

**SECOND QUARTER 2013
IFTA, INC. BOARD OF TRUSTEES MEETING
APRIL 16 - 17**

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.
Sandy Johnson	North Star Fleet Solutions, Inc.
Josh Waitz	JP Morgan Securities

Call to Order

The IFTA, Inc. Board of Trustees (Board) held its Second Quarter 2013 meeting on April 16 – 17. Mrs. Patricia Platt (KS), Board President, called the meeting to order. All Board members were in attendance as were Mr. Robert Pitcher, American Trucking Associations, Inc. (ATA), Ms. Sandy Johnson, North Star Fleet Solutions Inc. and Industry Advisory Committee (IAC) Chair, and Mr. Josh Waitz, JP Morgan Securities. During closed session the Board met with the IFTA, Inc. Financial Advisor, Mr. Waitz.

Approval of Minutes

When the open session resumed the Board reviewed and amended the minutes from the First Quarter 2013 Board meeting.

Motion: Mr. Chuck Ulm (MD) moved to approve the minutes of the First Quarter 2013 Board meeting, as amended. Mr. Hugh Hughson (BC) seconded the motion. The motion passed.

The minutes from the Board Actions by Email were then reviewed.

Motion: Mr. Scott Greenawalt (OK) moved to accept the minutes as written. Mrs. Sheila Rowen (TN) seconded the motion. The motion passed.

Consent Agenda

A consent agenda was presented to the Board containing committee reports not requiring action. The consent agenda included the reports of the Attorneys' Section Steering, Audit, Clearinghouse Advisory, Dispute Resolution and Program Compliance Review Committees.

Motion: Mr. Greenawalt moved to accept the consent agenda as presented. Mr. Ron Hester (ON) seconded the motion. The motion passed.

Clearinghouse Update

Mr. Jason DeGraf, IFTA, Inc. Information Services Director presented an update on the IFTA, Inc. Clearinghouse. Kansas had submitted an Enhancement Request Form looking into the possibility of utilizing web services to send to and retrieve data from the Clearinghouse. It was explained that web services are a means of instantaneously transmitting data from one user to another without actually connecting to the Clearinghouse. There was concern for providing this feature with transmittal data but it was opined that demographic data would be an ideal test feature for web services that could be offered to membership. The Board will charge the Information Technology Advisory Committee (ITAC) with researching web services.

Funds Netting

Mrs. Amanda Koeller, IFTA, Inc. Program Administrator, reviewed the first quarter of funds netting. Fifty-one member jurisdictions are currently involved in the funds netting process. Oklahoma estimates participation in 2015. While there has been a notable improvement with jurisdictions paying late, two jurisdictions were late in January 2013.

IFTA, Inc. Website Update

Mr. Tom King, IFTA, Inc. Webmaster, provided a demonstration of the website. All Annual Reports have been uploaded by membership. The data was split into two different web pages for ease of viewing. The ballots web page has also been revised. Mr. King continues to work on updating and revamping the IFTA, Inc. website in its entirety. One of the objectives of this update will be to have the pages adapt to the viewer's monitor size. It is anticipated that the new website will be unveiled for the Annual Business Meeting this August.

Agreement Procedures Committee Report

Mr. Ron Hester (ON), Board Liaison for the Agreement Procedures Committee (APC), presented this report. Ms. Kimberly Knox-Lawrence (ME) was appointed Chair when Ms. Trina Kluever-Pauli (WI) resigned from the committee. and Ms. Carolyn Evanston (IN) was selected as Vice Chair. The APC needs to fill a vacancy from the Midwest region. The committee remains busy with organizing the 2013 IFTA / IRP Managers' and Law Enforcement Workshop and ensuring that there is a fair mix of IFTA and IRP topics for discussion. There are two ballots that the committee is considering for 2013. One ballot, originally proposed in 2012, revisits the issue of the various methods of voting in IFTA. Another ballot being considered by the APC focuses on cleaning up language pertaining to filing tax returns in an electronic age. Concluding the committee report, Mr. Hester informed the Board that the APC has asked for travel expense assistance to those committee members traveling to the workshop. The Board tabled this discussion for review with the proposed budget.

