

**FOURTH QUARTER 2017  
IFTA, INC. BOARD OF TRUSTEES MEETING  
OCTOBER 24 - 25**

**Board Members:**

Cindy Arnold	Nevada Department of Motor Vehicles
Trent Knoles	Illinois Department of Revenue
Stephen Nutter	Virginia Department of Motor Vehicles
Joy Prenger	Missouri Motor Carrier Services
L. Michael Romeo	Connecticut Department of Revenue Services
Antoinette Tannous	Quebec Revenue
Rick Taylor	Kentucky Transportation Cabinet
Chuck Ulm	Comptroller of Maryland
Stuart Zion	Colorado Department of Revenue

**Board Members - Elect:**

Virginia Barnett	Ontario Ministry of Finance
Scott Bryer	New Hampshire Department of Safety

**IFTA, Inc. Staff Member:**

Lonette L. Turner, CEO

**1) Call to Order**

Mr. Chuck Ulm (MD), IFTA, Inc. Board of Trustees (Board) President called the meeting to order. All Board members were in attendance. He welcomed Scott Bryer (NH) and Virginia Barnett (ON), Board members-elect with terms beginning January 1, 2018.

**2) Approval of the Minutes**

a) 2Q17 Board Meeting

**Motion:** Mr. Ulm moved to accept the Second Quarter 2017 Board meeting minutes as amended. Mr. Trent Knoles (IL) seconded the Motion. The Motion passed.

b) Board Actions by Email – April through June 2017; July through September 2017

**Motion:** Mr. Ulm moved to accept the minutes of the Board Actions by Email as amended. Mr. Stephen Nutter (VA) seconded the Motion. The Motion passed.

### 3) IFTA, Inc. Updates

Ms. Lonette L. Turner, CEO, IFTA, Inc. gave updates to the Board as follows:

#### a) *Clearinghouse*

The SFTP and demographic servers were replaced shortly before the office move which occurred on September 8. During the move the servers were down only 90 minutes. We continue to monitor the data coming into the clearinghouse and send out error messages to jurisdictions not using the data definitions required by IFTA, Inc. The use of web services continues to increase, with Nevada taking a strong initiative in adopting the web services into their framework. We are utilizing one of our back up servers to run large reports. One report requested is to compare demographics to transmittals to see when a carrier last filed a return; in particular active carriers.

#### b) *Website*

The webserver was replaced and on September 16, the new server came online. The old server is being used for backup and as a test server. Seven backups of the webserver happen daily. On the secure website, the decal specifications page was scaled down to only have the permanent decal specifications as a selection. A new voting method was designed and used for the Program Compliance Review Guide ratification. The latest updates page on the website now gets all updates of new content added to the website for items not posted on the secure side.

#### c) *Funds Netting*

A report was prepared and provided to the Board which included data from CHTP 2017-01 through CHTP 2017-09. The report indicates if a jurisdiction paid late, when new members became full participants in the Clearinghouse, the USD and CAD funds netting totals, and the jurisdictions having data rejected for not complying with the demographic field definitions.

#### d) *Audit Status*

Both the SOCII security audit and the financial audit will be underway in early November. IFTA, Inc. hired two new firms to conduct the audits this year. The same firm had been used for a number of years, and it has been IFTA, Inc.'s practice to change firms after 5 to 6 years.

#### e) *Investments*

IFTA, Inc. is in an excellent financial position. The funds received from the sale of the building were immediately invested in CDs, all within the \$250,000 FDIC protection. Five CDs were purchased. Three are 6-month CDs and two are 3-month CDs. The interest rates on the five CDs ranged from 1.3% to 1.45%.

#### f) *Program Compliance*

The 2016 Program Compliance Reviews are being reviewed and completed. The goal is to have the 10 reviews closed by December 31, 2017. The 2017 reviews are well underway.

Maria Coronado, the new Membership Services Officer is now leading reviews. Her training has gone very well. Voting to ratify the new Program Compliance Review Process is underway. As of the date of this meeting 30 jurisdictions had voted with 27 affirmative votes and 3 no votes. 30 affirmative votes are needed for the process to be ratified. During the meeting, word was received that the Program Compliance Review Process had been ratified.

