



# 2008 Annual Report

**Chairman:**

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Key Largo, Florida 33037-3047  
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Arizona  
Arkansas  
California  
Colorado  
Delaware  
Florida  
Georgia  
Illinois  
Indiana  
Kansas  
Maine  
Maryland  
Michigan  
Minnesota  
Mississippi  
Nebraska  
New Hampshire  
New Jersey  
New Mexico  
New York  
North Carolina  
North Dakota  
Ohio  
Oklahoma  
Oregon  
Pennsylvania  
Puerto Rico  
Rhode Island  
South Carolina  
Tennessee  
Texas  
Utah  
Vermont  
Virginia  
Washington  
West Virginia  
Wyoming

# **Interstate Pest Control Compact**

## **2008 Annual Report**

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## **Introduction**

Each year billion of dollars of damage is caused by plant pests - insects, weeds, plant diseases, and other organisms that attack U.S. crops and forest resources. Many of the same pests also attack lawns, gardens, and the general environment, causing still more damage in dollars and esthetics. These pests don't recognize political boundaries. They can easily move across state lines on the wind or in soil or water, or hitchhike to new areas with goods, vehicles, or people. Tremendous losses occur even though farmers, industry, and local, state, and federal governments spend billions each year on control.

At one time, only coastal and border states had to fear infestations of new foreign plant pests, but today heartland states are also at risk. International containerized cargo with the potential for carrying foreign pests can travel through ports of entry and reach interior states before it can be opened and inspected.

Federal and state agencies have ongoing control and regulatory programs against a number of plant pests, and many have recently stepped up their pest detection and monitoring efforts. In most cases, however, appropriations are earmarked for specific pests - a mere handful of the 10,000-odd species that cause damage in this country. In general, too, state funds may be spent only on in-state control, even though pests just across the border may be equal threats. If a single state undertakes necessary pest control activities, on its own or with federal assistance, it cannot be certain that companion measures will be taken in other states.

Often the budget process does not allow governments to move quickly against newly introduced pests or take on challenges outside already approved program plans, a particular problem in times of decreasing resources. Technology is available to control or eliminate many pests, but its effectiveness often depends on speedy action.

The Interstate Pest Control Compact was instituted in 1968 under the Council of State Governments to bridge economic and jurisdictional gaps among state and federal governments, to enable agencies to respond to plant pest infestations. The Compact, through the Insurance Fund it administers, provides financial assistance to address:

- New and economically significant destructive plant pest outbreaks;
- Plant pest infestations outside the control or means of a single jurisdiction; or
- Destructive single-state outbreaks which could affect other states if allowed to spread.

## **Funding**

The basis for determining the amount of funds to be appropriated from each of the participating states is as follows: 1/10th of the total budget of \$1 million in equal shares (i.e. \$100,000), 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. This is not an annual appropriation,



but has been a one-time contribution to the Insurance Fund. It is conceivable that, if Compact funds were appreciably depleted in carrying out a containment or eradication program, a state could be assessed its proportional share to return Compact funds to the \$1 million Insurance Fund level. However, with investment income, this does not appear likely.

## **How the Fund Operates**

The Compact provides that any party state can apply to the Insurance Fund for financial support of pest control or eradication activities which it wishes to have undertaken or intensified in one or more other party or, in limited circumstances, in nonparty 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. State parties to the Compact are expected to maintain their existing pest control programs at normal levels aside from any assistance from the Insurance Fund. This safeguards the soundness of the Fund and assures that it will be used to apply the additional thrust necessary to combat outbreaks, which otherwise would 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. An Executive committee, consisting of the chairman and a representative from each of the four regions, is authorized to exercise certain responsibilities for the Governing Board when the Board itself does not meet.

A Technical Advisory Committee has been established to assist the Governing Board with the technical information necessary to make a decision on whether or not the Compact should be invoked on any particular requests.

The Technical Advisory Committee is composed of two state plant control officials from each of the four regions of the Plant Boards, together with a representative of the U.S. Animal and Plant Health Inspection Service and a representative of the U.S. Forest Service.

When a request is filed for invoking the Compact, the request is referred to the ten-member Technical Advisory Committee, which makes a study of the request and a recommendation on the feasibility of the project to the Governing Board. In an emergency, the Committee could make this recommendation within 72 hours or less after receiving the initial request for Compact assistance.



## **Annual Report from the Executive Director**

**September, 2008**

### **Membership**

Currently there are 37 total parties to the Interstate Pest Control Compact (IPCC). No new members have joined the Compact since our last meeting in February, 2008. There are no outstanding membership fees.

Mississippi passed enabling legislation to join the Compact effective June 30, 2008, but has preferred to delay paying the state assessment until July 2009 when they will begin installment payments on the \$12,228 fee to join the Compact. Once they have commenced payment of their assessed fees, they will be considered an IPCC member.

Six (6) party/member states still have not passed specific enabling legislation (AZ, AR, FL, NE, PR, and VT) as legally required by the Compact. These member states have until September 2010 in which to pass enabling legislation or they will rescind all voting rights. The State of Arizona introduced Compact legislation as part of an omnibus bill that included the Department's budget. There was some controversy over the Compact language in committee so the bill sponsor pulled the IPCC language out of the bill so as not to hold up the remaining portions of the bill; no decision has yet been made as to how to reintroduce the legislation in the future. The State of Florida introduced enabling interstate pest control compact legislation but due to some unrelated controversial language added to the bill, the legislation died at the end of the session without passage; Florida is exploring possibilities on how to introduce the IPCC legislation during the next session in March 2009, but the same problem may occur.

### **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. In addition, MDA utilized IPCC funds as MDA's cost-share in leveraging and equal grant from the U.S. Forest Service. The funding for the IPCC agreement initially expired on October 23, 2007. MDA requested an extension to the existing cooperative agreement until June 1, 2008. That extension was approved by the IPCC Governing Board at the February 2008 meeting and provided MDA with the resources necessary to conduct the additional activities in 2008. In July 2008, Michigan again requested an extension of the agreement until June 1, 2009 in order to utilize the remaining \$15,000 to conduct additional surveys and precautionary soil treatments in previously known infestation sites in 2009. This balance has not yet been sent to the Michigan Department of Agriculture. Michigan has removed all known infested and adjacent trees and has conducted soil treatments in infested sites where other hemlock trees occur. The State of Michigan has established an exterior quarantine to prevent the further movement of infested hemlock from entering that State. They consider the



pest eradicated in areas of known infestation, but wish to use the remaining balance to ensure eradication of potential HWA life forms on susceptible trees in areas of previous infestation.

### **Status of IPCC Treasury**

Since the 2007 midyear meeting of the IPCC, the IPCC funds were transferred to NASDA for management (investment and operating accounts). Due to various problems at the NASDA office, NASDA has requested that we find a new home for our accounts. Our funds are currently invested with Smith Barney. Our Smith Barney account manager is willing to continue managing our investments as a non-profit for no fee, but we need to find someone who will handle our accounting services and tax return preparation. Commissioner Tommy Irvin, the IPCC Treasurer has offered those services through his Department fiscal officer but this would only be a short term fix since Commissioner Irvin is expected to retire at the end of his current term. NASDA is willing to continue providing limited accounting services (not including tax return preparation) until we find a more permanent solution.

