

SECOND QUARTER 2010 IFTA, INC. BOARD OF TRUSTEES MEETING APRIL 22 - 23

Board Members:

Julian Fitzgerald	North Carolina Department of Revenue
Scott Bryer	New Hampshire Department of Safety
Scott Greenawalt	Oklahoma Corporation Commission
Ron Hester	Ontario Ministry of Revenue
Rena Hussey	Virginia Department of Motor Vehicles
Patricia Platt	Kansas Department of Revenue
Doug Shepherd	California Board of Equalization
Robert Turner	Montana Department of Transportation

IFTA, Inc. Personnel:

Lonette Turner	Executive Director
Jason DeGraf	Information Systems Administrator
Jessica Eubanks	Executive Assistant
Tom King	Webmaster
Debora Meise	Program Director
Tammy Trinker	Events Coordinator

Guests

Glenn Campbell	IFTA, Inc. Financial Advisor
Robert Pitcher	American Trucking Association

Call to Order

The IFTA, Inc. Board of Trustees (Board) held its Second Quarter 2010 meeting on April 22 - 23. Mr. Julian Fitzgerald (NC), Board President called the meeting to order. Ms. Sheila Rowen (TN) was unable to attend the meeting. Mr. Fitzgerald welcomed Mr. Glenn Campbell, IFTA, Inc. Financial Advisor, and Mr. Robert Pitcher, American Trucking Association (ATA), to the meeting.

Closed Session

The Board went into closed session for the purpose of financial discussions with Mr. Campbell. Following discussions, the meeting was re-opened.

Approval of Minutes

1Q 2010 Board Meeting Minutes

The Board reviewed the minutes from the First Quarter 2010 Board meeting.

Motion: Mr. Scott Greenawalt (OK) moved to accept the minutes as written. Mr. Scott Bryer (NH) seconded the motion. The motion passed.

Board Actions by Email

The Board reviewed the minutes of the Board Actions by Email. One minor correction was requested.

Motion: Mr. Greenawalt moved to accept the minutes as corrected. Ms. Rena Hussey (VA) seconded the motion. The motion passed.

IFTA, Inc. Clearinghouse Update

Funds Netting

Mr. Jason DeGraf, IFTA, Inc. Information Systems Administrator, reported that funds netting has been operational for four months and is running smoothly. The totals have been calculating correctly and transmittal data has been posted in a timely manner by all member jurisdictions.

The Clearinghouse Advisory Committee (CAC) will be reviewing the demographic data for accuracy because several jurisdictions have been utilizing incorrect status codes. Jurisdictions forwarding improper codes will be contacted to resolve this issue.

It was reported that one jurisdiction is switching to the RPC (Regional Processing Center). As a result, more than one transmittal report is submitted on behalf of this jurisdiction. IFTA, Inc. is working with this issue to ensure that the funds netting results are based on the additional report and are accurate. When questioned about the future of jurisdictions switching tax systems and how it would effect the Clearinghouse and funds netting, the Board was assured that IFTA, Inc. will work with those jurisdictions to ensure uploads are properly formatted.

IFTA, Inc. Executive Director, Ms. Lonette Turner, spoke about the success of funds netting. Several million dollars have been transferred through the USD and CAD accounts. Funds netting is working as anticipated and prorating is done when necessary. No complaints have been fielded regarding the process or prorated payments. Any credits earned from the funds netting account is used to offset the Clearinghouse and funds netting expenses.

Clearinghouse Advisory Committee Report

Mr. Greenawalt presented the CAC report. Following the passage of IFTA Full Track Final Ballot Proposal (FTFBP) 4-2009, the CAC is now a standing committee. Vacancies on the committee were addressed. It was noted that while Ms. Leri McClure (MI) is from the Midwest Region, she was being presented to fill a vacancy in the Northeast Region.

Motion: Mr. Greenawalt moved to approve Mr. Robert Van Buren (NY), Ms. Leri McClure (MI), Mr. Kevin Park (UT), and Ms. Trishawn Bell (AL) to the Clearinghouse Advisory Committee. Mr. Bob Turner (MT) seconded the motion. The motion passed.

