

**FIRST QUARTER 2013
IFTA, INC. BOARD OF TRUSTEES MEETING
JANUARY 15 - 16**

Board Members:

| | |
|------------------|--------------------------------------|
| Scott Greenawalt | Oklahoma Corporation Commission |
| Ron Hester | Ontario Ministry of Finance |
| Garry Hinkley | Maine Bureau of Motor Vehicles |
| Hugh Hughson | British Columbia Ministry of Finance |
| Ric Listella | Oregon Department of Transportation |
| Patricia Platt | Kansas Department of Revenue |
| Sheila Rowen | Tennessee Department of Revenue |
| Chuck Ulm | Comptroller of Maryland |
| Stuart Zion | Colorado Department of Revenue |

IFTA, Inc. Personnel:

| | |
|----------------|---------------------------------|
| Lonette Turner | CEO / CFO |
| Jason DeGraf | Information Services Director |
| Tom King | Webmaster |
| Amanda Koeller | Program Administrator |
| Debora Meise | Senior Director |
| Tammy Trinker | Office and Events Administrator |

Guests:

| | |
|----------------|--------------------------------------|
| Robert Pitcher | American Trucking Associations, Inc. |
| Lisa Lumbard | Lumbard and Associates, LLC |

Call to Order

The IFTA, Inc. Board of Trustees (Board) held its First Quarter 2013 Board Meeting January 15 – 16. Mr. Scott Greenawalt (OK), outgoing Board President, called the meeting to order.

Closed Session

The Board went into closed session for the purpose of the election of the 2013 Board officers and for discussions with Lumbard and Associates, LLC regarding the 2012 financial statements audit and SASE SOC II review that were conducted. Following the conclusion of these discussions the Board resumed in open session. It was announced that the Board elected Mrs. Pat Platt (KS) as President, Mr. Ron Hester (ON) as First Vice President, and Mr. Ric Listella (OR) as the Second Vice President.

Mr. Garry Hinkley (ME) recognized out-going President, Mr. Greenawalt and thanked him for his service to the Board and the organization.

Approval of Minutes

4Q12 Board Meeting Minutes

Minutes from the Fourth Quarter 2012 Board meeting were reviewed and amended by the Board.

Motion: Mr. Greenawalt moved to accept the minutes as amended. Mr. Hester seconded the motion. The motion passed.

Board Actions by E-Mail

The Board acted by email on various committee issues during the fourth quarter 2012. The minutes of these actions were reviewed and corrected by the Board.

Motion: Mr. Hinkley moved to accept the minutes as amended. Ms. Sheila Rowen (TN) seconded the motion. The motion passed.

Action Items

It was noted that the items outlined in the Action Items document were for internal use and the Board reviewed the items to ensure that changes were made to update the pending tasks.

Assignment of Committee and Jurisdiction Board Liaisons

Committee and Jurisdiction Liaison assignments were made as follows:

IFTA, INC. BOARD OF TRUSTEES – COMMITTEE LIAISONS

STANDING COMMITTEES:

Agreement Procedures Committee

Lead: Ron Hester (ON)
Ric Listella (OR)

Audit Committee

Lead: Ric Listella (OR)
Scott Greenawalt (OK)

Clearinghouse Advisory Committee

Lead: Garry Hinkley (ME)
Scott Greenawalt (OK)

Dispute Resolution Committee

Lead: Ron Hester (ON)
Hugh Hughson (BC)

Industry Advisory Committee

Lead: Hugh Hughson (BC)
Chuck Ulm (MD)

Information Technology Advisory Committee

Lead: Ron Hester (ON)
Garry Hinkley (ME)

Law Enforcement Committee

Lead: Stuart Zion (CO)
Chuck Ulm (MD)

Program Compliance Review Committee

Lead: Sheila Rowen (TN)
Scott Greenawalt (OK)

SPECIAL COMMITTEES:

Attorneys' Section Steering Committee

Lead: Sheila Rowen (TN)
Stuart Zion (CO)

