



**Interstate Pest Control Compact and Pest Control Insurance Fund
Annual Meeting of the Governing Board
Sunday, September 23, 2007
The Westin, Seattle, WA
7:00 am to 8:30 am
[DRAFT]**

Attendees:

Member States Present (20):

Arizona	– Don Butler (IPCC Executive Committee)
Arkansas	– Daryl Little
California	– A.G. Kawamura (IPCC Chairman)
Colorado	– John Stulp
Delaware	– Michael Scuse (IPCC Executive Committee)
Florida	– Leslie Palmer (FDACS staff)
Georgia	– Terry Coleman (GDA staff)
Indiana	– Matt Harrod (IDA Staff)
Maryland	– Mary Ellen Setting (MDA staff)
Mississippi	– Mike Tagert (MDAC staff)
Nebraska	– Greg Ibach (IPCC Vice-Chair)
New Mexico	– Miley Gonzalez
North Carolina	– Richard Reich (NCDACS staff)
North Dakota	– Jeff Weispfenning (NDDA staff)
Ohio	– Doug O’Brien ODA staff)
South Carolina	– Larry Boyleston (SCDA staff)
Tennessee	– Gray Haun (TDA staff)
Texas	– Cary Dupuy (TDA staff)
West Virginia	– Janet Fisher (WVDA staff)
Wyoming	– Slade Franklin (WYDA staff)

Others Present (1):

Bob Balaam – Executive Director, IPCC

Call to Order

Chairman A.G Kawamura (CA) called the meeting to order at 7:10 am.

Roll Call of Member States

IPCC Executive Director, Bob Balaam, took role call, declaring 20 member states present.

Approval of Meeting Minutes

Chairman Kawamura called for an approval of the February 11, 2007 meeting minutes. Acceptance of the minutes was moved by Michael Scuse (DE) and was seconded by Miley Gonzalez (NM). Motion passed with a majority vote.

Report of the Chairman

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

Report of the Executive Director

Executive Director Bob Balaam gave a report highlighting issues affecting the Compact since the February 2007 meeting as follows:

Membership

There are 37 current member states. No new members have joined since the February 2007 meeting. All member states have paid their membership fees in full. Colorado passed enabling legislation effective July 1, 2007. Five members are without enabling legislation (AZ, AR, FL, NE, and PR); failure to adopt legislation by 2010 will result in a loss of voting rights.

Donations

Donations were requested from 12 companies or organizations as part of the effort to increase the value of the insurance fund. No responses were received to date from those requests. There was discussion concerning the donation amount that should be requested from such companies or organizations. It was agreed that \$10,000 would be an appropriate request.

2006 Annual Report

The 2007 Annual Report of the IPCC was prepared by the Executive Director and will be posted on the IPCC web site once the Treasurer's Report has been finalized.

Insurance Fund Claims/Projects

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

The State of Michigan has utilized the funding from the Interstate Pest Control Compact to leverage matching funding from the USFS for the HWA eradication and survey effort. Thirty-one (31) infested or adjacent hemlock trees have been removed from the eradication area. Extensive nursery traceback surveys and large scale field surveys have currently determined that the infestation is limited to five positive sites. 158 hemlock trees in those sites have been treated with systemic pesticides (imidacloprid and dinotefuran). Nursery traceback surveys are

continuing since not all imported hemlock nursery stock has yet been located. If matching funds are available, the Michigan Department of Agriculture intends to continue these efforts in 2008 and 2009. The State of Michigan has also established an exterior quarantine to prevent the further movement of infested hemlock from entering that State.

No other requests for claims have been received.

Investment Strategy

In late March of 2007, the IPCC operating accounts and investment funds were moved from Sun Trust Bank and the Virginia Local Government Investment Pool to a Smith Barney account. This was done following the change in the position of Treasurer from the Commissioner of Agriculture in Virginia to the new Treasurer, Commissioner of Agriculture in Georgia. It was felt by the Governing Board that the funds could be managed by NASDA using their investment broker.

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

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

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

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

Following approval of the investment strategy by the Executive Committee and Treasurer, the IPCC funds were set up in a Smith Barney account portfolio. The total portfolio (\$1,085,000) at the end of the fiscal year consisted of 5 fixed income funds with maturity dates ranging from 5 to 7.5 years

(approximately \$489,000 or 45% of the total portfolio), 5 certificates of deposits with maturity dates ranging from 3-12 months (approximately \$478,000 or 44% of the total portfolio), 1 stock (approximately \$100,000 or 9% of the total portfolio) and 1 money market fund (approximately \$18,000 or 2% of the total portfolio).

