

IRP, Inc. Board of Directors
Meeting Minutes
Amelia Island Plantation Resort
Amelia Island, Florida
January 24-25, 2008

The following board members were present:

Region I: Paul Arsenault (NS), John Goggin (NB), Kurt Myers (PA), Anita Wasko (PA)
Region II: Anna Amos (SC), Jay Starling (AL)
Region III: Kirk Forbes (MI), Jim Poe (IN), Ruth Skluzacek (IA)
Region IV: Kevin Park (UT)
AAMVA Representative: Glenn Turner (FL)

The following industry advisors were present:

Oscar Cruz Ruiz, Mexico
Richard Harris, Penske Truck Leasing
Milt Schmidt, FMCSA

AAMVA/IRP, Inc. Staff:

Neil Schuster
Mary Pat Paris
Joelle Ward
Paul Cooney

Guests

Eric Gerner, Jefferson Wells
Christopher Wulff, Jefferson Wells
Robert Pitcher, ATA

The meeting was opened by Chair Ruth Skluzacek, who welcomed the board members and guests to Amelia Island, Florida.

New Board Member Swear-In

The IRP, Inc. Board of Directors swore in its newest member: Anita Wasko, Pennsylvania (Region I).

In addition, Chair Skluzacek informed the board that Kirk Forbes, Michigan, (who initially joined the board to fill a vacancy) was elected to the Region III position for a first term expiring December 31, 2010.

Consent Agenda

Motion and second to approve the consent agenda, which included the October 1, 2007, board minutes. Motion carried.

Georgia Appeal

The board heard an appeal by Georgia stemming from the Dispute Resolution Committee's decision on September 28, 2007, related to the dispute filed by Latex Construction Company against Georgia.

After hearing from legal counsel for both Georgia and Latex, the board went into executive session and issued the following motion:

After hearing from representatives of Latex Construction Company and the State of Georgia, consideration of materials submitted to the Board of Directors by the parties, and discussion of this matter, upon motion duly made and seconded, the Board of Directors determined as follows:

1. **The decision of the Dispute Resolution Committee shall be affirmed.**
2. **Should either of the parties seek an interpretation of Section 204, they may seek such an interpretation from the Dispute Resolution Committee.**
3. **The Board of Directors vacates its previous decision directing that the Peer Review Committee conduct a limited scope review of matters relating to this issue.**

Motion carried.

South Dakota Appeal

The board heard an appeal by South Dakota stemming from the Dispute Resolution Committee's decision on September 28, 2007, related to South Dakota's non-compliance with their peer review.

After hearing from a South Dakota representative, the board went into executive session and issued the following motion:

Motion and second to support the Dispute Resolution Committee (DRC)'s decision based on the evidence the DRC had available, and that the DRC did not abuse their discretion. In light of new evidence submitted, the board is reinstating South Dakota's voting rights. South Dakota must comply with the Plan by July 1, 2010. Motion carried.

FMCSA Report

Milt Schmidt, FMCSA, updated the board on FMCSA activities, including the cross-border demonstration project, reauthorization, the border enforcement grant and access to IRP data.

To date, 12 Mexican carriers and five U.S. carriers are participating in the cross-border demonstration project. An additional 61 Mexican carriers have successfully completed the pre-authorization safety audit. Mr. Schmidt discussed Section 136 of the Appropriations Bill that addresses the demonstration project.

Mr. Schmidt informed the board that FY 2008 federal border enforcement grant funds were still available to U.S. states. FY 2006 Border Enforcement Grant funds expired on October 1, 2007 and will be de-obligated by FMCSA. FY 2007 border enforcement grant funds will expire on September 30, 2008. Any unused FY 2007 funds will be de-obligated and lost to FMCSA and the U.S. states. All states that have received FY 2007 Border Enforcement Grant funds are encouraged to spend the money before October 1, 2008.

FMCSA held a conference call with IRP, Inc. and NADSF to discuss data available from the Clearinghouse that FMCSA has requested. It was recommended that FMCSA work with one IRP jurisdiction to obtain sample data before moving forward with seeking specific data from the

IRP Clearinghouse. Utah volunteered to work with FMCSA. Another conference call will be held after the review of Utah's Clearinghouse data.

Industry Advisory Committee Report

Bob Pitcher informed the board that Lanny Gower, CNF, has been recommended as an industry advisor to the board, replacing Carolyn Barr, who retired late last year. The next meeting of the Industry Advisory Committee will be March 29, 2008, in Birmingham, AL.