The 2006 IPCC tax return was prepared by Veris Consulting. We have requested from them an estimate of providing accounting services for the IPCC in the future.

*Respectfully submitted,*

*Robert J. Balaam  
Executive Director*



## 2007 Annual Meeting Minutes – September 2007

**Sunday, September 23, 2007**  
**The Westin, Seattle, WA**  
**7:00 am to 8:30 am**

### **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 for 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**

|  |                     |
|--|---------------------|
| <b>Cash Balance</b>                    | <b>0</b>            |
| <b>Money Fund</b>                      | <b>\$18,696.44</b>  |
| <b>Investments</b>                     | <sup>1</sup>        |
| <b>Accrued Interest</b>                | <b>9,940.64</b>     |
| <b>Money Market Instruments (ARPS)</b> | <b>100,000.00</b>   |
| <b>Corporate Bonds</b>                 | <b>194,242.00</b>   |
| <b>Government Bonds</b>                | <b>297,313.00</b>   |
| <b>CDs</b>                             | <b>478,358.40</b>   |
| <b>Total investments</b>               | <b>1,079,854.04</b> |

**TOTAL ASSETS** **\$1,098,550.48**

**Liabilities & Equity**

|                    |                                 |
|--------------------|---------------------------------|
| <b>Liabilities</b> | <b>\$15,000.00</b> <sup>2</sup> |
| <b>Equity</b>      | <b>1,083,550.48</b>             |

**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>               |
| <b><u>Add - Inflows</u></b>                                      |                  |                                      |
| <b>Dividends and Interest Received</b>                           | <b>52,469.82</b> |                                      |
| 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         |                                      |
| <b>Membership Fees:</b>  | <b>0.00</b>      |                                      |
| <b>Donations:</b>  | <b>0.00</b>      |                                      |
| <b>Unrealized Gains/Losses</b>                                   | <b>-8,559.10</b> |                                      |
| <b>TOTAL INFLOWS</b>   |                  | <u><b>43,910.72</b></u>              |
| <b><u>Deduct-Outflows</u></b>                                    |                  |                                      |
| <b>Operating Expenses:</b>                                       | <b>19,517.52</b> |                                      |
| 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             |                                      |
| <b>Insurance Claims</b>  | <b>56,474.05</b> |                                      |
| Wyoming <sup>1</sup>   | -3,525.95        |                                      |
| Michigan   | 60,000.00        |                                      |
| <b>TOTAL OUTFLOWS</b>  |                  | <u><b>75,991.57</b></u>              |
| <i>Balance on June 30, 2007</i>                                  |                  | <u><u><b>\$ 1,098,550.48</b></u></u> |

<sup>1</sup> 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*

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

*Expenditures*

|                           |                    |                  |
|---------------------------|--------------------|------------------|
| <b>Operating Expenses</b> | <b>\$19,517.52</b> |                  |
| <b>Insurance Claims</b>   | <b>56,474.05</b>   |                  |
| <b>Total expenses</b>     |                    | <b>75,991.57</b> |

*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>    |
| <b>Management Services</b>                 |                  |                  |                  |                  |                  |                  |
| 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           |                  |
| <b>Facilities and Administrative Costs</b> |                  |                  |                  |                  |                  |                  |
| 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                               |                  |                  |                  |                  |                  |                  |
| <b>Contractual Services</b>                |                  |                  |                  |                  |                  |                  |
| Audit                                      | 100.00           |                  | 100.00           |                  | 100.00           |                  |
| <b>Special Purpose</b>                     |                  |                  |                  |                  |                  |                  |
| Technical Advisory Committee               | 500.00           |                  | 500.00           |                  |                  |                  |
| Special Committee                          |                  |                  |                  |                  | 500.00           |                  |
| <b>TOTAL</b>                               | <b>24,000.00</b> | <b>19,517.52</b> | <b>22,500.00</b> | <b>17,938.41</b> | <b>22,500.00</b> | <b>14,221.00</b> |

\*\*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<br>FY 2007-2008 |                    |
|--|--------------|--------------|--------------------------|--------------------|
|  | Budget (\$)  | Actual (\$)  | Budget (\$)              | Change (\$<br>+/-) |
| <b>Management Services</b>   |              |              |                          |                    |
| Executive Director Services  | 15000        | 12909        | 15000                    | 0                  |
| Travel and Registration  | 3800         | 3826         | 3800                     | 0                  |
| Bond   | 100          |              | 100                      | 0                  |
| <b>Facilities and Administrative Costs</b>   |              |              |                          |                    |
| 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<br>Registration**  | 1000         | 0            | 1000                     | 0                  |
| <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>24000</b> | <b>18319</b> | <b>23800</b>             | <b>0</b>           |
| * Includes NASDA meeting room charges as well as agreed upon general administration fee.<br>** 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                       |
| 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                       |



**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 |
|----------------|-------------|-----------------------------------|--------------------------------------|----------------------|----------------|-----------------------------|--------------------------|
| 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                       |
| <b>Total</b>   |             | <b>\$117,930,041</b>              | <b>\$2,490,961</b>                   | <b>\$120,421,002</b> | <b>100.00%</b> | <b>\$1,002,000</b>          |                          |

\* 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.



## **2008 Mid Year Meeting Minutes – February 2008**

**Sunday, February 10, 2008**

**The Renaissance Washington DC Hotel, Washington, DC**

**7:00 am to 9:00 am**

### **Attendees:**

#### *Member States Present (21):*

|                |  |
|----------------|--|
| Arizona        | – Don Butler (IPCC Secretary)  |
| Arkansas       | – Darryl Little  |
| California     | – A.G. Kawamura  |
| Colorado       | – John Stulp (IPCC Executive Committee)                                |
| Delaware       | – Michael Scuse (IPCC Vice Chair)                                      |
| Florida        | – Charles Bronson  |
| Georgia        | – Tommy Irvin (IPCC Treasurer)   |
| Maine          | – Ned Porter (MDAFRR staff)  |
| Maryland       | – Mary Ellen Setting (MDA staff)                                       |
| Michigan       | – Brad Deacon (MDA staff)  |
| Mississippi    | – Rickey Gray (MDAC staff)   |
| Nebraska       | – Greg Ibach (IPCC Chair) and Denis Blank (NDA staff)                  |
| New Jersey     | – Charles Kuperus  |
| North Carolina | – Richard Reich (NCDACS staff)   |
| North Dakota   | – Roger Johnson and Jeff Knudson (NDDA staff)                          |
| South Carolina | – Larry Boyleston (SCDA staff)   |
| Tennessee      | – Gray Haun (TDA staff)  |
| Texas          | – Cary Dupuy (TDA staff)   |
| Washington     | – Lee Faulconer (WDA staff)  |
| West Virginia  | – Gus Douglass (IPCC Executive Committee) and Steve Hanna (WVDA staff) |
| Wyoming        | – John Etchepare and Jason Fearneyhough (WYDA staff)                   |

#### *Non-Member States Present (1):*

|           |  |
|-----------|--|
| Louisiana | – Mike Strain (Commissioner), Fred Bass and Brent Robbins (LADA staff) |
|-----------|--|

#### *Others Present (1):*

|            |                            |
|------------|----------------------------|
| Bob Balaam | – Executive Director, IPCC |
| NASDA      | – Rick Kirchhoff           |

### **Call to Order**

Chairman Greg Ibach (NE) called the meeting to order at 7:15 am.





