

**FOURTH QUARTER 2018
IFTA, INC. BOARD OF TRUSTEES MEETING
October 23 - 24**

Board Members:

Stephen Nutter, President	Virginia Department of Motor Vehicles
Scott Bryer, First Vice-President	New Hampshire Department of Safety
Antoinette Tannous, Second Vice-President	Revenue Quebec
Cindy Arnold	Nevada Department of Motor Vehicles
Mark Byrne	Nebraska Department of motor Vehicles
Trent Knoles	Illinois Department of Revenue
L. Michael Romeo	Connecticut Department of Revenue Services
Craig Lyon	Saskatchewan Ministry of Finance

IFTA, Inc. Personnel:

Monica Halstead	Business Supervisor
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. CEO
Dennis Vanderslice	ARI Fleet, Industry Advisory Committee Chair
Helen Varcoe, Board Member Elect	Montana Department of Transportation
Joshua Waitz	Chase Investments
Kathy Queen	IFTA, Inc. Accountant
David Lipinski	David A. Lipinski, CPA, PC

- 1) **Call to Order** – *Mr. Stephen Nutter (VA), IFTA, Inc. Board of Trustees (Board) President*
 - a) Mr. Nutter called the meeting to order.
 - b) Mr. Nutter introduced the newest Board members Mr. Craig Lyon (SK), who assumed the seat vacated by Ms. Virginia Barnett (ON), and Mr. Mark Byrne (NE), who assumed the seat vacated by Ms. Joy Prenger (MO).
 - c) All current Board members were in attendance. Board member-elect, Ms. Helen Varcoe (MT), whose term begins January 1, 2019, was also in attendance.

- 2) **Approval of Minutes** – *Mr. Nutter*
 - a) 2Q18 Board Meeting

Motion: Mr. Scott Bryer (NH) moved to approve the minutes from the Second Quarter 2018 IFTA, Inc. Board of Trustees meeting. Ms. Antoinette Tannous (QC) seconded the motion.

After discussion a grammatical correction was made to the minutes. Mr. Nutter then asked for a vote to approve the amended minutes. The motion passed unanimously.

- b) Board Actions by Email
 - i. April through June 2018
 - ii. July through August 2018

Motion: Mr. Bryer moved to approve the minutes of the Board Actions as presented. Ms. Tannous seconded the motion. The motion passed.

3) Strategic Plan Proposal – Mr. Nutter

Motion: Mr. Bryer moved to discuss the Strategic Plan proposal. Ms. Tannous seconded the motion.

- a) The proposal was presented by Mr. Sean Nicholson-Crotty and Dr. Denvil Duncan, both from the University of Indiana School of Public and Environmental Affairs (SPEA).
- b) The proposal presented two options for the Board’s consideration:
 - i. Stakeholder-Intensive Plan to include an environmental scan/trend analysis, stakeholder interviews, Board and follow-up interviews, and drafting, revising, and finalizing the Plan
 - ii. Board-Intensive Plan to include an environmental scan/trend analysis, fewer stakeholder interviews, Board and follow-up reviews, and drafting, revising, and finalizing the Plan.
- c) The Stakeholder-Intensive Plan is costlier due to the additional hours and stakeholder interviews required for completion.
- d) The proposed Plan will be initiated in November 2018 and is estimated to conclude in March 2019.

Motion: Mr. Bryer moved to accept the proposed Stakeholder-Intensive Plan at a cost of \$28,450. Ms. Cindy Arnold (NV) seconded the motion. The motion passed.

4) Financial – Kathy Queen, IFTA, Inc. Accountant

- a) Financial statements effective June 2018 were presented to the Board.
- b) The 2018 IFTA/IRP Audit Workshop operated at a deficit as not all expenses were covered by the registration fees.
- c) IFTA, Inc. remains financially sound.

5) IFTA, Inc. Investment Portfolio – Joshua Waitz, Chase Investments

- a) IFTA, Inc. maintains two investment accounts.
 - i. The first investment account is comprised of mutual stocks and bonds; and
 - ii. The second investment account is the operating account which includes cash and short-term Certificate of Deposits (CD).
- b) Sixty percent of the organization’s investments are maintained outside of the stock market itself.
- c) Both Mr. Nutter and Mr. Byer are signatories for the IFTA, Inc. investment accounts. The Board could empower them to make decisions for the organization’s investments.
- d) IFTA, Inc.’s investments are financially sound.

