

THE INTERSTATE PEST CONTROL COMPACT



THE GOVERNING BOARD
PEST CONTROL INSURANCE FUND
MEMBERSHIP BOOKLET

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<http://www.pestcompact.org>

FOREWORD

Agricultural pest control across state lines is complex and costly. In the early 1960's, the Western Interstate Committee on Agriculture requested the Council of State Governments to develop a mechanism which could effectively pool the resources of the several states for pest control. A drafting committee was created, whose membership included legislators, state agricultural officials and others from all regions of the Country. After a series of drafting sessions, the committee submitted to the states a proposal for the establishment of a Pest Control Compact. In its 1966 report to the states, the Council of State Governments suggested state legislation that could be used by interested states to become participants in or parties to the Pest Control Compact.

As of November 2009, 38 states and the Commonwealth of Puerto Rico have become parties to the Interstate Pest Control Compact. Twenty-nine projects have been funded and successfully completed and a 30th is ongoing. The strength of the Compact is in its membership and the maintenance of a stable insurance fund that can be drawn upon to meet significant state pest control needs.

States that are not currently party to the Compact are encouraged to join. Their membership will strengthen the Compact and increase its capacity for responding to pest control problems that threaten agriculture locally, regionally, and nationally.

Charles C. Coffman
Executive Director
Interstate Pest Control Compact

INTRODUCTION

The keen foresight of the Council of State Governments in the successful promotion and establishment of the Interstate Pest Control Compact is manifest in the multitude of agricultural and environmental threats the states now face, due to outbreaks of harmful pests and the threat of bioterrorist attack on the nation's food and fiber production system. When pest outbreaks and terrorist attacks are detected quickly and control responses are rapid, potential harm and control costs can be held to a minimum. Small problems solved quickly cannot become big problems.

Fiscal year 2006 agricultural losses caused by pests in the United States were estimated to be over \$137 billion.¹ History demonstrates ever increasing food, fiber, tree and shrub losses and environmental damage due to attacks by insects, diseases and other plant pests. Pest threats have become more challenging due to the loss or restricted use of chemicals and other historical pest control methods now thought to be harmful to ecosystems or biological diversity. This has placed added emphasis on the importance of swift detection, isolation and control of pest problems of state and local, regional, national, and international concern.

The Interstate Pest Control Compact provides a cooperative mechanism for meeting these challenges. This approach is particularly vital in controlling pests that jeopardize the productivity, sanitary security, and economic viability of agriculture—the world's first, most basic, and essential industry.

The Interstate Pest Control Compact deserves and merits the membership and full participation of every state. The Compact can then more fully and effectively benefit its members as they administer programs for the protection of agriculture and the environment.

The Governing Board enthusiastically encourages states that are not parties to the Compact to enact legislation providing for their participation in the Interstate Pest Control Compact.

In Unitate Virtus ... In Unity There is Strength!

The Governing Board
Interstate Pest Control Compact

¹ Reference: USDA ARS. "FY 2006 Annual Report. Crop Production and Quarantine." Agricultural Research Service, United States Department of Agriculture, *Internet Web Site* (http://www.ars.usda.gov/research/programs/programs.htm?np_code=304&docid=14856). Feb 2, 2007.

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THE INTERSTATE PEST CONTROL COMPACT

EXPLANATORY STATEMENT

Every year plant pests cause over 137 billion dollars in damage to the country's agricultural and forest crops and products.¹ And many of the same marauding pests also attack lawns, gardens, and the general environment with further unestimated destructive consequences. These losses occur despite the expenditure for control measures of nearly nine billion dollars annually by local, state and federal governments, farmers, private timber interests and other owners of private property².

However, with rare and temporary exceptions, existing technology and research capabilities are adequate to provide the means for effective control, suppression, or eradication of pests. A major reason why this know-how is not always effective in curtailing staggering losses is that pests are not localized in their activities. They move about all too easily, naturally under their own power, and artificially through trade and transport of infested agricultural products, by "hitch-hiking" on air, sea, and land vehicles, in shipping containers and even among the personal effects of travelers. Consequently, the timely and coordinated efforts of many jurisdictions and agencies are necessary for effective pest control action.

While the federal government administers the nation's plant pest safeguarding program, many state/federal cooperative programs require a considerable influx of state money and personnel, which is sometimes not available. Likewise, too often federal dollars are restricted to funding control programs against exotic pests and do not adequately address domestic pest problems that may threaten a single or a small group of neighboring states. The Pest Control Compact serves to remedy funding restraints, bridge the jurisdictional gaps that exist among federal and state governments and more adequately address the realities of dynamic plant pest infestations or outbreaks. Through contractual agreements, the Compact allows individual states to contribute to plant pest control, suppression, or eradication beyond their state boundaries.

Each state has an interest in being protected against infestations originating in other states, but such protection requires mutuality of arrangements. The Compact serves to accomplish this mutuality by applying the insurance principle to the pest control field. A Pest Control Insurance Fund has been established. It consists of appropriations made by member states. The board may also accept gifts, grants and donations from public and private interests willing to contribute to the Fund. Each state appropriation can be likened to a premium with which the state purchases insurance against infestation from other states.

The Compact, through the Insurance Fund it administers may provide financial assistance to address:

- Economically significant new destructive plant pest outbreaks;
- Plant pest infestations outside the control or means of a single jurisdiction;
- Destructive plant pest outbreaks of concern to other states, if allowed to spread; and
- Infestations of a size that results can be achieved.

The Compact provides that any party, or member, state can apply to the Insurance Fund for financial support of specified pest control or eradication activities which it wishes to have undertaken on intensified in one or more other party states or, in limited circumstances, even in non-party 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. States party to the Compact are expected to maintain their existing pest control programs at normal levels, aside from any assistance from the Insurance Fund.

¹ Reference: USDA ARS. "FY 2006 Annual Report. Crop Production and Quarantine." Agricultural Research Service, United States Department of Agriculture, *Internet Web Site* (http://www.ars.usda.gov/research/programs/programs.htm?np_code=304&docid=14856). Feb 2, 2007.

² Data from table entitled, "Pesticide expenses by state, 1949-2006." Economic Research Service, U.S. Department of Agriculture, *Internet Web Site* (<http://www.ers.usda.gov/data/FarmIncome/finfidmuxls.htm>), Farm Income Data Files, August 30, 2007.

This safeguards the soundness of the Fund and makes sure that it will be used to supply the additional thrust necessary to combat outbreaks which would otherwise 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. A five-person Executive Committee is authorized to exercise certain responsibilities for the Governing Board when the Board itself does not meet. This Executive Committee is so selected as to afford a balanced geographic representation.

