



**Interstate Pest Control Compact (IPCC) and Pest Control Insurance Fund
Annual Meeting of the Governing Board
Friday, September 18, 2009
5:30 pm – 7:00 pm
The Renaissance Montgomery, Montgomery, AL**

Attendees:

Member States Present (11):

Colorado	- Jim Miller (CDA staff)
Florida	- Leslie Palmer (FDACS staff)
Georgia	- Thomas Irvin (IPCC Treasurer)
Indiana	- John Baugh (Purdue Univ.)
Louisiana	- Mike Strain
Nebraska	- Ginger Langemeier (NDA staff)
New Jersey	- Carl Schulze (NJDA staff and NPB Pres.)
North Carolina	- Richard Reich (NCDACS staff)
South Carolina	- Larry Boyleston (SCDA staff)
West Virginia	- Gus Douglass
Wyoming	- Jason Fearneyhough

Others Present (5):

Charlie Coffman	- IPCC Executive Director
Bob Waltz	- Purdue Univ.
Slade Franklin	- WDA staff
Janet Fisher	- WVDA staff
Robin Gothard	- WVDA staff supplying executive assistant support

Call to Order

In the absence of the chairman and vice chairman, executive committee and senior member, Commissioner Gus Douglass (WV) called the meeting to order at approximately 5:50 pm.

Roll Call of Member States

IPCC Executive Director Charlie Coffman circulated an attendance roster and called the roll, initially declaring nine member states present. An additional two member states arrived after the roll call bringing the total present to 11. Charlie informed Commissioner Douglass that 20 members were needed for a quorum to conduct business thereby deferring the formal approval of minutes and acceptance of reports to the mid-year meeting in February.

Before moving on with the agenda, Commissioner Douglass took the opportunity to introduce Charlie as the IPCC's new executive director and gave a brief bio on his 32-year career as an entomologist and former director of the Plant Industries Division in the West Virginia Department of Agriculture (WVDA).

Approval of Meeting Minutes

Approval of the February 22, 2009 Mid-Year Meeting Minutes and June 12, 2009 Executive Committee Conference Call Minutes were tabled until the 2010 mid-year meeting.

Commissioner Douglass requested to let the record indicate that copies of these minutes had been received.

Report of the Chairman

No report.

Report of Former Executive Director Bob Balaam

Executive Director Charlie Coffman reviewed the report of former Executive Director Bob Balaam, preceded by his own introductory remarks as follows:

He began by noting that Bob had done an exceptional job during his tenure as executive director and that he will do his best to provide the same level of service to the Compact. Please do not hesitate to call his attention to something or offer advice on an issue. He will be glad to listen. Bob resigned June 13, 2009 and Charlie took over his duties on June 15. Since then, he has tried to mesh the information from Bob's reports to his to get the best flow of information across the transition, including highlighting items from Bob's annual report in his own executive director report.

Membership

There are currently 37 states and the Commonwealth of Puerto Rico in the IPCC. Arkansas, Florida and Vermont passed their enabling legislation this year. Louisiana initiated its payment in April making it the 37th state member. Arizona, Nebraska and Puerto Rico have until September 2010 to pass their enabling legislation. This deadline is currently part of the Compact's bylaws.

Insurance Fund Claims/Projects

Since the mid-year meeting in February, Colorado's project request to eradicate yellow starthistle in two counties was approved by the Technical Advisory Committee and the Governing Board. It is a three-year duration project with the Compact committing \$66,000 in funding. The first-year installment of \$22,000 was paid to the State of Colorado in April. Scouting work began in Moffat County in May and Larimer County in June.

Resignation

Prior to his departure, Bob prepared and distributed a transition report of past and pending activities of the Compact for the Governing Board and to help the incoming executive director. He also prepared an executive director position description that had not been in place and initiated and completed the search for a new executive director.

Report of the Executive Director

Executive Director Charlie Coffman gave his report highlighting issues affecting the Compact since he took over the position on June 15, 2009 as follows:

Employment of New Executive Director and Transition

As Charlie's expertise did not include website development and maintenance, WVDA Commissioner Gus Douglass offered the services of his staff to maintain the IPCC website under Charlie's direction. The assignment to maintain the website went to WVDA Communications Director Chris Kelley-Dye. Charlie has been working with Chris and that transition has been going smoothly. In addition, Commissioner Douglass' Information Technology (IT) staff, under the direction of Division Director Darius Walker, is providing Charlie with general IT support as needed.

Thanks from the Compact are due not only to Commissioner Douglass for his support, but to Georgia Commissioner Tommy Irvin and his Fiscal Officer Tony Amoroso for the volunteer fiscal services being provided to it.

