

FOURTH QUARTER 2009 BOARD OF TRUSTEES MEETING OCTOBER 22 – 23
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Board Members:

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
Sheila Rowen	Tennessee 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:

Mahlon Gragen	ATC Leasing
Robert Pitcher	American Trucking Association

Call to Order

The IFTA, Inc. Board of Trustees (Board) held its Fourth Quarter 2009 meeting on October 22 - 23. Mr. Robert Pitcher, American Trucking Association (ATA), and Mr. Mahlon Gragen, ATC Leasing, Industry Advisory Committee Chair, attended this meeting. Mr. Julian Fitzgerald (NC), IFTA, Inc. Board President, attended by conference call. Mr. Scott Greenawalt (OK), Board First Vice President, presided over the meeting. Following the welcoming of the newest Board member, Mr. Ron Hester (ON), the Board went into closed session for the purpose of reviewing IFTA, Inc. related matters. Upon conclusion of the closed session, the meeting re-opened.

Approval of the Minutes

Board Actions by Email

The Board reviewed the minutes of the actions via email from April through September 2009. Minor corrections were made to the minutes.

Motion: Ms. Rena Hussey (VA) moved to approve the minutes of the Board Actions by Email as amended. Mr. Scott Bryer (NH) seconded. The motion passed.

Conference Call of June 24, 2009

The Board reviewed the minutes from this teleconference. Following discussion, no amendments were necessary.

Motion: Mr. Bryer moved to accept the minutes. Mr. Bob Turner (MT) seconded the motion. The motion passed.

Conference Call of October 6, 2009

The Board reviewed the minutes from this teleconference. No corrections were necessary to this document.

Motion: Ms. Sheila Rowen (TN) moved to accept the minutes as written. Ms. Hussey seconded the motion. The motion passed.

IFTA, Inc. Clearinghouse Update

Mr. Jason DeGraf, Information Systems Administrator, presented the IFTA, Inc. Clearinghouse update. A set of funds netting totals was issued at the end of September and included forty-seven out of the forty-eight jurisdictions participating. Ten of twenty-seven jurisdictions have corrected data issues previously discovered and addressed. Ontario is the latest member to participate in the clearinghouse and new, read-only members include Oklahoma, Prince Edward Island, and South Carolina.

IFTA, Inc. purchased a virtual clearinghouse server. It is anticipated this server will be completely operational by November. Hardware released by the purchase of this virtual server can be used as backup equipment should it become necessary.

Security measures were discussed regarding the validity of the clearinghouse demographics data. The Information Technology Advisory Committee (ITAC) will be tasked with reviewing additional security measures regarding data accuracy uploaded to the clearinghouse and roadside verification of the data.

Funds Netting

Ms. Lonette Turner, IFTA, Inc. Executive Director, provided an update regarding the funds netting test plan. Five of the six groups of member jurisdictions have successfully tested the funds netting banking and the final group will be tested by mid-November.

The Clearinghouse Access Agreements for participating and non-participating jurisdictions were also reviewed. IFTA, Inc. will not sign the Access Agreement for those jurisdictions with issues until the concern has been addressed and rectified. IFTA, Inc. is also researching outside audits as previously requested by the Board. IFTA, Inc. continues to work closely with the bank in regards to the funds netting accounts, related costs, and insurance for IFTA, Inc. and its members. The Board reviewed the 2011 calendar. After discussion of the schedule and listed times, Mr. Greenawalt asked for a motion regarding the calendar.

Motion: Mr. Doug Shepherd (CA) moved to approve the funds netting calendar for 2011 as presented. Ms. Patricia Platt (KS) seconded the motion. The motion passed.

IFTA, Inc. Contingency Plan

The IFTA, Inc. Contingency Plan was reviewed. The contingency plan was first approved by the Board in 2006 and outlines the procedures to be taken following a catastrophic event. The Board was asked to review the document in its entirety and will revisit the plan at the January 2010 Board Meeting. IFTA, Inc. will also research local hotel options for suite rental should the office building be deemed uninhabitable. Additionally, IFTA, Inc. will research alternative options to storing the organization's back-up data.

