

**SECOND QUARTER 2018
IFTA, INC. BOARD OF TRUSTEES MEETING
April 23 - 25, 2018**

Board Members:

Stephen Nutter, President	Virginia Department of Motor Vehicles
Joy Prenger, First Vice President	Missouri Motor Carrier Services
Scott Bryer, Second Vice President	New Hampshire Department of Safety
Cindy Arnold	Nevada Department of Motor Vehicles
Virginia Barnett	Ontario Ministry of Finance
Trent Knoles	Illinois Department of Revenue
L. Michael Romeo	Connecticut Department of Revenue Services
Antoinette Tannous	Quebec Revenu
Rick Taylor	Kentucky Transportation Cabinet

IFTA, Inc. Personnel:

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

Others in Attendance:

Robert Pitcher	American Trucking Associations, Inc.
Tim Adams	IRP, Inc.
Joshua Waitz	Chase Investments
Ronald Huser	Legal Counsel

- 1) **Call to Order** - *Mr. Stephen Nutter (VA), IFTA, Inc. Board of Trustees (Board) President*
 - a) Mr. Nutter called the meeting to order.
 - b) All Board members were in attendance.
 - c) Mr. Joshua Waitz, Chase Investments, provided an update regarding the organization's investments.

Following the roll call, the Board went into a closed session.

Motion: Mr. Nutter moved to go into closed session. Mr. Scott Bryer (NH) seconded the motion. The motion passed.

The Board later returned to open session.

Motion: Mr. Bryer moved to end the closed session. Ms. Cindy Arnold (NV) seconded. The motion passed.

The following issues were raised and discussed during this three-day meeting.

2) Approval of Minutes - Mr. Nutter

a) 1Q18 Board Meeting

Motion: Mr. Bryer moved to review the minutes for approval. Ms. Antoinette Tannous (QC) seconded the motion.

During the review it was clarified that only two Canadian jurisdictions misunderstood the voting procedures for the Short Track Final Ballot Proposals (STFBP) that did not pass due to insufficient voting. Other corrections were made to the minutes.

Motion: Mr. Bryer moved to approve the minutes as amended. Ms. Virginia Barnett (ON) seconded the motion. The motion passed.

b) Other Board Actions – January through March 2018

Motion: Mr. Bryer moved to approve the minutes as written. Ms. Arnold seconded the motion. The motion passed.

3) Bylaws Review Discussion - Mr. Nutter

The Board met on April 23, 2018 to review the IFTA, Inc. Bylaws following the January Board Governance training. During this meeting, several changes were made to the Bylaws.

Motion: Ms. Tannous moved to approve the changes to the Bylaws. Mr. Bryer seconded the motion. The motion passed.

4) Report of Meeting with IRP, Inc. Executive Committee - Mr. Nutter

- a) This meeting was held in Oklahoma City, OK, March 8 – 9. In addition to the members of the IRP, Inc. Board of Directors Executive Committee, and the IFTA, Inc. Board Executive Committee, were Mr. Adams and Ms. Lonette Turner, IFTA, Inc. CEO.
- b) The purpose of this meeting was to review, identify, and discuss the synergies that the two organizations, IFTA, Inc. and IRP, Inc., have together. The work product resulting from this meeting included various tasks, ideas, and concepts as well as their related actions necessary to complete the tasks.
- c) The Board reviewed a draft of a proposed letter to be issued to membership of both IFTA and IRP. The Executive Committees will amend the letter as recommended and present it to the full boards of both IFTA, Inc. and IRP, Inc. for their review prior to distributing the letter to membership.

5) Consent Agenda - Mr. Nutter

The Board acknowledged the reports from the Consent Agenda. Those reports in the Consent Agenda included the Audit Committee (AC), Attorneys Section Steering Committee (ASSC), and the Law Enforcement Committee (LEC).

