

**FOURTH QUARTER 2013
IFTA, INC. BOARD OF TRUSTEES MEETING
October 21 - 22**

Board Members:

Cindy Arnold	Nevada Department of Motor Vehicles
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
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:

Trent Knoles	Illinois Department of Revenue
Steven Nutter	Virginia Department of Motor Vehicles
Sandy Johnson	North Star Fleet Solutions, Inc.

Call to Order

The IFTA, Inc. Board of Trustees (Board) held its Fourth Quarter 2013 Board Meeting on October 21 – 22. Mrs. Patricia Platt (KS), Board President, called the meeting to order. All Board members were present including Ms. Cindy Arnold (NV), who replaced Mr. Ric Listella (OR) when he resigned from the Board. Guests included the two Board members-elect, Mr. Trent Knoles (IL) and Mr. Steven Nutter (VA) as well as Ms. Sandy Johnson (North Star Fleet Solutions), Industry Advisory Committee (IAC) Chair.

Approval of the Minutes

Minutes from the Second Quarter 2013 Board meeting were presented for approval. Mrs. Platt asked for comments or corrections.

Motion: Mr. Scott Greenawalt (OK) moved to accept the 2Q13 Board meeting minutes as written. Mr. Ron Hester (ON) seconded. The motion passed.

The Board also reviewed the minutes from the Actions by Email. During this time the Board voted by Message Board on committee volunteer nominees, registration fees for the 2013 IFTA/IRP Managers' and Law Enforcement Workshop and the 2013 IFTA Attorneys' Section Meeting. The Board also approved new Board Member, Ms. Arnold.

Motion: Mr. Garry Hinkley (ME) moved to accept the Board Actions by Email as presented. Mr. Chuck Ulm (MD) seconded the motion. The motion passed.

The Consent Agenda was also reviewed. Reports included in the Consent Agenda were those from the IFTA Compliance Audit Working Group (I-CAWG) and the Agreement Procedures (APC), Clearinghouse Advisory (CAC), Information Technology Advisory (ITAC) and Law Enforcement (LEC) Committees.

Motion: Mr. Hugh Hughson (BC) moved to accept the Consent Agenda as presented. Mr. Chuck Ulm (MD) seconded. The motion passed.

Clearinghouse Update

Mr. Jason DeGraf, IFTA, Inc. Information Services Director, gave the Clearinghouse update. Web services are now available for membership's use. Kansas will be testing these web services before they connect live in March 2014. There have been no updates from the Federal Motor Carrier Safety Administration (FMCSA) following the initial inquiry regarding web services.

Recently Quebec signed the non-participating read-only member agreement for the Clearinghouse. Quebec is the last member jurisdiction to enter into a read-only status. IFTA, Inc. will announce an implementation date once it is confirmed with Quebec.

The CAC is working on a Best Practices Manual to explain how membership could utilize the Clearinghouse data, and the various types of files and searches that can be done. IFTA, Inc. has made internal updates to the LAN and web server enabling Internet users to receive information more quickly than in the past. A lot of testing will be completed over the course of the upcoming year to test the efficiency and speed resulting from these updates.

Mr. DeGraf informed the Board that IFTA, Inc. plans to go live with the IRP Audit Report Exchange System in November. Currently the website is being tested and these tests are going well. IFTA, Inc. had contracted with IRP, Inc. to provide a forum similar to the IFTA Interjurisdictional Audit Report (IAR) exchange.

Funds Netting

Mrs. Amanda Koeller, IFTA, Inc. Program Administrator, reported on the funds netting aspect of the clearinghouse. It was explained that late payments have increased from 2012 to 2013.

Mrs. Koeller stated that a second netting and disbursement is extensive in regards to the work involved for membership and IFTA, Inc. as well as the fees applied by the respective financial institutions. Revising the funds netting calendar to allow only one disbursement period should reduce the work and cost burden and assist several jurisdictions to meet the proposed deadline. After some discussion the Board voted on IFTA, Inc.'s request to allow for one disbursement period beginning January 2015.