Motion: Mr. Greenawalt moved to approve the recommendation of Ms. McClure as a representative from the Northeast Region. Mr. Turner seconded the motion. The motion passed.

IFTA, Inc. Website Update

Mr. Tom King, IFTA, Inc. Webmaster, provided a demonstration of the IFTA, Inc. web site. A tutorial is being drafted that would assist new committee members in understanding and utilizing the message boards to their full potential. IFTA, Inc. will revise the default for attachments in message board posts to show the name of the document as opposed to the current link that reads "Click Here". Another addition being looked into is a single log-in with a drop down box that would provide the various accounts associated for each user. With a simple click, a user could then log on under one account and have access to all other accounts automatically. Other web pages reviewed during the demonstration included the 2010 ballot proposals, committee chairs section of the message boards, a private messaging system, the bio-diesel information page, exemption center, clearinghouse user information, and the Annual Report spreadsheet data.

Annual Report Calculation for Audit Completion Requirement

The Board reviewed the calculation for the audit completion requirement. This formula enables jurisdictions to determine the number of audits to be completed each year. It was the decision of the Board that a review of all jurisdictions previously cited, since the passage of IFTA Ballot 12-2005, for a finding of non-compliance in reaching the 3% audit requirement, be conducted. Should this review alter the jurisdiction's non-compliant status, the report would be amended to reflect that they are compliant with the audit requirement. A presentation of this calculation will be presented at the July Annual IFTA Business Meeting.

IFTA Meeting Update

Mrs. Tammy Trinker, IFTA, Inc. Events Coordinator, presented the proposed registration fees for the 2010 IFTA Managers' and Law Enforcement Workshop and the Annual IFTA Business Meeting. Discussion was had regarding the need and expense of holding a reception at the

meetings. It was concluded that a reception would be cost prohibitive for the workshop but a reception was an integral part of the Annual IFTA Business Meeting and should remain.

Motion: Mr. Turner moved to approve the registration fees for the 2010 IFTA Managers' and Law Enforcement Workshop at \$315 for members, \$375 for industry and general public, and \$650 for exhibitors. Mr. Bryer seconded the motion. The motion passed.

Motion: Mr. Bryer moved to approve the registration fees for the 2010 Annual IFTA Business Meeting at \$400 for members, \$460 for industry and general public, and \$650 for exhibitors. Mr. Turner seconded the motion. The motion passed.

IFTA, Inc. continues to research hosting options for the 2011 IFTA Managers' and Law Enforcement Workshop as well as the 2011 Annual IFTA Business Meeting. The IFTA Attorneys' Section Meeting will not be held in 2011 due to the continued economic strain on the member jurisdictions. In lieu of hosting a meeting, the Attorneys' Section Steering Committee (ASSC) is researching webinars. IFTA, Inc. believes webinars to be of value and has included expenses for hosting some webinars in the 2011-2012 budget for the Board's consideration.

Audit Committee Report

Board Liaison, Mr. Bryer, presented the Audit Committee (AC) report. The committee continues to review the IFTA Audit Manual. While IRP, Inc. is responsible for the logistics of the 2011 IFTA / IRP Audit Workshop, the committee continues to work on the agenda for the upcoming workshop in Orlando, FL. The AC is also discussing the use of LNG fuel. Ms. Diana Kay (FL) was previously approved by the Board as a Southeast region representative, replacing Ms. Charmin Tillman (MS) following her resignation.

Program Compliance Review Update

Mrs. Debora Meise, IFTA, Inc. Program Director, offered an update on the program compliance reviews. The 2010 Midwest reviews are well underway. Nevada has formally withdrawn from the combined review scheduled for July. This decision was made in light of the five-year cycle review scheduled for 2012. Electronic reviews for Missouri and South Dakota have been completed. An update on these reviews will be provided at the Annual IFTA Business Meeting.

