



2007 Annual Report

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Arizona
Arkansas
California
Colorado
Delaware
Florida
Georgia
Illinois
Indiana
Kansas
Maine
Maryland
Michigan
Minnesota
Mississippi
Nebraska
New Hampshire
New Jersey
New Mexico
New York
North Carolina
North Dakota
Ohio
Oklahoma
Oregon
Pennsylvania
Puerto Rico
Rhode Island
South Carolina
Tennessee
Texas
Utah
Vermont
Virginia
Washington
West Virginia
Wyoming

Interstate Pest Control Compact

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Introduction

Each year billion of dollars of damage is caused by plant pests - insects, weeds, plant diseases, and other organisms that attack U.S. crops and forest resources. Many of the same pests also attack lawns, gardens, and the general environment, causing still more damage in dollars and esthetics. These pests don't recognize political boundaries. They can easily move across state lines on the wind or in soil or water, or hitchhike to new areas with goods, vehicles, or people. Tremendous losses occur even though farmers, industry, and local, state, and federal governments spend billions each year on control.

At one time, only coastal and border states had to fear infestations of new foreign plant pests, but today heartland states are also at risk. International containerized cargo with the potential for carrying foreign pests can travel through ports of entry and reach interior states before it can be opened and inspected.

Federal and state agencies have ongoing control and regulatory programs against a number of plant pests, and many have recently stepped up their pest detection and monitoring efforts. In most cases, however, appropriations are earmarked for specific pests - a mere handful of the 10,000-odd species that cause damage in this country. In general, too, state funds may be spent only on in-state control, even though pests just across the border may be equal threats. If a single state undertakes necessary pest control activities, on its own or with federal assistance, it cannot be certain that companion measures will be taken in other states.

Often the budget process does not allow governments to move quickly against newly introduced pests or take on challenges outside already approved program plans, a particular problem in times of decreasing resources. Technology is available to control or eliminate many pests, but its effectiveness often depends on speedy action.

The Interstate Pest Control Compact was instituted in 1968 under the Council of State Governments to bridge economic and jurisdictional gaps among state and federal governments, to enable agencies to respond to plant pest infestations. The Compact, through the Insurance Fund it administers, provides financial assistance to address:

- New and economically significant destructive plant pest outbreaks;
- Plant pest infestations outside the control or means of a single jurisdiction; or
- Destructive single-state outbreaks which could affect other states if allowed to spread.

Funding

The basis for determining the amount of funds to be appropriated from each of the participating states is as follows: 1/10th of the total budget of \$1 million in equal shares (i.e. \$100,000), and the remainder in proportion to the value of agricultural and forest crops and products, excluding animals and animal products produced in each party state. This is not an annual appropriation, but has been a one-time contribution to the Insurance Fund. It is conceivable that, if Compact funds were appreciably depleted in carrying out a containment or eradication program, a state

could be assessed its proportional share to return Compact funds to the \$1 million Insurance Fund level. However, with investment income, this does not appear likely.

How the Fund Operates

The Compact provides that any party state can apply to the Insurance Fund for financial support of pest control or eradication activities which it wishes to have undertaken or intensified in one or more other party or, in limited circumstances, in nonparty states. When a pest is found in another state that constitutes a threat to valuable agricultural or forest crops or products within the applying state, the Insurance Fund can provide financial support for control or eradication measures. State parties to the Compact are expected to maintain their existing pest control programs at normal levels aside from any assistance from the Insurance Fund. This safeguards the soundness of the Fund and assures that it will be used to apply the additional thrust necessary to combat outbreaks, which otherwise would not be controlled.

The Insurance Fund is under the control of a Governing Board, consisting of an official representative of each party state chosen by that state in accordance with its own laws. An Executive committee, consisting of the chairman and a representative from each of the four regions, is authorized to exercise certain responsibilities for the Governing Board when the Board itself does not meet.

A Technical Advisory Committee has been established to assist the Governing Board with the technical information necessary to make a decision on whether or not the Compact should be invoked on any particular requests.

The Technical Advisory Committee is composed of two state plant control officials from each of the four regions of the Plant Boards, together with a representative of the U.S. Animal and Plant Health Inspection Service and a representative of the U.S. Forest Service.