A motion to accept the Executive Director's report was made by Don Butler (AZ) and seconded by Michael Scuse (DE). The motion passed.

Report of the Treasurer

Treasurer Tommy Irvin (GA) was absent from the meeting so the Treasurer's report was presented by the Executive Director Balaam.

[Note: Executive Director Balaam reported that there was a discrepancy in the calculation of the investment account balances presented at the meeting; Balaam conjectured that the discrepancy may be due to the difference in the reporting of unrealized gains/losses between the Virginia Local Government Investment Pool and the Smith Barney Financial Management Account. Balaam recommended that further analysis of the financial information be conducted and, if necessary, audited with the assistance from NASDA. Michael Scuse (DE) motioned that an audit be conducted, if NASDA felt that it was necessary; this motion was seconded by Larry Boyleston (SC) and approved. Reconciliation was subsequently conducted by Veris Consulting and the following report included in these minutes reflects the information contained in that reconciliation.]

Total assets available on June 30, 2007 were \$1,098,550.48; a decrease of \$32,080.85 from the June 30, 2006 balance of \$1,130,631.33. \$60,000 was paid to Michigan for a Hemlock woolly adelgid insurance claim. Wyoming returned \$3,525.95 in unused money from their 2005 *Echium vulgare* insurance claim. No membership dues were received; no donations were received. Income on investments totaled \$52,469.8; not including unrealized losses from investments which totaled \$8,559.10. There were no investment fees or expenses. Investment income covered all of the administrative and operating costs (\$19,517.52) for the year. Funds were invested in the Local Government Investment Pool (LGIP) through the Commonwealth of Virginia's Treasurer's Office until March 21, 2007; the average yield for the 12 month period ending June 30, 2007 was 5.28%. On March 21, all IPCC funds were transferred to Smith Barney securities earning varying rates of yield.

Investment Risk (1): The Virginia Local Government Investment Pool, in which IPCC funds were invested for the first 9 months of the fiscal year, followed guidelines that permit only high quality corporate investments. The LGIP was diversified in the following way as of June 30, 2006:

- U.S. Treasury / Agency Bonds 13%
- Repurchase Agreements 26%
- Negotiable CDs & BAs 24%

- Non-Negotiable CDs 0%
- Commercial Paper* 26%
- Corporate & Bank Notes* 11%
- Total: 100%

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

Investment Risk (2): The Smith Barney Financial Management Account, in which IPCC funds were invested for the last 3 months of the fiscal year, followed the investment strategy approved by the IPCC Executive Committee effective April 27, 2007. The Smith Barney FMA was diversified in the following way as of June 30, 2006:

- Money Market and Auction Instruments 9%
- Corporate Bonds 18%
- Government Bonds 27%
- Certificates of Deposit 43%
- Accrued Interest on Bonds / CDs 1%
- Total: 98%

BALANCE SHEET

June 30, 2007

Assets

Cash Balance	0	
Money Fund	\$18,696.44	
Investments		¹
Accrued Interest	9,940.64	
Money Market Instruments (ARPS)	100,000.00	
Corporate Bonds	194,242.00	
Government Bonds	297,313.00	
CDs	478,358.40	
Total investments	1,079,854.04	
TOTAL ASSETS		\$1,098,550.48

Liabilities & Equity

Liabilities	\$15,000.00	²
Equity	1,083,550.48	
TOTAL LIABILITIES & EQUITY		\$1,098,550.48

- 1 Funds were invested in the Local Government Investment Pool (LGIP) through the Commonwealth of Virginia's Treasurer's Office until March 21, 2007; the average yield for the 12 month period ended June 30, 2007 was 5.28%. On March 21, all IPCC funds were transferred to Smith Barney securities earning varying rates of yield.**
- 2 Balance due to Michigan Department of Agriculture for completion of Hemlock Woolly Adelgid Survey and Eradication claim.**

STATEMENT OF CASH FLOWS
For the 12 Month Period Ended June 30, 2007

<i>Balance on July 1, 2006</i>		<u>\$ 1,130,631.33</u>
<u><i>Add - Inflows</i></u>		
Dividends and Interest Received	52,469.82	
Commonwealth of Virginia Local		
Government Investment Pool (LGIP)	40,326.41	
Sun Trust Bank (Money Market Fund)	390.49	
Smith Barney interest earned	2,825.00	
Smith Barney dividends earned	689.29	
Smith Barney money fund earnings	8,238.63	
Membership Fees:	0.00	
Donations:	0.00	
Unrealized Gains/Losses	-8,559.10	
TOTAL INFLOWS		<u>43,910.72</u>
<u><i>Deduct-Outflows</i></u>		
Operating Expenses:	19,517.52	
Executive Director	13,956.27	
General Administration Fee	1,520.00	
Travel	2,776.15	
Conference Registrations	1,050.00	
Postage	0.00	
Printing	0.00	
IPCC Website	215.10	
Bank Service Charges	0.00	
Insurance Claims	56,474.05	
Wyoming ¹	-3,525.95	
Michigan	60,000.00	
TOTAL OUTFLOWS		<u>75,991.57</u>
<i>Balance on June 30, 2007</i>		<u><u>\$ 1,098,550.48</u></u>