The Combined IFTA / IRP Review Committee held a teleconference in February and was informed of the Board's decision regarding the 5-year review cycle. During this call, IRP announced that they will conduct a study regarding regional rotation. The IFTA, Inc. Board previously announced it will not hold reviews in 2011 and the IRP Board will meet in May to discuss this issue. The IRP, Inc. Board is researching the feasibility of remote reviews. IFTA, Inc. continues to conduct electronic reviews and have surveyed the team members and reviewed jurisdictions to determine the overall opinion of the electronic review process.

Program Compliance Review Committee Report

Ms. Hussey, Program Compliance Review Committee (PCRC) Board Liaison, offered this report. The committee continues to meet by teleconference every month and utilizes the message boards for discussions and review updates. Of the 2009 reviews, one is under reassessment and several are in follow-up status.

Dispute Resolution Committee Report

The Dispute Resolution Committee (DRC) report was presented by Mr. Turner, Board Liaison. The committee has begun working on the charge issued by the Board in February. This charge asked the committee to research, discuss, and make recommendations for any necessary changes to the Dispute Resolution Process. The DRC industry advisors have drafted a proposal regarding the issue of amending the process to include a formal comment period. The committee will continue to discuss this issue and draft an amended proposal for further discussions. It was noted that there is a vacancy in the Northeast region. The committee is looking for a replacement in this region.

Industry Advisory Committee Report

Mr. Pitcher presented the Industry Advisory Committee (IAC) report on behalf of Mr. Mahlon Gragen, Chair. Travel restrictions continue to impede industry's participation. The attendance at the IAC February 2010 meeting in San Antonio was greatly reduced as a result. The IAC requested that the Board authorize industry participation on all IFTA standing committees. It is the industry's position that this would align with the organization's goals of strengthening partnerships with industry. The Board took this request under advisement. Currently, there are industry advisors on the DRC as well as several special committees.

Committee membership was also reviewed by the Board. A current roster was presented for consideration.

Motion: Mr. Greenawalt moved to accept the Industry Advisory Committee roster as presented to the Board. Mr. Doug Shepherd (CA) seconded the motion. The motion passed.

Referencing the 2nd Annual Mileage Based User Fee Symposium, it is the position of industry that such a tax should be watched and would be extremely difficult to implement. Mr. Pitcher recommended someone with a strong background in the IFTA be available at the next symposium.

Agreement Procedures Committee Report

Board Liaison, Mr. Greenawalt, reviewed the vacancies on the Agreement Procedures Committee (APC). The committee has vacancies in the Northeast and Canadian Regions.

Motion: Mr. Greenawalt moved to accept the committee recommendations of Ms. Carolyn Evanston (IN) and Ms. Kimberly Knox-Lawrence (ME) to the Northeast Region. Ms. Hussey seconded the nomination. The motion passed.

During discussions of the Annual Report and exemption database, it was explained that jurisdictions are not required to annually update the exemption database like they are required to update the Annual Report database. However, they are encouraged to do so.

Law Enforcement Committee Report

Mr. Fitzgerald, Board Liaison to the Law Enforcement Committee (LEC), presented this report. Three members have submitted their intent to resign citing internal budgetary constraints. These members are Lt. John Moses (AL), Martin Barrow (NC), and Georges Sansfacon (QC). The committee is actively pursuing nominations to fill these vacancies.

The M&M Blitz had a significant increase in participation from membership. The committee is compiling the data received and will present their findings during the September Workshop. The Board reviewed the committee's Decal Placement Guide. This guide outlines a recommended location for the IFTA decal placement on qualified motor vehicles. Minor amendments were recommended by the Board. The IAC also offered revisions to be implemented in the document.

The process for the Charles M. Mills Award of Excellence will be reviewed by the committee for possible changes in 2011. The 2010 nomination forms will be provided online in the coming weeks.

Attorneys' Section Steering Committee Report

Board Liaison Ms. Hussey presented the Attorneys' Section Steering Committee (ASSC) report. Although the committee is not meeting face-to-face in 2011, the ASSC continues to be active and holds quarterly conference calls. Webinars continue to be pursued as an alternative means for providing attorney education and litigation support. The 2010 ballot proposals have been reviewed by the committee and revisions were suggested to the sponsors to clarify the intent of the ballots.

