



**Interstate Pest Control Compact (IPCC) and Pest Control Insurance Fund
Mid-Year Meeting of the Governing Board
Sunday, February 7, 2010
7:00 am – 9:00 am (Working Breakfast)
The Renaissance Washington, DC Hotel, Washington, DC**

Attendees:

Member States Present (13):

Arizona	– Don Butler (IPCC Chair)
California	– A.G. Kawamura
Colorado	– John Stulp (IPCC Executive Committee)
Georgia	– Tommy Irvin (IPCC Treasurer)
Indiana	– Joe Kelsay
Maine	– Ned Porter (MDAF&RR staff)
Michigan	– Don Koivisto
Nebraska	– Ginger Langemeier (NDA staff)
New Jersey	– Carl Schulze (NJDA staff and NPB Pres.)
New Mexico	– Miley Gonzalez
North Carolina	– Richard Reich (NCDACS staff)
Puerto Rico	– Javier Rivera-Aquino
West Virginia	– Gus Douglass (IPCC Executive Committee)

Others Present (4):

Charlie Coffman	– IPCC Executive Director
John Baugh	– Purdue Univ.
Janet Fisher	– WVDA staff
Steve Hannah	– WVDA staff

Call to Order

Chairman Don Butler (AZ) didn't call the meeting to order until 7:30 am, having waited a half-hour in an attempt to gain a quorum to no avail. He asked new Executive Director Charlie Coffman to call the roll, welcomed him and thanked him for his work since he's been on board.

Roll Call of Member States

Charlie circulated an attendance roster and called the roll, initially declaring 11 member states present. Two additional members subsequently came in bringing the total to 13, which was still seven short of the 20 needed for a quorum.

Report of the Chairman

Chairman Butler acknowledged the lack of a quorum and requested that Charlie review the agenda for the benefit of the group. He said the executive committee would get together later, by telephone if necessary, to get the official business done. He then thanked Commissioner Gus Douglass for chairing the September 2009 meeting in his absence. There was not a quorum at

that meeting either. He requested suggestions on how to improve participation, i.e. have the meeting on a different day or at the beginning of the NASDA meeting instead of the end.

Chairman Butler then went on to note attendees had the agenda at hand and that a number of documents were sent out by Charlie prior to the meeting for their review. He reported that Charlie and former executive director Bob Balaam had worked closely together and had done a very noble job with reporting. In budget matters, due to the extra amount of time Charlie has had to put in taking over the position, he proposed, and said he had already talked to some about it, to increase the Executive Director's salary cap from \$15,000 to \$18,000 annually and his administrative expenses cap by \$800; from \$1,500 to \$2,300. This latter figure is part of the overhead line item. The remaining \$1,000 in that line item goes to pay the IPCC's NASDA meeting room charges. Chairman Butler called for discussion.

Response from John Stulp(CO): Mr. Chairman, I recommend that we go ahead with the proposal and accept it and I so move if it's permissible with this group. Hearing no opposition, Chairman Butler agreed to go ahead with the proposal and directed Charlie to amend and distribute the revised budget. He then turned the meeting over to Charlie to review his report and update the membership.

Report of the Executive Director

Executive Director Charlie Coffman gave his report highlighting issues affecting the Compact since the annual meeting on September 18, 2009 as follows:

Membership

New Member – Wisconsin

Our newest member is Wisconsin. They were the 38th state to join the IPCC. The amendment to their enabling legislation was passed on October 6 and finalized on November 2. They had previously passed enabling legislation, but had a stipulation that four other states had to join before it became effective, and Iowa being one of those states has not joined. They then passed legislation to amend their existing legislation that struck Iowa from that list. The other three states around them have joined, so that allowed their enabling legislation to become effective. They made their first installment payment of \$6,359.00 on November 20, 2009.

Full Member – Puerto Rico

Puerto Rico passed its enabling legislation near the end of last year on November 17 and it was signed by their governor in January. Their state assessment had already been paid off on August 25, 2000, so they are now a full member.

Other State Assessments in Progress – Louisiana

Louisiana is in line to be billed for their second installment payment later this month.

