

FOURTH QUARTER 2016 IFTA, INC. BOARD OF TRUSTEES MEETING OCTOBER 18 - 19

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:

Richard LaRose	Connecticut Department of Revenue Services
Antoinette Tannous	Quebec Revenue
Robert Pitcher	American Trucking Associations, Inc.
Sandy Johnson	North Star Fleet Solutions, Inc.
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 with one, Ms. Joy Prenger (MO), attending by teleconference. In addition, both Board members-elect, Mr. Rick LaRose (CT) and Ms. Antoinette Tannous (QC) were in attendance. Other guests included Industry Advisory Committee Chair Ms. Sandy Johnson (North Star Fleet Solutions), Mr. Robert Pitcher (American Trucking Associations, Inc.), and Mr. Tyson Breinholt and Mr. Tyler Brody (Commercial Properties, Inc.).

Approval of the Minutes

Second Quarter 2016 Board Meeting Minutes

The Board reviewed the Second Quarter 2016 meeting minutes and made revisions. It was the decision of the Board to redact the figures shown in the property sales discussion. The minutes were approved as amended.

Motion: Mr. Hugh Hughson (BC) moved to accept the minutes as amended. Ms. Cindy Arnold (NV) seconded. The motion was approved.

Board Actions by Email

The Board reviewed and amended the Board Actions by Email. This period covered May 1 through September 30, 2016. Discussion was had regarding the amount of data published and it was explained that whatever information is provided by the committees for volunteers and nominees is published with the minutes. Sometimes there is a lot of background information provided by the committees and other times only a name is made available.

Motion: Mr. Garry Hinkley (ME) moved to approve the minutes as amended. Mr. Trent Knoles (IL) seconded. The motion was approved.

Consent Agenda

A Consent Agenda was reviewed and by the Board. Included in this agenda were reports from the Annual Report Working Group (ARWG), Attorneys' Section Steering Committee (ASSC), and the Program Compliance Review Committee (PCRC). It was the decision of the Board to pull the IRP, Inc. report And moved it to the agenda for Mr. Hinkley's report.

Motion: Mr. Hinkley moved to approve the Consent Agenda as amended. Mr. Chuck Ulm (MD) seconded. The motion was approved.

Information Technology (IT) Update

IFTA, Inc. Clearinghouse

An IT update was offered by Mr. Jason DeGraf, Information Services Director, and Mr. Tom King, Webmaster. Reporting on the IFTA, Inc. Clearinghouse, Mr. DeGraf announced that Oklahoma is closer to becoming a full participating member of the clearinghouse. Quebec continues to work with IFTA, Inc. in this regard, but Newfoundland has not contacted IFTA, Inc. regarding its participation in the clearinghouse.

Emails are being issued to jurisdictions that have data errors in the demographic data of the clearinghouse. Some of the errors noted include taxpayer ID numbers, dates, and status types. The Quality Control Group of the Clearinghouse Advisory Committee (CAC) is discussing rejecting bad demographic data uploads. Mrs. Amanda Koeller, Comptroller, explained that once bad data is rejected, IFTA, Inc. will track the rejection for the purposes of program compliance reviews.

Discussions continue regarding the IFTA mobile app. The committee is continuing to review security of the application and how changes and updates could be added to the app.

IFTA, Inc. Website

Mr. King provided a demonstration of the new IFTA, Inc. website which was recently released. It was noted that some of the older web browser versions are not compatible. Users are encouraged to update the web browsers where possible and contact Mr. King with any difficulties.

Mr. King anticipates that the search function for the Articles of Agreement will become active on the website at the end of the month. A focus group will also be implemented to review and work within the website to identify and address any errors and updates that need to be initiated.

Comptroller's Report

Offering the Comptroller's report, Mrs. Koeller informed the Board that a new email domain has been established to allow communications between IFTA, Inc. and membership regarding the clearinghouse. This email is clearinghouse@iftach.org and allows members to communicate with IFTA, Inc. any issues or concerns relating to the IFTA, Inc. Clearinghouse.