When a request is filed for invoking the Compact, the request is referred to the ten-member Technical Advisory Committee, which makes a study of the request and a recommendation on the feasibility of the project to the Governing Board. In an emergency, the Committee could make this recommendation within 72 hours or less after receiving the initial request for Compact assistance.

Annual Report from the Executive Director

September, 2007

Membership

Currently there are 37 total parties to the Interstate Pest Control Compact (IPCC). No new members have joined the Compact since our last meeting in February, 2007. There are no outstanding membership fees.

The State of Colorado passed enabling legislation to join the Compact effective July 1, 2007; this completes their requirement for full membership in the Compact. Five (5) party/member states still have not passed specific enabling legislation (AZ, AR, FL, NE, and PR) as legally required by the Compact. These member states have until September 2010 in which to pass enabling legislation or they will rescind all voting rights. Florida expects to introduce legislation this session. Nebraska is taking steps to try to introduce legislation.

Donations

During July, the Compact reached out to 12 companies or organizations requesting a tax deductible donation to the Interstate Pest Control Compact. No responses have yet been received from any of those efforts.

Insurance Fund Claims/Projects

In December of 2006, the State of Ohio requested that the Compact be invoked and that the Compact's Pest Control Insurance Fund provide \$75,000 in funding assistance to the State of Michigan to conduct an eradication project and delimiting survey for a small infestation of hemlock woolly adelgid (HWA) in northwest Michigan. The Compact approved Ohio's request and has committed \$75,000 to the State of Michigan on that effort. To date, \$60,000 has been provided to the State of Michigan; the final payment of 15,000 is scheduled for October, 2007)

The State of Michigan has utilized the funding from the Interstate Pest Control Compact to leverage matching funding from the USFS for the HWA eradication and survey effort. Thirty-one (31) infested or adjacent hemlock trees have been removed from the eradication area. Extensive nursery traceback surveys and large scale field surveys have currently determined that the infestation is limited to five positive sites. 158 hemlock trees in those sites have been treated with systemic pesticides (imidacloprid and dinotefuran). Nursery traceback surveys are continuing since not all imported hemlock nursery stock has yet been located. If matching funds are available, the Michigan Department of Agriculture intends to continue these efforts in 2008 and 2009. The State of Michigan has also established an exterior quarantine to prevent the further movement of infested hemlock from entering that State.

Investment Strategy

In late March of 2007, the IPCC operating accounts and investment funds were moved from Sun Trust Bank and the Virginia Local Government Investment Pool to a Smith Barney account. This was done following the change in the position of Treasurer from the Secretary of Agriculture in Virginia to the new Treasurer, Commissioner of Agriculture in Georgia. It was

felt by the Governing Board that the funds could be managed by NASDA using their investment broker.

In early April, the IPCC Executive Committee approved an investment strategy for Fiscal Year 2007 which included the following provisions. The Operating Account shall be maintained in a checking account, or interest bearing money market account where the funds may be accessed immediately with no penalty for withdrawal. If the money market account has a monthly check writing or withdrawal limit, that limit shall not be less than three (3) transactions per month. For FY 2007, the Operating Account's initial balance shall consist of approximately \$48,000.

The Claims Account shall be maintained in one or more short term investments that permit withdrawal of approximately \$30,000 within any given seven (7) day period. For FY 2007, the Claims Account's initial balance shall consist of a total of approximately \$300,000.

All additional available IPCC funds in excess of the above mentioned Operating and Claims Accounts shall be maintained in a diversified portfolio of short or mid-term investments not to exceed seven (7) year maturity duration. For FY 2007 this investment portfolio shall consist of approximately \$800,000.

The investment portfolio is one of conservative risk tolerance which balances minimal risk with maximum return by investing in high quality, short and mid-term securities denominated in U.S. dollars. Investments generally consist of direct obligations issued by, or obligations that are fully guaranteed as to principal and interest by the U.S. Government, or any of its agencies or instrumentalities, repurchase agreements backed by such securities, certificates of deposit, time deposits, or other Standard & Poor's or Moody's rated money market funds, commercial paper and short or mid-term corporate notes and floaters. All investments are FDIC insured or have a credit rating of Aaa/AAA. This investment portfolio maximizes non-profit association benefits, wherever possible.