6) **IT Update** - Mr. Jason DeGraf – Information Services Director and Mr. Tom King - Webmaster

a) *Clearinghouse*

- i) As a result of the recent SOC II audit documentation has been created for employees being hired or leaving the organization.
- ii) The audit also showed a need for a two-point notification for accessing the clearinghouse. This feature will be added to the clearinghouse security.
- iii) Email encryptions were recommended as a result of the SOC II audit for issuing confidential data such as taxpayer identification.
- iv) A copy of the SOC II and its exceptions will be forwarded to the Board by IFTA, Inc.

b) *Data Center Colocation*

- i) IFTA, Inc. has relocated the clearinghouse to a new secure location. The actual physical location is close by the office, and security is very high.
- ii) Entry to the new location was effective March 26, 2018.
- iii) Data is being received timely and all member jurisdictions are uploading except for Florida, but they are still able to participate in funds netting for the month.

c) *Website*

- i) A demonstration of the IFTA, Inc. website was provided.
- ii) During the SOC II audit, a portion of the public databases was hacked. However, it was noted that the secure side of the website was not hacked.
- iii) New certificates for SSL have been issued for 2018 and are in place.
- iv) Reviewing the current tax rate matrix and fuel types it was opined that a survey be issued to inquire with the jurisdictions which fuel types are still used.
- v) The Board reviewed the IFTA, Inc. mobile prototype version. It is anticipated this version could be available by the Annual IFTA Business Meeting.
- vi) Reviewing the necessity of the website search feature, it was explained that once a document outlining how to search the manuals is added to the website this feature could be disabled.

7) **Financial Report** - Ms. Turner

a) *Funds Netting Report*

- i) A calendar year end final report for 2017 funds netting was provided.
- ii) Three jurisdictions paid late during 2017.
- iii) More than \$402,000,000 in US funds alone was transmitted through the clearinghouse in 2017

b) *IFTA, Inc. Financial Report*

- i) Membership dues are currently being received for FYE2019.
- ii) The investment portfolio is in very good shape.
- iii) Certificate of Deposits (CD) are maturing in June 2018 and the Board was asked how to proceed with these funds.

Motion: Mr. Bryer moved that when the two CDs mature in June 2018 that the money be transferred to the money market account. Ms. Tannous seconded this motion. During discussion it was noted that the Board's current policy is to maintain three months operating expense in reserve. Following discussions the motion from Mr. Bryer passed.

- c) *Investment Portfolio, Mr. Josh Waitz - Chase Investments*
 - i) It was noted that IFTA, Inc. has a very strong cash position.
 - ii) In reviewing the investment portfolio, Mr. Waitz explained that the investment strategy should depend on the goals of the organization. The Board would need to decide the direction of the organization and how aggressive the investments should be.
 - iii) IFTA, Inc.'s portfolio does pay dividends that could either be withdrawn or reinvested. The current policy is to reinvest the dividends. Funds in the investment portfolio may be moved from one account to another based on the Board's determination of future investment policy.

8) Program Compliance Review Update - Ms. Debora Meise, Senior Director

- a) *Program Compliance Review Committee Meeting*
 - i) There are three action items which resulted from the April 17 – 18, 2018 meeting held in Chandler, AZ.
 - ii) The Board was asked to disband the Program Compliance Review Committee (PCRC) Working Group.

Motion: Mr. Trent Knoles (IL) moved to disband the PCRC Working Group. Ms. Prenger seconded the motion. The motion passed.

- b) The Board reviewed the new Committee structure. As outlined, panel members would be the PCRC representatives whereas the reviewers are the jurisdiction volunteers with six for the administrative portion and six for the audit portion.
- c) The PCRC Charter was presented for approval by the Board. The charter outlined new term limits.

Motion: Mr. Bryer moved to accept the amended PCRC charter with the existing term limits. Mr. Rick Taylor (KY) seconded the motion. Discussion was had regarding a provision that was questioned by the Board, provision VIII.C. This provision will be removed from the current charter. Following these discussions, the Board approved the charter with the removal of this provision.

9) IFTA Meeting Update - Ms. Tammy Trinker, IFTA, Office and Events Administrator

- a) *2018 IFTA/IRP Audit Workshop – Evaluations*
 - i) This event was held at the Crowne Plaza San Marcos hotel in Chandler, AZ, February 13 – 15
 - ii) There was a total of 240 attendants, which included 157 jurisdiction representatives and 78 general and public representatives
 - iii) 76 responses were received; overall, more than half believed the timing (length) was just right. Furthermore, a strong majority favored the breakout sessions being split over two days rather than holding them all in a single day. Commenting on the types of breakout sessions for the future, more than half responded in favor of short problem solving scenarios.