6) IFTA, Inc. Updates – IFTA, Inc. Team

a) Clearinghouse – Mr. Jason DeGraf, Information Services Director

- i. The website server relocation presentation outlined the necessary equipment and costs should the Board determine that a main office is no longer a necessity to the organization.
- ii. Mr. DeGraf identified a significant cost savings to the organization should the IFTA, Inc. main office be closed.
- iii. IFTA, Inc. is currently under a rental agreement requiring notice by April 2019 as to whether the organization will vacate the current office.
- iv. The five-year rental agreement expires September 2022.
- v. The Board discussed relocating the web servers.
- vi. The use of PeachTree software was discussed by the Board. This IFTA, Inc. accounting package is available only within IFTA, Inc. office. The accountant and Business Supervisor are unable to connect to PeachTree from remote locations. The Board recommended that the IFTA, Inc. Team research accounting software that can be linked to Chase Connect to provide a recommendation for future capabilities.

Motion: Mr. Bryer moved that the website equipment be relocated to the existing co-location and permit IFTA, Inc. to purchase an additional firewall. Ms. Arnold seconded the motion. The motion passed.

b) Website – Tom King, Webmaster

- i. Equipment repairs have been completed in-house at no cost to IFTA, Inc.
- ii. The Program Compliance Review (PCR) Final Reports are now automated.
- iii. The joint IFTA/IRP audit webinars have been shared and posted on the IFTA, Inc. website to users with Level 1 access and above. A login is required to access these webinars.
- iv. The 2018 M&M Blitz results have been published on the Law Enforcement Committee (LEC) web page.
- v. The Interjurisdictional Email Exchange has been updated to fix an error reported by membership.
- vi. The IFTA, Inc. mobile website release is imminent as the development continues and is nearing completion.

c) Clearinghouse Funds Netting – Monica Halstead, Business Supervisor

- i. Both the August and September transmittals were successful.
- ii. The system has several crosschecks that enable the system to function properly.
- iii. A Team Outreach effort will be initiated once the website traffic metrics are received and reviewed by the IFTA, Inc. Team.

d) Program Compliance Review – Maria Coronado, Membership Services Officer

- i. All 2017 Program Compliance Reviews (PCR) have been closed.
- ii. Two 2018 PCRs have also been closed.
- iii. The Florida PCR is currently awaiting a jurisdiction response.
- iv. Four reviews, Georgia, Kentucky, Louisiana, and Mississippi are under review by the Program Compliance Review Committee (PCRC).

- v. Currently four reviews, North Carolina, South Carolina, Tennessee, and Virginia, are underway.

e) **Meetings Update** – *Tammy Trinker, Office and Events Administrator*

- i. One hundred twenty-six (126) attendees, representing fifty-two-member jurisdictions and twenty industry and general public representatives attended the 2018 Annual IFTA Business Meeting.
- ii. Fifty-seven responses to the Annual IFTA Business Meeting survey were received and made available for the Board’s review.
- iii. Registration fees for the 2019 IFTA/IRP Audit Workshop have been set at \$440 for membership and \$490 for general public and industry representatives and the registration fees for the 2019 IFTA Attorneys’ Meeting have been set at \$430 for membership and \$480 for general public and industry representatives.
- iv. Online registration for the 2019 IFTA/IRP Audit Workshop and the 2019 IFTA Attorneys’ Meeting will be available November 5, 2018.
 - v. The 2019 Annual IFTA Business Meeting will be at the Hilton North Raleigh/Midtown hotel in Raleigh, NC. The dates of this event are August 14 – 15.
 - vi. The 2020 Annual IFTA Business Meeting will return to the Tempe Mission Palms hotel in Tempe, AZ. The dates of this event are August 12 – 13.
 - vii. IFTA, Inc. will prepare a short training module for Committee Chairs which details the benefits of securing travel permissions and arrangements as far in advance as possible.
 - viii. Events that will be researched for host locations include the 2020 Quarterly Board meetings, the 2020 IFTA/IRP Audit Workshop, the 2020 IFTA Attorneys’ Meeting, and the 2021 Annual IFTA Business Meeting. It is the intent of IFTA, Inc. to review a Canadian location for the 2021 business meeting.