IFTA, Inc. Financial Report

Ms. Turner informed the Board that IFTA, Inc. remains financially stable and is recovering from fiscal losses earlier than forecasted. Additionally, there will be no financial loss to the organization following the cancellation of the 2010 IFTA Attorneys' Section Meeting.

In reviewing the membership dues, the Board was informed that three member jurisdictions have not paid their 09/10 membership dues. Membership dues were due by September 13, 2009. The Board asked IFTA, Inc. to contact these jurisdictions in writing and request that payment be made within thirty days of receipt of the letter.

Closed Session

The Board then went into closed session while Mr. Fitzgerald was available by teleconference. Following the conclusion of the closed session, the meeting was re-opened.

IFTA, Inc. Website

Mr. Tom King, IFTA, Inc. Webmaster, provided a live demonstration of the IFTA, Inc. website. The demonstration previewed the ongoing and recent website updates. All 2009 meeting materials have been posted to the website. Some of the ongoing projects that will enhance the website include the exemption database, the addition of a biodiesel information web page, and compiling a mirror of the website to be used as a back up in the event of equipment failure. The mirrored website is already being used and updated daily.

Procedures were reviewed when jurisdictions request users be deleted from accessing the clearinghouse. Currently, a jurisdiction submits this request and an email is sent to IFTA, Inc. The deletion is not immediate however. The Board asked IFTA, Inc. to research a tool to notify requesting parties of user deletions including when the request is submitted and when the deletion has been made.

Go to Meeting and Go to Webinar websites were also reviewed by the Board. Such software is estimated at \$90 per month. With the purchase of a single license, it was explained that fifteen users could participate under the same license. A corporate license permits twenty-five users at a single time. The systems work through the email process and provide a link to the meeting. Webinars are also limited to the number of participants at any given time. Additionally, as licenses are based on a monthly purchase, licensees can hold multiple meetings or webinars during that month. Training will be a necessity if IFTA, Inc. is to consider purchasing a license through either service.

2009 Ballot Review

Mrs. Debora Meise, IFTA, Inc. Program Director, reviewed the status of the 2009 ballot proposals. Five ballot proposals are out for the second comment period which ends October 23. The voting period for the short track ballots will be open until December 1 and the full track voting ballots will be open until December 31. The Audit Committee is discussing whether or not to proceed or withdraw IFTA ballot 6-2009.

Program Compliance Review Update

Mrs. Meise presented this update. Two Northeast jurisdictions will be reviewed to complete the 2009 Program Compliance Reviews. While New Jersey has agreed to a simultaneous review with IRP, their review will not be a combined review. The Massachusetts electronic review was conducted in early October. IFTA, Inc. is currently working on the 2010 review schedule for the Midwest region. Four additional electronic reviews are being scheduled prior to the Annual IFTA Business Meeting. The Board was in favor of IFTA, Inc. pursuing these four additional test jurisdictions for a full electronic review in 2010. It is the position of IFTA, Inc. to request the same team members to conduct all the electronic reviews during the testing stages to ensure consistency during the training process. Furthermore, IFTA, Inc. will research whether e-file returns can be provided as opposed to hard copy returns for the 2010 reviews.

The MA electronic review was discussed by the Board. All communications were held via teleconference or email and all documents were provided either electronically by email or uploaded to a secured section of the clearinghouse. At the conclusion of the review, MA was provided with a survey inquiring about the process. A presentation regarding the electronic reviews will be provided during the July 2010 Annual IFTA Business Meeting as well as future auditor and manager meetings. If supported by the IFTA community, electronic reviews may become the norm as early as 2012. Should electronic reviews become standard in IFTA, the Program Compliance Review Guide would need to be revised.

New Business

District of Columbia Proposed Legislation

The Board was updated on the status of the District of Columbia's proposed legislation to join IFTA. The last time DC applied for IFTA membership was in 2003, but the Adopting Resolution was not approved by membership. The District of Columbia does not have a motor fuel use tax.