Program Compliance Review Update

Mrs. Debora Meise, IFTA, Inc. Senior Director, reported that eleven of the fifteen 2012 Program Compliance Reviews (PCR) have been closed. Four jurisdictions remain under either reassessment or follow up.

There are twelve reviews being conducted in 2013. Ten of these reviews will be electronic reviews (E-reviews) and two were requested to be on-site reviews. Alabama's review will be a combined IFTA/IRP electronic review. Three of the twelve reviews have been conducted to date.

The Board then reviewed the issue of jurisdiction participation during a program compliance review. Discussion was had regarding smaller jurisdictions that are unable to participate due to limited staffing and whether such a circumstance should cause the jurisdiction to be held out of compliance. It was suggested that, in such cases, the jurisdiction in question could reach out to their neighboring jurisdictions to determine if they could offer a volunteer in their stead. It was thought that such a replacement should be the burden of the jurisdiction and not IFTA, Inc. Mrs. Meise recommended that the Board consider adopting a procedure for when a jurisdiction cannot or does not want to participate in a program compliance review.

Program Compliance Review Committee Report

Mrs. Sheila Rowen (TN), Program Compliance Review Committee (PCRC) Board Liaison, offered this committee report. A subcommittee was formed to address the recent Board charge to review the on-site and e-review processes. The subcommittee requested expenses to meet face-to-face to review and analyze the two processes. The Board tabled this discussion for review with the proposed budget.

Commissioners Training Committee Report

Mr. Stuart Zion (CO), Board Liaison to the Commissioners Training Committee (CTC), presented this report. To date the CTC does not have a Chair but they have worked diligently on the New Commissioner and Assistant Commissioner training materials. The Board reviewed the training materials provided by the committee.

It was the decision of the Board that the CTC has met and completed its Board charge and, as a result, will be disbanded with the Board's appreciation and acknowledgements. The Board will charge the APC to further develop the commissioner training documents and create a New Commissioner's Guide. Additionally, the Board will charge the IAC with creating a training tool for industry.

Dual Fuel Vehicle Working Group

Mr. Hugh Hughson (BC) presented the report from the Dual Fuels Working Group (DFWG). The DFWG had drafted a ballot proposal regarding the definitions of a gallon and liter of compressed natural gas (CNG). The Board agreed to sponsor this ballot.

Motion: Mr. Hinkley moved to have the Board sponsor the Dual Fuel Vehicle Working Group's full track ballot as written regarding the definitions of gallons and liters. Mr. Hughson seconded the motion. The motion passed.

Additionally, the DFWG had created a recommended reporting process for dual fuel use vehicles. The reporting process is not binding. It is a suggestion for a more fair and consistent process to report and disburse taxes among jurisdictions with vehicles using two types of fuel. The DFWG will present the recommended reporting process during the 2013 Annual IFTA Business Meeting.

IFTA Compliance Audit Working Group Report

Mr. Ric Listella (OR) presented the IFTA Compliance Audit Working Group (I-CAWG) report to the Board. The I-CAWG would like to hold a face-to-face meeting for the purpose of participating in discussions and completing the Board charge to review the IFTA Manuals and advise of amendments that would reflect the current technology and increase compliance. The Board tabled this discussion for review with the proposed budget.

Information Technology Committee Report

The ITAC report was presented by Mr. Garry Hinkley (ME), Board Liaison. The committee has been brainstorming ideas for future proposals. The ITAC is also looking for additional volunteers to serve on the committee.

Meetings Update

IFTA, Inc. Office and Events Administrator, Mrs. Tammy Trinker, presented the proposed registration fees for the 2013 Annual IFTA Business Meeting. These fees were proposed at \$280 for non-voting members, \$340 for public / private sector representatives and \$650 for exhibitors.

Motion: Mr. Hinkley moved to accept the registration fees for the 2013 Annual IFTA Business Meeting as proposed. Mrs. Rowen seconded the motion. The motion passed.