*g) Meetings Update*

- i) The 2017 Annual IFTA Business Meeting was a success. 124 persons representing 50 member jurisdictions and 20 companies were present. A survey was issued to those present requesting feedback on the meeting. 29 persons have responded thus far.
- ii) The 2018 IFTA/IRP Audit Workshop will be held at the San Marcos Crown Plaza hotel in Chandler, AZ, February 13 - 15. The Audit Committees will meet on February 16. Registration fees were not increased from 2017: Membership \$435 and Non-Membership \$485. On line registration will start November 10.
- iii) The IFTA Attorneys' Section Meeting will be held in conjunction with the IFTA/IRP Audit Workshop in February 2018. Registration fees are the same as for the Audit Workshop.
- iv) The location and dates for the 2018 Board meetings have been set and are posted on our website. In conjunction with the 1Q18 Board meeting, the Board will hold a Board Governance Training. The meeting has been extended from two days to three and the training will be held the first day, January 23, 2018.
- v) The 2018 Annual Business Meeting will be held at the Tempe Mission Palms in Tempe, AZ, August 15-16. A reception will be held the evening of August 14.
- vi) IFTA, Inc. is currently looking at locations for the 2019 Annual Business Meeting in Raleigh, NC and Louisville, KY.

#### **4) Industry Advisory Committee (IAC) Report**

Dennis Vanderslice, ARI Fleet, chair of the (IAC), was unable to attend the meeting but had sent a request for the Board to discuss the possibility of having industry representation on the IFTA Audit Committee (AC).

The Board discussed this possibility. It was pointed out that the charter for the AC says members will be selected from the membership. However, the AC is to seek input from the IAC per the Bylaws. The AC charter also indicates that the chair of the committee is to select committee members subject to the approval of the Board. The Board discussed that the IAC has several opportunities each year to present issues or make comments regarding ballots, etc. They participate on meeting planning committees, make presentations at meetings, offer comments and meetings, and can comment on ballots through the IFTA, Inc. website. The Board liaisons will contact Mr. Vanderslice regarding this issue.

## **5) Audit Committee Report**

A report was received from Helen Varcoe (MT), chair. Ms. Varcoe was requesting information regarding a funding proposal sent to the Board by Alberta in February 2016. Ms. Varcoe had read minutes that indicated the audit issues had been referred to the AC. She could find no record that the topics had been given to the committee. The proposal stated, in part:

Although this may not require the use of the funds, we would like to ask for a study to be conducted on the current 3% audit coverage to determine whether the audit coverage should be reduced, or partially replaced with other compliance measures, e.g. enforcement. This may include review of audit coverage on other tax programs to ensure that the current audit coverage is in line with other tax programs, and not overly excessive. Together with the study on the audit coverage, we would also like a study to be conducted on whether we should use a risk based audit approach, considering the tax impact involved. We think that a risk based approach may contribute more to audit results and in effective use of expensive audit resources for the audits.

The Board reviewed the proposal from AB and determined that the audit coverage issue would be referred to the AC following completion of the committee's work on training webinars and best practices. The risk based audit study will be placed into the strategic plan and an action plan will be established.

## **6) Clearinghouse Advisory Committee (CAC) Report**

Ron Hester (ON), chair, provided the Demographic Best Practices Guide for the Board's review and approval. During its review, the Board made some suggested changes. The Best Practices Guide, and the suggestions, will be sent to Mr. Hester for action by the CAC.

## **7) Annual Report Working Group (ARWG) Report**

Mr. Hester, chair, provided a written report of the working group activities. Mr. Hester reported that the working group had completed its charge from the Board. The working group had met by conference call on a monthly basis. To gather information, a survey to the membership was completed and the results were analyzed. Suggestions were made by the working group.

1. Creating a Ballot Proposal to amend the requirements in the IFTA Annual Report: It is suggested that, with IFTA Ballot 3 -2014 now in effect, a new provision be added to require jurisdictions to report on the number of audit assessments issued relating to P570 (Inadequate Records Assessment).

The Board agrees that there will be interest in the number of inadequate records assessments. Now that the new Program Compliance Review process has been approved, the Board is sure the Program Compliance Review Committee will be looking at this. The Board will make sure the working group suggestion is given to the committee.

2. Promoting Annual Report Usage: As noted above, there would appear to be low usage of the report information on a regular basis by membership. It is suggested that further education etc. be done for membership to outline the importance and possible usage of the report data.

The Board will give this suggestion to the Agreement Procedures Committee. The Board will also request a review of the Best Practices Guide to see if this should be included.

3. Adding Auditor Information to the IFTA Annual Report: It is suggested that the inclusion of the total number of auditors in each jurisdiction be included on the Annual Report. Some jurisdictions may find this information useful in trying to hire more Auditors.