The Insurance Fund was developed around a one-million dollar base apportioned among all 50 states. The basis for determining the amount of the funds to be appropriated from each of the party states is as follows:

1. Base allocation – One-tenth (\$100,000) of the total base fund was assigned equally to each state (\$2,000 per state).
2. Crop and forest production allocation – the remainder of the base (\$900,000) is proportioned to each state on the basis of the value of its crop and forest products, excluding animal and animal products.

Data on the value of crop and forest products for the 50 states is based on USDA statistics. Records are not available in comparable reports for the District of Columbia, Puerto Rico, and the Virgin Islands. Because reliable information for these jurisdictions must come from other sources, the Compact formula has been applied to production figures for the 50 states only. In the event the District of Columbia, Puerto Rico, or the Virgin Islands wish to become party to the Compact, the standard formula will apply on the basis of the best production data available from local sources. The values for the 50 states are updated every five years and the amount apportioned to each state is adjusted accordingly.

A state may become a member of the Interstate Pest Control Compact and of the Compact Insurance Fund by:

1. Adopting state legislation similar to the Pest Control Compact: Model Enabling Act, and
2. Appropriating and paying to the Compact Insurance Fund the amount shown for it under State Contributions in the accompanying chart. This contribution is a one-time charge unless the fund balance is reduced, through use, to a level where it can no longer function according to the provisions of the Compact. Also, the assessed payment can be spread over as many as six years.

The following State Contributions Chart has been compiled using data from USDA Economic Research Service following the formula stipulated in the body of the Compact. It is based on a total budget of one million dollars and is intended to serve as an illustration of each state's share at this level. Actual appropriations will be based on the latest production and value figures available.

STATE CONTRIBUTIONS TABLE
(Based on \$1,000,000 Insurance Fund)

State	Year Joined	Value of Crop Products (\$1,000)*	Value of Forest Products (\$1,000)**	Total (\$1,000)	Per Cent	State Appropriation Dollars
Alabama		650,258	128,000	778,258	0.65%	7,817
Alaska		24,884	45	24,929	0.02%	2,186
Arizona	1994	1,545,271	3,100	1,548,371	1.29%	13,572
Arkansas	1999	2,388,794	14,500	2,403,294	2.00%	19,962
California	1969	23,726,912	7,900	23,734,812	19.71%	179,389
Colorado	2001	1,527,939	80	1,528,019	1.27%	13,420
Connecticut		374,388	1,500	375,888	0.31%	4,809
Delaware	1969	182,759	235	182,994	0.15%	3,368

STATE CONTRIBUTIONS TABLE
(Based on \$1,000,000 Insurance Fund)

State	Year Joined	Value of Crop Products (\$1,000)*	Value of Forest Products (\$1,000)**	Total (\$1,000)	Per Cent	State Appropriation Dollars
Florida	1995	5,667,280	15,000	5,682,280	4.72%	44,468
Georgia	1984	2,227,022	25,000	2,252,022	1.87%	18,831
Hawaii		467,170	400	467,570	0.39%	5,495
Idaho		1,994,517	760	1,995,277	1.66%	16,912
Illinois	1968	7,208,629	9,000	7,217,629	5.99%	55,943
Indiana	2005	3,922,183	16,000	3,938,183	3.27%	31,433
Iowa		6,938,441	17,000	6,955,441	5.78%	53,983
Kansas	1996	3,081,912	44,445	3,126,357	2.60%	25,366
Kentucky		1,147,015	155,000	1,302,015	1.08%	11,731
Louisiana		1,301,260	67,205	1,368,465	1.14%	12,228
Maine	1986	321,790	5,500	327,290	0.27%	4,446
Maryland	1976	728,035	30,000	758,035	0.63%	7,665
Massachusetts		340,018	2,000	342,018	0.28%	4,556
Michigan	1968	2,881,081	11,900	2,892,981	2.40%	23,621
Minnesota	1969	4,992,676	6,510	4,999,186	4.15%	39,363
Mississippi	2006	1,150,221	24,000	1,174,221	0.98%	10,776
Missouri		2,735,603	9,300	2,744,903	2.28%	22,515
Montana		924,745	2,970	927,715	0.77%	8,934
Nebraska	2004	4,160,817	800	4,161,617	3.46%	33,103
Nevada		175,093	10	175,103	0.15%	3,309
New Hampshire	1968	99,300	5,000	104,300	0.09%	2,780
New Jersey	1970	765,211	1,000	766,211	0.64%	7,726
New Mexico	1981	590,121	4,500	594,621	0.49%	6,444
New York	2002	1,539,344	11,130	1,550,474	1.29%	13,588
North Carolina	1975	2,964,549	850,000	3,814,549	3.17%	30,509
North Dakota	1973	2,863,994	210	2,864,204	2.38%	23,406
Ohio	1974	3,485,565	314,450	3,800,015	3.16%	30,400
Oklahoma	1999	831,235	1,500	832,735	0.69%	8,224
Oregon	1981	2,945,464	260,435	3,205,899	2.66%	25,960
Pennsylvania	1968	1,820,191	4,000	1,824,191	1.51%	15,634
Puerto Rico	1994	250,429	0	250,429	0.21%	3,872
Rhode Island	1999	55,509	200	55,709	0.05%	2,416
South Carolina	1972	786,688	27,000	813,688	0.68%	8,081
South Dakota		1,606,957	740	1,607,697	1.34%	14,016
Tennessee	1969	1,258,243	19,166	1,277,409	1.06%	11,547
Texas	1994	5,160,794	82,000	5,242,794	4.35%	41,183
Utah	1985	308,670	250	308,920	0.26%	4,309
Vermont	1978	87,922	5,000	92,922	0.08%	2,694
Virginia	1974	807,691	5,000	812,691	0.67%	8,074
Washington	1999	4,531,336	140,000	4,671,336	3.88%	36,913

STATE CONTRIBUTIONS TABLE
(Based on \$1,000,000 Insurance Fund)

State	Year Joined	Value of Crop Products (\$1,000)*	Value of Forest Products (\$1,000)**	Total (\$1,000)	Per Cent	State Appropriation Dollars
West Virginia	1968	81,944	8,820	90,764	0.08%	2,678
Wisconsin		2,136,961	147,900	2,284,861	1.90%	19,077
Wyoming	1996	165,208	4,500	169,708	0.14%	3,268
Total		\$117,930,041	\$2,490,961	\$120,421,002	100.00%	\$1,002,000

MEMBER STATES

(November 2009)

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

PROJECTS HISTORY

Since the Compact was established in 1968, it has been used for the following purposes:

Fiscal Year	Project	Claim Amount (\$)	Recipient State
1969	Golden nematode eradication	6,000	Delaware
1972	Tourist vehicle check for gypsy moth	10,000	Pennsylvania
1972	Tourist vehicle check for gypsy moth	5,000	Delaware
1972	Tourist vehicle check for gypsy moth	5,000	Virginia
1974	Gypsy moth disparlure trial	1,500	North Carolina
1977	Scleroderris canker survey	900	New Hampshire
1979	White fringed beetle control	5,400 ^[1]	Maryland

¹ \$10,000 was initially requested and approved, but only \$5,400 was finally disbursed.