¹ State of Wyoming returned to Compact \$3,525.95 as unused insurance fund money from \$15,000 claim for blueweed eradication project funded in FY 2006.

**STATEMENT OF REVENUES, EXPENDITURES, & CHANGES IN
FUND BALANCES/EQUITY
For the 12 Month Period Ended June 30, 2007**

Revenues

Dividends and Interest	\$52,469.82	
Membership Fees	0.00	
Donations	0.00	
Unrealized Gains/Losses	(8,559.10)	
Total revenues		\$43,910.72

Expenditures

Operating Expenses	\$19,517.52	
Insurance Claims	56,474.05	
Total expenses		75,991.57

Excess of revenue over expenditures **(\$32,080.85)**

Fund balances/equity July 1, 2006 **1,130,631.33**

Fund balances/equity June 30, 2007 **\$1,098,550.48**

**Budget VS Actual Report
July 1, 2006 to June 30, 2007**

<u>Description</u>	<u>2006-2007</u>		<u>2005-2006</u>		<u>2004-2005</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
Management Services						
Executive Director Services	15,000.00	13,956.27	15,000.00	11,440.65	15,000.00	8,906.00
Travel and Registration	3,800.00	3,826.15	3,800.00	3,415.69	3,800.00	3,223.00
Bond	100.00		100.00		100.00	
Facilities and Administrative Costs						
Overhead	2,500.00	1,520.00	2,000.00	2,232.00	2,000.00	1,470.00
IPCC Website **	200.00	215.10	200.00	188.25		
Supplies	-					
Postage	300.00		300.00	199.90	300.00	193.00
Printing	500.00		500.00	453.42	500.00	335.00
Bank Charges	-			8.50	200.00	94.00
Equipment	-					
Charitable Solicitation	1,000.00					
Registration						
Contractual Services						
Audit	100.00		100.00		100.00	
Special Purpose						
Technical Advisory Committee	500.00		500.00			
Special Committee					500.00	
TOTAL	24,000.00	19,517.52	22,500.00	17,938.41	22,500.00	14,221.00

**includes website hosting and domain name registration.

A motion to accept the treasurer's report was made by Michael Scuse (DE) and seconded by Don Butler (AZ). The Treasurer's report was accepted.

FY 2007-2008 Budget

The following budget was presented and explained by the Executive Director. The total budget proposed is equal to the FY 2007 budget. A motion to approve the budget was made by Michael Scuse (DE) and seconded by Darryl Little (AR). The budget was approved.

**Pest Control Insurance Fund
Proposed Budget (FY 2007-2008)**

Budget Line Item	FY 2006-2007		Proposed FY 2007-2008	
	Budget (\$)	Actual (\$)	Budget (\$)	Change (\$ +/-)
Management Services				
Executive Director Services	15000	12909	15000	0
Travel and Registration	3800	3826	3800	0
Bond	100		100	0
Facilities and Administrative Costs				
Overhead*	2500	1368	2500	0
IPCC Website	200	215		
Supplies	0		0	0
Postage	300		300	0
Printing	500	0	500	0
Bank Charges	0	0	0	0
Equipment	0	0	0	0
Charitable Solicitation Registration**	1000	0	1000	0
Contractual Services				
Audit	100	0	100	0
Special Purpose				
Technical Advisory Committee	500	0	500	0
Special Committee	0	0	0	0
TOTAL	24000	18319	23800	0
* Includes NASDA meeting room charges as well as agreed upon general administration fee. ** State fees for non-profit organization charitable solicitation registration				

Unfinished Business

Compact Assessment Table

Executive Director Balaam reported that the amount assessed to each state to join the Compact must be reviewed every five years and the assessed value must be based on the formula contained in the Suggested State Legislation that considers current forest and crop values for each State. Balaam proposed a new table based on 2006 values, the latest available from the USDA Economic Research Service. The table shown below was discussed and adopted following a motion by Michael Scuse (DE) and seconded by John Stulp (CO). The motion passed.