Additionally, the committee reviewed and provided feedback regarding the IFTA Committee Chairs Guide. The ASSC submitted Mr. Paul Bourget (ME) and Mr. Collin Davis (IN) for appointment to the committee.

Motion: Ms. Hussey moved to accept the committee recommendations of Mr. Paul Bourget (ME) and Mr. Collin Davis (IN) to the ASSC. Mr. Greenawalt seconded the motion. The motion passed.

During the first quarter, the committee fielded two inquiries from IFTA attorneys. The ASSC reviewed these inquiries and determined that there is no known repository of IFTA cases available to membership. Also, no consensus was provided in the matter of whether a jurisdiction has the authority to settle a case with a motor carrier on behalf of the other jurisdictions represented in an audit.

Information Technology Advisory Committee Report

Mr. Bryer, Board Liaison to the Information Technology Advisory Committee (ITAC), presented this report. The committee presented Ms. Sandy Johnson (Total Trucking) for approval to the ITAC.

Motion: Mr. Bryer moved to accept the committee recommendation of Ms. Sandy Johnson (Total Trucking) to the ITAC. Ms. Pat Platt (KS) seconded the motion.

Discussion of the committee charge and appointment of Ms. Johnson was had. It was explained that Ms. Johnson is assisting the ITAC, along with other vendors, to complete a survey pertaining to electronic positioning systems. The purpose of these surveys is to determine the credibility and reliability of such systems for future consideration and application in the audit process. Following the conclusion of these discussions, the Board voted on and passed the motion made by Mr. Bryer.

The committee continues to work on the Board charge to investigate, analyze, and report on current capabilities of GPS and other electronic positioning and routing systems as they apply to commercial trucking operations.

Re-Audit and Re-Examination Working Group Report

The Re-Audit and Re-Examination Working Group report was presented by Mr. Turner, Board Liaison. The working group held two conference calls and discussed the Board's charge regarding the re-audit and re-examination provisions of the IFTA. In addition to teleconferences, the working group is utilizing the message boards. It was noted that the IRP Compliance Audit Working Group (CAWG) is working on similar issues as the IFTA Re-Audit and Re-Examination Working Group. The group is drafting a document that will address the Board's charge.

Strategic Plan Review

The Board reviewed the Strategic Plan. A charge will be drafted for the Industry Advisory Committee in regards to strengthening partnerships with industry. The Committee Chairs Guide should be available for the Board's review in October.

Potential Committee to Review Credential Requirements

Discussion was had regarding a potential committee to review credential requirements. During the January 2010 Board meeting, the question was raised regarding the formation of a committee to review options other than the IFTA decals. A universal transponder system that would report real time data, including taxes owed by a carrier to a jurisdiction as well as active status of vehicles, was discussed. It was noted that, while Nlets provides technology to access similar information at the roadside, only law enforcement personnel have access to such data. Mr. Pitcher volunteered to approach the IAC with reviewing the situation and reporting back to the Board in October.

Board Liaison Responsibilities Review

The Board reviewed and offered amendments to a preliminary draft of the Board Liaison responsibilities proposed by IFTA, Inc. Following the Board's final review, the document will be presented to the committees.

2010 Ballot Review

Mrs. Meise reviewed the 2010 ballot proposals. The APC sponsored IFTA FTPBP 1-2010. The intent is to amend the IFTA Procedures Manual to provide jurisdictions with a clearer definition of the information that must be included in the IFTA annual report. The intent of Indiana-sponsored FTPBP 2-2010 is to amend the IFTA Articles of Agreement so that the interest rate to be used on taxes due from fleets based in the U.S. will be determined each year. Ballot 3-2010, also sponsored by Indiana, intends to amend the IFTA Articles of Agreement so that there will be a deadline for renewing IFTA credentials. Indiana also sponsored ballot 4-2010 which intends to amend the IFTA Articles of Agreement so that the "grace period" will be turned into an "extension period" for the jurisdiction experiencing processing issues. All four ballots are available on the IFTA, Inc. website for comment. The first comment period concludes May 20.