Enabling Legislation – Arizona and Nebraska

We have two states that are having difficulty with their enabling legislation, that's Arizona and Nebraska. According to Bylaw 12.2, they have until September 2010 to pass their enabling legislation; otherwise, they will lose their voting rights. Unfortunately,

investment earnings. Mauldin & Jenkins pointed out to Tony that it appeared to them as though the IPCC would be more appropriately placed in the 501(c)(6) category, which is still tax exempt. Work will continue on this issue with a further report to be given at the September meeting.

Insurance Fund Claims Projects

Colorado has the only ongoing project right now; eradication of yellow starthistle in two counties. The first formal progress report is due on March 15 and will be published on the website.

Status of IPCC Treasury

The FY 2010 interim financial report was prepared by Tony Amoroso on January 22 and will be reviewed here shortly. Regarding the IPCC Treasurer position, Commissioner Irvin indicated at the September meeting that he would be retiring at the end of his term this year. The Governing Board needs to begin thinking about who might replace him as treasurer. The election of officers for 2010-11 will be held in September.

The IPCCs funds are currently invested with MorganStanley SmithBarney and the IPCC Treasurer provides accounting and tax return services. Tony Amoroso has been handling this for Commissioner Irvin, with the funds management decisions being handled by Commissioner Irvin himself.

Executive Director Personal Services Contract

Lastly, the executive director personal services contract was completed by mail in mid-October, since it couldn't be signed at the September meeting with Chairman Butler not there.

Chairman Butler commented that he thinks the membership agrees that nobody is going to replace Tommy Irvin. "He's just been here forever; he's one of the founders almost. We appreciate all of your efforts Commissioner and thank you very much."

Report of the Treasurer

Executive Director Charlie Coffman gave the Treasurer's Report for Commissioner Tommy Irvin.

Total assets as of December 31, 2009, were \$1,178,225.70. This represents an increase of \$53,670.79 from June 30, 2009. Funds are invested with MorganStanley SmithBarney and the portfolio is earning various rates of yield.

The IPCC portfolio follows the conservative strategy approved by the Executive Committee on September 21, 2008. Investments were diversified in the following way as of December 31:

- Money market funds - 15%
- Preferred stocks - 1 %
- Corporate Bonds - 44%
- Corporate Bond Money Market Funds- 6%
- Certificate of Deposit - 34%

Current liabilities reported as \$44,000 represent the contractual balance due to the State of Colorado for its approved eradication program. At the September meeting, Tony Amoroso pointed out that the accounting had previously been done on a cash basis and he had moved to doing it on an accrual basis, hence these figures for the projects showing up in the budget.

Continuing on the highlights, total revenues amounted to \$26,373.98 of which income on investments totaled \$20,014.98. It was previously mentioned that the State of Wisconsin joined the Compact and paid the first installment on their assessment. No donations were received.

Lastly in the highlights, investment income covered all of the administrative and operating costs (\$10,828.39) for the period and there were no fees or expenses associated with the investments. It was explained that the administrative and operating costs figure used here should be substituted for the one in the PowerPoint slide as an error had been found after the report had been distributed.

As for the first table in the report, the bottom line is that total liabilities and net assets were \$1.178 million currently versus \$1.124 at the end of June.

In the second, total revenues were \$26,373.98 and total expenses were \$10,828.39 (corrected figure mentioned earlier). Assets ending were \$1.134 million.

The third table is a statement of cash flows: total inflows were \$64,499.18 and total outflows \$10,828.39, giving us the balance of \$1.134 million.

In the fourth table, the budget is shown against actual expenses and it should be noted here, just as a reminder, that this budget was amended earlier in the meeting. The amendment elevated the executive director services ceiling up to \$18,000 and the overhead line item up to \$3,300, which included the \$800 increase that was requested. A copy of the amended budget (see next page) reflecting these revisions will be sent out to the membership following the meeting.

On the investments page, the bottom line total, as can be seen, is \$1.178 million. A copy of the full report was sent out prior to the meeting for Governing Board member files and it will be posted on the website.

Questions were called for by the Executive Director on both the Financial Report and the Executive Director's Report without response.

Chairman Butler then commented that a vote couldn't be taken without a quorum, but if there were any objections or comments they could be put on the floor. Hearing none, he directed Charlie to continue with the agenda.