## **Roll Call of Member States**

IPCC Executive Director, Bob Balaam, took roll call, declaring 21 member states present. Commissioner Mike Strain from Louisiana introduced himself and acknowledged his interest in learning more about the Compact in consideration of joining.

## **Approval of Meeting Minutes**

Chairman Ibach called for an approval of the September 23, 2007 meeting minutes. Acceptance of the minutes was moved by Michael Scuse (DE) and was seconded by Mary Ellen Setting (MD). Motion passed with a majority vote.

## **Report of the Chairman**

Chairman Ibach deferred his report to that of the Executive Director. He urged all members to encourage their neighboring states, who are not members of the Compact, to join. He explained the benefits to the individual states and to the organization as a whole.

## **Report of the Treasurer**

Treasurer Tommy Irvin asked the Executive Director to present the Treasurer's Report. There was no discussion on the report. A motion to accept the report was made by A.G. Kawamura (CA) and was seconded by Michael Scuse (DE). Motion passed with a majority vote.

## **Report of the Executive Director**

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

- Membership
  - There are 37 current member states. No new members have joined since September's meeting.
  - All current members have completely paid their membership fee. Six members are without enabling legislation (AZ, AR, FL, NE, PR and VT). These members have until September 2010 to pass enabling legislation or they will rescind all voting rights. The States of Arizona (SB 1168) and Florida (SB 1638) have introduced enabling legislation in their current legislative sessions. Don Butler (AZ) reported on the difficulty he is having in getting legislation passed in his state and that he may have to withdraw the legislation from this session in order to get his larger omnibus bill passed.
- Insurance Fund Claims - Hemlock woolly adelgid eradication project in Michigan continues. The Compact approved Ohio's request and committed \$75,000 to the State of Michigan for eradication and delimiting survey efforts. To To date, \$60,000 has been provided to the State of Michigan. The Michigan Department of Agriculture (MDA) has not exhausted the \$60,000 funding (balance remaining to date is \$21,296.19) provided by the IPCC in 2007. This is primarily due to overestimates of the cost of contracted tree



removals and pesticide treatments. In addition, MDA utilized IPCC funds as MDA's cost-share in leveraging and equal grant from the U.S. Forest Service. The funding for the IPCC agreement expired on October 23, 2007. MDA has therefore requested an extension to the existing cooperative agreement until June 1, 2008. The extension will provide MDA with the resources necessary to conduct the following activities in 2008 which will provide added assurance of control of this pest. The Executive Director asked the Governing Board to approve this extension (Motion – Stulp (CO), second - Butler (AZ); approved).

- Apply a third pesticide application to approximately 150 hemlock trees growing in close proximity to trees identified as HWA positive in 2006 and 2007.
- Conduct a second survey around five positive and 27 invoice sites identified in 2006 and 2007.
- Conduct surveys at additional high risk sites within the Charlevoix/Petoskey/Harbor Springs area, such as forested and lakeshore residential developments.
- Continue traceback work to identify additional plantings of hemlock originating from outside Michigan.
- Publish outreach materials to educate the public on the threat of HWA, its identification, and regulations on the movement of hemlock.
- At the 2007 midyear meeting of the IPCC, the Governing Board voted to transfer the IPCC funds to NASDA for management (investment and operating accounts). Due to various problems at the NASDA office, and to the impact of investment decisions and accounting issues with the Smith Barney investment procedures, the Executive Director has spent a considerable amount of time dealing with the IPCC operating and investment accounts. We will continue to work with NASDA to improve the current situation.
- Passage of enabling legislation by existing member states continues to be an issue. In the past, based on information received from the National Center for Interstate Compacts within the Council of State Governments, the Executive Director has advised States that they needed to adopt the model IPCC enabling legislation verbatim. This has recently caused significant problems for such states as Florida and Arizona, whose legislature wanted to alter the model language in their legislation to varying degrees. I have since been informed by the Council of State Governments that the language in the model enabling legislation, if absolutely necessary to ensure passage, can be changed by individual state legislatures as long as the intent of the legislative elements are not changed and those changes are not substantive. It is still recommended, however, that the identical language and form of the model legislation be retained whenever possible.

## **New Business**

Executive Director Balaam gave a brief presentation on the USDA APHIS Caribbean Safeguarding Initiative as an example of one of the offshore pest mitigation activities being conducted by USDA APHIS in an effort to put less emphasis on port exclusion activities and more emphasis on solving pest problems in the source country



## **Adjourn**

Chairman Ibach adjourned the meeting at 8:45 am.



## Annual Financial Statement (July 1, 2006 – June 30, 2007)

### Highlights from Fiscal Year 2007:

### Highlights from Fiscal Year 2008:

- ▶ Total assets available on June 30, 2008 were \$1,103,576.95. An increase of \$5,026.47 from the June 30, 2007 balance of \$1,098,550.48.
- ▶ No membership dues were received; no donations were received.
- ▶ Income on investments totaled \$58,517.63. There were no investment fees or expenses. Investment income covered all of the administrative and operating costs (\$21,740.86) for the period.
- ▶ The insurance claim to the Michigan Department of Agriculture (\$75,000) for survey and eradication of Hemlock woolly adelgid was scheduled for completion on June 1, 2008, with only \$60,000 dispersed; all funds were dispersed in FY 2007. On July 14, 2008 the IPCC received a request from Michigan Department of Agriculture to extend the claim unitl June 1, 2009 and utilize the remaining 15,000 in the grant to conduct survey and evaluation activities in 2009.
- ▶ Funds were invested in Smith Barney securities earning varying rates of yield.
- ▶ Investment Risk: The Smith Barney Financial Management Account, in which IPCC funds were invested, followed the investment strategy approved by the IPCC Executive Committee on September 23, 2007. The Smith Barney FMA was diversified in the following way as of June 30, 2008:

|                                 |      |
|---------------------------------|------|
| Money Fund                      | 5%   |
| Preferred Stocks                | 9%   |
| Corporate Bonds                 | 34%  |
| Government Bonds                | 18%  |
| Certificates of Deposit         | 34%  |
| Accrued Interest on Bonds / CDs | 1%   |
| Total:                          | 100% |