Following approval of the investment strategy by the Executive Committee and Treasurer, the IPCC funds were set up in a Smith Barney account portfolio. The total portfolio (\$1,085,000) at the end of the fiscal year consisted of 5 fixed income funds with maturity dates ranging from 5 to 7.5 years (approximately \$489,000 or 45% of the total portfolio), 5 certificates of deposits with maturity dates ranging from 3-12 months (approximately \$478,000 or 44% of the total portfolio), 1 stock (approximately \$100,000 or 9% of the total portfolio) and 1 money market fund (approximately \$18,000 or 2% of the total portfolio).

Respectfully submitted,

*Robert J. Balaam
Executive Director*

2006 Annual Meeting Minutes – September 2006

Sunday, September 17, 2006
The Marriott Waterside Hotel
Norfolk, VA

Attendees:

Member States Present (21):

Arizona	– Don Butler (IPCC Executive Committee)
California	-- A.G. Kawamura (IPCC Vice Chariman)
Colorado	– Don Ament
Delaware	– Michael Scuse (IPCC Executive Committee)
Florida	– Leslie Palmer (FDACS staff)
Georgia	– Tommy Irvin and James Sutton (GDA staff)
Indiana	– John Baugh (Purdue University)
Maryland	– Mary Ellen Setting (MDA staff)
Michigan	– Ken Rauscher (MDA staff)
Mississippi	– Butch Alpe (MDAC staff)
Nebraska	– Greg Ibach (IPCC Secretary) and Denis Blank (NDA staff)
New York	– Rick Zimmerman (NYDAM staff)
North Carolina	– Richard Reich (NCDACS staff)
North Dakota	– Roger Johnson (IPCC Chairman) and Jeff Weispfenning (NDDA staff)
Ohio	– Fred Dailey (IPCC Executive Committee)
Texas	– Cary Dupoy (TDA staff)
Utah	– Leonard Blackman
Virginia	– Carlton Courter (IPCC Treasurer)
Washington	– Lee Falconer (WDA staff)
West Virginia	– Gus Douglass (IPCC Exec. Committee) and Steve Hannah (WVDA staff)
Wyoming	– John Etchepare

Others Present (2):

Bob Balaam – Executive Director, IPCC
Catherine Preston – USDA APHIS Biotechnology Regulatory Services

Call to Order

Chairman Roger Johnson (ND) called the meeting to order at 7:15 am.

Roll Call of Member States

IPCC Executive Director, Bob Balaam, took role call, declaring 21 member states present.

Approval of Meeting Minutes

Chairman Johnson called for an approval of the February 18, 2006 meeting minutes. Acceptance of the minutes was moved by Michael Scuse (DE) and was seconded by Ken Rauscher (MI). Motion passed with a majority vote.

Report of the Chairman

Chairman Johnson deferred his report to that of the Executive Director.

Report of the Treasurer

Treasurer Carlton Courter (also current NASDA President) presented the Treasurer's report. Total assets available at the end of the fiscal year, June 30, 2006, were \$1,130,631; this is an increase of \$58,043 over the June 30, 2005, balance of \$1,072,588. Income on investments totaled \$44,030. There were no investment fees or expenses. The Average Yield for the year was 4.14%. The effective yield for the month of June 2006 was 5.12% compared with 3.06% one year ago. Investment income covered all of the administrative and operating costs (\$17,938) for the year. Membership dues totaling \$46,697 were received from the states of Indiana, Colorado, and Mississippi. All three states are paid-in-full. Efforts are being made to get an official letter ruling from the Internal Revenue Service regarding the IPCC's status as a not-for-profit-organization to accept contributions that are tax deductible to the donor. \$15,000 was paid to Wyoming for *Echium vulgare* eradication as an Insurance Claim. Operating expenses for the year totaled \$17,900; less than the \$22,500 budgeted. There was no discussion on the report. A motion to accept the report was made by Don Ament (CO) and was seconded by Michael Scuse (DE). Motion passed with a majority vote.

Report of the Executive Director

Executive Director Bob Balaam gave a report highlighting issues affecting the Compact since the February 2006 meeting as follows:

Membership

There are 37 current member states. Mississippi, the latest state to join, submitted their complete membership fee of \$12,213 in April and passed their enabling legislation in July 2006. Colorado and Indiana completed their membership installments in July and August 2005. All member states have paid their membership fees in full. Rhode Island passed its enabling legislation in July 2006. Six members are without enabling legislation (AZ, AR, CO, FL, NE, and PR); failure to adopt legislation by 2010 will result in a loss of voting rights.