The Board is of the opinion that this information should not be included on the Annual Report. While it may be useful to some, it could be a detriment to others.

4. Promoting and further educating membership on the importance of utilizing the Exemption database: it is suggested that the Board consider promoting the importance of updating this database as required in P1110.400 as well as the benefits and usage of said database.

The Board will take this suggestion under advisement.

**Motion:** Ms. Cindy Arnold (NV) moved to disband the ARWG based on the completion of the charge and the submission of its final report. Stuart Zion (CO) seconded the Motion. The Motion passed.

The Board then discussed the Dual Fuel Working Group (DFWG). The working group has completed its work and sent in its final reporting recommendation which was posted on the website.

**Motion:** Mr. Nutter moved to disband the DFWG based on the completion of the charge and submission of its final report. Antoinette Tannous (QC) seconded the Motion. The Motion passed.

## **8) Law Enforcement Committee (LEC) Report**

David Bales (KS) notified the Board that the LEC recommended Barbara Arkwright (VA) as Vice-Chair of the committee.

**Motion:** Mr. Zion moved to accept the recommendation that Barbara Arkwright (VA) serve as Vice-Chair of the LEC. Mr. Ulm seconded the Motion. The Motion passed.

## **9) Review of the 2017 Annual Business Meeting (ABM)**

The Board discussed the success of the 2017 ABM. Following the meeting, IFTA, Inc. sent out an evaluation survey to those in attendance. A review of the most recent results was completed. Based on the responses, the clear majority of those responding found that the presentations and presenters were excellent or good. Some suggestions were made for the agenda for next year, such as electronic credentials and a longer Town Hall.

## 10) 2017 Ballots for IRP and IFTA

Ms. Turner presented the status of the 2017 ballots for both IFTA and IRP. The short track IFTA ballots are currently out for vote. The full track ballots are in the second comment period. IRP Ballot 412 regarding an electronic image of a cab card passed. IRP Ballot 411 failed. It would have set procedures for recouping funds from jurisdictions for uncollectible accounts. IRP Ballot 410 also failed. This proposal would have added a remedy for unreported jurisdictions in an inadequate records assessment.

## 11) Regional Calls with Board Liaisons

The Board members reported on their most recent regional conference calls with the member jurisdictions. All of the regions want the calls to continue and appreciate the updates from the Board meetings. They also appreciate having the opportunity to discuss new legislative matters and other issues facing the jurisdictions.

## 12) New Business

### a) *Election Committee Best Practices Guide*

Ms. Turner presented proposed revisions to the Election Committee Best Practices Guide to make it consistent with current Bylaws provisions.

**Motion:** Mr. Zion moved to accept the revisions to the Election Committee Best Practices Guide. Mr. Nutter seconded the Motion. The Motion passed.

### b) *New Board Member Orientation Guide*

Ms. Turner presented proposed revisions to the New Board Member Orientation Guide. During the review some amendments were made. There was also discussion about taking another look at the Guide after the Board Governance Training is held in January 2018.

**Motion:** Ms. Arnold moved to accept the revisions to the New Board Member Orientation Guide as amended by the Board. Mr. Ulm seconded the Motion. The Motion passed.

### c) *Information Technology Advisory Committee (ITAC)*

The Board discussed the status of the ITAC. The committee has had no activity for quite some time.

**Motion:** Mr. Nutter moved to disband the ITAC. Ms. Arnold seconded the Motion. The Motion passed.

Because the ITAC was a standing committee, an amendment to the Bylaws will be presented at the next ABM to remove the committee.

### 13) Strategic Planning

#### a) *Contingency Plan*

Ms. Turner presented proposed revisions to the IFTA, Inc. contingency plan for business disruption. The revisions were mainly due to the fact that IFTA, Inc. no longer owns its building and is renting at this time. During the discussion of the plan, a mirror location was discussed for the IFTA, Inc. servers. The Board tabled further discussion pending review of proposals of such a site at the 1Q18 Board meeting.

#### b) *Succession Planning*

Ms. Turner stated that it was time to work on the succession plan for IFTA, Inc. She had found a “tool kit” that would assist in the building of the plan. She requested that a working group of Board members, staff and possibly others be set up to assist. Board members stated that Ms. Turner probably had most of the information to build a plan available to her. Therefore, her request for a working group was denied.