**INTERSTATE PEST CONTROL COMPACT  
BALANCE SHEET  
June 30, 2008**

**Assets**

|                    |              |                       |
|--------------------|--------------|-----------------------|
| Cash Balance       | 0            |                       |
| Money Fund         | \$54,794.98  |                       |
| <b>Investments</b> |              |                       |
| Accrued Interest   | 11,131.08    |                       |
| Preferred Stocks   | 100,000.00   |                       |
| Corporate          |              |                       |
| Bonds              | 382,672.00   |                       |
| Government         |              |                       |
| Bonds              | 199,157.00   |                       |
| CDs                | 378,393.90   |                       |
| Total              |              |                       |
| investments        | 1,071,353.98 |                       |
| <b>TOTAL</b>       |              |                       |
| <b>ASSETS</b>      |              | <b>\$1,126,148.96</b> |

**Liabilities & Equity**

|                                       |                     |              |                       |
|---------------------------------------|---------------------|--------------|-----------------------|
| Liabilities                           | \$15,000.00         | <sup>1</sup> |                       |
| Equity                                | <u>1,111,148.96</u> |              |                       |
| <b>TOTAL LIABILITIES &amp; EQUITY</b> |                     |              | <b>\$1,126,148.96</b> |

**1** Balance due to Michigan Department of Agriculture for completion of Hemlock Woolly Adelgid Survey and Eradication claim.



**INTERSTATE PEST CONTROL COMPACT  
STATEMENT OF CASH FLOWS  
For the 12 Month Period Ended June 30, 2008**

|  |                |                                   |
|--|----------------|-----------------------------------|
| <i>Balance on July 1, 2007</i>         |                | <u>\$ 1,098,550.48</u>            |
| <b><u>Add - Inflows</u></b>            |                |                                   |
| Dividends and Interest Received        | 58,517.63      |                                   |
| Smith Barney interest earned           | 32,931.31      |                                   |
| Smith Barney dividends earned          | 4,729.16       |                                   |
| Smith Barney money fund earnings       | 2,124.18       |                                   |
| Smith Barney accrued interest received | 18,732.98      |                                   |
| <br>Membership Fees:                   | <br>0.00       |                                   |
| <br>Donations:                         | <br>0.00       |                                   |
| <br>Unrealized Gains/Losses            | <br>-31,750.30 |                                   |
| <br>TOTAL INFLOWS                      |                | <br><u>26,767.33</u>              |
| <b><u>Deduct-Outflows</u></b>          |                |                                   |
| Operating Expenses:                    | 21,740.86      |                                   |
| Executive Director                     | 15,090.65      |                                   |
| General Administration Fee             | 1,995.82       |                                   |
| Travel                                 | 3,231.25       |                                   |
| Conference Registrations               | 1,150.00       |                                   |
| Postage                                | 0.00           |                                   |
| Printing                               | 0.00           |                                   |
| IPCC Website                           | 167.40         |                                   |
| Bank Service Charges                   | 0.00           |                                   |
| Supplies                               | 105.74         |                                   |
| <br>Insurance Claims                   | <br>0.00       |                                   |
| <br>TOTAL OUTFLOWS                     |                | <br><u>21,740.86</u>              |
| <br><i>Balance on June 30, 2008</i>    |                | <br><u><u>\$ 1,103,576.95</u></u> |



**INTERSTATE PEST CONTROL COMPACT  
STATEMENT OF REVENUES, EXPENDITURES, & CHANGES IN  
FUND BALANCES/EQUITY  
For the 12 Month Period Ended June 30, 2008**

***Revenues***

|                                |                    |                    |
|--------------------------------|--------------------|--------------------|
| <b>Dividends and Interest</b>  | <b>\$58,517.63</b> |                    |
| <b>Membership Fees</b>         | <b>0.00</b>        |                    |
| <b>Donations</b>               | <b>0.00</b>        |                    |
| <b>Unrealized Gains/Losses</b> | <b>(31,750.30)</b> |                    |
| <b>Total revenues</b>          |                    | <b>\$26,767.33</b> |

***Expenditures***

|                           |                    |                  |
|---------------------------|--------------------|------------------|
| <b>Operating Expenses</b> | <b>\$21,740.86</b> |                  |
| <b>Insurance Claims</b>   | <b>0.00</b>        |                  |
| <b>Total expenses</b>     | <b>21,740.86</b>   | <b>21,740.86</b> |

***Excess of revenue over expenditures*** **\$5,026.47**

***Fund balances/equity July 1, 2007*** **1,098,550.48**

***Fund balances/equity June 30, 2008*** **\$1,103,576.95**



| <b>Interstate Pest Control Compact and Pest Control Insurance Fund</b> |                  |                  |                  |                  |                  |                  |  |
|--|------------------|------------------|------------------|------------------|------------------|------------------|--|
| <b>Budget VS Actual Report</b>   |                  |                  |                  |                  |                  |                  |  |
| <b>July 1, 2007 to June 30, 2008</b>                                   |                  |                  |                  |                  |                  |                  |  |
| <b>Description</b>   | <b>2007-2008</b> |                  | <b>2006-2007</b> |                  | <b>2005-2006</b> |                  |  |
|  | <b>Budget</b>    | <b>Actual</b>    | <b>Budget</b>    | <b>Actual</b>    | <b>Budget</b>    | <b>Actual</b>    |  |
| <b>Management Services</b>   |                  |                  |                  |                  |                  |                  |  |
| Executive Director Services  | 15,000.00        | 15,090.65        | 15,000.00        | 13,956.27        | 15,000.00        | 11,440.65        |  |
| Travel and Registration  | 3,800.00         | 4,381.25         | 3,800.00         | 3,826.15         | 3,800.00         | 3,415.69         |  |
| Bond   | 100.00           | -                | 100.00           | -                | 100.00           | -                |  |
| <b>Facilities and Administrative Costs</b>                             |                  |                  |                  |                  |                  |                  |  |
| Overhead   | 2,500.00         | 1,995.82         | 2,500.00         | 1,520.00         | 2,000.00         | 2,232.00         |  |
| IPCC Website **  | 200.00           | 167.40           | 200.00           | 215.10           | 200.00           | 188.25           |  |
| Supplies   | -                | 105.74           | -                | -                | -                | -                |  |
| Postage  | 300.00           | -                | 300.00           | -                | 300.00           | 199.90           |  |
| Printing   | 500.00           | -                | 500.00           | -                | 500.00           | 453.42           |  |
| Bank Charges   | -                | -                | -                | -                | -                | 8.50             |  |
| Equipment  | -                | -                | -                | -                | -                | -                |  |
| Charitable Solicitation Registration                                   | 1,000.00         | -                | 1,000.00         | -                | -                | -                |  |
| <b>Contractual Services</b>  |                  |                  |                  |                  |                  |                  |  |
| Audit  | 100.00           | -                | 100.00           | -                | 100.00           | -                |  |
| <b>Special Purpose</b>   |                  |                  |                  |                  |                  |                  |  |
| Technical Advisory Committee   | 500.00           | -                | 500.00           | -                | 500.00           | -                |  |
| Special Committee  | -                | -                | -                | -                | -                | -                |  |
| <b>TOTAL</b>   | <b>24,000.00</b> | <b>21,740.86</b> | <b>24,000.00</b> | <b>19,517.52</b> | <b>22,500.00</b> | <b>17,938.41</b> |  |
| **includes website hosting and domain name registration.               |                  |                  |                  |                  |                  |                  |  |