Mrs. Trinker also informed the Board that a hotel contract had been signed for the 2014 IFTA / IRP Audit Workshop. This workshop will be held at the Fort Lauderdale Marriott North on February 25 – 27, 2014. IFTA, Inc. continues to work with Conference Direct to procure a hotel location and dates for the 2014 Annual IFTA Business Meeting as well as the 2015 meetings.

CVSA Meeting Update

Mrs. Meise informed the Board that she would be attending the 2013 Commercial Vehicle Safety Alliance (CVSA) meeting as a presenter alongside an IRP, Inc. representative. Additionally, Lt. Jennifer Brown (AZ), Law Enforcement Committee (LEC) Chair and Michael Branch (NV), LEC member, will be in attendance. This meeting will be held in late April in Louisville, KY.

1Q14 Board Meeting by Webinar

The Board then discussed holding the 1Q14 Board Meeting by webinar. Previously the Board had considered this possibility as a means of reducing the association's expense. It was the opinion of the Board that several half days should be blocked off as opposed to holding two full-day webinars. The Board will work with IFTA, Inc. to organize this schedule.

Industry Advisory Committee Report

Ms. Johnson provided the IAC report. The IAC presented the appointments of Mr. Dennis Vanderslice (ARI Fleet) and Ms. Barbara Musick (First Advantage) to the IAC Steering Committee for the Board's consideration. Their appointments replace outgoing members Mr. Gary Bennion (Con-way, Inc.) and Ms. Donna Burch (Ryder, Inc.).

Motion: Mr. Hughson moved to approve the appointments of Mr. Vanderslice and Ms. Musick to the IAC Steering Committee. Mr. Chuck Ulm (MD) seconded the motion. The motion passed.

The committee continues to work closely with their Board Liaisons and presenting issues and concerns for review. One of the issues Ms. Johnson brought forth to the Board is the reporting of un-receipted/non-tax paid or adjustment fuel on IFTA returns. While most jurisdictions have accepted this procedure there are seven jurisdictions which do not. When these jurisdictions receive a return showing un-receipted or "adjustment" fuel, they disallow the claim. If they have received funds from the taxpayer using this reporting method they return the money to

the taxpayer. If the carrier does not account for this fuel, the fleet MPG/KPL will not be accurate.

Ms. Johnson explained that some jurisdictions' tax returns contain a Non-IFTA fuel category. Mr. Hughson stated this is how British Columbia handles these kinds of adjustments. The Board believes that education is the best solution to this issue. The IAC will present this concern during the Town Hall Meeting of the 2013 IFTA/IRP Managers' and Law Enforcement Workshop.

Another issue presented by the IAC addresses the option to report low mileage accounts. In part, Article R930.200 states that a licensee may request to report on an annual basis. It was noted that a jurisdiction issued letters to their taxpayers with low mileage reports stating that they would need to report annually as opposed to quarterly. The Board reviewed the Article and determined that the Agreement, while providing an option for the taxpayer, does not state whether a jurisdiction can or cannot require a taxpayer to report annually.

Attorneys' Section Steering Committee Report

Mrs. Rowen presented the Attorneys' Section Steering Committee (ASSC) report. The Board discussed the ASSC request to host a face-to-face meeting later in the year. The committee pointed out that its charter required the committee to meet. Ms. Turner explained that IFTA, Inc. is not against the committee meeting. The ASSC further explained that they would like to have the meeting sanctioned by the Board but that IFTA, Inc. would not be fiscally responsible for the meeting itself. Concern was expressed for the timing of this meeting with the Fall Board meeting and combined IFTA/IRP Managers' and Law Enforcement Workshop.

Motion: Mr. Listella moved to approve the ASSC request to host a committee meeting in either September or October 2013 within the Phoenix area. Further, should the meeting size exceed the IFTA, Inc. conference room capacity it would be the burden of the committee to relocate the meeting itself and procure appropriate hotel accommodations. Mr. Greenawalt seconded the motion.

During discussion of the motion it was further explained that IFTA, Inc. would work with the committee to finalize the meeting dates. The meeting will be held at the IFTA, Inc. offices unless the attendance exceeds the conference room capacity. Additionally, the Board expressed that the meeting is contingent upon the Association being under no financial obligation except for staff time during the actual meeting.