- b) *2018 Attorneys Meeting*
 - i) This event was held at the Crowne Plaza San Marcos hotel in Chandler, AZ, February 13 – 14
 - ii) There was a total of 15 attendants, which included 14 jurisdiction representatives and 1 general and public representative
- c) *2018 Annual IFTA Business Meeting – Registration Fees*
 - i) This year’s business meeting will be held at the Mission Palms hotel in Tempe, AZ. The dates for this meeting will be August 15 - 16, with the reception being Tuesday, August 14.
 - ii) Registration fees for this event are established as follows and is less than the fee from the 2017 Annual IFTA Business Meeting:
 - a. \$430 for membership (non-voting) representatives
 - b. \$490 for general public and industry representatives
 - iii) The Board requested that IFTA, Inc. procure a meeting room to meet with the Committee Chairs following the conclusion of the first day of the business meeting.
- d) *2018 IRP/IFTA Managers and Law Enforcement Workshop*
 - i) This year’s event will be held at the Hyatt Regency in Milwaukee, WI, October 16 – 18.
 - ii) IRP, Inc. is hosting this event and IFTA, Inc. will forward a travel memorandum to the members of both the Agreement Procedures Committee (APC) and LEC regarding travel procedures.
- e) *2019 Events – Scheduling Status*
 - i) IFTA, Inc. continues to work on scheduling the IFTA/IRP Audit Workshop for the upcoming year.
 - ii) The Board meetings for 2019 have been secured and the contracts will be amended per the Board’s request.
 - iii) The Annual IFTA Business Meeting has also been contracted for this year.
- f) *2020 IFTA Board meetings*
 - i) The Board decided to continue hosting these meetings in the Phoenix/Metro location. IFTA, Inc. will reach out to local hotels to secure proposals for these events.

10) 2018 Annual IFTA Business Meeting - Mr. Nutter

- a) The Board reviewed the preliminary agenda for the upcoming Annual IFTA Business Meeting.
- b) It was determined that the first day would be all general session topics and that the second day would include the regional breakouts as well as concurrent breakout sessions.

11) Method of Sharing Relevant Mandates Affecting Carriers - Ms. Barnett

- a) IFTA, Inc. will research adding another web page to the website outlining changes that affect multiple jurisdictions. Concern was expressed as to how such data would be managed on the website.
- b) An example as to why such a web page would be vital was the ELD mandate that affected the US jurisdictions, but the Canadian provinces were unaware of this mandate that affected so many carriers.

- c) IFTA, Inc. can contact related agencies to inquire about updates and changes that are, or will, be mandated and required of US carriers. IFTA, Inc. will research this issue further to determine if links could be provided on the IFTA, Inc. website directly back to the source releasing the mandates and/or changes.

12) IFTA, Inc. Attorney - Mr. Ron Huser

The Board was introduced to the organization's attorney, Mr. Ron Huser. It was noted that Mr. Huser last conducted legal work for IFTA, Inc. with the sale of the building. Prior to this Mr. Huser worked on the Clearinghouse Access Agreements, tenant lease agreements, and other business for IFTA, Inc.

Motion: Mr. Bryer made a motion to have a closed session. Ms. Tannous seconded the motion. The motion passed.

13) Committee Chair Conference Call - Mr. Nutter

After the Board moved back into open session, Mr. Nutter welcomed everyone to the call and identified those present at the Board meeting.