With the next item being the election of officers, Charlie, in turn, gave the floor back to Chairman Butler, but A.G. Kawamura (CA) asked the Chairman if he could go back to the tax status issue for a moment and asked for further explanation of Mauldin & Jenkins' conclusion

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

Budget Line Item	FY 2008-2009		Amended FY 2009-2010	
	<u>Budget (\$)</u>	<u>Actual (\$)</u>	<u>Budget (\$)</u>	<u>Change (\$ +/-)</u>
Management Services				
Executive Director Services	15000	14437.52	18000	3000
Travel and Registration	3800	3328.58	3800	0
Bond	100	0	100	0
Facilities and Administrative Costs				
Overhead ¹	4000	3474.82	3300	(700)
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	27700	2200
Claims/Projects³				
Michigan	15000 ⁴	15000 ⁵	0	(15000)
Colorado	22000 ⁶	22000 ⁷	22000 ⁸	0
TOTAL	62500	58462.47	49700	(12800)

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.

that the Compact wasn't meeting the requirements for public charity status.

Charlie said there are two tests for the public charity status [170(b)(1)(A)(vi)] that the Compact has. The first is that 33.3% of Compact income has to come from public support (donations). The other drops that percentage down to 10% if you can meet the requirements for how the money is being used. At this point, the Compact is not meeting either one of those, primarily because it's not getting any public donations. Based on his review of the situation since he's been looking at it, he's not sure if he can ever see the Compact meeting the 33.3%, but with the 10%, there does seem to be some potential for meeting that. He doesn't pretend to be a tax expert, but in reviewing the language in the instructions for the tax return, he questions, for example, Wisconsin's November installment payment of \$6,359 not meeting the test for the 10% qualification level. Even though it is public money, their membership fee assessment is not considered a public donation, but it appears to him that the way that money is ultimately used meets the test. If that could be counted (this would apply to any subsequent membership fee as well), the Compact would likely meet that 10% level for at least FY 2010, depending on the extent of its investment income. We're not really under significant pressure with this yet, because the advance ruling period doesn't end until June 2011, so there is time to continue to work on it. Tony Amoroso advised that we wait until we get into the next tax return (after July 1) with Mauldin & Jenkins so as not to incur a charge. In the meantime, the IRS has recommended posing specific questions to them about this situation, so that an agent can look at it, review it, and rule on it.

Election of Officers and Executive Committee for 2009-2010

Concerning the vacancy in the NEASDA slot on the Executive Committee discussed yesterday in the NEASDA meeting, Ned Porter (ME) asked Charlie if he was able to clarify whether Patrick Hooker (NY), who said he would be happy to serve as an officer and on the Executive Committee, could do both. Charlie said he went back and checked the bylaws and could not find that it was prohibited. If Patrick could not serve in the dual role, it was noted that Russell Redding (PA) had volunteered to serve on the Executive Committee.

Chairman Butler called for any other questions with no response. He then commented that he and Charlie had discussed the existing officers and the Executive Committee having to carry through at least into this meeting, but that even with the lack of a quorum here the Executive Committee can officially adopt the necessary meeting documents and the proposed officers and Executive Committee as currently serving, plus Patrick Hooker for the vacant NEASDA slot on the Executive Committee, as listed below.

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..... Patrick Hooker (NY) (Proposed)
- Southern Region..... Gus Douglass (WV)
- Western Region..... John Stulp (CO)

Unfinished Business

None

New Business

Carl Schulze (NJ) introduced a philosophical question that has been kicked around within the National Plant Board, which he represents as president, in terms of an interesting direction the Compact might go in the future. He has had some discussion with Charlie about it, but thought perhaps that the bylaws allow for the sharing of resources amongst states that require that. We (the plant board) were thinking that in the past it has traditionally been financial resources, but one of the things that we see particularly in the Northeast, and in many other states, is the need for a vehicle to assist in some type of mutual aid pact for actually transferring personnel to respond to an emerging pest outbreak. Certainly, it's done in forest fire services. He thought on the animal side they have the animal health response committees through USDA, but there is no similar vehicle on the plant pest side. While USDA and APHIS can TDY people, there needs to be a parallel way that state teams can go in and the cost would not be born by the sending state or perhaps the receiving state. Maybe the Compact could underwrite that and maybe have funding replenished by APHIS as a way to do that. Again, we've just been talking about this philosophically, but we think it would provide teams of entomologists, plant pathologists, inspectors, people to help deal with a situation, and it would also be a good training opportunity for those people who do take the TDY opportunity. Anyway, traditionally, the Compact has provided financial resources, but this is just something I wanted to throw out and see what peoples' reactions might be.