Also in support of the new executive director, Bob Balaam pledged to provide as much support as possible toward the transition, including completing the 2009 annual report so as to give Charlie as clean a slate as possible. On August 29, Bob sent the completed 2009 annual report to Charlie and reported that it and the 2009 financial report had been published on the website, which completed his personal "to do list" for the Compact. The Executive Director and the Compact's Governing Board very much appreciate this specific contribution and the support provided in general by Bob during this transition and wish to thank him and APHIS-PPQ for their cooperation.

Membership

Enabling Legislation Updates

Arizona: As of August, nothing had been put together due to their fiscal crisis. They also had to eliminate their legislative liaison position, which adds to their difficulty. It will be a challenge to get the enabling legislation done by September of next year.

Nebraska: They were not successful in their last attempt, as concern arose about participation in a compact in light of a bad experience with another interstate compact that had been entered into in the past. There is currently no representation for it in the next legislative session.

Puerto Rico: As of August, all of the paperwork had been completed and they were hoping to get it through the current session which started the third week of August. They were not aware of any opposition and they were preparing to meet with their senate president to make a direct pitch to him.

Wisconsin: They did not pay their dues first as the above three states, so they are not members, but they continue to work on their enabling legislation and it seems on the road to passage. It came out of a bipartisan committee as part of other general emergency enabling legislation that has bipartisan support. They have testified on it and their public hearing is behind them.

Other

Massachusetts: Follow-up on their previously expressed interest to join determined that interest to still be there. An internal request to pursue enabling legislation has been put in writing.

Executive Committee Vacancy

The Northeastern Region slot was vacated with the resignation of Pennsylvania Secretary of Agriculture Dennis Wolff on September 12, 2009. No replacement was named with this meeting and a new election imminent.

IPCC Tax Status

A letter was received from the Internal Revenue Service (IRS) dated August 17, 2009, about our original advance ruling that treated us as a 501(c)3 organization and the need to file form 8734. New regulations no longer require this form to be filed and donors can rely on our advance ruling with respect to our public charity status unless the IRS changes that status, based on the organization no longer meeting the public support test, and publishes notice of the change. The new regulations also changed the rules for computing public support, consistent with the re-designed form 990. This letter, along with recent feedback from Georgia Department of Agriculture (GDA) Fiscal Officer Tony Amoroso that we may be failing the public support test for 501(c)3 status and the fact that our advance ruling period ends June 30, 2011, suggests that we get ahead of the curve and approach the IRS about the solidity of our status now rather than wait until the end of our advance ruling period.

Status of IPCC Treasury

There was a misunderstanding on the executive director's part concerning the preparation of the IPCC's 2008 tax return as depicted in this specific PowerPoint slide, i.e. that the GDA's Tony Amoroso was doing the return, when, in fact, the firm Mauldin & Jenkins CPA's LLC actually did the return for us, at no charge, from financial statements supplied by Tony. This will need to be corrected in the written report as well. The 2008 return was posted on the website for public viewing this morning.

The FY 2009 Financial Report was prepared and filed by Tony Amoroso in August and included in the 2009 Annual Report by Bob Balaam.

Report of the Treasurer

IPCC Treasurer Tommy Irvin reviewed the highlights of the FY 2009 Financial Report as follows:

- Total Assets at June 30, 2009 were \$1,124,554.91. This represents a decrease of \$1,594.05 from last year. Funds are invested in a Morgan Stanley, Smith Barney Portfolio earning varying rates of yield.
- Investment Risk: The IPCC Portfolio follows the conservative investment strategy approved by the IPCC Governing Board on September 21, 2008. Investments were diversified in the following way as of June 30, 2009:

Money Market Funds	5%
Preferred Stocks	1%

Corporate Bonds	44%
Corporate Bond Money Market Fund	5%
Certificates of Deposit	<u>45%</u>
	100%

- Current Liabilities reported as \$44,000 represent the contractual balance due to the State of Colorado for its approved eradication program.
- Total Revenues amounted to \$36,424.76 of which Income on investments totaled \$34,386.76. The State of Louisiana joined the Compact and paid their first year dues. No donations were received.
- Investment income covered all of the administrative and operating costs (\$21,462.47) for the period. There were no fees or expenses associated with the investments.
- The enclosed statements are presented using an accrual basis of accounting. As a result, contracts payable in future years are reported as expenses in the current year. Prior reports were presented on a cash basis.

The full report was distributed to the Governing Board prior to the meeting and is available on the website for public viewing. Commissioner Douglass called for questions or comments on the financial report; there were none.