IRP, Inc. Report

Analysis of 3% Audit Requirement – Presentation of Findings by Jefferson Wells

At their October 2007 meeting, the board approved the hiring of a consulting firm to study the Plan's audit process, specifically the 3% audit requirement. A task force was assembled, and the firm of Jefferson Wells was selected to perform the study. The board reviewed and discussed the summary of findings and a list of recommendations. It was agreed that before making any decisions on the recommendations, a task force would be created to conduct a full examination and report back to the board in May 2008.

Request from Quebec Regarding Canadian Exchange Rate

Mary Pat Paris reported that staff analyzed the impact of the error in the November 2005 Canadian exchange rate identified by Quebec and determined that in order to do a full and meaningful analysis, all jurisdictions that were not a part of the Clearinghouse in December 2005 would have to provide IRP, Inc. with their data for that netting. Ms. Paris recommended that the board send a letter of apology to Quebec with an explanation that no further action would be taken.

Motion and second to send a letter of apology to Quebec about the error in the Canadian exchange rate posted in November 2005. Motion carried.

The board directed staff to move forward with the development of procedures for posting the Canadian exchange rate.

Administrative Services Agreement with AAMVA

Ms. Paris reported that work was still underway with AAMVA to update the Administrative Services Agreement and expects an agreement finalized before May 2008.

Articles of Incorporation

Ms. Paris reported that the AAMVA Board approved the changes to the IRP, Inc. Articles of Incorporation.

Ms. Paris informed the board of a delay in completing the work for the 2007 SAS 70 audit but that all documentation will be ready to be submitted to the auditors soon. Once a draft of the audit findings has been finalized, a copy of the report will be sent to the board.

Ms. Paris indicated that IRP, Inc. is working with AAMVA to determine the feasibility of purchasing a dedicated back-up server solely for the Clearinghouse. Funds are available if it is so determined. An update will be provided to the board as soon as possible.

Analysis of FY09 Dues Impact

The board discussed the impact of the new dues structure to be implemented October 1, 2008. IRP, Inc. is expected to increase its revenue by approximately \$200,000 annually with the new dues structure.

Ms. Paris reported that beginning with 2009 financial statements, IRP dues and Clearinghouse dues will be combined on the balance sheet.

Technology Overview of IRP, Inc. and Clearinghouse

Ms. Paris provided a technology assessment prepared by Greg McNally, Director of Web Services at AAMVA. The report addressed a number of critical areas for IRP, Inc. and the Clearinghouse. The report identified how IRP, Inc. can move from the current technology state into a state-of-the-art technology platform through a phased approach, while ensuring that all projects adequately address Business Continuity Planning, Systems/Software Development Life Cycle, and SAS 70 Audit requirements.

Ms. Paris provided a summary of costs for all projects being planned as well as a proposed IRP project order.

The board supported the proposals of moving forward immediately with the project to allow jurisdictions the ability to upload data and run reports on the IRP, Inc. Web site, the migration of the Clearinghouse to a Microsoft.NET platform, and the development of a "My IRP" web page that offers jurisdictions the ability to update their personal and limited jurisdiction information on the IRP, Inc. Web site.

The board tasked staff with obtaining a breakdown on the full costs of Business Continuity Planning and to begin the process of requirements gathering for a full rewrite of the Clearinghouse.

Membership Satisfaction Survey

Ms. Paris provided the board with the results of the Membership Satisfaction Survey conducted in late 2007. There were 140 respondents, which were almost evenly split among the four regions. Staff is in the process of analyzing the results with the goal of improving in the areas highlighted in the survey. The board agreed to hold further discussions during their upcoming strategic planning session immediately following the board meeting.

The board agreed that a task force should be created to identify and address communications issues. A report of the task force will be given in May 2008.

Board Meeting Tasks

The board and staff reviewed current and completed tasks.

Motion and second to establish an IRP task force to examine NLETS usage for IRP law enforcement, including improved communication, validation of requirements, and to survey jurisdictions to determine current usage. The task force shall have an operating budget not to exceed \$10,000. The task force will coordinate these efforts with the AAMVA and IFTA Working Groups. Motion carried.

Anna Amos, Jim Poe and Kevin Park volunteered to serve on the NLETS task force, and David Findlay, SC, will be invited to join the task force.