## Claims History

| <b>Fiscal Year</b> | <b>Project</b>                                | <b>Claim Amount (\$)</b> | <b>Recipient State</b> | <b>Requesting State</b>  |
|--------------------|---|--------------------------|------------------------|--------------------------|
| 1969               | Golden nematode eradication                   | 6,000                    | Delaware               |                          |
| 1970               | Cereal leaf beetle                            | Denied                   |                        | Minnesota                |
| 1972               | Tourist vehicle check for gypsy moth          | 10,000                   | Pennsylvania           | Minnesota                |
| 1972               | Tourist vehicle check for gypsy moth          | 5,000                    | Delaware               | Minnesota                |
| 1972               | Tourist vehicle check for gypsy moth          | 5,000                    | Virginia               | Minnesota                |
| 1974               | Gypsy moth disparlure trial                   | 1,500                    | North Carolina         | So. Carolina<br>Virginia |
| 1977               | <i>Scleroderris</i> canker survey             | 900                      | New Hampshire          | New Hampshire            |
| 1979               | White fringed beetle control                  | 5,400 <sup>[1]</sup>     | Maryland               | New Jersey               |
| 1980               | Gypsy moth control                            | 3,000                    | Illinois               | Michigan                 |
| 1980               | Gypsy moth control                            | 20,000                   | Washington             | California               |
| 1980               | Winter moth control                           | 2,000                    | Oregon                 | California               |
| 1981               | Apple maggot control                          | 20,000                   | Oregon                 | California               |
| 1983               | Grape nematode control (Polar nematode)       | 45,000                   | Michigan               | California               |
| 1983               | Corn cyst nematode survey                     | 93,000                   | Maryland               | Virginia                 |
| 1992               | Gypsy moth control                            | 23,000                   | Georgia                | No. Carolina             |
| 1992               | Africanized honey bee management              | 44,500                   | Texas                  | New Mexico               |
| 1995               | Tropical soda apple management                | 95,355                   | Florida                |                          |
| 1996               | Apple Ermine moth regulatory control research | 8,000                    | Oregon                 | Washington               |



| <b>Fiscal Year</b> | <b>Project</b>   | <b>Claim Amount (\$)</b> | <b>Recipient State</b> | <b>Requesting State</b> |
|--------------------|--|--------------------------|------------------------|-------------------------|
| 1997               | Corn cyst nematode survey                                | 19,170                   | Virginia               |                         |
| 1997               | Tropical soda apple biological control                   | 70,000                   | Florida                | NC, GA, SC              |
| 1997               | Asian longhorned beetle eradication                      | 100,000                  | New York               | DE, ME, NJ, NC, PA, VT  |
| 1998               | Grecian foxglove control                                 | 12,093                   | Kansas                 | KS                      |
| 1999               | Asian longhorned beetle eradication                      | 100,000                  | Illinois               |                         |
| 1999               | Tomato yellow leaf curl virus                            | 75,167                   | Florida                | FL                      |
| 2000               | Clover broomrape survey                                  | 20,000                   | Oregon                 | UT, CA                  |
| 2002               | Citrus longhorned beetle establishment prevention        | 50,000                   | Washington             | OR, CA                  |
| 2002               | Gypsy moth eradication                                   | 50,000                   | Minnesota              | KS, ND                  |
| 2004               | <i>Diaprepes abbreviatus</i> eradication                 | 60,000                   | Texas                  | New Mexico              |
| 2005               | <i>Echium vulgare</i> eradication                        | 15,000                   | Wyoming                | Colorado                |
| 2007               | Hemlock woolly adelgid delimiting survey and eradication | 75,000                   | Michigan               | Ohio                    |
| <b>Total</b>       | <b>29 claims</b>   | <b>\$1,030,549</b>       |                        |                         |

<sup>[1]</sup> \$10,000 was initially requested and approved, but only \$5,400 was finally disbursed.

## Claim Reports

### Interim Report on Hemlock Woolly Adelgid Survey and Eradication Activities in Michigan: 2007-2008

#### CONTACT

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Pesticide and Plant Pest Management Division  
Michigan Department of Agriculture  
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Phone: (517) 335-0730, Fax: (517) 335-4540  
E-mail: philipm@michigan.gov

#### BACKGROUND

On August 21, 2006 an insect sample collected by MDA Inspector Bob Patterson from a landscape hemlock in Harbor Springs, Michigan was identified as Hemlock Woolly Adelgid (HWA), *Adelges tsugae* Annand (Hemiptera: Adelgidae). In over 20 years of HWA survey activities in Michigan, this is only the third time this pest has been found in the state. The previous two findings (both in 2001) were restricted to nurseries and all infested trees were quickly destroyed on site. This is the only time HWA has been found on naturally occurring hemlock in Michigan. Aggressive management actions were taken immediately to mitigate the enormous risk HWA poses to Michigan's northern forest ecosystems.



**Figure 1.** Photographs of HWA samples collected in Harbor Springs, Michigan on August 6, 2006. A. Hemlock branch with cottony ovisacs. B. HWA nymphs with characteristic black color and white "halo." C. Slide-mounted HWA adult. All photographs by Dr. James Zablotny, USDA APHIS PPQ.

Rapid trace-backs revealed that the infested tree was one of 10 planted on the property from a lot of 30 shipped from West Virginia to a local landscaper in 2003. The remaining 20 trees were accounted for, and found to be located on three properties within two miles of the initial find. All sites were initially delimited August 23-24, 2006 and it was determined that two of the four sites contained infested trees.

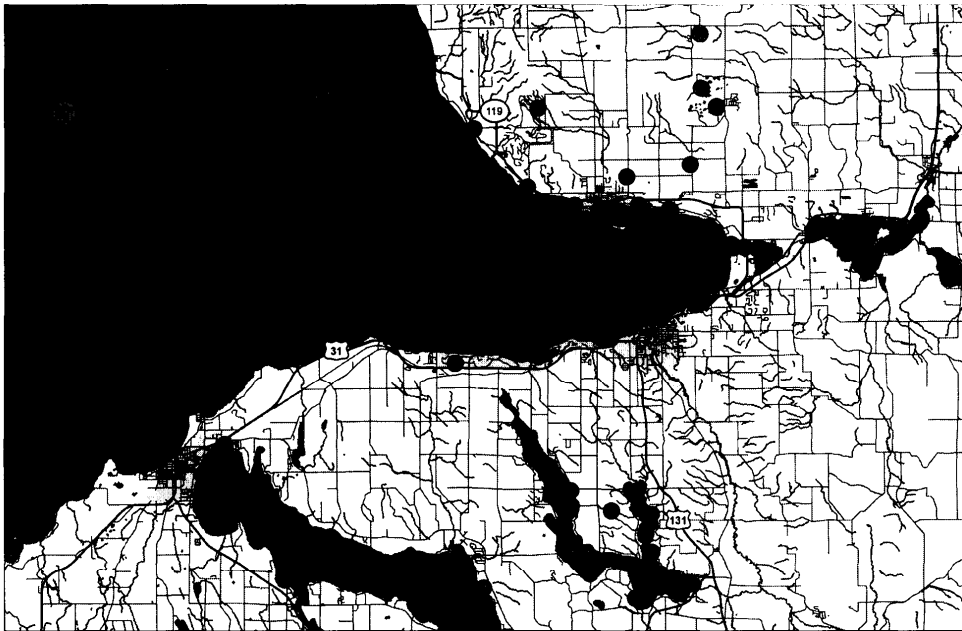
Since that time, extensive nursery trace-backs, survey, and treatment activities have taken place through funding made available through the Interstate Pest Control Compact and the U.S. Forest Service. Three additional positive sites were discovered, infested trees removed and destroyed, all sites were treated with insecticides, additional plantings of potentially infested nursery stock

were located, and large-scale delimiting/detection surveys took place. The following report categorically documents MDA's accomplishments of the objectives outlined in the work plan.