7) **Consent Agenda Committee Reports**

a) **Agreement Procedures Committee (APC) Report** – *Ms. Arnold, Board Liaison*

- i. One hundred ninety-seven (197) registrants attended the October 2018 IRP/IFTA Managers’ and Law Enforcement Workshop. Fifty of these registrants were first-time attendees.
- ii. The committee Vice-Chair, Mr. Kerry DeVerteuil (MS) resigned from the committee. Ms. Miranda Schober (NV) will assume the Vice-Chair responsibilities as of November 1, 2018.
- iii. The APC is soliciting applications from committee members to fill the Second Vice-Chair position.

b) **Dispute Resolution Committee (DRC) Report**

- i. This written report was presented by the DRC Chair, Dawn Lietz (NV).
- ii. All committee vacancies have been filled to date.
- iii. The committee anticipates vacancies from both the Northeast and Southeast regions within six months, due to expected retirements.

c) **Program Compliance Review Committee (PCRC) Report**

- i. This written report was presented by the PCRC Chair, Tim Ford (CA).
- ii. The PCRC has a vacancy in the Midwest for an administrative representative.

Motion: Mr. Bryer moved to accept the Consent Agenda as presented. Mr. L. Michael Romeo (CT) seconded the motion. The motion passed.

8) Action Items from Committee Reports

a) Law Enforcement Committee (LEC) Report – Mr. Trent Knoles (IL), Board Liaison

- i. Mr. David Bales (KS), term as Chair is expiring. Following the conclusion of this term, Mr. Bales intends to remain on the LEC as Ex-Officio.
- ii. The committee submitted the following slate to assume the Chair and Vice Chair positions effective January 1, 2019:
 - a. Barbara Arkwright (VA), Chair;
 - b. Eric Belford (MT), First Vice Chair; and
 - c. Len McLaughlin (WA), Second Vice Chair.

Motion: Mr. Bryer moved to accept the Law Enforcement Committee slate as presented. Ms. Tannous seconded the motion. The motion passed.

b) Audit Committee (AC) Report – Mr. Romeo, Board Liaison

Motion: Mr. Bryer moved to accept the resignation of Ms. Varcoe as Chair of the Audit Committee. Ms. Tannous seconded the motion. The motion passed.

- i. Ms. Arnold recognized Ms. Varcoe's time and effort in her work with the Audit Committee and on the upcoming IFTA/IRP Audit Workshop.

Motion: Ms. Arnold moved the Board approve funding expenses for Ms. Varcoe to attend the February 2019 IFTA/IRP Audit Workshop. Mr. Bryer seconded the motion. Following discussion, the Board approved the motion.

- ii. The nominated slate for the Audit Committee as follows, would be effective January 1, 2019:
 - a. Beth Duda-Rel (AZ), Chair;
 - b. Kelly Heaton (AR), Vice Chair; and
 - c. David Nicholson (OK), Ex-Officio.

Motion: Mr. Bryer moved to accept the Audit Committee slate as presented. Ms. Tannous seconded the motion. The motion passed.

c) Clearinghouse Advisory Committee (CAC) Report – Ms. Arnold

- i. In September 2018, the committee held a face-to-face meeting in Chandler, AZ. During that meeting the committee discussed:
 - a. the Best Practices Guide;
 - b. Quality Control Group Subcommittee and data integrity; and
 - c. the use of the FEIN number in the Clearinghouse data.
- ii. Educational and outreach opportunities to raise awareness about the benefits of strong data integrity to membership, the importance of adhering to data definitions, and uploading Clearinghouse Demographic data daily.

- iii. It was recommended that a Board charge be considered for the committee to further review these issues.
- iv. Funds netting calendar for 2020 was submitted for the Board's approval.