The Board reviewed the funds netting calendar for 2018 and offered a minor change. IFTA, Inc. will research whether the Board will need to continue approving the funds netting calendar or if the CAC could finalize and approve the calendar for immediate release.

Motion: Mr. Hinkley moved to accept 2018 Funds Netting calendar as amended. Ms. Arnold seconded the motion. The motion was approved.

Regarding the rental units, Mrs. Koeller announced that the middle unit, Suite B6, has renewed the lease through August 2017.

Mrs. Koeller informed the Board that IFTA, Inc. remains in a very good financial position. Reviewing the results of the financial audit from Lumbard & Associates, it was noted that the organization had done well and there were no recommendations offered by the auditors.

Operations Reserve

The Board reviewed and discussed the operations reserve presented by Mr. Hughson. The current policy is that the organization maintains one year's operational funds in reserve. The Board questioned the need to continue maintaining an amount that was established in 1992. Following discussions, the Board approved a motion to reduce the operating reserves to three months operational expenses by a vote of eight in favor with one abstention.

Motion: Mr. Hughson moved that the policy of operating expenses be reduced to three months operational expenses. Mr. Hinkley seconded the motion. A vote on the motion was tabled until the Strategic Planning discussions. When the vote was called for eight Board members were in favor of the motion with one abstention by Mr. Zion.

Program Compliance Review Update

Mrs. Debora Meise, Senior Director, provided an update on the Program Compliance Reviews. The Canadian region is being reviewed in 2016. Three of the ten reviews have been completed and the remaining seven are underway. A new working group is being formed within the PCRC to address all the items of concern discussed during the Annual IFTA Business Meeting regarding the new Review/Procedures Guide. The first conference call for the working group will be in November. Dates have been set for the 2017 Western Region Program Compliance Reviews and team members are being sought. Twelve reviews will be conducted in 2017.

Electronic Credentials Working Group

Mr. Garry Hinkley (ME) presented the Electronic Credentials Working Group (ECWG) report. It was explained that the pilot project started in Wisconsin is still underway and moving along. The project allows carriers to show their license and registration in electronic form. A ballot is being considered for 2017 regarding electronic credential options. Mr. Hinkley informed the Board that Maine is currently drafting legislation that would enable the jurisdiction to participate in pilot projects similar to the WI credential project. The Board was also asked to consider the ECWG and whether or not the working group should be maintained and whether or not a Board presence should be included in the working group as Chair.

IRP, Inc. Board Report

Mr. Hinkley presented the IRP, Inc. Board report. The IRP, Inc. Board of Directors has authorized funding for the IRP ECWG to hold a face-to-face meeting in 2017. The directive to this data information group is to research doing away with all physical, paper credentials for motor carriers. The IRP, Inc. Clearinghouse is also undergoing a data organization and standardization project. It is anticipated that all members will be in compliance with the IRP, Inc. Clearinghouse by 2018. The Yukon Territories have also expressed an interest in joining IRP. It was observed that, should the Yukon Territories become members of IRP, British Columbia has offered to register their carriers.

Committee Chairs Conference Call

The Board hosted a Committee Chairs conference call. Those on the call included Ms. Cindy Swanson (CA), Agreement Procedures Committee (APC) Vice Chair, Mr. David Nicholson (OK), Audit Committee (AC) Chair, Mr. Ron Hester (ON), CAC and ARWG Chairs, Ms. Johnson, Mr. Andrew Markle (ON), Law Enforcement Committee (LEC) Chair, and Ms. Sukanya Mukherjee (MD), ASSC Chair.

Agreement Procedures Committee (APC)

Ms. Swanson informed the Board that the APC has a vacancy in the Southeast region and IFTA, Inc. will work with the committee to solicit a new volunteer. Additionally, the committee representative on the ARWG will need to be replaced as Mr. Glenn Boyette (MS) has termed off of the APC.