**State Contributions
(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	Ranking in Appropriation
Alabama		650,258	128,000	778,258	0.65%	7,817	34
Alaska		24,884	45	24,929	0.02%	2,186	51
Arizona	1994	1,545,271	3,100	1,548,371	1.29%	13,572	24
Arkansas	1999	2,388,794	14,500	2,403,294	2.00%	19,962	17
California	1969	23,726,912	7,900	23,734,812	19.71%	179,389	1
Colorado	2001	1,527,939	80	1,528,019	1.27%	13,420	25
Connecticut		374,388	1,500	375,888	0.31%	4,809	39
Delaware	1969	182,759	235	182,994	0.15%	3,368	44
Florida	1995	5,667,280	15,000	5,682,280	4.72%	44,468	4
Georgia	1984	2,227,022	25,000	2,252,022	1.87%	18,831	19
Hawaii		467,170	400	467,570	0.39%	5,495	38
Idaho		1,994,517	760	1,995,277	1.66%	16,912	20
Illinois	1968	7,208,629	9,000	7,217,629	5.99%	55,943	2
Indiana	2005	3,922,183	16,000	3,938,183	3.27%	31,433	9
Iowa		6,938,441	17,000	6,955,441	5.78%	53,983	3
Kansas	1996	3,081,912	44,445	3,126,357	2.60%	25,366	13
Kentucky		1,147,015	155,000	1,302,015	1.08%	11,731	27
Louisiana		1,301,260	67,205	1,368,465	1.14%	12,228	26
Maine	1986	321,790	5,500	327,290	0.27%	4,446	41
Maryland	1976	728,035	30,000	758,035	0.63%	7,665	36
Massachusetts		340,018	2,000	342,018	0.28%	4,556	40
Michigan	1968	2,881,081	11,900	2,892,981	2.40%	23,621	14
Minnesota	1969	4,992,676	6,510	4,999,186	4.15%	39,363	6
Mississippi	2006	1,150,221	24,000	1,174,221	0.98%	10,776	29
Missouri		2,735,603	9,300	2,744,903	2.28%	22,515	16
Montana		924,745	2,970	927,715	0.77%	8,934	30
Nebraska	2004	4,160,817	800	4,161,617	3.46%	33,103	8
Nevada		175,093	10	175,103	0.15%	3,309	45

State Contributions
(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	Ranking in Appropriation
New Hampshire	1968	99,300	5,000	104,300	0.09%	2,780	47
New Jersey	1970	765,211	1,000	766,211	0.64%	7,726	35
New Mexico	1981	590,121	4,500	594,621	0.49%	6,444	37
New York	2002	1,539,344	11,130	1,550,474	1.29%	13,588	23
North Carolina	1975	2,964,549	850,000	3,814,549	3.17%	30,509	10
North Dakota	1973	2,863,994	210	2,864,204	2.38%	23,406	15
Ohio	1974	3,485,565	314,450	3,800,015	3.16%	30,400	11
Oklahoma	1999	831,235	1,500	832,735	0.69%	8,224	31
Oregon	1981	2,945,464	260,435	3,205,899	2.66%	25,960	12
Pennsylvania	1968	1,820,191	4,000	1,824,191	1.51%	15,634	21
Puerto Rico	1994	250,429	0	250,429	0.21%	3,872	43
Rhode Island	1999	55,509	200	55,709	0.05%	2,416	50
South Carolina	1972	786,688	27,000	813,688	0.68%	8,081	32
South Dakota		1,606,957	740	1,607,697	1.34%	14,016	22
Tennessee	1969	1,258,243	19,166	1,277,409	1.06%	11,547	28
Texas	1994	5,160,794	82,000	5,242,794	4.35%	41,183	5
Utah	1985	308,670	250	308,920	0.26%	4,309	42
Vermont	1978	87,922	5,000	92,922	0.08%	2,694	48
Virginia	1974	807,691	5,000	812,691	0.67%	8,074	33
Washington	1999	4,531,336	140,000	4,671,336	3.88%	36,913	7
West Virginia	1968	81,944	8,820	90,764	0.08%	2,678	49
Wisconsin		2,136,961	147,900	2,284,861	1.90%	19,077	18
Wyoming	1996	165,208	4,500	169,708	0.14%	3,268	46
Total		\$117,930,041	\$2,490,961	\$120,421,002	100.00%	\$1,002,000	

* Data from table entitled, "Value added to the U.S. economy by the agricultural sector via the production of goods and services, 2000-2006 ", Value of crop production, 2006. Economic Research Service, U.S. Department of Agriculture, Internet Web Site (<http://www.ers.usda.gov/Data/FarmIncome/FinfidmuXls.htm>), Data Sets, July 24, 2007.