Accommodations during Board Meetings

The Board discussed hotel accommodations for future quarterly Board meetings. IFTA, Inc. will run a cost analysis of moving the Board meetings and present the report to the Board in January 2010. Hotel locations and transportation costs will be considered. IFTA, Inc. will also research moving the first quarter Board meeting to be held in conjunction with the Audit Workshop.

Establishing Working Groups

A teleconference will be scheduled with the Board in late November to discuss establishing a Working Group to review the issue of reasonable cause for re-audits. Discussion of a uniform forms Working Group was also considered. It has been requested by industry representatives that IFTA consider a standardized form that could be universally accepted by all member jurisdictions. Previously, the ITAC has researched this issue. While a uniform form could be developed, it was explained that the member jurisdictions are not in favor of this approach due to their in-house systems accepting their forms only.

Colorado Motor Carrier Association's Letter to the Board

The Board was presented with a letter from the Colorado Motor Carriers Association. This correspondence focused on an issue where a vehicle was cited for only having one IFTA decal. It was noted that the Board did not have the authority to grant a grace period to carriers. The Board will draft a correspondence to the CO Motor Carrier Association acknowledging the letter.

Strategic Plan and Service Measures

The Strategic Plan was reviewed by the Board and dates were revised accordingly. Service measures were also reviewed. IFTA, Inc. was asked to continue tracking the clearinghouse statistics, ballot voting and commentary history, budget reserve data, committee travel expenses and attendance at the IFTA meetings. The IRP, Inc. Working Group is currently reviewing the IRP Audit Manual. The group intends to provide a report to the attendees at the February 2010 IFTA / IRP Audit Workshop as well as the IRP business meeting in May 2010.

Decal Specifications for 2011

Mrs. Meise presented the decal specifications for the 2011 IFTA decal. The color of the background for the 2011 decal will be green as specified to match Sunfast inks using Pantone® 354C. The specifications will be posted on the IFTA, Inc. secured website.

Motion: Ms. Platt moved to accept the 2011 IFTA decal specifications as written. Mr. Bryer seconded the motion. Following discussions, the motion passed.

IFTA Committee Chairs Meeting

Agreement Procedures Committee Report

The Board met with the IFTA Committee Chairs on the second day of the meeting. Mr. Greenawalt called the meeting to order and welcomed the Committee Chairs. Following introductions, Mr. Bill Kron (MS), Agreement Procedures Committee (APC) Chair, offered the APC report. Despite the low attendance at the 8th combined IFTA Managers' and Law Enforcement Seminar, discussions went well and many interesting ideas were presented during the seminar. The committee is drafting ballot language that would propose changes to the Annual Report. The Board requested that the committee present these changes to the Board for review prior to the ballot being drafted. The committee has vacancies in the Northeast, Southeast, and Canadian regions.

Alternative Fuels Committee Report

Ms. Kim Craig (ON), Alternative Fuels Committee (AFC) Chair, presented this report. The AFC is a special committee comprised of representatives from the other IFTA Standing committees. The exemption

and biodiesel databases were reviewed. It was requested that IFTA, Inc. create a drop down box that would list additional information available for exemptions, refunds, incentives, etc.

The committee will be requesting jurisdictions complete a Biodiesel Information Report and provide feedback. The committee is researching whether other alternative/blended fuels should be included in the database. In addition, the AFC is requesting direction from the Board as to the next steps and future projects for the committee.

Attorneys' Section Steering Committee Report

Attorneys' Section Steering Committee (ASSC) Chair, Mr. Jack Frehafer (PA), presented this committee's report. The ASSC has faced a difficult year due to travel restrictions. The 2010 IFTA Attorneys' Section Meeting has been canceled as a direct result of the restrictions imposed on the committee members. Accordingly, the committee will be researching webinar opportunities until another meeting can be held.

In reviewing membership of the committee, the succession of the Chair and Vice Chair positions were reviewed. The committee recommended Ms. Janice Davidson (NC) and Ms. Carolee Johnson (CA) as Chair and Vice-Chair respectively.

Motion: Ms. Hussey moved to accept Ms. Janice Davidson (NC) and Ms. Carolee Johnstone (CA) as Chair and Vice Chair of the ASSC effective January 1, 2010. Mr. Shepherd seconded the motion. The motion passed.