#### **OBJECTIVES AND ACCOMPLISHMENTS**

**Objective 1:** Complete trace-backs and trace-forwards for hemlock nursery stock at local nurseries to determine the number of trees shipped into the Harbor Springs area from HWA infested areas and to determine the current location of potentially infested trees.

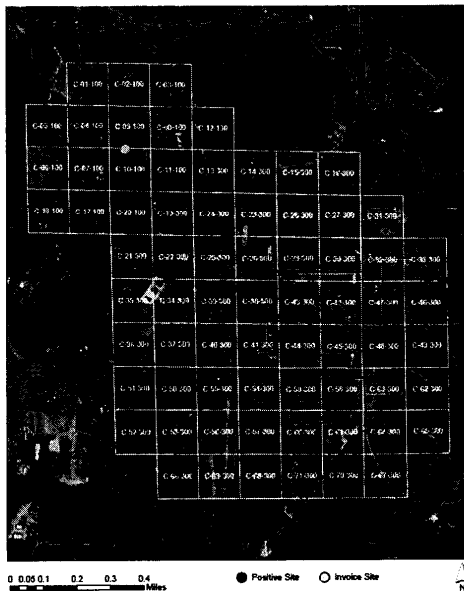
**Accomplishment:** The shipment of 2,391 hemlock from two West Virginia nurseries to two nurseries in Harbor Springs, Michigan between 2001 and 2006 has been documented. Final disposition of approximately 100 of these trees has been determined. These trees were planted at 32 sites in Emmet and Charlevoix Counties; five sites were positive for HWA. The remaining sites are referred to as "invoice sites."



**Figure 2.** Locations of HWA positive and invoice sites discovered through invoice trace-backs at two Harbor Springs landscaping firms.

**Objective 2:** Conduct a stratified, standardized sampling survey in forest and landscape hemlock to delimit HWA infestations around known positives and to detect hemlock woolly adelgid at nurseries and locations known to have received potentially infested nursery stock from HWA quarantined areas. These surveys will be conducted in cooperation with surveys of forest hemlock in the northwestern Lower Peninsula by the Michigan Department of Natural Resources.

**Accomplishment:** Five HWA-positive sites and 27 invoice sites were surveyed in 2007 and 2008 using modified Forest Service protocols. The area within 0.5 miles of positive sites and 0.25 miles of “invoice” sites was divided into ten-acre plots based on Public Land Survey System quarter-quarter-quarter sections. Within each plot, up to 300 and 100 hemlock were examined around positive and invoice sites, respectively. More 4,400 acres were surveyed each year, with 17,175 and 20,151 hemlock examined in 2007 and 2008, respectively. No HWA was detected.



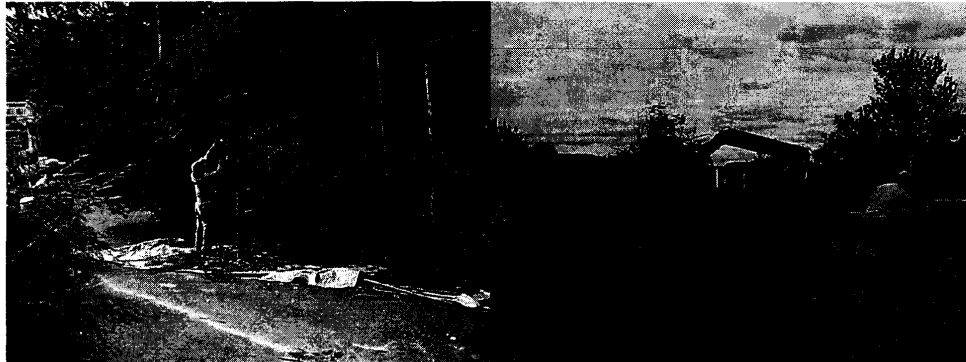
**Figure 3.** Example of a map utilized by field staff to conduct surveys around positive and invoice sites using ten-acre plots defined by Public Land Survey System quarter-quarter-quarter sections. Surveyors were electronically “tethered” to GPS coordinates corresponding to the centroids of each plot to ensure that they remained within a given plot while it was being surveyed.

**Objective 3:** Conduct an area-wide survey of forest and landscape hemlock throughout southern Emmet County.

**Accomplishment:** Because of time constraints imposed by the detection of Emerald Ash Borer at two sites in Mackinac County in Michigan’s Upper Peninsula, this objective was not completed.

**Objective 4:** Remove and destroy landscape and forest hemlock trees found to be infested with HWA.

**Accomplishment:** Immediately after the discovery of HWA in 2006, 31 landscape and native hemlock were removed and destroyed. No additional tree removals have been necessary.



**Figure 4.** Local landscapers remove infested and potentially infested hemlock at a site in Harbor Springs, Michigan. Tarps were placed on the ground beneath each tree as it was felled, trucks transporting removed hemlock were covered, and trees were burned on the landscaper's property immediately after removal.

**Objective 5:** Treat uninfested trees in close proximity to positive trees using chemical and/or other methods recommended by the U.S. Forest Service and Michigan State University.

**Accomplishment:** On November 11, 2006, applications of Merit 75 WSP (imidacloprid) insecticide using Kiortz soil injectors were made at a rate of 1.6 oz. product per 24-inches DBH (the highest labeled rate). A total of 127 hemlock trees growing near the four known positive sites was treated. On June 4, 2007 and April 21, 2008, applications of Safari 20 SG (dinotefuran) insecticide using Kiortz soil injectors were made at a rate of 0.20-0.26 oz. product per inch DBH (rate recommended by Valent BioSciences). A total of 158 and 195 hemlock trees growing near the five positive sites were treated on these dates, respectively.



**Figure 5.** MDA Inspector Bob Patterson using a Kiortz soil injector to apply dinotefuran to a small hemlock in Harbor Springs, Michigan on June 4, 2007.

**Objective 6:** Prepare Michigan-specific outreach material for distribution to the public and industry in high-risk areas and statewide.