Audit Committee (AC)

Mr. Nicholson explained that the AC is interested in researching and offering a special award honoring Mr. Don Stroncheck (ProMiles). It was the opinion of the committee and those

attending the IFTA/IRP Audit Workshop that such an award would be noteworthy and presented during the workshop. The AC is also considering the industry average chart originated by the jurisdiction of Nebraska. A questionnaire was distributed to all audit contacts identified on the Jurisdiction Communication Lists to determine use and frequency of this type of data. The committee will be determining if this information is something that should be provided and released by the AC.

Clearinghouse Advisory Committee (CAC)

Mr. Hester presented the CAC request for a face-to-face meeting of all committee members. A proposal outlining estimated costs and an agenda was presented to the Board for its consideration. This meeting would be two days and allow the committee to focus on its true mandate regarding quality control of the clearinghouse data. In addition the committee will be addressing succession issues due to committee roll offs and jurisdiction turn overs. The CAC is also drafting a document to help maintain open communications between the committee and membership.

Law Enforcement Committee (LEC)

Mr. Markle presented the Board with the LEC Best Practices Guide for their consideration so that it could be posted to the IFTA, Inc. website. The committee also presented Mr. David Bales (KS) as the next Chair following Mr. Markle's expiring term. With the approval of the nomination of Mr. Bales, Mr. Markle will become the LEC Ex-Officio.

Attorneys' Section Steering Committee (ASSC)

Ms. Mukherjee presented the report of the ASSC and announced that the committee is working to finalize the upcoming IFTA Attorneys' Meeting. Special guest presenters at this meeting include Ms. Beth Duda (AZ), Mr. Nicholson, and Mr. Markle. Ms. Mukherjee also announced that she will be rolling off the committee in January 2017.

Dual Fuel Working Group (DFWG)

Reporting on the Dual Fuel Working Group (DFWG), Mr. Hugh Hughson (BC) informed the Board that the working group will be issuing a memorandum regarding the new reporting methodology for dual fuel reporting. Once completed, this memorandum will be posted on the IFTA, Inc. website.

Electronic Credentials Working Group (ECWG)

Mr. Hinkley explained that the Board would need to determine the ECWG's future role. Additionally, if the working group is to be continued, a new Chair would need to be appointed following his departure from the Board.

The Board and committee representatives discussed the quarterly conference calls. It was decided that the calls were important and that hearing the committee requests was also very informative and helped the committees to keep in touch. These calls will continue to be held on the first day of the quarterly Board meetings. Before concluding the call, the Board announced that travel for one person from all jurisdictions to attend either the Audit Workshop, Attorneys Meeting, or Managers and Law Enforcement Workshop would be approved beginning in 2018.

Committee Action Items

Following the conclusion of the conference call, the Board then reviewed the action items presented by the committees. The Board addressed the LEC request for Mr. Bales as the next LEC Chair.

Motion: Mr. Zion moved to accept Mr. David Bales (KS) as the new LEC Chair . Mr. Ulm seconded the motion. The motion passed.

The Board also discussed the Best Practices Guide of the LEC and the committee's request to include it on the committee's web page. Format changes were offered to the guide. Mr. Hughson expressed concern that, should the Board vote in favor of the LEC Best Practices Guide, that the document should meet a specific standard that, currently, he did not feel the guide met. It was observed, however, that the document could be further amended by the committee, but that the guide should be posted to the website similarly to the other standing committee guides.

Motion: Mr. Zion moved to accept the Best Practices Guide of the LEC as amended. Mr. David Helton (FL) seconded the motion. A vote on the motion showed seven members were in favor and two were opposed. Those opposed were Ms. Joy Prenger (MO) and Mr. Hughson. The motion passed.

The Board liaisons of the Audit Committee will return to the committee and request the nomination process for an award honoring the late Mr. Stroncheck. It was further observed that the committee would need to confirm with the family to ensure that they are approving of this award.

The Board also discussed the CAC face-to-face meeting request and reviewed the agenda provided by Mr. Hester.