- a) *Agreement Procedures Committee (APC), Ms. Miranda Schober (NV)*
 - i) The committee continues to work with the joint planning committee organizing the 2018 IRP/IFTA Managers' and Law Enforcement Workshop.
 - ii) The APC asked the Board to consider funding travel expenses for the committee members attending the October 2018 event. These fees would include the hotel, per diem, transportation, and registration fees.
 - iii) The committee is submitting a short track ballot proposal regarding the Canadian bank exchange rate ballot which failed the year prior.
 - iv) The committee New Members Guide was presented to the Board for review and approval.
- b) *Audit Committee (AC), Ms. Helen Varcoe (MT)*
 - i) The planning committee is reviewing the 76 survey responses in order to plan for the 2019 IFTA/IRP Audit Workshop.
 - ii) The committee Best Practices Guide has successfully been posted to the website and contains functioning links.
 - iii) The AC is working on future webinars that could also be posted to the website and include, but are not limited to, opening conferences, sampling, report writing, and closing conferences.
- c) *Clearinghouse Advisory Committee (CAC), Mr. Ron Hester (ON)*
 - i) The CAC has a recent vacancy and the committee is actively looking for a replacement.
 - ii) The committee's Best Practices Guide for Demographics will be posted to the website in the near future
 - iii) The committees Charter has been approved and posted to the website
 - iv) The CAC is jointly sponsoring a ballot with the APC regarding the full daily upload to the IFTA Clearinghouse.
 - v) The committee is requesting that the Board consider their proposal to allow the CAC to meet in the fall of 2018; the committee submitted a draft budget and agenda for the Board's consideration.

- d) *Industry Advisory Committee (IAC), Mr. Robert Pitcher (ATA) for Mr. Vanderslice*
 - i) Main focus of the committee has been the requirement of electronic recording devices and its effects on both IFTA and IRP audits.
 - ii) The IAC is working towards having the committee work more formally with the IFTA AC as they do with the IRP AC.
 - iii) The IAC is drafting comments to the IFTA ballots.
- e) *Law Enforcement Committee (LEC), Mr. David Bales (KS)*
 - i) The LEC is striving to support both the IRP and IFTA requirements.
 - ii) The committee is moving forward to work with the CAC in an education effort regarding the tracking of decals through the clearinghouse.
 - iii) The first half of the March and May Blitz has been completed and the committee is preparing to receive May data following the conclusion of the events.
 - iv) Although the committee has been asked to provide representatives to work with the Electronic Credential Working Group (ECWG), no contact has been made to date.
- f) *Program Compliance Review Committee (PCRC), Mr. Tim Ford (CA)*
 - i) The PCRC met April 17 – 18 and had a very productive meeting.
 - ii) The committee formalized the review teams and is requesting a two-year commitment from membership to participate on the review teams.
 - iii) The PCRC currently has a vacancy and will be submitting a nominee to the Board for approval following the Board meeting.
 - iv) The committee would like to see representation from the AC, APC, and CAC on the review teams to have a greater understanding and knowledge of what a review entails and to aid in the work product of a review.
- g) *Attorneys Section Steering Committee (ASSC), Mr. David Poore (BC)*
 - i) The ASSC has three new members: Mr. George Brown (ID), Ms. Marie-Helene Fontaine (QC), and Ms. Laura Lansford (NC)
- h) *Electronic Credentials Working Group (ECWG), Mr. Garry Hinkley (ME)*
 - i) The committee has not met in any official capacity, but the ECWG is gathering data regarding options for electronic credentialing for IRP.

14) Electric Vehicles - Mr. Nutter

- a) IFTA, Inc. recently issued a message regarding electric vehicles and the taxing of these types of vehicles. Mr. Nutter asked about the position of the Board in relation to this issue.
- b) It was noted that, as this issue grows and becomes more predominant, membership would look to the Board for a direction.
- c) The Board decided that a working group should be organized to review this concern. Currently only testing vehicles are in operation. However, there are several other vehicles that industry is considering and fuel type and taxes will become an item of concern. Mr. Pitcher volunteered to participate on the working group.

Motion: Mr. Nutter moved to develop a charge from the Board for a working group to monitor the concerns regarding electronic vehicles. Ms. Arnold seconded the motion. The motion passed.

15) Committee Action Items

- a) *DRC Chair/ Vice Chair Position* – Mr. Taylor will contact the committee to inquire about the committees Chair and Vice Chair position.
- b) *APC Travel Funding Request* – The budget was reviewed to ensure that this funding is available. Upon review it was noted that this funding is available through the budget for both the APC and LEC members.
- c) *APC New Member Guide* – The Board will request that the committee forward a document that indicates the changes that have been made prior to the Board voting on the approval of this guide.
- d) *CAC Travel Funding for Committee Meeting* – The committee has requested the Board approve a face-to-face meeting that is fully funded. It was the decision of the Board to table this decision until the review of the budget itself.