2006 Annual Report

The 2006 Annual Report of the IPCC was prepared by the Executive Director and will be distributed following the meeting. There was discussion concerning printing and mailing of the report. It was felt by all that distribution of an electronic copy and posting on the IPCC web site was adequate and printing and mailing was not necessary. Member states will download a copy of the report for distribution to their Governor and legislature as required by the enabling legislation.

Insurance Fund Claims/Projects

Wyoming received \$15,000 for eradication of the invasive weed *Echium vulgare*, Viper's bugloss, in October 2005. Both a progress report and the final report of the project's activities have been filed with the Executive Director. The funding from the IPCC's Pest Control Insurance Fund allowed the State and County to begin survey and eradication activities until *Echium vulgare* could be declared an official noxious weed by the Laramie County Weed and Pest Council. The project was a cooperative effort of the IPCC, Wyoming Department of Agriculture, Laramie County Weed and Pest Council, the University of Wyoming, and the Union Pacific Railroad. Laramie County Weed and Pest Council/District began control efforts in June 2005 with two boom spraying trucks equipped with hand sprayer capabilities. The 2005 applications were later paid for by IPCC funds. A total of 24.25 acres on the steep slope were treated with a 2-4-D, Banvel, and Telar tank mix. Spray crews also surveyed for additional satellite infestations outside of the proposed treatment area. In April of 2006, the Laramie Weed and Pest Council successfully listed Viper's bugloss as a declared noxious weed. Additional treatments, made in 2006, were paid for by the Union Pacific Railroad at a cost of \$10,597.50. A 2006 summer survey by Laramie County Weed and Pest Council estimated 75-85% control within the treated area; additional surveys will be needed to confirm the actual success rate. Two additional spot treatments have been made so far in 2006 and a third application is planned for September, 2006. Overall the results of the project have been successful for the first year; however a continued dedication to complete eradication by the state, county, Union Pacific Railroad, and the public will be the determining factor on the success of the long term eradication goal. The Wyoming Department of Agriculture is currently drafting changes to their noxious weed regulations which would allow a county to make an "emergency" declaration in order to provide for "Early detection and Rapid Response" to new invasive weeds. The total cost of the project to date is \$24,384. Since the Union Pacific Railroad agreed to fund a portion of the costs, only \$11,474 of Compact funds were utilized in the project. Wyoming will return \$3,526 to the Compact.

No other requests for claims have been received.

IRS Status of the IPCC

In August 2005, the Compact submitted an extensive application and fee to the Internal Revenue Service seeking tax exempt status under Section 501 (c)(3) of the IRS Code. In April 2006 we received a 13 page letter from the IRS including 60 additional questions as a follow up to our August 2005 application. In responding to the questions and through conversations with the IRS specialist assigned to our case, it became apparent that the only way we could be considered as a tax exempt organization would be if we adopted Articles of Association which clearly stated our purpose as a charitable organization dedicated to the protection of agriculture and natural resources, along with several other stipulations. In addition we would have to adopt a conflict of interest policy for the Governing Board members, contractors and employees. These documents were created by the Executive Director and posted in a secure area of the IPCC website for review and comment by the member states in June 2006. Adoption of the Articles of Association and Conflict of Interest Policy are agenda items for this 2006 annual meeting.

IPCC Website

In an effort to make the records of the organization more accessible to member states and non-member states who are considering joining the Compact, the Executive Director has scanned and posted the annual reports, financial statements, meeting minutes and project/claim reports of the Compact and Pest Control Insurance Fund on the organization's website (www.pestcompact.org). Currently, most of the records available for the years 1973-2006 have been posted.

FY 2006-2007 Budget

The following budget was presented and explained by the Executive Director. The total budget proposed is \$1,500 greater than the FY 2006 budget. \$500 has been added to cover room rental fees assessed by NASDA for the mid year and annual meetings held at the facilities rented by NASDA for the NASDA mid year and annual meetings. \$1,000 has been added to cover anticipated registration fees for soliciting charitable donations to the Insurance Fund as required by many states.