** Data from table entitled, "Value added to the U.S. economy by the agricultural sector via the production of goods and services, 2000-2006 ", Forest Products Sold, 2006. Economic Research Service, U.S. Department of Agriculture, Internet Web Site (<http://www.ers.usda.gov/Data/FarmIncome/FinfidmuXls.htm>), Data Sets, July 24, 2007.

New Business

FY 2008 Investment Strategy

The following investment strategy was proposed for FY 2007-2008 by Executive Director Balaam. A motion to accept the strategy was made by Michael Scuse (DE) and seconded by Don Butler (AZ). The motion passed.

Investment Objective

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

Targeted Fund Balance

Income to the IPCC and the Pest Control Insurance Fund shall come from numerous sources including: appropriations received from each party state at the time of joinder with the 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 return from investments.

The Governing Board of the IPCC and the Fund it administers 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. (*IPCC Bylaws #7*)

Fiscal Year

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. (*IPCC Bylaws #7*)

Budget

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. (*Article IX – Finance – of the Pest Control Compact*)

[If required because of fund depletion,] 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. (*Article IX – Finance – of the Pest Control Compact*)

Funds Administration

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. (*IPCC Bylaws #7*)

For FY 2008, the National Association of State Departments of Agriculture (NASDA) shall have authority to manage these funds according to the investment strategy outlined herein.

As per IPCC Bylaws, the IPCC Executive Director shall have check issuance or payment authority for the IPCC's operating expenses not to exceed \$500 per invoice, but shall not have authority to issue any checks or make any payments to him/her pertaining to his/her compensation under the personal service contract. All other check issuance or payment authority and check endorsement for deposit authority shall be granted to NASDA's Executive Vice President/Chief Executive Office and/or Chief Operating Officer. NASDA may issue such checks, payments or deposits upon receipt of a qualified invoice or instruction authorized by the Executive Director, Chairman, or Vice Chairman.

Operating and Claims Accounts

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. (*Article IX – Finance – of the Pest Control Compact*)

The Operating Account shall be maintained in a checking account, or interest bearing money market account where the funds may be accessed immediately with no penalty for withdrawal. If the money market account has a monthly check writing or withdrawal limit, that limit shall not be less than three (3) transactions per month. For FY 2008, the Operating Account's initial balance shall consist of approximately \$48,000.

The Claims Account shall be maintained in one or more short term investments that permit withdrawal of \$30,000 within any given seven (7) day period. For FY 2008, the Claims Account's initial balance shall consist of a total of approximately \$300,000.

All additional available IPCC funds in excess of the above mentioned Operating and Claims Accounts shall be maintained in a diversified portfolio of short or mid-term investments not to exceed seven (7) year maturity duration. For FY 2008 this investment portfolio shall consist of approximately \$800,000.

Fund Obligations

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) [i.e. acceptance of donations, gifts, or grants] of the Pest Control 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.
(Article IX – Finance – of the Pest Control Compact)

Accounting

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.
(Article IX – Finance – of the Pest Control Compact)

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 IX – Finance – of the Pest Control Compact)

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.

Effective Date

This investment strategy is effective July 1, 2007 or upon approval of the Governing Board, whichever is later and shall remain in effect until the end of the FY 2008 fiscal year or until amended by the Governing Board.

Strategy Exceptions

Any exceptions, additions, deletions, or changes to this investment strategy must be in accordance with the Articles of the Pest Control Compact or the Bylaws of the Pest Control Insurance Fund, and approved by the IPCC Governing Board.

Personal Service Contract of Executive Director

Chairman A.G. Kawamura and Executive Director Bob Balaam reviewed the Personal Service Contract between the IPCC and the Executive Director. 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. (*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: Greg Ibach (NE)
Vice Chairman: Michael Scuse (DE)
Secretary: Don Butler (AZ)
Treasurer: Tommy Irvin (GA)

The slate of nominees for 2007-2008 was nominated by John Stulp (CO) and seconded by Matt Harrod (IN) and approved.

Election of Executive Committee

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

Chair: Greg Ibach (NE)
Midwestern Region: Andy Miller (IN)
Northeastern Region: Dennis Wolff (PA)
Southern Region: Gus Douglass (WV)
Western Region: John Stulp (CO)

A motion to approve the nominees for Executive Committee was made by Miley Gonzalez (NM) and seconded by Michael Scuse (DE). The motion was approved.

Adjourn

Chairman Kawamura adjourned the meeting at 8:20 am.