Audit Working Group

Lead: Ric Listella (OR)
Scott Greenawalt (OK)

Commissioner Training Committee

Lead: Stuart Zion (CO)
Chuck Ulm (MD)

Dual Fuel

Lead: Hugh Hughson (BC)
Garry Hinkley (ME)

IFTA/IRP Board Subcommittee

Scott Greenawalt (OK)
Sheila Rowen (TN)

Re-Audit and Re-Examination Working Group

Garry Hinkley (ME)

IFTA, INC. BOARD OF TRUSTEES – JURISDICTION LIAISONS

Scott Greenawalt

Arkansas
Indiana
Louisiana
Missouri
Nebraska
North Dakota
Oklahoma
South Dakota

Ron Hester

Newfoundland
Nova Scotia
Ontario
Prince Edward Island
Quebec

Garry Hinkley

Connecticut
Maine
Massachusetts
New Hampshire
New York
Rhode Island

Hugh Hughson

Alberta
British Columbia
Manitoba
New Brunswick
Saskatchewan
Vermont

Ric Listella

Idaho
Montana
Oregon
Utah
Washington
Wyoming

Pat Platt

Illinois
Iowa
Kansas
Michigan
Minnesota
Ohio
Wisconsin

Sheila Rowen

Alabama
Florida
Georgia
Kentucky
Mississippi
North Carolina
South Carolina
Tennessee

Chuck Ulm

Delaware
Maryland
New Jersey
Pennsylvania
Virginia
West Virginia

Stuart Zion

Arizona
California
Colorado
Nevada
New Mexico
Texas

Consent Agenda

A Consent Agenda was presented to the Board prior to the meeting containing committee reports not requiring Board action. It was the decision of the Board to remove the Information Technology Advisory Committee (ITAC) and Attorneys' Section Steering Committee (ASSC) reports from the Consent Agenda. The remaining committee reports, Agreement Procedures, Audit, Clearinghouse Advisory, Dispute Resolution, Industry Advisory, Law Enforcement and Program Compliance Review Committee reports were accepted as presented.

Motion: Mr. Listella moved to accept the seven committee reports contained within the Consent Agenda. Mr. Hester seconded the motion. The motion passed.

Clearinghouse Update

Mr. Jason DeGraf, IFTA, Inc. Information Services Director presented an update on the IFTA, Inc. Clearinghouse and reviewed the totals from 2012. Over 800,000 demographic records and more than 9 million transmittal lines were received. Through the funds netting process, almost \$400 million had been transferred during 2012. Mr. DeGraf announced that both British Columbia and Oklahoma are read-only members. This leaves Nova Scotia and Quebec as the only jurisdictions that do not have access to the Clearinghouse.

Mr. DeGraf informed the Board of the clearinghouse projects that will be undertaken in 2013. These projects include, but are not limited to, a more uniform login system between the clearinghouse and IFTA website, a user control panel on the clearinghouse, better password recovery system for the clearinghouse and web services finalized.

Funds Netting

Mrs. Amanda Koeller, IFTA, Inc. Program Administrator provided a summary analysis of the 2012 funds netting. She reported that two pro-rates were necessary in both October and November. It was also reported that a definite improvement had been made regarding late payments from membership. Over the past two years, a decrease of 85% in late payments has been recorded.

SAFER Data

Ms. Lonette Turner, IFTA, Inc. CEO/CFO, reported on the status of sending data through the Safety and Fitness Electronic Records (SAFER) System. IFTA, Inc. has been working with the Federal Motor Carrier Safety Administration (FMCSA) to identify the definitions. After reviewing a document required prior to proceeding, it was determined that the document could not be signed. IFTA, Inc. has made contact with FMCSA regarding this document but has not presently heard back due to internal changes within FMCSA. If any progress is made, it will be reported to the Board and membership.