Motion: Mr. Hinkley moved to host a face to face meeting for the Clearinghouse Advisory Committee during the 1Q17 with a budget not to exceed \$20,000.00. Mr. Stephen Nutter (VA) seconded the motion. The motion passed.

IFTA Meetings Update

Mrs. Tammy Trinker, IFTA, Inc. Office and Events Administrator, reported on the upcoming IFTA events. Twenty-one persons registered to attend the IFTA Attorneys' Meeting, but attrition fees will still be applied to the meeting expenses. IFTA, Inc. continues to work with the Omni Houston hotel in Houston, TX, regarding the 2017 IFTA/IRP Audit Workshop. Based on the current agenda, an increase in the registration fees is anticipated. Membership will be returning to the Valley of the Sun for the 2017 Annual IFTA Business Meeting. This event will be held at the Sheraton Grand at Wild Horse Pass in Chandler, AZ. The dates for this meeting are August 9 – 10. The 2017 IFTA, Inc. Board of Trustees meetings have also been finalized. These dates can be found on the IFTA, Inc. website.

Industry Advisory Committee Report

Ms. Johnson offered the Industry Advisory Committee (IAC) report and commented on the strong attendance by industry at the IFTA/IRP Managers and Law Enforcement Workshop. Ms. Johnson also commented on the Electronic Logging Device (ELD) subcommittee and how the adoption of ELDs may change. The subcommittee is working on drafting language for jurisdictions in both IFTA and IRP to post on their websites for educational materials and how it would affect both membership and industry.

Another subcommittee is working on non- tax paid fuel. This subcommittee will keep the APC well informed as to their progress and plans to ask the jurisdictions to give licensees the ability to add non- tax paid fuel in total fuel for purposes of calculating the MPG.

Mr. Pitcher addressed the IAC charter. The Board reviewed the amended charter as drafted by the IAC. This change allows for the removal of term limits for the steering committee and allow past chairs to remain on the steering committee. In speaking to a survey conducted by the ATA, the top three critical issues identified were accumulative impact of regulations, hours of service, and ELDs.

Motion: Mr. Ulm moved to approve the amendment to the Industry Advisory Committee charter as drafted by the committee. Mr. Hughson seconded the motion. The motion passed.

Review of the 2016 Annual IFTA Business Meeting

The Board reviewed the 2016 Annual IFTA Business Meeting and the evaluation results. A total of sixty-eight (68) responses were collected. Overall the reviews were favorable from the business meeting. Some additional items discussed included whether or not the IFTA, Inc. attorney should be asked to attend the business meeting, ensuring that a New Commissioners Meeting is provided prior to the general session, and asking those completing the survey if they would like to be responded back to by either a Board member or an IFTA, Inc. employee.

2016 Ballots for IFTA and IRP

Mrs. Meise updated the Board on the IFTA and IRP ballots. Four ballots were presented by IFTA membership for 2016. Ballot 1-2016 was withdrawn by the sponsor following the first comment period. Ballots 2-2016 and 3-2016, sponsored by the APC and the jurisdictions of IL and NV respectively, are currently out for the second comment period which ends November 25, 2016. The short track ballot proposal, ballot 4-2016, is out for comment; this comment period closes on October 25, 2016. Mrs. Meise announced that IRP, Inc. does not have any current, open ballots.

Jurisdiction/Board Liaison Conference Calls

Updates were provided regarding the Jurisdiction Board Liaison conference calls. It was also opined that the value of the regional calls was to host the calls following each of the quarterly Board meetings so that the liaisons could update membership on what was discussed and determined by the Board.

New Business

Decal Specifications and Ballot Timeline for 2017

Decal specifications were reviewed by the Board. Previously the Board had approved a permanent decal color rotation which included three primary colors of red, blue, and green. IFTA, Inc. has finalized the decal specifications color rotation schedule and examples beginning with 2017 and continuing through 2026. These specifications have been published to the IFTA, Inc. secure website following the Board meeting. In addition, IFTA, Inc. has calculated the ballot timeline for 2017. The deadline for submitting ballots for 2017 will be April 14, 2017.