Motion: Mr. Bryer moved to approve the 2020 IFTA funds netting calendar. Ms. Arnold voiced her objection to the calendar due to possible issues with due dates surrounding major holidays.

Motion: Ms. Tannous moved to discuss the funds netting calendar.

- v. Due dates close to major year-end holidays were reviewed by the Board.
- vi. Once jurisdiction funds netting totals are distributed membership has approximately ten working days to fund their accounts.
- vii. It was observed that the due dates for the 2021 calendar will need to be considered carefully to ensure membership has ample time during major holidays to fund their accounts once IFTA, Inc. distributes the funds netting totals.
- viii. The Board then revisited the motion made earlier by Mr. Bryer to approve the 2020 IFTA funds netting calendar.

Motion: Ms. Tannous seconded the motion to approve the 2020 IFTA funds netting calendar. The motion passed with one opposing vote by Ms. Arnold. The motion was approved by a majority vote.

- ix. A Board Charge to the CAC regarding IFTA Clearinghouse data sharing was reviewed. The Board President and Business Supervisor will work together to complete the drafting of this charge and present it to the full Board for their review prior to assigning and forwarding the charge to the committee.

9) Board Charges – Mr. Nutter

Motion: Mr. Bryer moved to discuss the Board charges. Ms. Tannous seconded.

- a) The Board discussed the history of assessing Board charges to the various standing committees, special committees, and working groups.
- b) The Board discussed the necessity of creating a new working group to study the issue of electric vehicles and the mileage recording, acceptance, and registering of such vehicle types' membership wide.
 - i. Mr. Robert Pitcher, American Trucking Associates, volunteered to assist with this working group once it has been assembled.
 - ii. The Board opted to table further discussions until the January 2019 Board meeting.

10) Attorneys' Steering Section Committee (ASSC) Charter – Ms. Tannous

Motion: Ms. Tannous moved to discuss the Attorneys' Steering Section Committee (ASSC) charter. Ms. Arnold seconded.

- a) In 1998, the committee was known as the Attorneys' Section and was not presented as a Standing Committee. When the IFTA, Inc. Bylaws were drafted the Attorneys' Section was not included.

- i. In order to reclassify the ASSC as a Standing Committee the IFTA, Inc. Bylaws would need to be amended.
- ii. It was noted that the committee provides valuable assistance to the organization, including reviewing ballot proposals.
- iii. It was opined that membership should determine whether the ASSC should be a Standing or Special Committee.

Motion: Mr. Bryer moved to create a subcommittee to the IFTA, Inc. Board of Trustees to determine the viability of making the Attorneys' Steering Section Committee a Standing Committee. Ms. Arnold seconded the motion. The motion passed with one opposing vote from Mr. Nutter. The motion was approved by a majority vote.

- iv. Members of this subcommittee will include Ms. Tannous as lead, Mr. Lyon, and Mr. Rodney Richard (AR).
 - v. The Board will charge this subcommittee, beginning in 2019, to report to the Board in April 2019 and outline the value that the ASSC adds to IFTA.
- b) The Board will respond to the inquiry from Ms. Barnett regarding the ASSC Chair's attendance at the upcoming 2019 IFTA Attorneys' Meeting. A request was made that the travel expenses for the Chair to attend the meeting be paid. It was the position of the Board that, with the funded traveler option, no additional funding would be necessary.

11) FYE17 Audit Findings – David Lipinski, CPA, P.C.

- a) A financial audit report for the year ending 2017 was presented to the Board.
- b) Liabilities were consistent with the previous year.
- c) Equity was increased from the previous year to 2.2 million.
- d) Significant audit findings were discussed, but no additional accounting policies were adopted. The significant findings were related to the water damage in the prior office location.

12) Committee Charters Review – Mr. Nutter

- a) The Board was reminded to be cognizant of the committee charters and to ensure that all the charters posted on the IFTA, Inc. website are accurate and up to date.