IFTA, Inc. Website Update

Mr. Tom King, IFTA, Inc. Webmaster provided a demonstration of the website. A webpage for the new Audit Manual Working Group is now on the website. All committee minutes from 2012 have been archived but are still available for viewing under the appropriate Committee

web pages. All of the 2012 Program Compliance Review Final Reports have been uploaded to the website. Jurisdictions have been asked to input their 2012 Annual Report data.

The IFTA Governing Documents which were revised on January 1, 2013 have been updated on the website. Additionally, all 2012 meeting materials have been posted on the Meetings Materials web page. Other website features that have been enhanced include the message board and downloadable web pages. Mr. King also reviewed how users can change their email addresses and passwords through the Personal Profiles section. Additionally, all User IDs and Passwords are being updated to become more user friendly across the entire website.

IFTA Meeting Update

Mrs. Tammy Trinker, IFTA, Inc. Office and Events Administrator reported that IFTA, Inc. has been working with Christopherson Business Travel (CB Travel) to manage all IFTA-related airfare purchases. CB Travel guarantees the lowest airfare and will work directly with membership once they have created an account with the company. CB Travel assisted with all flight arrangements for the IFTA / IRP Audit Workshop and the 1Q13 Board travel.

IFTA, Inc. has also begun working with Conference Direct in order to procure hotel contracts for upcoming business events. Conference Direct is looking into various locations for the 2014 IFTA / IRP Audit Workshop, 2014 Annual IFTA Business Meeting, and future Board meetings. It was noted that there is no fee for the use of Conference Direct services.

The Board then reviewed the minutes from the 2012 Annual IFTA Business Meeting. These minutes were approved as amended for release to membership.

Motion: Mr. Greenawalt moved to adopt the 2012 Annual IFTA Business Meeting minutes as amended. Mr. Chuck Ulm (MD) seconded the motion. The motion passed.

Ms. Turner reviewed the Sponsorship opportunities for the 2013 Annual IFTA Business Meeting. The Board amended the documents as presented and approved the release of the information to potential sponsors for the 2013 Annual IFTA Business Meeting.

Motion: Mr. Greenawalt moved to approve the Sponsorship opportunities documents for release as amended. Mr. Stuart Zion (CO) seconded the motion. The motion passed.

2012 Ballots

IFTA Ballots

Mrs. Debora Meise, IFTA, Inc. Senior Director reported on the 2012 ballots. Short Track Final Ballot Proposal (STFBP) 3-2012 passed and was effective upon passage on November 20, 2012. The ballot's intent was to create the Information Technology Advisory Committee as a standing committee of the International Fuel Tax Agreement. Full Track Final Ballot Proposal (FTFBP) 5-2012 also passed and was effective January 1, 2013. The intent of this ballot was to require member jurisdictions to update the IFTA Exemption Database at the same time the Annual Report is submitted. STFBP 7-2012, the intent of which was to ensure that the expulsion

provisions of the Agreement are consistent with the progressive nature of the penalties provided for in the IFTA Dispute Resolution Process, passed with an effective date of January 1, 2013. FTFBP 1-2012 did not receive a sufficient number of votes and therefore failed. FTFBP 2-2012 and 4-2012 failed. STPBP 6-2012 failed at the Annual IFTA Business Meeting.

IRP Ballots

Mrs. Meise informed the Board that IRP Ballot 378 (composition of the Board of Directors of the Repository) passed. Ballot 379 (estimated distance adjustments) did not pass. Three other ballots to elect members to the IRP, Inc. Board of Directors concluded in early December. As a result, Mr. Greenawalt, Mr. David Helton (FL), and Ms. Deann Williams (KS) were elected to the IRP, Inc. Board of Directors.

Program Compliance Review Update

Mrs. Meise noted that 8 of the 15 reviews completed in 2012 were closed and three are under reassessment or follow up. In 2013 the Southeast Region will be reviewed. Of the 12 jurisdictions scheduled for review 10 will be E-reviews and one will be a combined IFTA / IRP E-review. Both South Carolina and Georgia have requested onsite reviews.