Motion: Mr. Hinkley moved to adopt the new Funds Netting Calendar with one disbursement period beginning January 2015. Mr. Hester seconded the motion. The motion passed.

Decal Specifications

The Board reviewed the decal specifications for 2015. The color for the 2015 IFTA decal will be Pantone® 485C Red.

Motion: Mr. Stuart Zion (CO) moved to approve the 2015 IFTA Decal Specifications. Mr. Hughson seconded. The motion passed. The 2015 Decal Specifications will be posted to the secure side of the IFTA, Inc. website.

Program Compliance Review Update

Mrs. Debora Meise, IFTA, Inc. Senior Director, updated the Board regarding the Program Compliance Reviews. All volunteer positions for the 2014 reviews have been filled. The Northeast Region will be reviewed in 2014 and a total of 16 reviews have been scheduled. Two onsite reviews will be completed. The first will be in New Jersey and the second will be in Connecticut. All other 2014 reviews will be done electronically.

There are three reviews yet to be completed in 2013. All other Southeast Region members have been reviewed. All twelve reviews from 2013 were electronic reviews. In 2012 the Western Region was reviewed. To date two jurisdictions remain under follow up but are close to being completed.

Program Compliance Review Committee Report

The Program Compliance Review Committee (PCRC) report was presented by Mr. Greenawalt, Board Liaison. In March 2013 the Board charged the PCRC with researching the review process and reporting any findings and recommendations. In June some of the committee members met in Chandler, AZ to discuss and begin working on this charge. The committee presented their report in two parts to the Board. The first part contains the report itself and the committee recommendations. The second includes exhibits and attachments supporting the committee findings and includes training outlines, ballot language and examples.

The Board reviewed the PCRC report in full. Many recommendations were made by the committee in an effort to improve the program compliance review process. These recommendations included, but were not limited to, returning to a 4-year review cycle, providing stratification tiers for the review sample size based on a jurisdiction's carrier base,

reviewing and possibly revising some of the review procedures to make electronic reviews mandatory, adjusting the number of participants on a review team and uploading all the review data into the IFTA, Inc. clearinghouse. It was the position of the Board that the recommendations should be presented as separate ballot issues to membership and not all encompassed as one ballot proposal.

Discussion was also had regarding a letter to possible non-compliant jurisdictions, failing to meet the 3% audit requirement. It was opined that a courtesy letter could be mailed to those jurisdictions that are in jeopardy of not meeting their audit requirement following two years. The Board will ask the PCRC for their direction in this regard. In addition the Board will ask the committee for the confidence intervals, used in their report pertaining to the stratification tiers based on number of licensees.

Attorneys' Section Steering Committee Report

Mr. Zion, Board Liaison, presented the Attorneys' Section Steering Committee (ASSC) report. The committee had submitted nominations for changes to the Steering Committee as well as a nomination to fill a vacancy. The committee submitted the recommendation of Mr. Collin Davis (IN) as Chair and Mr. Ed Beaudette (MT) as Vice Chair, effective January 1, 2014. Mr. John Baylor (NE) was also submitted as a nominee to replace Ms. Carolee Johnstone (CA) who is retiring.

Motion: Mr. Greenawalt moved to accept the ASSC nominations of Mr. Davis and Mr. Beaudette as Chair and Vice Chair, respectively, effective January 1, 2014. Additionally he moved to accept the nomination of Mr. Baylor to fill the vacancy left by Ms. Johnstone. Mr. Hughson seconded the motion. The motion passed.

IFTA Meetings Update

Mrs. Tammy Trinker, IFTA, Inc. Office and Events Administrator, reported that twenty-three persons attended the September IFTA Attorneys' Section Meeting. The IFTA/IRP Managers' and Law Enforcement Workshop have pre-registered 81 persons to date. This figure is representative of 33 jurisdictions and 12 industry representatives.