**Accomplishment:** An HWA article was published in trade journals representing the Michigan Green Industry Association, Forestry and Parks Associate, and Nursery and Landscape Association, and in the Newsletter of the Michigan Entomological Society. Also, nearly 30,000



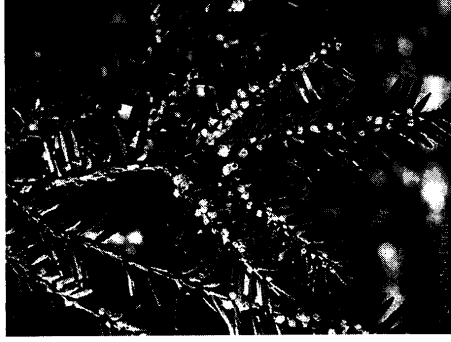
copies of the attached draft tri-fold brochure were printed for distribution to the nursery and landscape industry and to the public. Both documents are attached below.

#### **CONCLUSION AND FUTURE PLANS**

The immediate removal of the infested trees, three pesticide applications around the known positives, and extensive trace-back and survey activities represent aggressive actions that have been taken to define, contain, and eradicate this HWA infestation. The activities described herein were funded through equal grants from the Interstate Pest Control Compact and the U.S. Forest Service, with the IPCC funds being utilized as MDA's cost-share for the USFS funds. Although the IPCC funding expired on October 23, 2007 and the USFS funding expires on December 31, 2007, both grants were extended to expire on June 1, 2008. To conclude this project, the MDA has requested that the grant be further extended to June 1, 2009 to allow for the completion of survey and eradication activities in 2009.

Michigan Department of Agriculture

## Hemlock Woolly Adelgid



### Alert Information

Pesticide & Plant Pest  
Management Division  
[www.michigan.gov/mda](http://www.michigan.gov/mda)

*the county of origin based on an official survey conducted in XXXX (year of survey – must be within three years of present).*

- *The hemlock has not been held in a county known to be infested with HWA.*
- *The hemlock have not been held or stored in the proximity of products from a regulated area.*

If you are a homeowner purchasing hemlock, insist that the nursery provide you copies of the above certification. Better yet, insist on Michigan-grown hemlock.



Photo approx. 30x actual size

**Michigan Department of Agriculture**

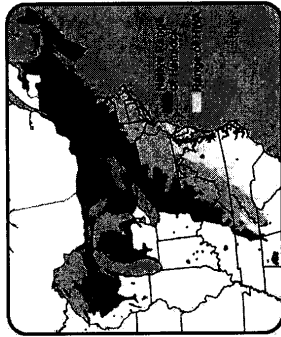
Pesticide & Plant Pest Management Division  
P.O. Box 30017

Lansing, MI 48909

[www.michigan.gov/mda](http://www.michigan.gov/mda)

For Regional Offices: [www.michigan.gov/mda-offices](http://www.michigan.gov/mda-offices)

Not printed with state funds.



### What You Can Do To Help

- Examine your hemlock for the presence of the tail-tale white, cottony masses on the underside of the branches where the needles attach. If you suspect HWA on your hemlock, please contact the nearest Michigan Department of Agriculture regional office: [www.michigan.gov/mda-offices](http://www.michigan.gov/mda-offices).
- Michigan law strictly regulates the movement of hemlock into the state. If you are in the nursery or landscape business, never accept hemlock from an out-of-state business without proper certification stating all of the following:
  - *It originates from a county where HWA is not known to occur based on an official survey conducted in XXXX (year of survey – must be within three years of present).*
  - *HWA is not known to occur in counties immediately adjacent to*



### Hemlock Woolly Adelgid

Hemlock woolly adelgid (HWA) is an insect pest native to Japan and China. It was first discovered in Virginia in 1951, and has since spread to Georgia and Maine, decimating hemlock stands across half the tree's native range in the eastern United States. This pest presents a critical threat to the future health of Michigan's forests.

### Biology and Damage

HWA is a small insect that feeds on hemlock branches and twigs by using its long, siphon-like mouth parts to extract sap, weakening the tree.

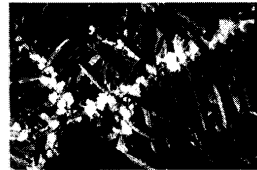


Photo by J. E. Zahrny, USDA, APHIS, PPQ

The tree takes on a grayish cast and, in the absence of control measures, can die in just a few years.

During the winter, HWA secretes a white, waxy covering over its body, making it look more like a tiny cotton ball than an insect. By

late winter, HWA begin laying eggs inside this woolly mass. Some HWA hatching from these eggs will be wingless and never leave the tree.



others will have wings and fly in search of spruce trees, an alternate host for HWA. Fortunately, HWA cannot survive on North American spruce trees.

### Identifying Hemlock Woolly Adelgid

Hemlock woolly adelgid are best identified by the white, cottony masses produced in the winter. HWA can be distinguished from other insects and spider egg cases because it will always be found

on a branch or twig at the base of a needle. It will never be found on the

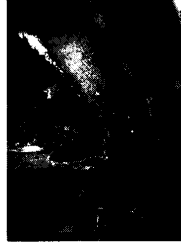
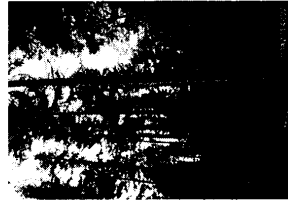


Photo by J. E. Zahrny, USDA, APHIS, PPQ

needle itself. The insect is more difficult to detect in the summer because it appears as a tiny black speck with a white halo around its body requiring a hand lens or magnifying glass to find it.

### Hemlock And Its Importance

In North America, HWA can only survive on hemlock trees. Hemlock trees are distinguished from other Michigan conifers by their flattened rows of short, flat needles arising from the sides of the branches. The needles are rounded at the end, soft to the touch, the undersides are whitish in color, and Hemlock cones are small – an inch long or less.



Michigan's hemlock trees, a majestic component of our northern forests, number more than 100 million. Across millions of forested acres, the

trees provide crucial habitat for birds, mammals, and even fish (trout thrive in the cool streams draining hemlock forests). These giants can live 800 years, and as one of the most shade tolerant tree species, they rejuvenate the darkest corners of the forest.

Michigan's dense, dark hemlock forests are part of the beauty and lure of the state's North Woods.

*"This is the forest primeval,  
The murmuring pines and  
the hemlocks, bearded  
with moss, and in garments  
green, indistinct in  
the twilight..."*

— Longfellow



## **Appendix B. Trade Journal Article: Hemlock Woolly Adelgid in Michigan**

Since its discovery in Virginia in 1951, the Hemlock Woolly Adelgid (HWA) has become among the most serious forest pests in North America. Now distributed from Georgia to Maine, HWA has decimated native hemlock stands across half the native range of hemlock in the eastern United States. The HWA attaches itself to the base of the needle, using its long, siphon-like mouthparts to penetrate the branch and extract its sap. The tree will take on a gray cast and, in the absence of control measures, will die in four to ten years. A recent detection of HWA in Michigan underscores the importance of maintaining vigilance in understanding, detecting, and managing this critical pest.

