacancies to date. Ms. Arnold also called attention to the fact that the committee does not have an active Board charge.

The Board discussed both the CAC and ITAC committees. Consideration was given to combining the two committees and creating one technology committee. If the ITAC were to be changed from a standing to a special committee, it was noted that a Bylaws change would need to be implemented. It was decided that the Board liaisons would speak with the members of the ITAC to consider merging with the CAC or changing from a standing to a special committee.

Strategic Planning Discussions

The Board continued their discussions of the jurisdiction responses to Mr. Hester's letter asking for suggestions and proposals for future projects. A study on the 3% audit coverage as presented was discussed. The Board decided to charge the Audit Committee with establishing a working group to review this issue, how long it would take, and what type of budget would be required to consider this project.

Referencing the CAC letters to member jurisdictions regarding bad data in the clearinghouse, the Board liaisons will present this issue to the committee's Quality Control subcommittee and task them with beginning this review.

New Business

Annual Report Database

The Annual Report database closes on March 1st. Discussion was had as to whether or not members should be allowed to amend the data once it has been entered. The Board decided that a ninety (90) day window should be provided, allowing jurisdictions to change their Annual Report data. IFTA, Inc. will work to implement this field so that changes could be made.

Annual Financial Statements

The Board reviewed the Audited Financial Statements for FYE 15 from Lumbard & Associates. Discussion was had regarding the receipt of the report and the Board questioned if the report could be provided earlier in the future.

Ms. Turner explained that the audited financial statements must be completed prior to the financial report being issued to the Board and membership. Additionally, it was explained, that the company that handled the audits had a change of hierarchy and this added to the lag in completing and providing the financial audit reports.

Concern was also expressed regarding when a financial audit results in errors that should be addressed by the company. Ms. Turner assured the Board that such results are made known prior to the end of the on-site auditing.

Mrs. Koeller explained that the financial policy is reviewed annually and the receipt of the report would be looked at to ensure that the final report of the financial audit is provided to IFTA, Inc. within a reasonable amount of time following the close of the actual audit.

Motion: Mr. Nutter moved to accept the audited financial statements. Mr. Hughson seconded the motion. The motion passed.

Adjournment

Mr. Zion thanked the Board members and IFTA, Inc. personnel for their support and assistance. He then asked for a motion to adjourn the First Quarter 2016 IFTA, Inc. Board of Trustees meeting.

Motion: Mr. Hughson moved to adjourn the First Quarter 2016 IFTA, Inc. Board of Trustees meeting. Ms. Arnold seconded the motion. The motion passed.