13) Industry Advisory Committee (IAC) Report – Dennis Vanderslice, ARI Fleet, IAC Chair

- a) Issues that are currently being discussed by industry include:
 - i. Un-receipted fuel on tax returns;
 - ii. Industry representation on various IFTA committees such as:
 - a) Audit Committee;
 - b) Agreement Procedures Committee; and
 - c) Dispute Resolution Committee.
 - iii. The Board will further discuss and review the issue of industry participation on committees before making any formal decisions; and
 - iv. Annual Business Meeting presentations created to include items of interest to industry.

14) IRP, Inc. Update – Tim Adams, IRP, Inc. CEO

- a) Elections for the IRP, Inc. Board of Directors approved the following whose terms will begin January 1, 2019:
 - i. James Walker (NJ);
 - ii. Renee Kyser (AL); and
 - iii. Jeff Hood (IN).
- b) \$945 million was exchanged between fifty-seven participating jurisdictions within the IRP, Inc. Clearinghouse in 2018. Currently, more than one billion dollars has been exchanged in 2018.
- c) Forty-five jurisdictions have fully implemented the new standardized features in the IRP, Inc. Clearinghouse.
- d) A Request for Proposal (RFP) will be issued for a project to modernize the IRP, Inc. Clearinghouse and create a Repository for the data.
- e) IRP Ballots 2018.01 and 2018.02 both failed.
- f) IRP, Inc. has contracted with Strategy, Insights, and Results (SIR) to draft the IRP, Inc. Strategic Plan. The completion of this Plan is estimated for winter 2019.
- g) IRP continues to provide education and training to membership with the primary focus being to provide a good product which meets the needs of their membership.

15) Consensus Board Interpretation Draft (CBID) – Mr. Nutter

Motion: Ms. Tannous moved to discuss the Consensus Board Interpretation Draft presented by Indiana. Mr. Bryer seconded the motion.

- a) A CBID was presented from Indiana requesting clarification for the following:
 - i. Can a person or licensee hold more than one fuel license in separate jurisdictions or must a person hold only one fuel license in a base jurisdiction; and
 - ii. Can a person or licensee hold more than one fuel license in the base jurisdiction?
- b) The Board discussed Articles R150 and R130 in relation to the CBID inquiry.
- c) The Board agreed upon the following resolution in response to the CBID:
 - i. Nothing in the Agreement prohibits a person or licensee from holding more than one fuel license in separate jurisdictions; and
 - ii. Nothing in the Agreement prohibits a licensee from obtaining multiple licenses within one jurisdiction.

16) Electronic Verification of Operating Credentials (EVOC) Discussion – Mr. Nutter

Motion: Mr. Romeo moved to discuss the Electronic Verification of Operating Credentials (EVOC). Ms. Tannous seconded the motion.

- a) The EVOC Task Force met in early August 2017.
- b) Mr. Knoles and Ms. Varcoe agreed to serve on the task force.
- c) IFTA supports the EVOC to the limit that it allows law enforcement a functional operating method. IRP does not have a law enforcement presence; this is only effective within the IFTA community.
- d) Industry can support the EVOC only if the IFTA decal is eliminated. It is the position of industry that the decal has no place within the fuel use enforcement.

Motion: Mr. Bryer moved that the Board will draft a concise statement for posting to the IFTA, Inc. website which includes the parameters of IFTA's involvement on the EVOC task force as discussed by the Board. Ms. Arnold seconded the motion. The motion was approved.

17) Ballots – *Debora Meise, Senior Director*

- a) Three IFTA ballots are available for the second comment period:
 - i. STPBP 01-2018, sponsored by the CAC and APC, intends to clarify the upload to the IFTA Clearinghouse that is done daily each business day is a full demographic data upload;
 - ii. STPBP 02-2018, sponsored by the APC, intends to align with the Bank of Canada's new procedure in publishing the exchange rates daily; and
 - iii. FTPBP 04-2018, sponsored by the jurisdiction to British Columbia, intends to establish a firm cut-off date (or lock down rate) for the tax rate changes on the IFTA Tax Rate Matrix.
- b) IFTA FTPBP 03-2018, sponsored by the jurisdictions of Alabama and Nevada, was withdrawn by the sponsors following the Annual IFTA Business Meeting.
- c) Two IRP ballots were recently voted on and did not pass:
 - i. Ballot 421, sponsored by the jurisdiction of Alabama, references reciprocity for non-apportioned vehicles; and
 - ii. Ballot 422, sponsored by the jurisdiction of Texas, references a registrant from a non-member jurisdiction.
- d) The Board will discuss the ballot process during the 1Q19 Board meeting.