**Interstate Pest Control
Compact Pest Control Insurance Fund
Proposed Budget (FY 2006-2007)**

Budget Line Item	FY 2005-2006		Proposed FY 2006-2007	
	Budget (\$)	Actual (\$)	Budget (\$)	Change (\$ +/-)
Personnel				
Executive Director Services	15000	11440	15000	0
Travel and Registration	3800	3416	3800	0
Bond	100	0	100	0
Facilities and Administrative Costs				
Overhead*	2000	2420	2500	500
Equipment	0	0	0	0
Supplies	0	0	0	0
Postage	300	200	300	0
Printing	500	453	500	0
Bank Charges	0	9	0	0
Charitable Solicitation Registration**	0	0	1000	1000
Web Hosting	200	0	200	0
Contractual Services				
Audit	100	0	100	0
Special Purpose				
Technical Advisory Committee	500	0	500	0
Special Committee	0	0	0	0
TOTAL	22500	17938	24000	1500

Budget Line Item	FY 2005-2006		Proposed FY 2006-2007	
	Budget (\$)	Actual (\$)	Budget (\$)	Change (\$ +/-)
* Includes IRS Application fee, and NASDA meeting room charges as well as agreed upon general administration fee.				
** State fees for non-profit organization charitable solicitation registration				

Unfinished Business

IPCC's Tax Exempt Application

Bob Balaam discussed the additional questions requested by IRS to our Form 1023 application and the need to adopt Articles of Association and a Conflict of Interest Policy in order to meet the requirements of a 501(c)(3) organization. He reviewed the events that had transpired since the original application was filed in August 2005 and the deadlines that were met and those that were not due to the need for adoption of the Articles of Association and Conflict of Interest Policy.

Proposed Articles of Association

Bob Balaam reviewed the eight sections of the proposed Articles of Association covering: Name of the Organization, Intent and Purpose, Office and Duration, Structure and Membership, Association Leadership, Accounting and Records, and Dissolution. A motion to adopt was made by John Etchepare (WY) and seconded by Don Butler (AZ). The motion to adopt the Articles of Association was passed unanimously.

Proposed Conflict of Interest Policy

Bob Balaam reviewed the eight sections of the proposed Conflict of Interest Policy covering: Purpose, Definitions, Procedures, Records of Proceedings, Compensation, Annual Statements, Periodic Reviews, and Use of Outside Experts. A motion to adopt was made by Michael Scuse (DE) and seconded by Ken Rauscher (MI). A.G. Kawamura (CA) asked if adoption of this policy would prohibit his personal farming operation from benefiting from a project funded by the Pest Control Insurance Fund. It was explained that the IPCC funds were not provided to individual growers but to a member state to conduct pest control operations that would jeopardize a neighboring state(s). If his farming operation was to be impacted by an IPCC funded project, he, as a member of the Governing Board, only needed to disclose that fact at the time the project was considered for approval by the Governing Board, and he would be excused from any discussions or votes concerning determination of conflict of interest. The procedures for addressing conflict of interest as outlined in the proposed policy provided for consideration by the Governing Board of alternative transactions or arrangements that would meet the goals of the organization without producing a conflict of interest for the Board member. Comments made by the Board members indicated that as long as there was no direct intent to benefit the member of the Governing Board personally, the Board would not consider participation by the member's personal farming operation in an area or region wide project as a direct conflict of interest. Following this discussion the motion to adopt the Conflict of Interest Policy was passed unanimously.

Following the discussion and actions on the Articles of Association and Conflict of Interest Policy, a motion was made by Ken Rauscher (MI) and seconded by John Etchepare (WY) to amend IRS Form 1023, *Application for recognition of Exemption under Section 501 (c)(3) of the*

Internal Revenue Code (originally submitted August 2, 2005) by submitting additional information requested by IRS, including Articles of Association and IPCC Policy on Conflict of Interest adopted September 17, 2006. The motion passed unanimously.

(Note: On September 18, 2006, the supplement to Form 1023, along with signed copies of the Articles of Association, and Conflict of Interest Policy were mailed to the IRS specialist assigned to our case.)