The 2014 IFTA/IRP Audit Workshop will be February 25 – 27 in Fort Lauderdale, FL. Registration fees for this workshop have been approved by the Board prior to the Board meeting. These fees are set at \$355 for membership, \$405 for industry and general public and \$650 for exhibitors.

The 2014 Annual IFTA Business Meeting will be held in Pittsburgh, PA on August 13 – 14. IRP, Inc. will be hosting the 2014 IFTA/IRP Managers' and Law Enforcement Workshop. As information becomes available pertaining to this valuable workshop IFTA, Inc. will distribute it to membership through the website and THE IFTA NEWS.

The Board meetings for 2014 have been scheduled. The 1Q14 Board meeting will be a webinar held January 28 - 30. Hotel contracts for room nights have been procured for the 2Q14 and

4Q14 meetings which will be held at the IFTA, Inc. offices. The dates of these meetings will be April 29 – 30 and October 21 – 22 respectively. IFTA, Inc. continues to work with Conference Direct for the planning and scheduling of future IFTA events.

Discussion was also had regarding the request from the ASSC to hold another meeting in 2014. The committee requested that the meeting mirror the 2013 Attorneys' Section Meeting to be scheduled in late September and be held at the IFTA, Inc. offices if possible.

Motion: Mr. Zion moved to allow the Attorneys' Section Steering Committee to hold another meeting in 2014 under the condition that the registration fees cover all incurred costs and that IFTA, Inc. does not incur any financial liabilities. Mr. Hinkley seconded. The motion passed.

IRP Annual Business Meeting

Ms. Lonette Turner, IFTA, Inc. CEO/CFO, reviewed the IRP Annual Business Meeting that was held in Indianapolis, IN this past June. The reports provided during this meeting were very informative. Ms. Turner also attended the IRP International Committee Meeting.

Dispute Resolution Committee Report

Mr. Hester, Board Liaison, presented the Dispute Resolution Committee (DRC) report. The committee reported that the Referral for Enforcement in the matter of the PCRC and the jurisdiction of New Jersey is continuing. New Jersey is required to submit quarterly reports to demonstrate its audit completion progress. The DRC continues to work on possible amendments to the dispute resolution process regarding early intervention, penalties and expulsion. Currently the committee is fully staffed. However, the DRC is reviewing succession plans due in part to the fact that the committee will have all new personnel in sixteen months. Upcoming vacancies include the Western Region as well as the Chair and Vice Chair positions.

Industry Advisory Committee Report

Ms. Johnson reported on the activities of the IAC. The committee expressed its desire to have the Jurisdiction Communication Lists (JCL) be provided in a monthly mailing. It was explained that the IFTA, Inc. website offers a contact phone number and email for each jurisdiction which should be sufficient for a taxpayer that needs to contact their base jurisdiction. Ms. Johnson will return to the committee and inquire as to whether or not there would be an interest in the complete JCL being made available for a fee. Training issues were also addressed. It was considered that the IAC create a training webinar for publication on the IFTA, Inc. website. Non-receipted fuel was also briefly discussed. Industry expressed concern that for every jurisdiction not allowing the reporting of non-IFTA fuel, they are not receiving or distributing the correct amount of the fuel use taxes from that carrier.

IFTA Website Update

Mr. Tom King, IFTA, Inc. Webmaster, reviewed the IFTA, Inc. website and informed the Board of the changes. The "Meetings Materials" web page has been revamped to make it easier to locate the meeting and year. The "About Us" web page is also being redesigned. Mr. King is

continuing to review and tweak the “New Messages” indicator so that it reflects a more accurate count of the messages which have not yet been read by the user.

Voting for the Short Track Final Ballot Proposal #6-2013 is now open. Membership will be allowed to vote on this ballot until November 13, 2013. A list of members who have not yet voted is also available so that friendly reminders can be issued. A byline indicator is also being worked on that shows users how many days are left to update quarterly tax rates. Automatic emails are also being worked on to remind those members that have yet to update or confirm their tax rates.