Discussion then turned to the Dispute Resolution Committee Order to New Jersey. Concern was expressed for the deadlines and when the 2014 review could be scheduled. IFTA, Inc. will review this timeline for the information gathering to ensure that all parties are working in a timely fashion. As the Order currently reads the 2014 NJ review would need to be conducted by 2/28/14.

Dual Fuel Working Group

Mr. Hugh Hughson (BC) presented the report. He explained that the issue of reporting dual fuel vehicles is complex and should be presented to membership at the 2013 Annual IFTA Business Meeting. The working group presented a recommendation for proposed ballot language to establish a standard conversion factor for CNG as well as defining both a gallon and liter as it applies to compressed natural gas. Additionally the subcommittee presented various scenarios in which a common reporting method could be considered. These scenarios were:

1. Reporting distance traveled twice wherein the results would allow for double reporting
2. Pro-rated distance based on fuel consumption
3. Distance traveled should only be the distance used under the alternative fuel

Mr. Hughson reported that scenario 3 is more difficult and an administrative burden which might not make it conceivable for all jurisdictions to use this method. Mr. Pitcher stated that industry would like to have a separate fleet with just these types of vehicles so that the reporting would be kept out of the basic carrier fleet reporting. It was the decision of the Board that the definitions be submitted as a full track ballot proposal and that a presentation is done during the 2013 Annual IFTA Business Meeting.

Items from the IFTA/IRP Combined Board Meeting

The Board reviewed items from the IFTA / IRP Combined Board Meeting that took place in October 2012. Some of the items discussed included a certificate program, training tools integrated with webinars, and a new Commissioners webinar.

IRP, Inc. Board of Directors

The new officers of the IRP, Inc. Board of Directors are as follows:

Ms. Anita Wasko (PA), Chair
Mr. Greg Dal Ponte (OR), Vice Chair
Mr. Peter Hurst (ON), Treasurer
Mr. Art Farley (WA), Secretary
Mr. Jay Starling (AL), Past Chair

Discussions then turned to Mexico. It was opined that while Mexico would ultimately become a member of IRP it would not look to join IFTA as fuel tax is at a federal level and not a local or state level. This implies that Mexican carriers would need to either trip permit when crossing the US border and state lines or apply for a license through a US Border State.

New Business

Attorneys' Section Steering Committee

The Board reviewed committee reports which were removed from the Consent Agenda. The ASSC had asked for the Board's and IFTA, Inc.'s support for a meeting. After discussion the Board will ask that the committee offer more specific information before IFTA, Inc. pursues meeting locations and accommodations.

Information Technology Advisory Committee

The ITAC amended its charter for the Board's consideration. With minor revisions, the charter was approved.

Motion: Mr. Hinkley moved to accept the revised ITAC Committee Charter including the changes as recommended by the Board. Ms. Rowen seconded the motion. The motion passed with eight votes in favor. Mr. Hughson abstained from voting explaining that there had not been enough time for the Board to thoroughly review the amended charter.

Assigning a Standard Way to Perform Electronic and On-Site Reviews

Mrs. Platt then led a discussion regarding the Program Compliance Review Committee (PCRC) and the performance of reviews. A charge will be drafted to the PCRC to review the processes for both electronic and on-site reviews with respect to the sampling of records. The Board was assured by IFTA, Inc. that no data mining through the clearinghouse is conducted during electronic reviews.

Commissioners Training Committee Report

Mr. Zion reported that, prior to the meeting the Board approved Ms. Cindy Swanson (CA) as Chair of the Commissioners Training Committee (CTC). The committee intends to complete their training presentations and have them available for Board review by the April Board Meeting.