Motion Vote: Following discussions the Board voted on the motion presented by Mr. Listella. The motion passed unanimously.

Dispute Resolution Committee Report

Mr. Hughson presented the Dispute Resolution Committee (DRC) report. The committee is expecting a high turnover of personnel due to expiring term limits. Due to this turnover the committee requested the addition of an Ex-Officio position.

Motion: Mr. Listella moved to add the ex-officio position to the Dispute Resolution Committee. Mr. Hester seconded the motion. The motion passed.

Discussions then focused on the penalties and assessment language provided within the process. The committee presented a list of observations and recommendations following the most recent dispute. It was observed that the current doubling of penalties is not sufficient enough to warrant a change by a jurisdiction that is found out of compliance. The committee had noted this and determined two courses of action to rectify the situation. One view was an exponential growth of penalties and the other was to create a formula based on shortfall reviews and applying a penalty based on implementing this formula.

The Board discussed these options at length. Concern was expressed regarding the committee's authority and what it could and could not impose. It was the Board's decision that the DRC be charged with drafting more open language in regards to what the committee could and could not do in regards to findings of non-compliance. Once the committee has finalized this language it would be reviewed by the Board and, ultimately, presented to membership for ratification. The Board suggested that the language remain broad and not be specific.

Publication of Dispute Resolutions

Posting of the dispute resolutions findings was discussed. It was noted that Federal tax case records are made public. One suggestion offered, was that specific carrier or taxpayer data could be redacted from any public records. While it was the opinion of a majority of the Board that the records be made public, the Board could not reach a consensus at this time.

Board Acknowledgement of a Retiring IFTA Member

During the meeting the Board took a moment to acknowledge a long standing IFTA member. The Board contacted Mr. Bill Kron (MS) and personally thanked him for his years of service to the IFTA through his various committee activities. Ms. Turner also acknowledged Mr. Kron's work ethic and thanked him for everything he had done and recognized his pleasant attitude and how he had always been professional and courteous.

2013 Ballot Update

Mrs. Meise provided an update on the IFTA and IRP ballots. To date IFTA, Inc. has received two ballot proposals. Full Track Preliminary Ballot Proposal (FTPBP) 1-2013 is sponsored by both the APC and PCRC. The intent of this ballot is to provide an update to the IFTA Procedures Manual to include the necessary requirements for filing an IFTA tax return regardless of the manner filed. The jurisdictions of AL and KS are sponsoring FTPBP 2-2013. The intent of this ballot is to amend the IFTA Articles of Agreement, Section R245, to include the provisions of a Consensus Board Interpretation in the definition of a qualified motor vehicle.

IRP has four ballots for 2013 as well as an election ballot. Ballot 383 is for the election of a Region IV US Representative to the IRP Board of Directors and is currently open for vote. IRP

ballot 2013.01 addresses the full reciprocity plan, ballot 2013.2 addresses an issue regarding base jurisdiction for rental fleets, ballot 2013.3 addresses electronic credentialing, and ballot 2013.4 intends to change the IRP dues date.

IRP, Inc. Report

Ms. Lonette Turner, IFTA, Inc. CEO/CFO, offered the IRP, Inc. report to the Board. Mr. Tim Adams (IRP, Inc. CEO) and Ms. Turner have been working on a Services Agreement between IRP, Inc. and IFTA, Inc. for the exchange of audits. It is the hope of both IFTA and IRP that this Agreement will be finalized shortly and a twenty-four month contract will be entered into between the organizations.

IRP also reported that Oregon has withdrawn from the IRP, Inc. Clearinghouse effective February 1, 2013. IRP is researching the issues cited by OR and the Board appointed a task force to evaluate potential opportunities for improvement to the IRP Clearinghouse. The task force will present their findings during the June IRP Board meeting.

Other issues relating to both IFTA and IRP are the inclusion of an IFTA presence on the International Committee and the IFTA/IRP Board Subcommittee.