Fiscal Year	Project	Claim Amount (\$)	Recipient State
1980	Gypsy moth control	3,000	Illinois
1980	Gypsy moth control	20,000	Washington
1980	Winter moth control	2,000	Oregon
1981	Apple maggot control	20,000	Oregon
1983	Grape nematode control (Polar nematode)	45,000	Michigan
1983	Corn cyst nematode survey	93,000	Maryland
1992	Gypsy moth control	23,000	Georgia
1992	Africanized honey bee management	44,500	Texas
1995	Tropical soda apple management	95,355	Florida
1996	Apple Ermine moth regulatory control research	8,000	Oregon
1997	Corn cyst nematode survey	19,170	Virginia
1997	Tropical soda apple biological control	70,000	Florida
1997	Asian longhorned beetle eradication	100,000	New York
1998	Grecian foxglove control	12,093	Kansas
1999	Asian longhorned beetle eradication	100,000	Illinois
1999	Tomato yellow leaf curl virus	75,167	Florida
2000	Clover broomrape survey	20,000	Oregon
2002	Citrus longhorned beetle establishment prevention	50,000	Washington
2002	Gypsy moth eradication	50,000	Minnesota
2004	Diaprepes abbreviatus eradication	60,000	Texas
2005	Echium vulgare eradication	15,000	Wyoming
2007	Hemlock woolly adelgid survey and eradication	75,000	Michigan
2009	Yellow starthistle eradication	66,000	Colorado
Total	30 claims	\$ 1,096,549	

PEST CONTROL COMPACT: MODELING ENABLING ACT

NOTE: The purpose of the enabling act is to fit the Compact into existing pattern of law in the party state. Except for the text of the Compact, which should be identical in all states, the language of the enabling act may be varied by each enacting state to fit its own law and policy. Some provision should be made for all the matters covered in the model enabling act; other provisions may be added if they are needed. Material enclosed in brackets should be replaced by specific language which will accomplish the purpose indicated.

Suggested Legislation

[Title should conform to state requirements. The following is a suggestion.]

[An Act providing for the joinder of this state in the Pest Control Compact and for related purposes.]

Section 1. The Pest Control Compact is hereby enacted into law and entered into with all other jurisdictions legally joining therein in the form substantially as follows:

PEST CONTROL COMPACT

(At this point insert the exact text of the Pest Control Compact as set forth on the pages following this model enabling act. The text of the Compact should be enacted in identical language by all ratifying states.)

Section 2. Consistent with law and within available appropriations, the departments, agencies and officers of this state may cooperate with the Insurance Fund established by the Pest Control Compact.

Section 3. Pursuant to Article IV (h) of the Compact, copies of bylaws and amendments thereto shall be filed with [specify state agency or officer].

Section 4. The Compact administrator for this state shall be [the (insert name of the appropriate state officer)] [appointed by the Governor] [provide such other method of selection as may be desired]. [The duties of the Compact administrator shall be deemed a regular part of the duties of this office]. [Provide for payment of expenses of the Compact administrator, if such administrator does not hold another state office to which Compact administration is chargeable].

Section 5. Within the meaning of Article VI (b) or VIII (a), a request or application for assistance from the Insurance Fund may be made by [the Governor] [enumerate officials empowered to make the request] [whenever in his judgment the conditions qualifying this state for such assistance exist and it would be in the best interest of this state to make such request].

Section 6. [If desired, provide additional officers to receive notices pursuant to Article VI (d)].

Section 7. The department, agency, or officer expending or becoming liable for an expenditure on account of a control or eradication program undertaken or intensified pursuant to the Compact shall have credited to his account, in the state treasury the amount or amounts of any payments made to this state to defray the cost of such program, or any part thereof, or as reimbursement thereof.

Section 8. As used in this Compact, with reference to this state, the term “executive head” shall mean the Governor.

Section 9. [Insert effective date.]

PEST CONTROL COMPACT

Article I

Findings

The party states find that:

(a) In the absence of the higher degree of cooperation among them possible under this Compact, the annual loss of approximately 137 billion dollars from the depredations of pests is virtually certain to continue, if not to increase.

(b) Because of the varying climatic, geographic and economic factors, each state may be affected differently by particular species of pests; but all states share the inability to protect themselves fully against those pests which present serious dangers to them.

(c) The migratory character of pest infestations makes it necessary for states both adjacent to and distant from one another, to complement each other's activities when faced with conditions of infestation and reinfestation.

(d) While every state is seriously affected by a substantial number of pests, and every state is susceptible of infestation by many species of pests not now causing damage to its crops and plant life and products, the fact that relatively few species of pests present equal danger to or are of interest to all states makes the establishment and operation of an Insurance Fund, from which individual states may obtain financial support for pest control programs of benefit to them in other states and to which they may contribute in accordance with their relative interest, the most equitable means of financing cooperative pest eradication and control programs.

Article II

Definitions

As used in this Compact, unless the context clearly requires a different construction:

(a) "State" means a state, territory or possession of the United States, the District of Columbia, and the Commonwealth of Puerto Rico.

(b) "Requesting state" means a state which invokes the procedures of the Compact to secure the undertaking or intensification of measures to control or eradicate one or more pests within one or more other states.

(c) "Responding state" means a state requested to undertake or intensify the measures referred to in subdivision (b) of this Article.

(d) "Pest" means any invertebrate animal, pathogen, parasitic plant or similar or allied organism which can cause disease or damage in any crops, trees, shrubs, grasses, or other plants of substantial value.

(e) "Insurance Fund" means the Pest Control Insurance Fund established pursuant to this Compact.

(f) "Governing Board" means the administrators of this Compact representing all of the party states when such administrators are acting as a body in pursuance of authority vested in them by this Compact.

(g) "Executive committee" means the committee established pursuant to Article V (e) of this Compact.

Article III

The Insurance Fund

There is hereby established a Pest Control Insurance Fund for the purpose of financing other than normal pest control operations which states may be called upon to engage in pursuant to this Compact. The Insurance Fund shall contain moneys appropriated to it by the party states and any donations and grants accepted by it. All appropriations, except as conditioned by the rights and obligations of party states expressly set forth in this Compact, shall be unconditional and may not be restricted by the appropriating state to use in the control of any specified pest or pests. Donations and grants may be conditional or unconditional, provided that the Insurance Fund shall not accept any donation or grant whose terms are inconsistent with any provision of this Compact.

Article IV

The Insurance Fund, Internal Operations and Management

(a) The Insurance Fund shall be administered by a Governing Board and Executive Committee as hereinafter provided. The actions of the Governing Board and the Executive Committee pursuant to this Compact shall be deemed the actions of the Insurance Fund.