Chairman Butler called for discussion.

A.G. Kawamura (CA) responded on the animal response mechanism saying he knew that is regularly what happens, that everybody shares veterinarians on an outbreak and that's a great concept and great model. You have lending of expertise for specific pests, especially if you've already had the experience of how to go about setting up an incident command system or whatever you want to do. I don't know if we're able to modify, or if it's just a language modification as part of the funding use. I'd certainly support that as just one more tool in the bag for us.

Charlie said he needed to examine the Compact's structure a little more closely to see if that is a possibility with the existing cooperative language that is there. He will certainly take a look at it.

Chairman Butler called for any other items.

John Stulp (CO) said he just wanted to report, Charlie mentioned it will be posted in March, that the assistance Colorado has received on the yellow starthistle project in cooperation with Wyoming has been going quite well in the first year and they really appreciate the assistance. He thinks it will make a difference in those two counties; a fairly quick response too, so again, he appreciates the assistance.

Chairman Butler responded with his own thanks, saying he was glad that the Compact was doing some good and asked, again, if there were any other comments.

A.G. Kawamura (CA) said that later today a presentation will be given in the Animal and Plant Industries Committee meeting on a concept for invasive species work as a potential for block grants to the states. In that proposal, the idea that every state has a different set of invasive species problems, a different taxonomies, it might be invertebrates, it might be weeds, it might aquatic weeds, it might be insects, all these different problems that each state has, has made it clear that there is not a one size fits all, and it's made it clear that Customs and Border Protection continues to let in pests and we don't have the resources individually as states to really see what they're letting in, to go look for, to have early detection survey, trapping for some of the different things that they might be letting in. The structure of the IPCC has always been then a potential structure that might enable the IPCC to be a recipient of some of the kinds of funds that we're using in one way or another if we get into a legislative fix or an administrative fix out of the Obama administration. I think I would just like to at least confirm that the structure that exists here, if it had a significant amount of funding, could be a structure that would be the recipient of a block grant kind of funding or stop gap kind of funding or a back stop kind of funding that allows us to have one more piece of this puzzle in place for early response, early action.

Chairman Butler thanked A.G. and said he thought this is part of what we're here about and that we can certainly be aware of the possibilities; he knows they certainly have problems in Arizona with invasive species.

Adjourn

Chairman Butler said that the meeting will adjourn without a motion as there is not a quorum. He hopes to have an Executive Committee meeting either here or by telephone if he can get them all together to finalize some of these issues. He thanked everyone for coming and Charlie for his report and closed the meeting at 8:13 am.

Postscript

Immediately following the meeting, Chairman Butler pulled those members of the Executive Committee present (John Stulp, CO, Gus Douglass, WV, and himself) together to address the outstanding business from the September meeting and that just completed.

Commissioner Stulp moved the acceptance of the FY 2009-10 budget and its amendment and Commissioner Douglass seconded.

Commissioner Douglass then moved the approval and/or receipt of all other documents outstanding from the September meeting (see below) and the slate of officers and Executive Committee previously listed above and Commissioner Stulp seconded.

Documents outstanding from the September 18, 2009 Annual Meeting:

Approved

Minutes of the February 22, 2009 Mid-Year Meeting
Minutes of the June 12, 2009 Executive Committee Conference Call
Investment Strategy FY 2009-2010
Personal Services Contract of the Executive Director – New
Executive Director Position Description

Received

Transition Report from Former Executive Director Bob Balaam
Report of Former Executive Director Bob Balaam
Report of the Executive Director
Report of the Treasurer

Lastly, Commissioner Douglass moved the approval and/or receipt of those documents listed below from the just completed mid-year meeting and Commissioner Stulp seconded.

Mid-year meeting documents:

Approved

Minutes of the September 18, 2009 Annual Meeting

Received

Report of the Executive Director
Report of the Treasurer

With no other business before the committee, Chairman Butler adjourned the meeting at approximately 8:30 am.