Audit Committee Report

Mr. Greenawalt, Audit Committee (AC) Board Liaison, presented this committee’s report. The AC is working hard on the upcoming 2014 IFTA/IRP Audit Workshop. The committee is also reviewing the work product from the Re-audit Re-examination Working Group (RRWG) which was the result of a Board charge. The AC recommended Ms. Helen Varcoe (MT) to fill a vacant committee position. While the vacant position is in the Canadian region, the committee informed the Board that it has not been successful in finding a volunteer for this position.

Motion: Mr. Greenawalt moved to accept the appointment of Ms. Helen Varcoe (MT) to the IFTA Audit Committee as an exception to filling the open Canadian region position. Mr. Hester seconded the motion. The motion passed.

IFTA Standing Committee Charters

The Board reviewed the inconsistencies found within the various standing committee charters. It was suggested that the charters be made more uniform and the Board will further review this issue during the 1Q14 Board Meeting.

Review of the 2013 Annual IFTA Business Meeting

The 2013 Annual IFTA Business Meeting was reviewed. It was noted that the discussions were very good and that there were some outstanding issues yet to be addressed such as non-receipted fuel and the proposed Bylaws amendment. Only four jurisdictions did not attend the business meeting. These jurisdictions were Delaware, New Mexico, Ohio and Oregon.

Ballot Update

Mrs. Meise provided an update on the IFTA and IRP ballot proposals for 2013. On October 31st the second comment period for the IFTA ballots will close. Ballot 4-2013 was previously withdrawn by the sponsor and ballot 6-2013, a short track ballot proposal, is already out for vote by membership. IFTA Full Track Final Ballot Proposals (FTFBP) 1-2013, 2-2013, 3-2013 and 5-2013 will be available for vote in November through the IFTA, Inc. website. IRP currently has seven ballots open for vote. Three of these ballots are regional elections. The IRP ballots can be found on their website.

Amendments to the IFTA, Inc. Bylaws

The Board discussed the proposed amendment to the Bylaws regarding elections to the Board. Concern was expressed regarding the Election Committee being successful in procuring regional representation. During the IFTA ABM, however, membership did not favor the proposed measure wherein nominations would be open from any region should a nominee not be presented from the current open region. Amendments to the Bylaws will be reviewed and considered by the Board and then presented to membership for feedback prior to the 2014 IFTA ABM.

Financial Report

Ms. Turner presented the financial report to the Board. She reported that IFTA, Inc. remains financially sound and that the investment portfolio is continuing to do well. The financial audit of the organization was recently completed and no major adjustments were found. The Board will be presented with this report during the 1Q14 Board meeting. An SASE16 Audit had also been conducted and the auditors did not find anything of concern in regards to the funds netting. The auditors will provide a written copy of their report and findings to IFTA, Inc. in November.

Mrs. Koeller updated the Board on the rental facilities. She announced that both units have successfully been rented. Mrs. Koeller also announced that IFTA, Inc. recently received the final membership dues payment for the 2013/2014 fiscal year.

IRP, Inc. Board Update

Mr. Greenawalt provided the IRP, Inc. Board update. He announced that IRP ballot 371, regarding the audit rewrite, was passed by membership in 2012. This ballot requires jurisdictions to implement a 20% penalty in all jurisdictions for a first offense of inadequate records and 50% for the second offense. The jurisdiction of Washington informed IRP, Inc. that they would not be able to comply with this provision based on its statutes and does not want other member jurisdictions to impose it on their behalf. The IRP, Inc. Board will be conducting a limited scope review to determine Washington's compliance with this ballot provision.