Establishing Election Committee for Board Elections

The Board established the 2010 Election Committee. The Election Committee includes Mr. Greenawalt, Mr. Ron Hester (ON), Ms. Hussey, Ms. Rowen and Mr. Shepherd. It was announced that Ms. Rowen had previously agreed to chair the committee.

Motion: Mr. Shepherd moved to accept Ms. Sheila Rowen (TN) as Chair of the Election Committee. Mr. Greenawalt seconded the motion. The motion passed.

Four Board seats are open for election. Both Mr. Turner and Ms. Patricia Platt (KS) are eligible for re-election while Mr. Bryer and Mr. Fitzgerald are not. Based on the Bylaws, nominees from the Northeast and Canadian regions must be secured. The New Board Member Orientation Guide was also reviewed. Revisions were recommended and will be incorporated.

2010 Annual IFTA Business Meeting

The agenda for the 2010 Annual IFTA Business Meeting was reviewed. The minutes from the 2009 Annual IFTA Business Meeting were also reviewed and will be posted to the website for ratification in July. The Board then considered a request for payment of travel costs for voting representatives at the Annual IFTA Business Meeting. IFTA, Inc. provided figures to the Board outlining the expenses involved and an estimated amount of such an endeavor. The bottom line figure was over \$100,000.

Motion: Mr. Bryer moved that IFTA, Inc. not pay for travel expenses for Commissioners to attend the business meeting. Ms. Platt seconded the motion. The motion passed unanimously. IFTA, Inc. will draft a letter in response back to the inquiring jurisdiction and inform them of the Board's decision regarding travel expenses paid for Commissioners.

IFTA, Inc. Financial Report

Ms. Turner presented the IFTA, Inc. financial report. IFTA, Inc. continues to operate under budget and the organization's investments continue to rebound.

Review of Cumulative Action Item Lists

1Q07.2 – Enforcement in IFTA

The Board reviewed the cumulative and outstanding Action Items. Discussion was had regarding the charge to opening discussions between the LEC, APC, and ASSC pertaining to the enforcement of IFTA. It was decided that first a charge should be made to the ASSC to determine if there are legal barriers prohibiting consistency in roadside enforcement of IFTA.

1Q07.3 – SAS-70 Audit

The SAS-70 audit was revisited. The Board asked IFTA, Inc. to investigate the possibility of completing this type of audit during the 2010 calendar year. IFTA, Inc. continues to search for local companies to perform this audit. National companies are available, but if they were to be utilized, additional costs such as travel expenses would need to be covered by IFTA, Inc. in addition to the cost of the audit itself. A presentation of the SAS-70 Type I and Type II Audits will be presented during the Annual IFTA Business Meeting.

4Q09.7 – PCR Guidelines and Electronic Filing Systems

In reviewing the 4Q09 outstanding Action Items, the PCRC is surveying all jurisdictions reviewed to determine whether a review of the electronic filing system for taxpayers should be completed. Once the 2010 reviews have been completed, the committee will review the results and decide if the 2012 jurisdictions need to be surveyed as well or if there is enough data to present their findings to the Board.

4Q09.8 – Off-site Data Storage

IFTA, Inc. has been in contact with Nlets regarding off-site data storage. The Nlets facility in Arizona has been toured and the facility itself is well protected. At this time, the budget does not cover the expense of off-site data storage.

New Business

IRP, Inc. Request for IFTA, Inc. Report

The Board discussed a request from IRP, Inc. to be provided with a report outlining IFTA, Inc.'s activities for their May Board meeting. It was the decision of the Board that the report focuses on the major, ongoing projects at this time. IFTA, Inc. will draft this report for the IRP, Inc. Board.

US Jurisdictions' Requests to CND Jurisdictions

A discussion was also had regarding requests from US jurisdictions to Canadian jurisdictions registering as vendors. It was explained that this type of request is sent to US as well as Canadian jurisdictions and is a process utilized by several IFTA member jurisdictions. The process permits jurisdictions to set up their systems and allow funds to be issued to other member jurisdictions more timely.