Election Committee Best Practices Guide

The Board reviewed a draft of the Election Committee Best Practices Guide that had been amended by IFTA, Inc.

Motion: Mr. Zion moved to approve the Election Committee Best Practices Guide as amended. Mr. Ulm seconded the motion. The motion passed.

New Board Member Orientation Guide

A New Board Member Orientation Guide amended by IFTA, Inc. was also reviewed by the Board.

Motion: Mr. Hughson moved to approve the New Board Member Orientation Guide as amended. Mr. Knoles seconded the motion. The motion passed.

Committee Chairs

Inquiries were made to both Mr. Hinkley and Mr. Hughson regarding the working groups they currently chair. Should the two working groups be maintained and found necessary to the organization, Mr. Hinkley announced that he would be available to remain as chair of the ECWG and Mr. Hughson volunteered to remain on the DFWG.

Strategic Plan

The Strategic Plan was also discussed at length and the Board spoke about the direction the association should follow. Some of the issues discussed by the Board included the addition of an advisory position to the Board and a third party resource for formal training of all Board members. It was thought that a third party source should be employed to approach the Board and train them for better understanding and recognizing the appropriate issues and how best to handle them.

Motion: Mr. Knoles moved that IFTA, Inc. would research area consultants focusing on non-profit boards to meet with the IFTA, Inc. Board of Trustees for educational purposes.

During discussions it was clarified that the Board could charge IFTA, Inc. with researching consultants without the requirement of a formal motion. Mr. Knoles then withdrew his motion. It was the decision of the Board that IFTA, Inc. research area consultants that focus on the education of non-profit boards and provide a minimum of three options for the Board's consideration.

Other issues discussed by the Board included ensuring a diverse Board and possibly changing the number of Board members by either expanding or reducing the number of members serving on the Board. Further topics of conversation included bringing the committee chairs in to attend a Board meeting and a possible standing committee that would address data security whose charge would be to recommend processes and practices pertaining to data security as well as oversee the current standards available for the safety of data.

A data security audit was also discussed in addition to the current financial audit and SOC II, which deals specifically with the clearinghouse.

It was also suggested that IFTA, Inc. research a certification process for membership that would ultimately be available online. This course could offer the history of IFTA and provide a test at the end on the various IFTA related issues, granting certification to those that pass the test.

The Board also discussed the issue presented by the LEC regarding suspensions and revocations. It was opined that the APC and LEC be charged with sponsoring a ballot to clarify the definitions of suspended, revoked and canceled issues so that all jurisdictions treat the differences the same. Additionally it was observed that the LEC could issue a statement to all jurisdictions emphasizing the enforcement of these issues would be strictly enforced in all member jurisdictions. It was felt this issue could be tied in with the clean-up of the Clearinghouse definitions.

Referencing the request for proposals that were received from a handful of member jurisdictions it was also suggested that a follow up request be disseminated to membership as well as industry on how best to spend, or what type of projects membership would like to spend, the surplus IFTA, Inc. investment funds on.

Realtor Presentation

The Board met with the Commercial Properties, Inc. (CPI) representatives, Mr. Breinholt and Mr. Brody. The realtors provided an update regarding the status of the property which has been on the market for six months. Several showings have been done and an offer had been received and countered. The property is currently listed as an owner user property. It was the decision of the Board to wait until the 1Q17 Board meeting to revisit the selling price. The Board is content with renewing the real estate contract once it is eligible for renewal rather than allowing it to lapse.

Adjournment

Prior to adjournment, Mr. Helton announced that this meeting would be the last Board meeting he would be attending. Due to his retirement on January 31, 2017, Mr. Helton will not be able to attend the 1Q17 Board meeting. A replacement from the southeast region is currently being sought. If no nominations can be secured from the southeast region, the request for nominations will be forwarded to all regions.

Concluding all discussions, the Fourth Quarter 2016 IFTA, Inc. Board of Trustees meeting was adjourned.

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