With the appointments of Ms. Davidson and Ms. Johnstone, Mr. Frehafer will become the ASSC ex-officio.

Audit Committee Report

Ms. AnnMarie Chamberlain (MA), Audit Committee (AC) Chair, presented this report. Mr. Jeff Hood (IN) and Mr. David Nicholson (OK) were previously approved by the Board as committee members. In addition to reviewing the Audit Manual, the committee is working to host, with IRP, Inc., a webinar on pre-audit planning and opening conferences. At this time, no date has been set. The committee has withdrawn IFTA ballot 5-2009 and is currently considering whether to proceed with or withdraw ballot 6-2009 following the second comment period.

Clearinghouse Advisory Committee Report

The Clearinghouse Advisory Committee (CAC) report was presented by Mr. Garry Hinkley (ME), Chair. The CAC has been very busy in 2009 preparing for the funds netting release and continues to prepare for the January 1, 2010 implementation date. Referencing ballot 4-2009, making the CAC into a Standing Committee, all commenting jurisdictions were in support of this ballot. Upon passage, the committee will recommend expansion and formalization of the committee.

A process has been implemented for member jurisdictions to submit recommendations and changes to the clearinghouse. The Clearinghouse Change Request Form is available on the secured website. This process is for changes to the clearinghouse that could impact other jurisdictions as well. Such recommendations would be reviewed by the CAC before being forwarded to the Board for consideration.

Dispute Resolution Committee Report

Reporting on the activities of the Dispute Resolution Committee (DRC), Mr. Ed King (CA), Chair, informed the Board that there were no disputes in progress. The committee continues to hold teleconferences every two months. In addition to drafting recommendations to the Board following the previous dispute, the committee is also working on a New Member Guide.

Industry Advisory Committee Report

Mr. Gragen provided the Industry Advisory Committee (IAC) report. Travel restrictions have also impacted industry personnel. Committee members continue to advise and assist the other Standing Committees. Mr. Tom Klingman (UPS) and Mr. John Jabas (Transcore) serve on the DRC, Mr. Pitcher and Ms. Donna Burch (Ryder Transportation) serve on the AFC, and Ms. Connie Owen (J.J. Keller) serves

on the ITAC. The IAC is drafting a presentation for the 2010 IFTA/IRP Audit Workshop regarding record keeping and technology. Industry is looking at electronic alternatives and data accumulation options. The committee would also like to be kept updated as to any disputes since the outcome could impact industry.

Information Technology Advisory Committee Report

Board Liaison Mr. Bryer presented the ITAC report on behalf of Chair Ms. Beth Devlin (NY). The committee has been tasked to research GPS technology and is working to schedule a webinar in November. One of the committee's goals is to have total participation from all of the IFTA Standing Committees on the ITAC.

Law Enforcement Committee Report

Lt. Jennifer Brown (AZ), Law Enforcement Committee (LEC) Chair, presented this report. The committee continues to hold monthly teleconferences. During the September seminar, North Carolina provided an opportunity for all attendees to visit a roadside scale house. This field trip was to better showcase what happens at the roadside and call attention to the issue of uniformity.

The LEC is working to coordinate an IFTA blitz across the country. The committee is asking all member jurisdictions to participate following the grace period. This blitz would check for IFTA credentials and dyed fuel at the roadside. In addition to the coordinated blitz, the committee continues to research how best to provide a road show to the member jurisdictions without the expense of travel. Uniformity continues to be something that the LEC is pursuing and they are investigating future ballots.

Program Compliance Review Committee Report

Board Liaison Ms. Hussey presented the Program Compliance Review Committee (PCRC) report on behalf of Chair Ms. Cathy Beedle (NE). The committee meets by teleconference every month and is currently looking to fill the vacant Vice Chair position. The 2009 reviews that have been completed are currently being reviewed by the PCRC.

IFTA Meetings Update

The IFTA Meeting update was provided by Mrs. Tammy Trinker, Events Coordinator. The registration fees for the 2010 IFTA/IRP Audit Workshop were presented for approval. The registration fees were proposed at \$310 for members, \$360 for general public and industry representatives, and \$650 for exhibitors.