IFTA Decal Specifications

Decal specifications were discussed. It was explained that 3M no longer applies clear coating to their decals but would still guarantee the decal's durability. The 2011 IFTA decal specifications require all decals have a clear coating that would guarantee surface exposure for up to 18 months. The 2012 decal specifications will be presented to the Board in October 2010. While the Board has the authority to revise the decal specifications and either remove or make optional the clear coating requirement, it was the decision of the Board to not act on this request at this time. It was the Board's position that a formal request should be submitted on behalf of the jurisdiction requesting the specifications be amended.

Closed Session and Adjournment

The Board then went into closed session for the purpose of reviewing the budget, personnel, and other related matters. Following the conclusion of the closed session, the Board resumed the open session of the meeting. Concluding the business discussions, Mr. Fitzgerald asked for a motion to adjourn the Board meeting.

Motion: Mr. Greenawalt moved to adjourn the Second Quarter 2010 IFTA, Inc. Board of Trustees meeting. Mr. Bryer seconded the motion. The motion passed.

ACTION ITEMS RESULTING FROM THE 2Q10 BOARD MEETING

ITEM	ACTION
1-2Q10	Lonette Turner will provide core investment amounts to the IFTA, Inc. financial advisor.
2-2Q10	IFTA, Inc. will change the Annual Report audit completion calculation to subtract reporting year new licensees from reporting year total licensees.
3-2Q10	IFTA, Inc. will contact those jurisdictions which have a reduction in the audit completion percentages resulting from the change to the Annual Report audit completion calculations. IFTA, Inc. will also contact those jurisdictions which are being reviewed for the years affected (2008 and 2009).
4-2Q10	IFTA, Inc. will work with the committee chairs to finalize their Best Practices Guide.
5-2Q10	The Board Liaisons to the LEC and APC will notify them of the decision not to hold a reception at the 2010 Managers and Law Enforcement Workshop.
6-2Q10	The Board will take under advisement the recommendation from the IAC that IFTA, Inc. provide for industry participation on all standing committees.
7-2Q10	The LEC Board Liaisons will follow up with the LEC regarding the industry's recommendations regarding the decal placement guide language.
8-2Q10	The IAC Board Liaison will draft a charge to the IAC for Strategic Plan Section 5.1 for review by the Board. The charge should request a report to the Board for the 4Q10 Board meeting.
9-2Q10	The IFTA, Inc. Board of Trustees will request from the IAC specific viable alternatives to the IFTA decal.
10-2Q10	The LEC Board Liaisons will request from the committee specific viable alternatives to the IFTA decal.
11-2Q10	The ASSC Board Liaisons will draft a charge to that committee regarding a legal analysis of barriers that may exist to amending the IFTA Governing Documents to require roadside enforcement.
12-2Q10	IFTA, Inc. will provide Bob Turner with the most recent decal specifications in a Word document for his research on fused v. clear-coated decals. The issue will be put on the agenda for the 4Q10 Board meeting.
13-2Q10	IFTA, Inc. will make requested corrections to the Board Rotation chart.
14-2Q10	IFTA, Inc. will finalize the Role of Board Liaisons document and distribute it to the committee chairs and post it on the website.
15-2Q10	IFTA, Inc. will request Town Hall topics from the IFTA membership and include Board-requested topics.
16-2Q10	IFTA, Inc. will finalize the Election Committee memo and information and send the information to Sheila Rowen, chair, for review. Once finalized, IFTA, Inc. will distribute the information to the Commissioners and Assistant Commissioners.
17-2Q10	IFTA, Inc. will finalize changes to the New Board Member Orientation Guide and post the revised document on the website.
18-2Q10	IFTA, Inc. will finalize the Annual Business Meeting agenda and post the registration on the website.

- 19-2Q10 IFTA, Inc. will draft a requested report to the IRP, Inc. Board of Directors for its May 2010 meeting and send it to the Board for review. Once finalized, IFTA, Inc. will send the report to IRP, Inc.
- 20-2Q10 IFTA, Inc. will send a letter to Jim Poe (IN) regarding payment of travel request to Annual Business Meeting.