Treasurer's Report

Draft Audited FY07 Financial Statements

Treasurer Jay Starling presented a review of IRP, Inc.'s 2007 financial statements. The auditor's management letter identified two material weaknesses. Controls have been put into place to correct these weaknesses. The FY07 budget predicted a margin of \$6,800. The actual margin of \$207,600 is due to interest income from the Clearinghouse. While investment income is not budgeted, it added an additional \$105,600, bringing the margin to \$320,000. The Statement of Financial Position for 2007 reflected a total net worth of \$2,861,132, up \$616,602 from 2006.

Review of Current Financial Statements

IRP, Inc. is currently \$16,700 under budget for revenue because interest income of \$22,200 from the Clearinghouse was not transferred until December 2007. Total direct expenses are over budget by \$43,700, primarily due to expense reports from jurisdictions at the IRP Annual Meeting that were not received in time to be posted to FY07.

The balance in the investment account at the end of FY07 was \$1,296,482. In the first three months of FY08 the account experienced losses and fees totaling \$38,075. The balance as of December 31, 2007, was \$1,280,110. Of this, \$928,683 is designated for Clearinghouse enhancements.

Motion and second that in FY09 when dues and Clearinghouse fees are combined, no additional funds be designated specifically to Clearinghouse enhancements. Motion carried.

The board directed Mr. Starling to work with staff on a three- to four-year budget forecast and report back in May 2008.

Committee Reports

Audit Committee

Mr. Starling reported on the 2008 IFTA/IRP Audit Workshop, held January 4-7, 2008, in Tempe, AZ, which had approximately 200 attendees. Work is underway for the 2009 Audit Workshop in Tempe, AZ. A different location is being considered beginning in 2010. .

Mr. Starling reported that Terry Hing (ON), Diane Robichaud-Cormier (NB), Thom Rabaglia (WI), and Carla Pape (ID) agreed to serve another term on the Committee.

The Audit Committee submitted 11 ballots for vote by the IRP membership. The deadline for voting is February 11, 2008.

At their annual meeting held immediately following the Audit Workshop, the committee held discussions on the Audit Workshop, the IFTA/IRP Joint Audit Committee report, the Audit Training Manual, and jurisdiction communication and contact updates. In addition, Gerald Jackson, WY, was elected Vice Chair, leaving an opening in the Region IV position.

Clearinghouse Committee

Ms. Paris reported that interest earned on Clearinghouse funds from October 1, 2007, through December 31, 2007 was approximately \$29,095.05. The interest rates have averaged around 3.52%. As of January 2008 there were 50 jurisdictions in full production. California expects to be operational by late spring 2008, and Quebec should be in full production by June 2008.

The committee is working on allowing non-participating jurisdictions "read only" access to the Clearinghouse, which should be implemented by late spring 2008. The committee is also preparing a survey of participating jurisdictions to determine what enhancements are needed for the Clearinghouse. In addition, staff is monitoring the new procedure that added two extra business days for Clearinghouse jurisdictions to submit funds after the monthly netting.

Ms. Paris reported on the results of a report of the Clearinghouse process by a financial services firm recently hired by IRP, Inc. The report identified several critical items, which have been resolved, and staff is working with AAMVA's Finance Department on additional items. A final report will be made to the board in May 2008.

The committee is working on revising the Clearinghouse Agreement to require audit transmittals be sent through the Clearinghouse. Staff is contacting jurisdictions that are not sending audit transmittals to the Clearinghouse to find out the exact reason the audit data is not being sent. Staff will report findings when they are compiled.

IRP staff has developed a pilot online tutorial on the IRP, Inc. Web site on how to navigate pre- and post-netting screens. If the pilot is successful, additional tutorials will be developed.

Dispute Resolution Committee

Board Liaison Kevin Park reported that Edgar Roberts, NV, is the new committee chair and Jerri Hunter, ID, has been appointed vice chair. Allen Cummings, CA, was appointed to serve in the Region IV position, and Rob Termuende, BC, was appointed to serve as the new Canadian representative.

Mr. Park reported that a special face-to-face committee meeting has been planned for March 28, 2008, in Birmingham, Alabama, for the DRC to develop and finalize the DRC procedures manual. The board agreed that Paul Cooney should be invited to participate in the meeting.

The committee is scheduled to have its annual open meeting on October 3, 2008, in conjunction with the 2008 IRP Annual Meeting in Kansas City, Missouri.