18) Training, Outreach, and Sponsorship – *Ms. Meise*

- a) IFTA, Inc. is reviewing available training methods and fielding suggestions for additional training needs within the IFTA community.
- b) During the Outreach opportunities provided during the IRP/IFTA Managers' and Law Enforcement Workshop, IFTA, Inc. received several issues to be considered and researched.
- c) Areas of synergy within IFTA and IRP are being considered by both Boards.
- d) IRP, Inc. is developing Learning Management Systems (LMS) and podcast webinars as well as reviewing joint meetings between IRP and IFTA.
- e) The Board discussed meeting with the IRP, Inc. Board of Directors to identify areas of synergy between the organizations.

Motion: Mr. Bryer moved that the IFTA, Inc. Board of Trustees meet with the IRP, Inc. Board of Directors to discuss possible areas of synergy between the two organizations. Mr. Lyon seconded the motion. The motion passed with one opposing vote from Ms. Tannous. The motion was approved by a majority vote.

- f) The Board reviewed the list of possible sponsors for upcoming IFTA events. The list contained companies or individuals that have attended IFTA events in the past and are active within the IFTA community.
- g) IFTA, Inc. was asked to review the list of possible sponsors and forward a revised list to the Board for review and approval prior to IFTA, Inc. contacting sponsors for 2019.

19) Direction of IFTA – Mr. Nutter

- a) Mr. Nutter challenged the Board to consider the future direction of IFTA. Some current issues the Board was asked to consider include:
- i. Permitting industry representation on the IFTA committees;
 - ii. Means of increasing the operating revenue if not by increasing membership dues;
 - iii. Outreach Programs; and
 - iv. Affiliate memberships to IFTA.

Motion: Mr. Bryer moved to authorize the organization to investigate the possibility of affiliate membership and the risks associated with it. Mr. Byrne seconded the motion. The motion passed.

20) Quarterly Regional Calls with the Board – Mr. Nutter

- a) The Board determined that the regional calls were valuable and should be continued.
b) Each Board member will confirm the scheduling of their regional call with IFTA, Inc. to be conducted in mid-November.

21) Financial Report – Mr. Nutter

Motion: Mr. Bryer moved to authorize the Board to move \$400,000 into mutual funds accounts. Mr. Byrne seconded the motion. The motion passed.

22) Board Liaison Event Travel – Mr. Bryer

- a) Mr. Bryer informed the Board that the Board Liaisons to the Attorneys' Section Steering Committee (ASSC) and Audit Committee (AC) will have their travel comped by IFTA, Inc. so that they could attend these IFTA events.
b) It was further stated that the Board Liaisons of the ASSC may also stay for the final day of the IFTA/IRP Audit Workshop.

23) IFTA Employee Titles – Mr. Nutter

- a) This discussion was tabled until the 1Q19 Board meeting.

24) 2Q18 Board Minutes – Ms. Arnold

- a) During the 2Q18 Board meeting, it was noted that IFTA, Inc. would research adding a page on the website to outlining changes affecting multiple jurisdictions.
b) It was noted that this web page relates to the IFTA Outreach Program and possible affiliate membership.
c) This discussion was tabled until the 1Q19 Board meeting.

25) Bylaws Update – Mr. Nutter

- a) IFTA, Inc. requested Mr. Ron Huser, an attorney for the organization, review the IFTA, Inc. Bylaws prior to the Annual IFTA Business Meeting.
b) To date, the IFTA, Inc. Bylaws have not yet been reviewed.

Motion: Mr. Bryer moved to locate and secure a new attorney for IFTA, Inc. Mr. Romeo seconded this request. The motion passed.

26) Adjournment

Motion: Mr. Bryer moved to adjourn the Fourth Quarter 2018 IFTA, Inc. Board of Trustees meeting. Ms. Tannous seconded the motion. The motion passed.