FY 2009-2010 Budget Approval

The following budget was presented by the Executive Director. There was very little change from the previous year with the total (this year's subtotal) actually being \$1600 less, since the "Claims/Projects" line item was just added this year to add greater clarity to actual expenditures. Commissioner Douglass called for acceptance of the proposed budget and directed that the record show that it will be presented to the membership at the mid-year meeting in February for formal approval. He then asked for comments or questions; there were none.

Pest Control Insurance Fund Proposed Budget (FY 2009-2010)

Budget Line Item	FY 2008-2009		Proposed FY 2009-2010	
	<u>Budget (\$)</u>	<u>Actual (\$)</u>	<u>Budget (\$)</u>	<u>Change (\$ +/-)</u>
Management Services				
Executive Director Services	15000	14437.52	15000	0
Travel and Registration	3800	3328.58	3800	0
Bond	100	0	100	0
Facilities and Administrative Costs				
Overhead ¹	4000	3474.82	2500	(1500)
IPCC Website	200	191.25	200	0
Supplies	0	0	0	0
Postage	300	30.30	300	0
Printing	500	0	500	0
Bank Charges	0	0	0	0
Equipment	0	0	0	0
Charitable Solicitation Registration ²	1000	0	1000	0
Contractual Services				
Audit	100	0	0	(100)
Special Purpose				
Technical Advisory Committee	500	0	500	0
Special Committee	0	0	0	0
SUBTOTAL	25500	21462.47	23900	(1600)
Claims/Projects³				
Michigan	15000 ⁴	15000 ⁵	0	(15000)
Colorado	22000 ⁶	22000 ⁷	22000 ⁸	0
TOTAL	62500	58462.47	45900	(16600)

1. Includes NASDA meeting room charges as well as agreed upon general administration fee (the FY 2008-2009 figure included 1500.00 for tax return filing).
2. State fees for non-profit organization charitable solicitation registration.
3. New itemized budget category for FY 2009-2010
4. Not shown in any previous depictions of the FY 2008-2009 budget as a line item, but was approved as an expenditure at the September 2008 meeting.
5. Final payment.
6. Approved as a conditional expenditure at the February 2009 meeting, with the condition subsequently being met.
7. First payment of three.
8. Second payment of three.

Insurance Fund Claims/Projects

Michigan: Hemlock Woolly Adelgid (HWA) Delimiting Survey and Eradication

The final report on this project was submitted to former executive director Bob Balaam on August 17 and published on the IPCC website by Bob. A summary of the project's accomplishments follows:

Accomplishments —

- The shipment of 2,391 hemlocks from two West Virginia nurseries (an HWA infested state) to two nurseries in Harbor Springs, MI between 2001 and 2006 was documented.
- Subsequent surveys in areas around trees of known disposition identified five HWA infested sites.
- Immediately after the discovery of HWA in 2006, 31 landscape and native hemlocks were removed from the infested sites and destroyed. No additional tree removals have been necessary.
- From 2006 to 2009, 646 hemlocks growing near the five positive sites were treated by soil injection.
- Over the three-year duration of the project, 55,963 hemlocks were examined around the five positive sites and 27 other sites of concern (nurseries and locations known to have received potentially infested stock). No further HWA was detected at any of these locations.
- Published a HWA awareness article in trade journals representing the Michigan Green Industry Association, Forestry and Parks Association and Nursery and Landscape Association, and in the Newsletter of the Michigan Entomological Society.
- Printed 30,000 copies of a tri-fold HWA brochure for distribution to the nursery and landscape industry and the public.

Colorado: Eradication of Yellow Starthistle in Two Colorado Counties

An update report on this project's first field season was provided by Colorado Department of Agriculture, State Weed Coordinator Kelly Uhing on September 9. A summary of this follows:

Implementation —

- One, two-person, Early Detection Rapid Response (EDRR) field team was hired for each of Moffat and Larimer Counties, trained and provided with equipment.
- Moffat County is the more lightly infested of the two counties.
- Newspaper articles and radio broadcasts were used to advertise the project and solicit cooperation from the public.
- Colorado State Land Board and Federal Bureau of Land Management employees were enlisted to help locate infestations of yellow starthistle (YST).
- A cold, late spring and substantially higher than average rainfall in June and July hampered field work, but the latter may have provided for more favorable germination of the seed bank leading to more plants and a greater likelihood of detection.

- Global Positioning System equipment was used to record the location of areas scouted and infested/treated sites.

Moffat County —

- Received an overwhelming response to advertising, but all reported sightings turned out to be look-alikes.
- Detected and eradicated seven YST plants.