International Committee

Chair Skluzacek reported that appointments to the International Committee will be made following the January 2008 board meeting.

Peer Review Committee

Joelle Ward updated the board on the 2008 peer review schedule and recently completed reviews. The committee held its annual meeting in November 2007, where the primary focus of the meeting was the continued review of the impact of the Plan rewrite on the peer review process. The Compliance Guide was reviewed in detail, and the preliminary and on-site review guides were revised. A draft of the revised IRP Peer Review Compliance Guide will be provided to the board for approval in May 2008. In addition, recent decisions of the Dispute Resolution Committee were reviewed and discussed to determine the best way to assist the affected jurisdictions in complying with the Plan. Renee Kyser was elected as the new committee vice chair. Lorne Bay assumed the duties of Chair effective January 1, 2008.

Ms. Ward provided the board with a final report of the IFTA/IRP Joint Review project. The 3rd pilot joint review was conducted in Oregon in September 2007. The Joint Review Committee identified the differences between the IRP and IFTA review processes, as well as the pros and cons for conducting joint reviews.

Chair Skluzacek provided the board with a letter by the IFTA Board of Trustees that supports moving forward with joint reviews. After discussion, the board agreed to respond back to the IFTA board that the IRP, Inc. Board of Directors supports continuing with joint reviews when requested by the jurisdictions and to continue examining the possibility of conducting future joint reviews.

Plan Procedures and Education Committee

Board Liaison Kirk Forbes reported that Mark Kaleta, UT, has assumed the position of chair and Craig Johnson, PA, is the new vice chair, leaving a vacancy in the Region I position.

The committee is working on the agenda for the 2008 IRP Managers/Supervisors Workshop, which will be held March 29-31, 2008 at the Sheraton Birmingham Hotel in Birmingham, AL. Members of the Alabama IRP staff have volunteered to host the workshop and will work with staff and the Workshop Planning Committee on the event.

The committee will hold its annual meeting on March 29, 2008, immediately prior to the start of the workshop. The agenda for this meeting will include discussion of the results of the IRP Membership Survey as related to jurisdiction training.

The committee is working on developing checklists and information fact sheets for the implementation of the Plan rewrite, participating in IRP 101 Webinar rehearsals, and developing a process to encourage more feedback/comments from the IRP community on proposed IRP ballots prior to the ballots being presented for discussion at open meetings.

Ms. Paris presented the board with options for Webinar pricing. After discussion, the board agreed that there should be no charge to jurisdictions for participating in IRP Webinars.

**Motion and second to purchase unlimited Webinar application licenses for \$3,000.
Motion carried.**

Mr. Starling reported that the Audit Committee was recommending professional taping of the Auditor 101 course at the 2009 IFTA/IRP Audit Workshop. The board tasked staff to work with IFTA to determine costs and requirements for this project.

The board agreed that it would be beneficial to develop a Webinar on the history of IRP and IFTA. In addition, the board tasked the PPEC with prioritizing topics for future training programs.

Committee Structure

Mr. Starling and Ms. Ward presented the board with a charter template to be used by all IRP standing committees. The board directed that the templates be provided to the committees for review and feedback and to report back in May 2008.

AAMVA Report

AAMVA Chair Glenn Turner and AAMVA CEO Neil Schuster updated the board on AAMVA activities, including AAMVA's strategic plan, a salary survey, MVR, Real ID, and NMVTS. AAMVA is preparing for its 75th anniversary at the upcoming AAMVA AIC in August 2008. Chair Turner asked the board to recommend motor carrier agenda items for the conference. Mr. Schuster informed the board that AAMVA is moving to an activity-based budget beginning with FY2009.

New Business

Chair Skluzacek presented the board with jurisdictional comments received on the proposal to add a Potential Registered Weight SubFile to the PRISM IRP Cab Card Bar Code. The posting of weights after the bar code on IRP cab cards would be optional for the IRP jurisdictions. The proposed standard for the PRISM IRP Cab Card Bar Code will be submitted to AAMVA if agreed to so it will be in synch with AAMVA's Motor Carrier Bar Code Standard.

Motion and second to recommend to AAMVA to add the standard to AAMVA bar codes and to inform the PRISM Committee that the IRP, Inc. Board of Directors supports this as an optional item for IRP jurisdictions. Motion carried.

Meeting adjourned.