16) 2018 Ballots for IFTA and IRP - Ms. Turner and Ms. Meise

- a) There are four IFTA ballots out for the first comment period. These ballots are:
 - i) FTPBP #01-2018 is sponsored by the APC and CAC jointly. The intent of this ballot is to clarify that the upload done on a daily basis for each business day is an upload of the full demographic data
 - ii) STPBP #02-2018 is sponsored by the APC. The intent of this ballot is to align with the Bank of Canada's new procedure in publishing exchange rates once each business day by 4:30 PM Eastern Time.
 - iii) FTPBP #03-2019 is sponsored by the jurisdictions of Alabama, Missouri, and Nevada. The intent of this ballot is to provide authority for a jurisdiction to issue an IFTA license to an applicant in their jurisdiction provided the applicant meets the established place of business or residency requirements of that jurisdiction.
 - iv) FTPBP #04-2018 is sponsored by the jurisdiction of British Columbia. The intent of this ballot is to establish a firm cut-off date or lock down date for tax rate changes to ensure consistency between the tax rates a carrier uses, the tax rates each jurisdiction sends to their carriers, and those posted on the IFTA Tax Rate Matrix.
- b) There are two IRP ballots out for a comment period.
 - i) Sponsored by the jurisdiction of Alabama, 2018.01 pertains to the issue of reciprocity for non-apportioned commercial vehicles.
 - ii) Sponsored by the jurisdiction of Texas, 2018.02 concerns the issue of a registrant from a non-member jurisdiction.

17) Jurisdiction/Board Liaison Conference Calls

- a) The Board members reviewed the issues discussed during their recent regional calls. Reports were offered from the following regions:
 - i) Canadian Region
 - ii) Midwest Region
 - iii) Northwest Region
 - iv) Southwest Region
 - v) Western Region
- b) During these reports the Board also discussed the working group which was acknowledged earlier. It was noted that a charge would need to be drafted. The Board identified the working group as the Alternate Propulsion Working Group (APWG) and identified two key areas that would need to be addressed by the working group.

- i) How is the measurement being calculated?
- ii) How is the usage and distance being verified?

18) THE IFTA NEWS - Ms. Turner

A new format version of THE IFTA NEWS was displayed for the Board's comments. The Board felt the new design was quite impressive. It was explained that all links contained in the new format would direct viewers to the public website. No links would direct viewers to the secure side of the website.

19) Strategic Planning - Mr. Nutter

The Board reviewed the current Strategic Plan and determined that a new planning session should be scheduled. The Board also requested that a new facilitator be contacted to work with the Board during this upcoming planning session.

Motion: Mr. Bryer moved to have the Board come in a day earlier for the January 2019 Board meeting to hold a Strategic Planning session and acquire a facilitator to assist with this event.

Motion: Ms. Prenger moved to close the current Strategic Plan to allow the Board to move forward. Mr. Bryer seconded the motion. The motion passed.

20) New Business

Motion: Mr. Bryer moved to go into closed session. Ms. Prenger seconded the motion. The motion passed.

Motion: Mr. Bryer moved to come out of closed session. Mr. Knoles seconded the motion. The motion passed.

21) Final Motions

Motion: Ms. Tannous moved that Mr. Nutter, Mr. Bryer, and Ms. Barnett serve on an employee search committee. Mr. Taylor seconded the motion. The motion passed. Ms. Prenger abstained.

Motion: Ms. Barnett moved to approve the IFTA, Inc. Budget for FYE19 as amended. Ms. Arnold seconded the motion. The motion passed.

22) Adjournment - Mr. Nutter

Mr. Nutter asked that the minutes reflect his extreme thankfulness for the work of the Board members at this meeting.

Motion: Mr. Bryer moved to adjourn the meeting. Ms. Arnold seconded the motion. The motion passed.

Meeting adjourned.