(b) The members of the Governing Board shall be entitled to one vote on such board. No action of the Governing Board shall be binding unless taken at a meeting at which a majority of the total number of votes on the Governing Board is cast in favor thereof. Action of the Governing Board shall be only at a meeting at which a majority of the members are present.

(c) The Insurance Fund shall have a seal which may be employed as an official symbol and which may be affixed to documents and otherwise used as the Governing Board may provide.

(d) The Governing Board shall elect annually, from among its members, a chairman, a vice chairman, a secretary and a treasurer. The chairman may not succeed himself. The Governing Board may appoint an executive director and fix his duties and his compensation, if any. Such executive director shall serve at the pleasure of the Governing Board. The Governing Board shall make provision for the bonding of such of the officers and employees of the Insurance Fund as may be appropriate.

(e) Irrespective of the civil service, personnel or other merit system laws of any of the party states, the executive director, or if there be no executive director, the chairman, in accordance with such procedures as the bylaws may provide, shall appoint, remove or discharge such personnel as may be necessary for the performance of the functions of the Insurance Fund and shall fix the duties and compensation of such personnel. The Governing Board in its bylaws shall provide for the personnel policies and programs of the Insurance Fund.

(f) The Insurance Fund may borrow, accept or contract for the services of personnel from any state, the United States, or any other governmental agency, or from any person, firm, association, or corporation.

(g) The Insurance Fund may accept for any of its purposes and functions under this Compact any and all donations, and grants of money, equipment, supplies, materials, and services, conditional or otherwise, from any state, the United States, or any other governmental agency, or from any person, firm, association, or corporation, and may receive, utilize and dispose of the same. Any donation, gift, or grant accepted by the Governing Board pursuant to this paragraph or services borrowed pursuant to paragraph (f) of this Article shall be reported in the annual report of the Insurance Fund. Such report shall include the nature, amount and conditions, if any, of the donation, gift, grant, or services borrowed and the identity of the donor or lender.

(h) The Governing Board shall adopt bylaws for the conduct of the business of the Insurance Fund and shall have the power to amend and to rescind these bylaws. The Insurance Fund shall publish its bylaws in convenient form and shall file a copy thereof and a copy of any amendment thereto with the appropriate agency or officer in each of the party states.

(i) The Insurance Fund annually shall make to the Governor and legislature of each party state a report covering its activities for the preceding year. The Insurance Fund may make such additional reports as it may deem desirable.

(j) In addition to the powers and duties specifically authorized and imposed, the Insurance Fund may do such other things as are necessary and incidental to the conduct of its affairs pursuant to this Compact.

Article V

Compact and Insurance Fund Administration

(a) In each party state there shall be a Compact administrator, who shall be selected and serve in such manner as the laws of his state may provide, and who shall:

1. Assist in the coordination of activities pursuant to the Compact in his state; and
2. Represent his state on the Governing Board of the Insurance Fund.

(b) If the laws of the United States specifically so provide, or if administrative provision is made therefore within the federal government, the United States may be represented on the Governing Board of the Insurance Fund by not to exceed three representatives. Any such representative or representatives of the United States shall be appointed and serve in such manner as may be provided by or pursuant to federal law, but no such representative shall have a vote on the Governing Board or the Executive Committee thereof.

(c) The Governing Board shall meet at least once each year for the purpose of determining policies and procedures in the administration of the Insurance Fund and, consistent with the provisions of the Compact,

supervising and giving direction to the expenditure of moneys from the Insurance Fund. Additional meetings of the Governing Board shall be held on call of the chairman, the Executive Committee, or a majority of the membership of the Governing Board.

(d) At such times as it may be meeting, the Governing Board shall pass upon applications for assistance from the Insurance Fund and authorize disbursements therefrom. When the Governing Board is not in session, the Executive Committee thereof shall act as agent of the Governing Board, with full authority to act for it in passing upon such applications.

(e) The Executive Committee shall be composed of the chairman of the Governing Board and four additional members of the Governing Board chosen by it so that there shall be one member representing each of four geographic groupings of party states. The Governing Board shall make such geographic groupings. If there is representation of the United States on the Governing Board, one such representative may meet with the Executive Committee. The chairman of the Governing Board shall be chairman of the Executive Committee. No action of the Executive Committee shall be binding unless taken at a meeting at which at least four members of such Committee are present and vote in favor thereof. Necessary expenses of each of the five members of the Executive Committee incurred in attending meetings of such Committee, when not held at the same time and place as a meeting of the Governing Board, shall be charges against the Insurance Fund.

Article VI

Assistance and Reimbursement

(a) Each party state pledges to each other party state that it will employ its best efforts to eradicate, or control within the strictest practicable limits, any and all pests. It is recognized that performance of this responsibility involves:

1. The maintenance of pest control and eradication activities of interstate significance by a party state at a level that would be reasonable for its own protection in the absence of this Compact.

2. The meeting of emergency outbreaks or infestations of interstate significance to no less an extent than would have been done in the absence of this Compact.

(b) Whenever a party state is threatened by a pest not present within its borders but present within another party state, or whenever a party state is undertaking or engaged in activities for the control or eradication of a pest or pests, and finds that such activities are or would be impracticable or substantially more difficult of success by reason of failure of another party state to cope with infestation or threatened infestation, that state may request the Governing Board to authorize expenditures from the Insurance Fund for eradication or control measures to be taken by one or more of such other party states at a level sufficient to prevent, or to reduce to the greatest practicable extent, infestation or reinfestation of the requesting state. Upon such authorization the responding state or states shall take or increase such eradication or control measures as may be warranted. A responding state shall use moneys available from the Insurance Fund expeditiously and efficiently to assist in affording the protection requested.

(c) In order to apply for expenditures from the Insurance Fund, a requesting state shall submit the following in writing:

1. A detailed statement of the circumstances which occasion the request for the invoking of the Compact.

2. Evidence that the pest on account of whose eradication or control assistance is requested constitutes a danger to an agricultural or forest crop, product, tree, shrub, grass, or other plant having a substantial value to the requesting state.

3. A statement of the extent of the present and projected program of the requesting state and its subdivisions, including full information as to the legal authority for the conduct of such program or programs and the expenditures being made or budgeted therefor, in connection with the eradication, control, or prevention of introduction of the pest concerned.

4. Proof that the expenditures being made or budgeted as detailed in item 3 do not constitute a reduction of the effort for the control or eradication of the pest concerned or, if there is a reduction, the reasons why the level of program detailed in item 3 constitutes a normal level of pest control activity.

5. A declaration as to whether, to the best of its knowledge and belief, the conditions which in its view occasion the invoking of the Compact in the particular instance can be abated by a program undertaken with the aid of moneys from the Insurance Fund in one year or less, or whether the request is for an installment in a program which is likely to continue for a longer period of time.