1Q14 Board Meeting

The Board then discussed the upcoming January 2014 Board meeting. This upcoming quarterly Board meeting will be held by webinar. IFTA, Inc. has worked with the Board to determine the best scheduling for this unique event. A series of teleconferences will be held over three meeting days permitting the Board to conduct a full meeting by webinar.

IFTA, Inc. Strategic Plan

The Strategic Plan was reviewed by the Board. It was questioned if the Plan should be viewed separately for both the Agreement and the Corporation. During discussions, however, it was noted that the Agreement could not have a Strategic Plan as it is not an entity like the Corporation (IFTA, Inc.). Areas of the Strategic Plan reviewed included Future Challenges, Strengths, Weaknesses, Opportunities and Threat Analysis (SWOT). Discussion was also had regarding the corporation's assets. The Board concurred that utilizing the corporation assets

should be researched as a means to reduce the financial burden of membership. Concern was expressed regarding the recent US government shut down. It was noted that a long term government shutdown would likely impact the corporation's investments rather than its availability to membership. This could have an impact on the corporation's reserve, depending on the length of such shutdowns in the future.

Following the conclusion of the business discussions the Fourth Quarter 2013 IFTA, Inc. Board Meeting was adjourned.

Motion: Mr. Hughson moved to adjourn the Fourth Quarter 2013 IFTA, Inc. Board of Trustees meeting. Mr. Greenawalt seconded. The motion passed.

ACTION ITEMS RESULTING FROM THE 4Q13 BOARD MEETING

ITEM	ACTION
1-4Q13	Post the approved 2015 Funds Netting Calendar. Send Memorandum with calendar to IFTA jurisdiction contacts indicating the approval of one funding period and the changed.
2-4Q13	Post approved 2015 Decal Specification.
3-4Q13	Board Liaisons to Program Compliance Review Committee will inform them that separate ballots should be submitted for the four-year review cycle and the jurisdiction payment of costs for on-site program compliance reviews.
4-4Q13	Board Liaisons to the Program Compliance Review Committee will ask the Committee about its thoughts on notifying jurisdictions of failure to meet 3% audit requirement each year.
5-4Q13	Board Liaisons to the Program Compliance Review Committee will ask the Committee for the confidence level calculation used to establish tiers for audit sample selection in the proposed Review Guide changes.
6-4Q13	Board Liaisons to the Program Compliance Review Committee will tell the Committee that they should proceed as indicated in the report to the Board at the 4Q13 Board Meeting.
7-4Q13	Board Liaisons to the Attorneys Section Steering Committee will inform the committee that a meeting for 2014 has been approved and all meeting costs must be covered by registration fees.
8-4Q13	Talk with IRP, Inc. about the location and dates for 2014 IFTA/IRP Managers and Law Enforcement Workshop.
9-4Q13	Board Liaisons to the Dispute Resolution Committee will speak with Rick LaRose, Chair regarding the selection of the next Chair and Vice Chair.
10-4Q13	Board Liaisons to the Agreement Procedures Committee will inform the committee that the Industry Advisory Committee requested a that a training session be included on the agenda for the Managers and Law Enforcement Workshop to educate regarding the base jurisdiction concept, what it means, IRP registration v. IFTA license – do they need to match, etc.
11-4Q13	IFTA, Inc. will rework the Election Provision of the Bylaws for the Board's review.
12-4Q13	IFTA, Inc. will draft a resolution regarding Funds Netting Account policy.

ITEM**ACTION**

- 13-4Q13 IFTA, Inc. will update the SWOT analysis in the Strategic Plan in light of discussions at the 4Q13 Board Meeting.
- 14-4Q13 IFTA, Inc. will contact the hotel in Pittsburgh to see about adding rooms and a meeting room for a Strategic Planning Board meeting for the day following the Board meeting.
- 15-4Q13 The Board members will review the SWOT analysis, once updated, and prioritize the items within the categories.
- 16-4Q13 IFTA, Inc. will develop a method to tie late submitted tax rates to the applicable tax rate matrices and tax rate changes.