#### c) *Board Governance Training*

Ms. Turner presented three proposals for conducting the training. The Board requested additional time to review the proposals and a conference call was scheduled for November 8 to select the person to conduct the training. The Board asked Ms. Turner to follow up with those that submitted proposals to determine what type of documentation would be available as part of the cost, such as Board Rules or Board Best Practices. She will provide that information to the Board before the November 8 call.

### 14) Closed Session

The Board then went into closed session with Ms. Turner to discuss confidential matters.

**Motion:** Mr. Nutter moved to adopt the drafted resolution establishing Ms. Turner as Secretary and Treasurer of IFTA, Inc. Rick Taylor (KY) seconded the Motion. The Motion passed.

Following the closed session, Mr. Ulm thanked the Board members and the members of the IFTA, Inc. staff for their assistance during his tenure on the Board. He also thanked Mr. Zion for his 8 years of service on the Board. The Board members thanked them both for their service. Their terms end December 31, 2017.

**Motion:** Ms. Arnold moved to adjourn the 4Q17 meeting of the IFTA, Inc. Board of Trustees. Ms. Tannous seconded the Motion. The Motion passed.

**FOURTH QUARTER 2017  
IFTA, INC. BOARD OF TRUSTEES MEETING  
COMMITTEE CHAIR CONFERENCE CALL  
OCTOBER 24, 2017**

During the meeting, the Board held a conference call with the committee chairs. On the call were committee chairs Marie Stark (MT), Agreement Procedures Committee (APC), Helen Varcoe (MT), Audit Committee (AC), Ron Hester (ON), Clearinghouse Advisory Committee (CAC), Mr. Bryer, Dispute Resolution Committee (DRC), David Bales (KS), Law Enforcement Committee (LEC), Garry Hinkley (ME), Electronic Credentials Working Group (ECWG), Tim Ford (CA), Program Compliance Review Committee (PCRC), Mr. Hester, Annual Report Working Group (ARWG), and John Szilagyi (CT), Program Compliance Review Working Group (PCRWG).

Each of the committee chairs gave a short report of the activities of the committees. The APC worked on and participated at the 2017 IFTA/IRP Managers and Law Enforcement Workshop in Salt Lake City, Utah. Ms. Stark thanked the Board for approving travel funding for the committee members to attend the meeting. The 2018 workshop planning committee has been established and three committee members are participating. This year, IFTA, Inc. will chair the planning committee. Cindy Swanson (CA) will be chair as of November 1.

The AC continues to meet by conference call each month. Representatives from the AC are participating on the 2018 Audit Workshop Planning Committee. The committee has no vacant positions.

Mr. Hester reported that the CAC currently has no vacancy. The CAC has provided to the Board the Demographics Best Practices Guide for review and approval. The committee continues to assist in the Clearinghouse quality control initiatives.

Mr. Bryer reported that no complaints have been filed with the DRC. At this time, the committee is not meeting by conference call.

Mr. Ulm informed the committee chairs that Mr. Vanderslice, chair of the IAC, was unable to attend the meeting or be on the call. He stated that the Board would discuss the issue that Mr. Vanderslice had submitted by email.

Mr. Bales reported the activities of the LEC. Members of the LEC assisted in the planning of the Managers and Law Enforcement Workshop. The committee is also monitoring FTPBP #2-2017 as it goes through the second comment period. Members of the LEC have volunteered to assist the IRP Electronic Verification of Operating Credentials Task Force (EVOC) as the task force proceeds with its work.

Mr. Ford announced that he had just received an email indicating that the membership had ratified the new Program Compliance Review Guide. The PCRC will now work on procedures and worksheets to implement the new guide.

Mr. Hinkley reported that the ECWG is awaiting the results on FTPBP 2017-#5 regarding acceptance of credentials by electronic means. That ballot is currently in its second comment period. Mr. Hinkley participates on the EVOC.



Mr. Hester stated the ARWG has completed the charge given by the Board. He submitted the working group's final report for the Board's consideration at this meeting. The ARWG is awaiting further direction from the Board, if any.

Mr. Szilagyi stated that the PCRWG is thankful for the support of the new Program Compliance Review Guide. The working group will begin finalizing preparations for implementing the guide. He stated that the working group is winding up its work and is close to being done.

The chairs of the Attorneys Section Steering Committee (ASSC) and the Dual Fuel Working Group (DFWG) could not participate on the call. Mr. Ulm stated that the ASSC is preparing for the 2018 Attorneys Meeting which will be held in conjunction with the 2018 IFTA/IRP Audit Workshop in February. He also stated that the DFWG had completed its work and the final examples of reporting had been provided and were posted on the website.