6. Such other information as the Governing Board may require consistent with the provisions of this Compact.

(d) The Governing Board or Executive Committee shall give due notice of any meeting at which an application for assistance from the Insurance Fund is to be considered. Such notice shall be given to the Compact administrator of each party state and to such other officers and agencies as may be designated by the laws of the party states. The requesting state and any other party state shall be entitled to be represented and present evidence and argument at such meeting.

(e) Upon the submission as required by paragraph (c) of this Article and such other information as it may have or acquire, and upon determining that an expenditure of funds is within the purposes of this Compact and justified thereby, the Governing Board or Executive Committee shall authorize support of the program. The Governing Board or Executive Committee may meet at any time or place for the purpose of receiving and considering an application. Any and all determinations of the Governing Board or Executive Committee, with respect to an application, together with the reasons therefor shall be recorded and subscribed in such manner as to show and preserve the votes of the individual members thereof.

(f) A requesting state which is dissatisfied with a determination of the Executive Committee shall upon notice in writing given within twenty days of the determination with which it is dissatisfied, be entitled to receive a review thereof at the next meeting of the Governing Board. Determinations of the Executive Committee shall be reviewable only by the Governing Board at one of its regular meetings, or at a special meeting held in such manner as the Governing Board may authorize.

(g) Responding states required to undertake or increase measures pursuant to this Compact may receive moneys from the Insurance Fund, either at the time or times when such state incurs expenditures on account of such measures, or as reimbursement for expenses incurred and chargeable to the Insurance Fund. The Governing Board shall adopt and, from time to time, may amend or revise procedures for submission of claims upon it and for payment thereof.

(h) Before authorizing the expenditure of moneys from the Insurance Fund pursuant to an application of a requesting state, the Insurance Fund shall ascertain the extent and nature of any timely assistance or participation which may be available from the federal government and shall request the appropriate agency or agencies of the federal government for such assistance and participation.

(i) The Insurance Fund may negotiate and execute a memorandum of understanding or other appropriate instrument defining the extent and degree of assistance or participation between and among the Insurance Fund, cooperating federal agencies, states, and any other entities concerned.

Article VII

Advisory and Technical Committees

The Governing Board may establish advisory and technical committees composed of state, local, and federal officials, and private persons to advise it with respect to any one or more of its functions. Any such advisory or technical committee, or any member or members thereof may meet with and participate in its deliberations upon request of the Governing Board or Executive Committee. An advisory or technical committee may furnish information and recommendations with respect to any application for assistance from the Insurance Fund being considered by such Board or Committee and the Board or Committee may receive and consider the same: provided that any participant in a meeting of the Governing Board or Executive Committee held pursuant to Article VI (d) of the Compact shall be entitled to know the substance of any such information and recommendations, at the time of the meeting if made prior thereto or as a part thereof or, if made thereafter, no later than the time at which the Governing Board or Executive Committee makes its disposition of the application.

Article VIII

Relations with Nonparty Jurisdictions

(a) A party state may make application for assistance from the Insurance Fund in respect of a pest in a nonparty state. Such application shall be considered and disposed of by the Governing Board or Executive Committee in the same manner as an application with respect to a pest within a party state, except as provided in this Article.

(b) At or in connection with any meeting of the Governing Board or Executive Committee held pursuant to Article VI (d) of this Compact a nonparty state shall be entitled to appear, participate, and receive information only

to such extent as the Governing Board or Executive Committee may provide. A nonparty state shall not be entitled to review of any determination made by the Executive Committee.

(c) The Governing Board or Executive Committee shall authorize expenditures from the Insurance Fund to be made in a nonparty state only after determining that the conditions in such state and the value of such expenditures to the party states as a whole justify them. The Governing Board or Executive Committee may set any conditions which it deems appropriate with respect to the expenditure of moneys from the Insurance Fund in a nonparty state and may enter into such agreement or agreements with nonparty states and other jurisdictions or entities as it may deem necessary or appropriate to protect the interests of the Insurance Fund with respect to expenditures and activities outside of party states.

Article IX

Finance

(a) The Insurance Fund shall submit to the executive head or designated officer or officers of each party state a budget for the Insurance Fund for such period as may be required by the laws of that party state for a presentation to the legislature thereof.

(b) Each of the budgets shall contain specific recommendations of the amount or amounts to be appropriated by each of the party states. The request for appropriations shall be apportioned among the party states as follows: one-tenth of the total budget in equal shares 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. In determining the value of such crops and products the Insurance Fund may employ such source or sources of information as in its judgment present the most equitable and accurate comparisons among the party states. Each of the budgets and requests for appropriations shall indicate the source or sources used in obtaining information concerning value of products.

(c) The financial assets of the Insurance Fund shall be maintained in two accounts to be designated respectively as the "Operating Account" and the "Claims Account." The Operating Account shall consist only of those assets necessary for the administration of the Insurance Fund during the next ensuing two-year period. The Claims Account shall contain all moneys not included in the Operating Account and shall not exceed the amount reasonably estimated to be sufficient to pay all legitimate claims on the Insurance Fund for a period of three years. At any time when the Claims Account has reached its maximum limit or would reach its maximum limit by the addition of moneys requested for appropriation by the party states, the Governing Board shall reduce its budget requests on a pro rata basis in such manner as to keep the Claims Account within such maximum limit. Any moneys in the Claims Account by virtue of conditional donations, grants, or gifts shall be included in calculations made pursuant to this paragraph only to the extent that such moneys are available to meet demands arising out of the claims.

(d) The Insurance Fund shall not pledge the credit of any party state. The Insurance Fund may meet any of its obligations in whole or in part with moneys available to it under Article IV (g) of this Compact, provided that the Governing Board take specific action setting aside such moneys prior to incurring any obligation to be met in whole or in part in such manner. Except where the Insurance Fund makes use of moneys available to it under Article IV (g) hereof, the Insurance Fund shall not incur any obligation prior to the allotment of moneys by the party states adequate to meet the same.

(e) The Insurance Fund shall keep accurate accounts of all receipts and disbursements. The receipts and disbursements of the Insurance Fund shall be subject to the audit and accounting procedures established under its bylaws. However, all receipts and disbursements of funds handled by the Insurance Fund shall be audited yearly by a certified or licensed public accountant and report of the audit shall be included in and become part of the annual report of the Insurance Fund.

(f) The accounts of the Insurance Fund shall be open at any reasonable time for inspection by duly authorized officers of the party states and by any persons authorized by the Insurance Fund.

Article X

Entry Into Force and Withdrawal

(a) This Compact shall enter into force when enacted into law by any five or more states. Thereafter, this Compact shall become effective as to any other state upon its enactment thereof.

(b) Any party state may withdraw from this Compact by enacting a statute repealing the same, but no such withdrawal shall take effect until two years after the executive head of the withdrawing state has given notice in writing of the withdrawal to the executive heads of all other party states. No withdrawal shall affect any liability already incurred by or chargeable to a party state prior to the time of such withdrawal.