New Business

Personal Service Contract of Executive Director

Chairman Roger Johnson and Executive Director Bob Balaam reviewed the Personal Service Contract between the IPCC and the Executive Director that had been designed and approved in November 2005. The Contract is reviewed and when necessary renewed annually (October through September) with the new Chairman of the Pest Control Insurance Fund. No changes other than dates and signatories information were made. A motion to renew the contract was made by Greg Ibach (NE) and seconded by Michael Scuse (DE). The motion passed unanimously. *(Note: Following the meeting the contract was signed by the new Chairman and the Executive Director and copies were provided to each for their files and that of the IPCC.)*

Election of Officers

Chairman: A.G. Kawamura (CA) nominated by Blackman (UT) and seconded by Michael Scuse (DE).

Vice Chairman: Greg Ibach (NE) nominated by Don Ament (CO) and seconded by Michael Scuse (DE).

Secretary: Michael Scuse (DE) nominated by Gus Douglas (WV) and seconded by Blackman (UT).

Treasurer: Carlton Couter (VA) nominated by Michael Scuse (DE) and seconded by A.G. Kawamura (CA).

The slate of nominees for 2006-2006 was approved unanimously.

Election of Executive Committee

Members of each regional NASDA association nominated the following slate for IPCC Executive Committee for 2006-2007:

Chair: A.G. Kawamura (CA)

Midwestern Region: Andy Miller (IN)

Northeastern Region: Dennis Wolff (PA)

Southern Region: Gus Douglass (WV)

Western Region: Don Butler (AZ)

A motion to approve the nominees for Executive Committee was made by A.G. Kawamura (CA) and seconded by Leonard Blackman (UT). The motion passed unanimously.

Adjourn

Chairman Johnson adjourned the meeting at 8:20 am.

2007 Mid Year Meeting Minutes – February 2007

Sunday, February 11, 2007

Hyatt Regency Washington on Capital Hill, Washington D.C.

Attendees:

Member States Present (23):

Arizona	– Jack Peterson (AZDA staff)
Arkansas	– Darryl Little
California	– A.G. Kawamura (IPCC Chairman)
Delaware	– Michael Scuse (IPCC Executive Committee)
Florida	– Charles Bronson
Georgia	– Tommy Irvin and James Sutton (GDA staff)
Indiana	– Andy Miller
Maine	– Ned Porter (MDAFRR staff)
Maryland	– Mary Ellen Setting (MDA staff)
Michigan	– Ken Rauscher (MDA staff)
Mississippi	– Mike Taggart (MDAC staff)
Nebraska	– Denis Blank (NDA staff)
New Jersey	– Charles Kuperus
North Carolina	– Richard Reich (NCDACS staff)
North Dakota	– Roger Johnson
Oregon	– Jim Cramer (ODA staff)
Pennsylvania	– Russell Redding (PDA staff)
Rhode Island	– Kenneth Ayars
Tennessee	– Gray Haun (TDA staff)
Texas	– Drew DeBerry and Cary Dupuy (TDA staff)
Utah	– Leonard Blackman
Vermont	– Roger Albee
West Virginia	– Gus Douglass (IPCC Executive Committee)

Non-Member States Present (1):

Wisconsin	– Barb Knapp (WDATCP staff)
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Others Present (1):

Bob Balaam	– Executive Director, IPCC
NASDA	– Rick Kirchhoff

Call to Order

Chairman A.G. Kawamura (CA) called the meeting to order at 7:15 am.

Roll Call of Member States

IPCC Executive Director, Bob Balaam, took role call, declaring 23 member states present.

Approval of Meeting Minutes

Chairman Kawamura called for an approval of the September 17, 2006 meeting minutes. Acceptance of the minutes was moved by Michael Scuse (DE) and was seconded by Charlie Bronson (FL). Motion passed with a majority vote.

Report of the Chairman

Chairman Kawamura spoke of invasive species issues, particularly those affecting his State (CA). Even though pesticide usage is minimal, anti-pesticide activists are making their voice heard. The environmental community does recognize the importance of invasive species, but unfortunately, most of the public does not. Chairman Kawamura is looking for more support from non-traditional sources. In an effort to curb the introduction of invasive species, California border stations need to stay open despite budget shortfalls.

Report of the Treasurer

Former IPCC Treasurer and Commissioner Carlton Courter, resigned from the Virginia Department of Agriculture and Consumer Services in December 2006 and so there was no Treasurer present. Staff from the VDACS has continued to provide support in the absence of the Treasurer. The Treasurer's report was presented by the Executive Director, Bob Balaam. There was no discussion on the report. A motion to accept the report was made by Michael Scuse (DE) and was seconded by Ken Rauscher (MI). Motion passed with a majority vote.