Motion: Ms. Hussey moved to accept the registration fees for the 2010 IFTA / IRP Audit Workshop as presented. Mr. Bryer seconded. The motion passed. The on-line registration packet will be posted to the IFTA, Inc. website following the Board meeting.

The 2010 IFTA Managers' and Law Enforcement Seminar will be September 21 - 24 and will return to Mesa, AZ. IFTA, Inc. has also procured the hotel contract for the 2010 Annual IFTA Business Meeting (ABM). This meeting will be held in Toronto, ON, July 20 - 21, at the Sheraton Centre Toronto. At this time, there are no hotel contracts secured for the 2011 IFTA Attorneys' Section Meeting, Managers' and Law Enforcement Seminar, quarterly Board meetings, or ABM. IFTA, Inc. will continue to work with the committees in organizing and scheduling these meetings as well as identifying a host jurisdiction for the ABM and procuring hotel contracts in a timely fashion.

Open Discussion with Committee Chairs

The role of the Committee Chairs was discussed. Mr. Fitzgerald informed the Chairs that the Board would like to establish better lines of communication to interact with the committees. The Chairs were asked to review the IFTA Committee Chairs Guide and offer commentary. Several thoughts were proposed to help keep the committees better informed. Some of the recommendations presented included sharing the committee teleconference minutes with the Committee Chairs when published. Another suggestion was to create a Project Schedule template outlining the committee tasks stemming from the Strategic Plan and having this available to all the Chairs. Other recommendations included clarifying the role of the Board Liaisons as well as determining the extent of the authority of the Board over the committees.

Ongoing committee projects were reviewed. During discussion, Mr. Frehafer requested the Board's approval of Mr. Michael Burrichter (KS) as a member of the ASSC.

Motion: Ms. Hussey moved to accept Mr. Michael Burrichter (KS) as a member of the Attorneys' Section Steering Committee. Ms. Rowen seconded the motion. The motion passed.

The Board then charged all of the Chairs with approaching their committee members and recruiting volunteers for the ITAC. The additional volunteers to the ITAC would assist the committee in completing the task from the Board to fully research and report on global positioning systems.

Review of Ballots by the ASSC

Discussion was had regarding the ASSC reviewing ballot proposal language before submission. Mr. Frehafer felt that the committee could provide commentary on the ballot language without taking a position on the ballot issues themselves. The purpose of the committee review would be to determine if any conflict exists between the intent of the ballot and the ballot language. The ASSC will work with IFTA, Inc. to determine the ballot calendar for 2010 to ensure timely committee review of all ballots submitted. Ballots would be submitted by the committees directly to the ASSC for review. The latest ballot language should be forwarded to the ASSC by the end of January. The ballot submission deadline to IFTA, Inc. is March 25, 2010.

The LEC and ASSC will work together to review the IFTA governing documents in an effort to identify enforcement issues in light of the definition of roadside enforcement, R258.

Committee Issues and Concerns

It was suggested that the agency letter distributed annually include and stress committee participation. The ASSC is considering expanding committee membership if they become a Standing Committee. An industry representative would then be sought to serve on the committee. In an effort to strengthen and maintain communications with the committees, the Board considered holding a Committee Chairs' meeting annually.

Motion: Ms. Rowen moved to hold the Committee Chairs Meeting every year. Mr. Bryer seconded the motion. During discussion it was thought that specifying it every year would obligate future Board members to follow suit. The motion passed.

Adjournment

Following the conclusion of the business discussions, the Fourth Quarter 2009 Board meeting was adjourned.

Motion: Mr. Bryer moved to adjourn the Fourth Quarter 2009 IFTA, Inc. Board of Trustees Meeting. Mr. Turner seconded the motion. The motion passed.