IFTA/IRP Board Subcommittee Report

Mr. Scott Greenawalt (OK) also reported that there has not been a conference call since the last quarterly Board meeting of the IFTA/IRP Board Subcommittee. A teleconference is being scheduled for some time in May. Ms. Turner informed the Board that IFTA does have a presence on the International Committee and that she would be participating on all future conference calls.

Annual Business Meeting

The Board discussed the preliminary agenda for the Annual IFTA Business Meeting. They considered the benefits of having breakout sessions during the business meeting but concluded that while breakouts were valuable for training and brainstorming they were not ideal for significant topics that should be discussed during an open general session of all members. Additionally the Board discussed presenting attendees with an anniversary gift commemorating the 30th anniversary. The travel policy was also reviewed by the Board. It was decided that IFTA, Inc. would not pay for any one traveler if their departure flight does not coincide with the restriction of waiting until after the end of the business meeting.

Strategic Plan

The Strategic Plan was then reviewed by the Board. IFTA, Inc. will amend the Plan to include the Board's recommendations as discussed following the last Strategic Planning session. It was also noted that the Board would need to continue reviewing this document and work more in-depth on the Plan itself.

New Business

Mr. Zion led a discussion regarding IRP's request to have a presence on the IFTA LEC. There was concern expressed regarding the different types of enforcement between IFTA and IRP and the fact that some jurisdictions do not have the authority to enforce for both organizations. It was the decision of the Board that the Board Subcommittee should discuss this concern further to determine what is being requested and what accommodations could be provided. Furthermore, the Board felt that should an IRP representative become a participant on the LEC calls, they should offer a report back to the IFTA Board as well as the IRP Board.

Mrs. Koeller updated the Board on the rental properties owned by IFTA, Inc. She informed the Board that the end unit, Suite B-3, has been rented to a new tenant. The tenant expects to open business by May 1 following construction. The center unit, B-5, has yet to be rented but continues to have heavy traffic from prospective tenants. Should this unit not be rented the new tenant has expressed interest in purchasing the unit for expansion.

Closed Session

The Board then went into closed session for the purpose of discussing the financial budget. During this session the Board approved the FY 13/14 budget. Concluding the business discussions the Second Quarter 2013 Board meeting was adjourned.

ACTION ITEMS RESULTING FROM THE 2Q13 BOARD MEETING

ITEM	ACTION
1-2Q13	The Board will charge the ITAC to conduct research and complete a white paper on web services and how they can be used.
2-2Q13	IFTA, Inc. will work with the PCRC to arrange a face-to-face meeting for its current working group. The meeting will be held the week of June 24, 2013.
3-2Q13	The Board will charge the APC with taking the training materials developed by the CTC and determine the most efficient and effective way to conduct training for new commissioners.
4-2Q13	IFTA, Inc. will draft a letter to the CTC thanking them for their services and disbanding the committee.
5-2Q13	IFTA, Inc. will post the DFWG documents on the website in advance of the ABM. Hugh Hughson will develop a cover memo for distribution to the membership for comment.
6-2Q13	IFTA, Inc. will gather the necessary materials for the Annual Business Meeting and post them 30 days in advance of the meeting.
7-2Q13	IFTA, Inc. will work with the Board to select the four days in January for the webinar Board meeting.
8-2Q13	The IAC will contact the 7 jurisdictions that are not allowing adjustment fuel.
9-2Q13	IFTA, Inc. will work with the ASSC to schedule an Attorneys Section Meeting in the Phoenix area in September or October 2013.
10-2Q13	Lonette Turner will call Clark Snelson, chair of the ASSC to discuss the meeting arrangements.
11-2Q13	Hugh Hughson will contact the DRC and ask them to draft assessment provisions for the DRP.
12-2Q13	IFTA, Inc. will draft a confidentiality statement for DRC industry advisors.
13-2Q13	IFTA, Inc. will work with Hugh Hughson to finalize the Election Committee Memorandum for Board elections at the Annual Business Meeting. Once finalized, IFTA, Inc. will distribute the Memorandum.
14-2Q13	IFTA, Inc. will work on business ideas for the Strategic Plan.