Report of the Executive Director

Bob Balaam gave a report highlighting issues affecting the Compact since the September 2006 meeting as follows:

- Membership
 - There are 37 current member states. No new members have joined since September's meeting.
 - All current members have completely paid their membership fee. Six members are without enabling legislation (AZ, AR, CO, FL, NE, and PR). These members have until September 2010 to pass enabling legislation or they will rescind all voting rights.
- Insurance Fund Claims
 - Request received to invoke Compact by Ohio. Infestation of Hemlock woolly Adelgid in Michigan's northwestern area of the Lower Peninsula needs to be delimited through survey and eradicated. Request supported by Minnesota and Wisconsin (non-member state). Funding request is for \$75,000. Ken Rauscher reported that they are initiating a quarantine. Balaam gave a short presentation on the pest.
 - At the request of Chairman Kawamura, Balaam gave a brief overview of the Compact and the Pest Control Insurance Fund. Also reviewed the information found on the IPCC's web site (www.pestcompact.org).

- 2006 Annual Report
 - The 2006 Annual Report of the IPCC was prepared by the Executive Director and posted on the IPCC website after notification to all member states in October 2006. Copies of the report were not printed and mailed to members and associated interests as a cost savings initiative as directed by the Governing Board during the 2006 Annual Meeting.

Unfinished Business

Executive Director Balaam reported on the IRS Status of the IPCC. The IRS ruled that effective September 18, 2006, the IPCC is exempt from Federal income tax under the IRS code 501 (c)(3). The Compact can now accept tax deductible donations.

New Business

- Status of IPCC Treasury and Election of interim Treasurer.
 - There was considerable discussion concerning the placement of funds due to the resignation of former Treasurer Carlton Courter (VA) and the need for a more permanent home for the funds that would not be dependent on the status of the Treasurer as a Commissioner/Secretary/Director. Staff from the Virginia Department of Agriculture and Consumer Services had requested that the funds be placed under the management of someone else due to the resignation of their Commissioner. It was decided that the IPCC funds would be transferred to NASDA for management (investment and operating accounts).
 - Tommy Irvin (GA) was nominated and elected as interim Treasurer.
- State Membership Contribution Allocations
 - The contribution table which determines a State's membership assessment rate has not been revised for several years. It was decided that a discussion concerning changing the State Assessment Table based on current values of crop and forest products would be held at the Annual Meeting in September.

Adjourn

Chairman Kawamura adjourned the meeting at 7:55 am.

Annual Financial Statement (July 1, 2006 – June 30, 2007)

Highlights from Fiscal Year 2007:

- ▶ Total assets available on June 30, 2007 were \$1,098,550.48. A decrease of \$32,080.85 from the June 30, 2006 balance of \$1,130,631.33.
- ▶ \$60,000 was paid to Michigan for a Hemlock woolly adelgid insurance claim; Wyoming returned \$3,525.95 in unused money from their 2005 *Echium vulgare* insurance claim.
- ▶ No membership dues were received; no donations were received.
- ▶ Income on investments totaled \$52,470.02. There were no investment fees or expenses. Investment income covered all of the administrative and operating costs (\$18,318.64) for the year.
- ▶ Funds were invested in the Local Government Investment Pool (LGIP) through the Commonwealth of Virginia's Treasurer's Office until March 21, 2007; the average yield for the 12 month period ending June 30, 2007 was 5.28%. On March 21, all IPCC funds were transferred to Smith Barney securities earning varying rates of yield.
- ▶ Investment Risk (1): The Virginia Local Government Investment Pool, in which IPCC funds were invested for the first 9 months of the fiscal year, follows guidelines that permit only high quality corporate investments. The LGIP was diversified in the following way as of June 30, 2006:

U.S. Treasury / Agency Bonds	13%
Repurchase Agreements	26%
Negotiable CDs & BAs	24%
Non-Negotiable CDs	0%
Commercial Paper*	26%
Corporate & Bank Notes*	11%
Total:	100%

* Commercial Paper was restricted to a maximum of 35% and Corporate & Bank Notes to a maximum of 25% of the entire investment pool by law. This minimized the risk to the IPCC while attempting to maximize gains.