IFTA Compliance Audit Working Group

The IFTA Compliance Audit Working Group (I-CAWG) originated as the Audit Manual Working Group. The purpose of this working group is to review the IFTA Manuals and advise of amendments that would reflect the current technology and increase compliance. Members of this working group include Mr. Dave Nicholson (OK), Mr. Jeff Hood (IN), Mr. Lorne Bay (PE), Mr. Gary Bennion (Con-way), Mr. Edward Gelardi (CT), Ms. Trina Kluever-Pauli (WI), Ms. Renee Kyser (AL), Ms. Dawn Lietz (NV), Mr. Pitcher, Ms. Joy Prenger (MO) and Mr. James Sheets (OTS). The I-CAWG presented Mr. Nicholson to the Board as Chair of the working group.

Motion: Mr. Listella moved to approve Mr. David Nicholson (OK) as Chair of the I-CAWG. Mr. Zion seconded the motion. The motion passed.

Committee Member Motions

Discussion was also had regarding Board actions to approve committee members. It was explained that in order to remove this responsibility from the Board the Bylaws would need to be amended. While the Board believed they should keep the authority to approve recommendations it was generally felt that the Board, as a whole, should not have to approve committee nominations for membership. Instead, this approval could be the responsibility of the Board President. No formal action was taken by the Board on this issue.

Committee Chair Conference Calls

The Board discussed conference calls with the Committee Chairs. The last time the Board held a teleconference with the Committee Chairs was in March 2012. IFTA, Inc. will contact the Committee Chairs to schedule another call with the Board.

CVSA Meeting

Reporting on the Commercial Vehicle Safety Alliance (CVSA) task force meeting he attended, Mr. Ulm informed the Board that the IFTA presentation was well received and showed how IFTA enforcement could identify fraudulent documents and carriers without IFTA credentials.

Tax Reporting and P1120

Mr. Hughson led a discussion regarding P1120 and tax reporting. Section P1120.300 of the Procedures Manual reads, in part: "If notification of a tax rate change is not received by the other jurisdictions at least 60 days prior to the due date of a quarterly tax return for which the change is effective, the other jurisdictions will be relieved from taking extraordinary measures to implement the change. The jurisdictions that failed to provide adequate notification may, however, collect any additional taxes due directly from the licensees in the other jurisdictions." Concern was expressed regarding member obligations and whether or not the late jurisdiction

should announce if they have intentions of pursuing the correct tax rate from licensees if other jurisdictions do not amend their returns. IFTA, Inc. will, upon notice of late receipt, contact the jurisdiction as to their intent of collecting the rate.

The Board also discussed an issue where a US jurisdiction has opted to not cash a check from a Canadian jurisdiction for payment. It was noted that if the Canadian jurisdiction submits a check to a US jurisdiction and has factored in the exchange rate that they have fulfilled their obligation for the payment due and probably would not be held out of compliance for non-payment.

Following the conclusion of the discussions, a motion was made to recess the Board meeting for the day.

Motion: Mr. Hughson moved to recess for the day. Mr. Greenawalt seconded the motion. The motion passed.

The Board resumed their 1Q13 Board meeting on the following day.

Financial Report

Ms. Turner presented the IFTA, Inc. financial report. She reported that IFTA, Inc. continues to remain financially sound and reviewed the investment portfolios with the Board. Mrs. Koeller reviewed the rental properties and updated the Board on the status of the realtor packages being presented to potential clients. Currently IFTA, Inc. has one empty suite ready for immediate rent. Additionally, a second suite will be ready for new renters as early as March 2013. Following discussions of future rentals vs. suite sales the Board determined that it was more viable to continue renting the suites so long as the market continued to support that choice.

Consideration was then given regarding Board notebooks and electronic data of the notebook material. It was the decision of the Board, in the interest of reducing expenses that all reports and materials are forwarded electronically to the Board two weeks prior to their departure for the meeting. Furthermore, in an effort to reduce expenses even more, IFTA, Inc. will look into eliminating the January face-to-face Board Meeting replacing it with a webinar. The Board would still meet in person for both the Second Quarter and Fourth Quarter meetings. Additionally, the Board can hold another meeting in conjunction with the Annual IFTA Business Meeting should the need arise. The Board was in favor of hosting a webinar Board Meeting in January 2014 that would be recorded for the purpose of maintaining meeting minutes.