Article XI

Construction and Severability

This Compact shall be liberally construed so as to effectuate the purposes thereof. The provisions of this Compact shall be severable and if any phrase, clause, sentence, or provision of this Compact is declared to be contrary to the constitution of any state or of the United States or the applicability thereof to any government, agency, person, or circumstance is held invalid, the validity of the remainder of this Compact and the applicability thereof to any government, agency, person, or circumstance shall not be affected thereby. If this Compact shall be held contrary to the constitution of any state participating herein the Compact shall remain in full force and effect as to the remaining party states and in full force and effect as to the state affected as to all severable matters."

BYLAWS

PEST CONTROL INSURANCE FUND

(Adopted January 23, 1968;

Last Revised September 17, 2011)

1. Definitions

The terms defined or referred to in the Compact shall have the same meanings when used in these bylaws as they have when used in the Compact.

2. Purpose and Status

It is the purpose of these bylaws to govern and facilitate the business of the Pest Control Insurance Fund. These bylaws are supplementary to the Compact pursuant to which the Insurance Fund and its Governing Board function. Whether or not specifically set forth in these bylaws, the provisions of the Compact, wherever relevant, govern all proceedings of the Insurance Fund and its Governing Board.

3. Officers and Personnel

- (a) The Governing Board annually shall elect from among its members a Chairman, Vice Chairman, Secretary and a Treasurer. These officers shall serve for terms of one year, and until their successors have been qualified; provided that no person shall continue as an officer if he ceases to be a Compact administrator.
- (b) In the event of the death, resignation or inability to serve for any reason of the Chairman, Vice Chairman, Secretary or Treasurer, the vacancy in any such office shall be filled as follows:
 - 1 A vacancy in the office of Chairman shall be filled by the Vice Chairman who shall be Chairman until the next election of officers.
 - 2 A vacancy in the office of Vice Chairman, Secretary, or Treasurer shall be filled for the unexpired term by the Governing Board, no later than its next regular meeting following the occurrence of the vacancy. If the Chairman finds that a vacancy in any of the aforementioned offices is interfering with the efficient management of the Insurance Fund, he may appoint a member of the Governing Board to serve in that office, or may assign the duties of that officer to the Executive Director, until an election to fill that vacancy is held pursuant to this paragraph.
- (c) The Chairman shall preside at all meetings. He shall appoint such committees as may be necessary, and shall act as an ex-officio member of each subcommittee, except that his presence or absence shall not be counted in determining any quorum requirement therefore. Nothing in this paragraph shall be construed to prevent the Governing Board from providing by resolution for the establishing and functioning of any particular committee or committees which it believes to be appropriate and specifying a different method of selection therefore.
- (d) The Vice Chairman shall perform the duties of the Chairman in the event that the Chairman is unable to perform them by reason of illness, absence or any other cause.
- (e) The Executive Director shall be selected by the Chairman with the approval of the Executive Committee and shall serve at the pleasure of the Chairman and Executive Committee. The Executive Director shall be in general administrative charge of the affairs of the Insurance Fund. Subject to any directions given by the Insurance Fund and within its policies, he shall hire, promote, supervise, discharge and fix the duties of members of the Insurance Fund staff. He shall prepare the annual report required by Article IV (i) of the Compact in time to be submitted and acted upon at the regular summer meeting of the Insurance Fund and transmitted to the Governors and legislators of the party states prior to the first day of January next following. The Executive Director also shall prepare or cause to be prepared an annual financial report which shall be distributed to the members of the Governing Board on or before August 31. Such Report shall contain a tentative budget and recommendations for requests for appropriations. In addition, the Executive Director shall halve such other duties as a conferred upon him elsewhere in these bylaws and by action of the Governing Board. During any time

when the Insurance Fund does not have an Executive Director, the Chairman, may act as such on a temporary basis and may select an Acting Executive Director.

- (f) The personnel policies of the Insurance Fund shall be determined by the Governing Board and implemented by the Executive Director.

4. Executive Committee

- (a) The Executive Committee shall meet on the call of the Chairman of the Governing Board or of the Executive Director. Its meetings shall be at such times as the business of the Insurance Fund may require, and at such places as may be appropriate. Whenever practicable, notice shall be given to each member of the executive Committee by mail, at least fifteen days in advance of the meeting to which it applies. If circumstances make a meeting of the Executive Committee on shorter notice necessary, notice may be given by any means of communication reasonably calculated to afford the members expeditious, actual notice.
- (b) If not inconsistent with policies established by the Governing Board, the Executive Committee may act for the Governing Board. However, only the Governing Board shall give final approval to budgets of the Insurance Fund and to requests for appropriations to be made of the party states.
- (c) The Governing Board recognizes its responsibility to group party States, pursuant to Article V (e) of the Compact in order that there may be appropriate geographic distribution of membership on the Executive Committee. Geographic distribution shall be based on the geographical groupings of the four regional associations of the National Association of State Department of Agriculture (NASDA):
 - 1 Northeastern region shall consist of the following states: Connecticut, Delaware, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont.
 - 2 Southern region shall consist of the following states and territories: Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, Puerto Rico, South Carolina, Tennessee, Texas, Virginia, Virgin Islands, and West Virginia.
 - 3 Midwestern region shall consist of the following states: Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin.
 - 4 Western region shall consist of the following states: Alaska, American Samoa, Arizona, California, Colorado, Guam, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming. (*Amended September 26, 2004*)

5. Meetings

- (a) The Executive Committee shall set the place and date for the annual meeting of the Governing Board. The election of officers for the ensuing year, as required by the Compact, shall be held at the time of the annual meeting. (*Adopted 9-26-73*).
- (b) Special meetings of the Governing Board may be called at any time and place by the Chairman, or if the Chairman is incapacitated, by the Vice-Chairman. The Chairman or the Vice Chairman, as the case may be, shall be required to call a special meeting, upon reasonable notice, on the request in writing of one-fourth or more of the Governing Board membership: provided that any time when there are fewer than twelve States party to the Compact, it shall nevertheless take at least three members of the Governing Board to require the calling of a special meeting.
- (c) In addition to the notice of the regular meetings of the Governing Board afforded by subparagraph (a) hereof, the Chairman or the Executive Director shall give special notice of each regular meeting by written communication to all members of the Governing Board. Such notice shall be at least twenty days in advance of the meeting to which it refers. Whenever practicable, notice of a special meeting shall be in accordance with that required for regular meetings, but if the Chairman or the Executive Director determines that greater urgency exists, he may give notice by any means of communication sufficient to afford actual notice to all persons entitled to receive it, at least five days in advance of the meeting. Notice of a special meeting, in addition to setting forth the time and place thereof, shall detail the reason for its being called and shall enumerate the matter or matters intended for discussion and Governing Board action.

