



**Interstate Pest Control Compact and Pest Control Insurance Fund  
Annual Meeting of the Governing Board  
Sunday, September 17, 2006  
The Marriott Waterside Hotel, Norfolk, VA  
7:00 am to 9:00 am  
[DRAFT]**

**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 (\$ +/-)
<b>Personnel</b>				
Executive Director Services	15000	11440	15000	0
Travel and Registration	3800	3416	3800	0
Bond	100	0	100	0
<b>Facilities and Administrative Costs</b>				
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

Budget Line Item	FY 2005-2006		Proposed FY 2006-2007	
	Budget (\$)	Actual (\$)	Budget (\$)	Change (\$ +/-)
<b>Contractual Services</b>				
Audit	100	0	100	0
<b>Special Purpose</b>				
Technical Advisory Committee	500	0	500	0
Special Committee	0	0	0	0
<b>TOTAL</b>	<b>22500</b>	<b>17938</b>	<b>24000</b>	<b>1500</b>
* 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.