Larimer County —

- Approximately 903 acres in areas near known infestations were scouted with no new sites discovered.
- Detected and eradicated 106 YST plants.

Unfinished Business

None

New Business

Investment Strategy FY 2009-2010

Without a quorum, Commissioner Douglass directed that this item of business be held over until the mid-year meeting in February. The principal sections of the strategy are highlighted here as follows:

Investment Objective

The investment objective of the Interstate Pest Control Compact Pest Control Insurance Fund is to maximize income while preserving capital and maintaining liquidity.

Portfolio Assets

The investment portfolio will be 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 shall 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 shall be FDIC insured or have a credit rating of Aaa/AAA. This investment portfolio shall maximize non-profit association benefits, wherever possible.

Funds Administration

At the September 2008 annual meeting, accounting services and funds management decisions were moved by the Governing Board from NASDA to the IPCC Treasurer, Georgia Commissioner of Agriculture Tommy Irvin, and the Georgia Department of Agriculture. Commissioner Irvin assigned responsibility for all cash receipts, disbursements and financial reporting to his Department's Fiscal Officer and he assumed

responsibility for the reinvestment of maturing securities in accordance with the conservative investment strategy outlined herein and approved by the Governing Board. This change officially occurred on October 16, 2008 and continues in effect. Under this arrangement, all check issuance or payment authority and check endorsement for deposit authority shall be granted primarily to said Fiscal Officer, and secondarily to Commissioner Irvin himself, either of whom may issue such checks, payments or deposits upon receipt of a qualified invoice or instruction authorized by the Executive Director, Chairman, or Vice Chairman.

As per IPCC Bylaws, the Executive Director shall continue to have check issuance or payment authority for IPCC operating expenses not to exceed \$500 per invoice.

Operating and Claims Accounts

The operating account is maintained in Money Market funds with a minimum balance of approximately \$30,000. The initial balance for FY- 2010 shall consist of approximately \$46,000.

For FY-2010, the total investment portfolio of money fund and other securities shall consist of approximately \$1.1 million.

Personal Services Contract of Executive Director – New

In the absence of a quorum to approve a new executive director contract, Commissioner Douglass directed that the record indicate the Executive Director is continuing to work under his present contract.

Transition Report from Former Executive Director Bob Balaam

Executive Director Coffman made note, for the record, that the transition report prepared by Bob Balaam was very comprehensive and extremely helpful to him, but that Bob had not included it in the 2009 annual report. His intention was to have it formally received as a stand-alone Compact document, but that he would be inserting it in the 2009 annual report in any case for the record.

Executive Director Position Description

Executive Director Coffman made note, again for the record, that he had formalized the executive director position description that Bob Balaam had prepared prior to his departure and his intention was to have it received by the Governing Board as a formal Compact document to be used in conjunction with the Compact's personal services contract.

Election of Officers and Executive Committee for 2009-2010

Executive Director Coffman reported that based on the discussions he had with the regions, the current officer slate should remain pretty much intact. Arizona Director Don Butler agreed to serve a full term as chairman if the Governing Board desired that, New York Commissioner Patrick Hooker had been asked if he would be willing to serve again as vice chairman, the Midwestern Region had committed Michigan Director Don Koivisto to serve as secretary again, unless he specifically withdrew, and Georgia Commissioner Tommy Irvin would remain as treasurer. However, due again to the lack of a quorum, action on 2009-10 officers, as well as

executive committee members, was deferred to the mid-year meeting in February leaving those currently serving in place as follows:

Current Officers

- Chairman..... Don Butler (AZ)
- Vice Chairman..... Patrick Hooker (NY)
- Secretary..... Don Koivisto (MI)
- Treasurer..... Tommy Irvin (GA)

Current Executive Committee

- Chairman..... Don Butler (AZ)
- Midwestern Region..... Robert Boggs (OH)
- Northeastern Region..... Vacant
- Southern Region..... Gus Douglass (WV)
- Western Region..... John Stulp (CO)

In closing, Commissioner Douglass called for any comments or questions. Commissioner Irvin, IPCC treasurer, said that the Compact may want to consider a new treasurer for next year as he is planning to retire. He said that his fiscal officer, Tony Amoroso, has done a good job and would be willing to continue to provide accounting services for the Compact until a new treasurer was chosen.

Commissioner Douglass thanked those in attendance and noted that a final report will be given at the mid-year meeting in February in Washington, D.C. Hopefully, we will have a quorum. He summarized the state of the Compact: funds are being wisely used; there are no new requests for funding.

Adjourn

Again, Commissioner Douglass welcomed Charlie and adjourned the meeting at approximately 6:25 pm.