6. Quorum, Voting and Minutes

- (a) A quorum shall require that actual presence of a majority of the members of the Governing Board. No voting by proxy, through the mail, or otherwise by persons not present shall be allowed.
- (b) Upon demand of any member of the Governing Board, the vote on any matter before the Governing Board shall be taken in such manner as to show how each member voted, and a record thereof shall appear in the minutes of the meeting. Minutes of all meetings shall be made by the Executive Director and drafts thereof shall be circulated to all Governing Board members not less than seventy days prior to the next regular meeting. In the case of a special meeting, the draft minutes shall be circulated as soon as practicable after the meeting.

7. Financial Affairs

- (a) All checks, drafts or other documents for the withdrawal of funds of the Insurance Fund shall be signed by the Executive Director or, in his absence and if specifically authorized in writing approved by the Governing Board, by an employee specifically designated by the Executive Director. Any such check, draft or other document also shall be countersigned by the Chairman, or Vice Chairman: provided that if the amount involved does not exceed five hundred dollars, countersignature shall not be necessary. Endorsement of checks to be deposited to the credit of the Insurance Fund shall be by either the Executive Director, an employee designated as previously provided in this paragraph, the Chairman, or the Vice Chairman.
- (b) The officers of the Insurance Fund and the Executive Director shall each be bonded in a minimum amount of ten thousand dollars, or in such larger amounts as the Governing Board may determine. Other Insurance Fund employees regularly handling or having access to the funds of the Insurance Fund (other than such amounts as may be kept in the office of the Insurance Fund as petty cash, not to exceed one hundred dollars) shall be bonded in such amounts as the Governing Board may determine. The Insurance Fund may secure either a blanket or individual bonds.
- (c) The fiscal year for the Insurance Fund shall commence on the first day of July and conclude on the thirtieth day of the following June.
- (d) The membership fee to join the Compact shall be a one-time appropriation, unless the Insurance Fund is depleted through use. The Governing Board shall attempt to ensure that the total assets of the Fund shall not be depleted below \$750,000. If emergency programs require depletion of the fund below \$750,000, then assessments to member states will be prorated, as needed, to bring the total Fund balance to \$1,000,000 according to the formula contained in Article IX (b) of the Pest Control Compact. States may make installment payments of their reassessment to the Insurance Fund over a period of not to exceed six years. (*Amended September 26, 2004*)
- (e) The Insurance Fund receipts and disbursements shall be accounted for using generally accepted accounting principles and mid-year (January) and annual (July) reviews conducted of that accounting that culminate in reconciled mid-year and annual financial reports. Full audits will only be conducted at the request of the Governing Board. (*Adopted September 17, 2011*)

8. Seal

- (a) The seal of the Insurance Fund shall be affixed to or imprinted on official reports of the Insurance Fund, certifications of copies of papers or records, official copies of minutes of meetings, and any other instruments which by law are required to be under seal.

9. Order of Business

The order of business at regular meetings of the Governing Board shall be:

- 1 Approval of the minutes of the last regular meeting and any special meetings held since the last regular meeting.
- 2 Report of the Chairman.
- 3 Report of the Treasurer.
- 4 Election of Officers and Executive Committee (at Winter Meeting).
- 5 Report of the Executive Director.

- 6 Communications.
- 7 Unfinished Business.
- 8 New Business.

- (b) The Governing Board may order any matter placed on the agenda for any meeting as special business, or in his discretion, the Chairman may place upon the agenda any matter which he deems of sufficient or pressing importance.

10. Parliamentary Authority

Except where inconsistent with the provisions of the Compact or these bylaws, "Roberts Rules of Order, Revised," shall be the parliamentary authority at all meetings of the Governing Board.

11. Amendment

These bylaws or any part thereof may be amended, repealed or replaced by other bylaws at any regular meeting of the Governing Board: provided that notice of the proposed amendment, repeal or replacement is given at the next preceding regular meeting. Such notice shall include the full text of the motion or resolution by which the amendment, repeal or replacement is proposed to be made. Such text shall include verbatim the proposed amendment or replacement, if any. The notice shall be carried in full in the draft minutes of the meeting. Nothing contained herein shall be construed to limit action amendatory of a proposed amendment at any regular meeting of the Governing Board, except that any amendment in the nature of a substitute shall not be in order.

12. Requirements for Membership in the Compact and Insurance Fund

As per Articles IX and XI of the Pest Control Compact, there shall be two entry requirements for all States party to the Compact: Approval of the minutes of the last regular meeting and any special meetings held since the last regular meeting.

- 1 Payment of funds to the Pest Control Insurance Fund according to the apportionment designated in Article IX of the Pest Control Compact. States may make installment payments of their initial assessment to the Insurance Fund over a period of not to exceed six years.
- 2 Enactment of state legislation providing for the joinder of the State in the Pest Control Compact using the suggested state legislation of the Pest Control Compact: Model Enabling Act. Enabling legislation must be passed within six years of payment of funds designated in (a) above, or within six years from enactment of this bylaw. Failure to pass enabling legislation will rescind all voting rights for that State.

(Adopted September 26, 2004)

ARTICLES OF ASSOCIATION

(Adopted September 18, 2006)

Article I

Name and Organization

The name of this association is The Interstate Pest Control Compact. The Interstate Pest Control Compact is designated an unincorporated nonprofit association.

Article II

Intent and Purpose

It is the intent of The Interstate Pest Control Compact to remedy funding restraints, bridge the jurisdictional gaps that exist among federal and state governments and more adequately address the realities of dynamic plant pest infestations or outbreaks. Through contractual agreements, the Compact allows individual States, Commonwealths, or Territories to contribute to plant pest control, suppression, or eradication beyond their state boundaries. Contributors wishing to make donations to the Interstate Pest Control Compact to assist the organization in its intent are welcomed and encouraged to do so. The Interstate Pest Control Compact is organized exclusively for the charitable purpose of providing financial assistance to States who may not have the necessary resources to combat plant pest infestations that threaten the agricultural and natural resources of other states impacted by that infestation.

The Interstate Pest Control Compact consists of five or more member States, Commonwealths, or Territories joined by mutual consent and enabling State, Commonwealth, or Territory legislation for the common, nonprofit charitable purpose of protecting agriculture and the natural resources throughout the United States from the damage caused by invasive plant pests.

The Interstate Pest Control Compact may engage in any and all other charitable activities permitted to an organization exempt from federal income tax under Section 501(c)(3) of the Code or corresponding future provisions of the federal tax law. To these ends, The Interstate Pest Control Compact may conduct and engage in any and all lawful activities that may be incidental or reasonably necessary to any of these purposes, and it shall have and may exercise all other powers and authority now or hereafter conferred upon unincorporated nonprofit corporations.