Strategic Planning Session

Following the conclusion of the business discussions the Board held a Strategic Planning Session. During this session the Board reviewed and made recommendations for updating sections of the Strategic Plan. Many ideas were exchanged and considered in regards to the following sections of the Plan:

- IFTA's Successful Evolution of Cooperation and Trust
 - Archaic Era (Beginning to 1982)
 - Formative Era (1983 – 1995)
 - Coming of Age Era (1995 – Present)
- Learning's from IFTA, Inc.'s Historical Perspective Exercise
- Linkages Discovered During Exercise
- Future Challenges
 - External Influences / Conflicts
 - Technological Optimization
 - Tax Issues
 - Human Resource Development for IFTA and IFTA, Inc.
 - Jurisdiction Interest and Participation
 - Funding and Associated Choices
- Strengths
- Weaknesses
- Opportunities
- Threats
- Strategic Issues
 - Roadside Enforcement
 - Jurisdiction Compliance
 - Technological Advances Necessary to Proactively Address Major Issues
 - Partnering Essential to Fulfill Future Endeavors
 - Jurisdictional Effectiveness Must be Addressed

It was concluded that the Board would need to hold additional Strategic Planning Sessions during the Board meetings in order to amend and finalize a new Plan before it could be presented to membership.

New Business

Travel Expense Reports

Mrs. Koeller will post the Board travel expense reports to their message board so that the forms could be completed and submitted online. All Board members will need to complete this form within 30 days of the conclusion of the meeting in order to be reimbursed for out-of-pocket expenses related to the Board meeting.

Jurisdiction Funding and Representatives Not Attending the ABM

The Board reviewed this ongoing concern in regard to the 2013 Annual IFTA Business Meeting. Various ideas were offered to ensure that attendees would be in meeting sessions during the ABM. Some of the ideas considered were to hold daily roll calls, publish the voting logs following the business meeting, send letters to the jurisdiction of those attendees not attending meeting sessions, providing an announcement requiring attendance with the registration packet and creating travel constraints for airline departures during the business meeting sessions.

Adjournment

Concluding all discussions Ms. Platt, Board President, asked for a motion to conclude the First Quarter 2013 IFTA, Inc. Board of Trustees Meeting.

Motion: Mr. Listella moved to adjourn the First Quarter 2013 IFTA, Inc. Board of Trustees meeting. Mr. Hester seconded the motion. The motion passed.

ACTION ITEMS RESULTING FROM THE 1Q13 BOARD MEETING

| ITEM | ACTION |
|---------|--|
| 1-1Q13 | IFTA, Inc. will correct and post the ITAC Charter on the website. |
| 2-1Q13 | IFTA, Inc. will work with IRP, Inc. to plan a combined Board meeting session at the same time next year. |
| 3-1Q13 | IFTA, Inc. will review the DRC order in NJ Referral to determine if the Order sets specific deadlines. IFTA, Inc. will review these deadlines with those proposed by Mr. Rick LaRose (CT). |
| 4-1Q13 | IFTA, Inc. will draft a charge for the Board's review requesting that the PCRC review the Program Compliance Review process to determine whether the review standards of an electronic review are the same as an on-site review. |
| 5-1Q13 | IFTA, Inc. will organize a Webinar for the 1Q14 Board Meeting. |
| 6-1Q13 | IFTA, Inc. will post the Sponsorship Opportunities forms to the website. |
| 7-1Q13 | The Board Liaisons to the ASSC will request specific information from the committee regarding their request to hold a face-to-face meeting. |
| 8-1Q13 | IFTA, Inc. will contact the Committee Chairs to organize a conference call with the Board. |
| 9-1Q13 | IFTA, Inc. will work with the committees to ensure that all future Board meeting materials are provided electronically to the Board 2 weeks prior to the actual meetings. |
| 10-1Q13 | IFTA, Inc. will schedule a webinar with the Board as a working session to review changes made to sections of the Strategic Plan during the 1Q13 Board meeting. |