ACTION ITEMS
4Q09 MEETING OF THE
IFTA, INC. BOARD OF TRUSTEES

- 1-4Q09 IFTA, Inc. will do a cost study of moving Board to the San Marcos in Chandler, AZ.
- 2-4Q09 IFTA, Inc. will arrange for Committee Chairs meeting with Board in October 2010. If the meeting is to be held at San Marcos, IFTA, Inc. will contract for a larger meeting room that will accommodate a hollow-square set up with microphones.
- 3-4Q09 IFTA, Inc. will survey the member jurisdictions regarding who the LEC can contact for Law Enforcement Issues.
- 4-4Q09 IFTA, Inc. will email IFTA Commissioners regarding updating the legal contacts on the Jurisdiction Communication List.
- 5-4Q09 IFTA, Inc. will send all current committee charges (from Board) to all committee chairs
- 6-4Q09 IFTA, Inc. will determine from the Committee Chairs whether they would like a separate Committee Chairs' Message Board
- 7-4Q09 IFTA, Inc. will search its files to determine if there is a Law Enforcement Survey that was done several years ago.
- 8-4Q09 IFTA, Inc. will review time zones on the 2010 and 2011 Funds Netting Calendars to determine whether times are necessary and if so, what time zone to utilize.
- 9-4Q09 IFTA, Inc. will review the PCR Guidelines to determine whether a review of a jurisdiction's electronic filing system for taxpayers should be done. The issue will be reviewed with the Program Compliance Review Committee.
- 10-4Q09 IFTA, Inc. will announce to the committees a deadline (no later than the end of January) for submitting their ballot proposals to the Attorneys Section Steering Committee for review before submitting them to IFTA, Inc.
- 11-4Q09 IFTA, Inc. will change the biodiesel database web pages to say Biodiesel Information instead of Alternative Fuels.
- 12-4Q09 IFTA, Inc. will allow the use of "grid" on Biodiesel Information and Exemption Database pages (or use shading on alternating lines).
- 13-4Q09 IFTA, Inc. will provide a link from the Exemption Database to the Biodiesel Information page (perhaps a hover box on the fuel exemptions biodiesel tab?)
- 14-4Q09 IFTA, Inc. will contact Kim Craig (ON) and Bill Kron (MS) and arrange a walk-thru of the Biodiesel and Exemptions Databases and how they work together.
- 15-4Q09 IFTA, Inc. will include possibly moving the Board hotel location on the 1Q10 Board Meeting agenda
- 16-4Q09 IFTA, Inc. will move forward on receiving estimates for a SAS-70 Audit.
- 17-4Q09 IFTA, Inc. will have a discussion with San Marcos regarding Contingency Plan possibilities.
- 18-4Q09 IFTA, Inc. will talk to Nlets about backing up our data off site.

ACTION ITEMS
4Q09 MEETING OF THE
IFTA, INC. BOARD OF TRUSTEES

- 19-4Q09 IFTA, Inc. will send to DC a copy of NCSL report; find out if they are still in the I-95 compact for buses
- 20-4Q09 IFTA, Inc. will schedule a Board conference call for early December to discuss re-audit/re-examination issues.
- 21-4Q09 IFTA, Inc. will send letter to the CO MCA thanking them for sending letter for Board's review.
- 22-4Q09 IFTA, Inc. will include the status of the Alternative Fuels Committee on the 1Q10 Board meeting agenda.
- 23-4Q09 IFTA, Inc. will ask Nlets to give a presentation at the 2010 Managers/Law Enforcement Workshop regarding access to revoked data at roadside.
- 24-4Q09 IFTA, Inc. will communicate with the membership regarding ITAC and the GPS charge.
- 25-4Q09 The Board President will include Committee participation in the annual letter to agency executives.
- 26-4Q09 IFTA, Inc. will add carrier contact information to the Clearinghouse so users at roadside will know who to contact.
- 27-4Q09 IFTA, Inc. will begin work on a webinar for use of the Clearinghouse.
- 28-4Q09 IFTA, Inc. will include on the agenda for the 1Q10 Board meeting a discussion regarding a 2011 Attorneys Section Meeting.
- 29-4Q09 For the committees, the Board will clarify Board Liaison activity and who will be communicating to and from the Board. Discussion will be added to the 1Q10 Board meeting agenda.