Notwithstanding any other provision of these articles, The Interstate Pest Control Compact shall not carry on any other activities not permitted to be carried on (a) by a corporation/organization exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code, or (b) by a corporation/organization, contributions to which are deductible under section 170(c)(2) of the Internal Revenue Code, or the corresponding section of any future federal tax code. These Articles of Association are supplementary to the Compact and the Organization's bylaws pursuant to which the Pest Control Insurance Fund and its Governing Board function.

Article III

Office and Duration

1. The office of Executive Director shall be located at the address at which the Executive Director has official residence; or at such place as The Interstate Pest Control Compact may from time to time determine, or as the business of The Interstate Pest Control Compact may require.

2. The duration of The Interstate Pest Control Compact shall be perpetual.

3. The withdrawal of any member of The Interstate Pest Control Compact shall not result in the dissolution of The Interstate Pest Control Compact.

Article IV

Structure and Membership

The Interstate Pest Control Compact consists of States, Commonwealths, or Territories of the United States dedicated to the protection of agriculture and natural resources, through administration of a pest control insurance fund dedicated to the purpose of financing other than normal plant pest control operations which states may be called upon to engage in pursuant to the Compact. A State, Commonwealth, or Territory may become a member of the Interstate Pest Control Compact and of the Compact's Pest Control Insurance Fund by adopting state legislation similar to the Pest Control Compact Model Enabling Act, and appropriating and paying to the Compact's Insurance Fund the required State assessment amount as determined by the Pest Control Compact Model Enabling Act. This assessment is a one-time charge unless the fund balance is reduced, through use, to a level where it can no longer function according to the provisions of the Compact. Also, the assessed payment can be spread over as many as six years.

The Interstate Pest Control Compact does not discriminate on the basis of race, color, sex, age, religious affiliation, handicap, national origin, or other personal or political factor.

Article V

Association Leadership

Each member State, Commonwealth, or Territory will be represented on the Governing Board of The Interstate Pest Control Compact by its State Compact Administrator. The Interstate Pest Control Compact shall be governed by at least four (4) officers and a five-member Executive Committee to be determined by the Governing Board. The Governing Board shall elect annually, from among its members, a chairman, a vice chairman, a secretary, and a treasurer. The Executive Committee shall be composed of the chairman of the Governing Board and four additional members of the Governing Board chosen by it so that there shall be one member representing each of four geographic groupings of party states. The Governing Board shall make such geographic groupings. The Governing Board may appoint an executive director and fix his duties and his compensation, if any. Such executive director shall serve at the pleasure of the Governing Board. The Executive Director will be designated as The Interstate Pest Control Compact's agent in this state/commonwealth, as needed, following state law requirements.

A quorum shall require the actual presence of a majority of the members of the Governing Board. No voting by proxy, through the mail, or otherwise by persons not present shall be allowed.

No part of the net earnings of The Interstate Pest Control Compact shall inure to the benefit of, or be distributed to its Governing Board, officers, or private persons except that the Interstate Pest Control Compact shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of section 501(c) (3) purposes. No substantial part of the activities of The Interstate Pest Control Compact shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and The Interstate Pest Control Compact shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of or in opposition to any candidate for public office.

Article VI

Accounting and Records

The fiscal year of The Interstate Pest Control Compact shall be July 1 through June 30 of each year.

All meeting minutes, annual reports, correspondence, and other records of The Interstate Pest Control Compact shall be preserved by the Officers. Records that have ceased to be of use for the conduct of the affairs of The Interstate Pest Control Compact may be turned over for preservation to a depository designated by it, or discarded.

Article VII

Dissolution

In the event of the dissolution of The Interstate Pest Control Compact, assets shall be distributed for one or more exempt purposes within the meaning of section 501(c)(30) of the Internal Revenue Code, or the corresponding section of any future federal tax code, or shall be distributed to the federal government, or to a state or local government, for a public purpose.

IN WITNESS WHEREOF, the undersigned have executed these Articles of Association on this 18th day of September, 2006.

/s/

Roger Johnson
Commissioner, North Dakota Department of Agriculture
Chairman, IPCC

/s/

A.G. Kawamura
Secretary, California Department of Food and Agriculture
Vice Chairman, IPCC

/s/

J. Carlton Courter, III
Commissioner, Virginia Department of Agriculture and Consumer Services
Treasurer, IPCC

Pest Control Insurance Fund Policy on Conflict of Interest for Officers, Members of the Governing Board, Employees, and Contractors

(Adopted September 17, 2006)

Article I

Purpose

The purpose of the conflict of interest policy is to protect this tax-exempt organization's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer, employee, contractor, or member of the Organization's Governing Board or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

Article II

Definitions

1. Interested Person

Any officer, employee, contractor, or member of the Organization's Governing Board or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person. A contractor in this sense is determined to be the Executive Director or other similar non-employee person responsible for the affairs of the Organization.

2. Financial Interest

A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

- a.** An ownership or investment interest in any entity with which the Organization has a transaction or arrangement,
- b.** A compensation arrangement with the Organization or with any entity or individual with which the Organization has a transaction or arrangement, or
- c.** A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Organization is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A financial interest is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

Article III

Procedures

1. Duty to Disclose

It is understood that all members of the Governing Board, as government officials whose Agency may receive financial assistance from the Pest Control Insurance Fund at some point in time, are considered as persons having a financial interest, but their mere position as an officer or member of the Governing Board, representing their State is not considered conflict of interest.

In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement.

2. Determining Whether a Conflict of Interest Exists

After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

3. Procedures for Addressing the Conflict of Interest

- a.** An interested person may make a presentation at the governing board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
- b.** The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- c.** After exercising due diligence, the governing board or committee shall determine whether the Organization can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
- d.** If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Organization's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

4. Violations of the Conflicts of Interest Policy

- a.** If the governing board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
- b.** If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Article IV

Records of Proceedings

The minutes of the governing board and all committees with board delegated powers shall contain:

- a.** The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the governing board's or committee's decision as to whether a conflict of interest in fact existed.
- b.** The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

Article V

Compensation

- a.** A voting member of the governing board who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.
- b.** A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.
- c.** No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Article VI

Annual Statements

Each employee, contractor, principal officer and member of the governing board shall annually sign a statement which affirms such person:

- a.** Has received a copy of the conflicts of interest policy,
- b.** Has read and understands the policy,
- c.** Has agreed to comply with the policy, and
- d.** Understands the Organization is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Article VII

Periodic Reviews

To ensure the Organization operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- a.** Whether compensation arrangements and benefits are reasonable, based on competent survey information and the result of arm's length bargaining.
- b.** Whether partnerships, joint ventures, and arrangements with management organizations conform to the Organization's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

Article VIII

Use of Outside Experts

When conducting the periodic reviews as provided for in Article VII, the Organization may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

Adopted September 17, 2006