### **The Pest**

To develop an understanding of the Hemlock Woolly Adelgid, let's divide its name into more easily digestible pieces:

*Hemlock.* This insect feeds on hemlock. That's straightforward enough, right? Well, sort of. The HWA has three generations per year: one wingless generation that develops in the fall and two generations – one winged and one wingless – that develop simultaneously in the spring. Most of the time they are content to feed on hemlock, but in late spring the winged generation leaves hemlock in search of spruce trees on which to deposit their eggs. In North America the HWA nymphs that emerge from these eggs will not survive to reproduce, but in Asia, they will complete their life cycle. It's just as well that they don't find our spruce appetizing. Further, eastern and Carolina hemlock are extremely susceptible to HWA, whereas western and mountain hemlock are resistant.

*Woolly.* During the fall generation, the HWA begins feeding and growing in earnest in about mid-October. As the insects grow, they secrete a white, waxy covering over their bodies. By the end of the year the HWA looks more like a tiny cotton ball than an insect. By February, these woolly masses contain adult HWA that will begin laying eggs. Some HWA that hatch out will be wingless and never leave the hemlock; some will have wings and go on the search for spruce described above.

*Adelgid.* This odd word simply refers to the insect family "Adelgidae", to which the HWA belongs. It appears to have roots in the Greek word *adēlos*, meaning "not visible," in reference to the cottony masses that conceal the overwintering generation. In general, adelgids are conifer-feeding, aphid-like insects with complex life cycle like the one described for HWA above. They tend to spend part of their annual life cycles on spruce and the other part on other coniferous hosts. On spruce they frequently produce galls, as the eastern spruce gall adelgid and Cooley spruce gall adelgid do. This is a relatively small group of insects with only about 20 species known from North America.

### **The Host.**

It would be difficult to overstate the importance of hemlock in northeastern forests. It is the second most abundant conifer in the Northeast, and Michigan alone is home to an estimated 100 million hemlock trees. They are long-lived – up to 800 years – and extremely shade tolerant. Their shade tolerance makes them valuable landscape trees, growing where little else can.

Hemlock forests provide critically important nesting habitat for birds like black-throated green warbler, blackburnian warbler (once known as the hemlock warbler), and winter wren. The cooling effects of its dense canopy increases trout populations in streams draining hemlock forests. Hemlock forests have been linked to higher populations and diversity of mammals, including black bears.

And lastly, from a purely human perspective, Michigan's dense, dark hemlock forests are part of the lure of its North Woods. Perhaps this is what Longfellow had in mind when he wrote,:

*"This is the forest primeval. The murmuring pines and the hemlocks,  
Bearded with moss, and in garments green, indistinct in the twilight..."*



## **HWA in Michigan**

On August 15, 2006 the Michigan Department of Agriculture, acting on a report from of a northern Michigan landscaper, collected Hemlock Woolly Adelgid from landscape hemlock in the Harbor Springs area. Subsequent surveys of the area revealed that the infestation had spread to naturally occurring hemlock in the immediate vicinity. Investigations revealed that the landscape trees were part of a shipment of 30 trees from West Virginia in 2003. All trees have been accounted for and inspected, and initial delimiting surveys have been conducted around the infested trees.

The MDA is in the process of implementing an aggressive control program to eliminate these infestations and detect others that may be present. Initial surveys and removal of all infested trees has already occurred, and pesticide treatments and intense, large-scale surveys are planned for this winter and spring. The MDA will also continue working with local landscapers and nurseries to identify additional shipments of nursery stock from infested areas of the country. Regulatory action under the authority of the Michigan Hemlock Woolly Adelgid Quarantine and Public Act 189 is pending.

This is the first time HWA has been found on native hemlock in the state of Michigan. Two previous detections of HWA in 2001 were restricted to nurseries, and plants were destroyed before being distributed to customers.

### **Michigan's HWA Quarantine.**

In response to growing concern over potential introduction of HWA into Michigan, in 2001 the MDA promulgated a quarantine regulating the movement of hemlock trees, seedlings, and wood products into Michigan.

The two most crucial regulations in Michigan's HWA Quarantine are listed below.

1. *Hemlock seedlings and nursery stock originating from or having been held in an area under quarantine are prohibited entry into Michigan.*

Regardless of how many times the trees have been sprayed or how many times they've been inspected, they **cannot** be transported to Michigan if they're from a quarantined state or county. States and counties under quarantine are those listed at [na.fs.fed.us/fhp/hwa/infestations](http://na.fs.fed.us/fhp/hwa/infestations).

2. *Hemlock seedlings and nursery stock from non-quarantined areas shipped into Michigan must be accompanied by a signed State Phytosanitary Certificate or Certificate of Quarantine Compliance.*

The signed certification must attest to the facts that the hemlock originated in a non-quarantine area, was never held in a quarantined area, and have not been exposed hemlock from a quarantined area.

This law exists to protect Michigan's vital hemlock resource. Violation of this quarantine carries with it fines from \$1,000 to \$250,000 and up to five years in prison per occurrence. Please see the actual Michigan Hemlock Woolly Adelgid Quarantine at [www.michigan.gov/mda](http://www.michigan.gov/mda) for more detailed information.

### **What can the Industry and the Public do?**

There are two critical actions the industry and the public can take to help keep HWA out of Michigan.

1. Know the source of your hemlock. Never accept hemlock from quarantined areas and never accept hemlock without proper certification. Report anyone you believe is violating the HWA Quarantine to the MDA.
2. Examine your hemlock for the presence of the tell-tale white, cottony masses on the underside of the branches where the needles attach. If you suspect HWA on your hemlock, please contact your local MDA or MSU Extension office immediately.



**FINANCIAL STATUS REPORT**  
(Long Form)

(Follow instructions on the back)

|   |  |  |                   |  |                           |
|---|--|--|-------------------|--|---------------------------|
| 1. Federal Agency and Organizational Element to Which Report is Submitted<br>N/A  |  | 2. Federal Grant or Other Identifying Number Assigned By Federal Agency<br>Interstate Pest Control Compact |                   | OMB Approval No.<br><b>0348-0039</b>   | Page of<br>1   1<br>pages |
| 3. Recipient Organization (Name and complete address, including ZIP code)<br>Michigan Department of Agriculture, P.O. Box 30017, Lansing, MI 48909  |  |  |                   |  |                           |
| 4. Employer Identification Number<br>386000134 D  |  | 5. Recipient Account Number or Identifying Number<br>313607  |                   | 6. Final Report<br><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No                         |                           |
| 7. Basis<br><input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual   |  |  |                   |  |                           |
| 8. Funding/Grant Period (See instructions)<br>From: (Month, Day, Year)<br>2/7/2007  |  | To: (Month, Day, Year)<br>6/1/2008   |                   | 9. Period Covered by this Report<br>From: (Month, Day, Year)<br>2/7/2007<br>To: (Month, Day, Year)<br>6/1/2008 |                           |
| 10. Transactions:   |  |  |                   |  |                           |
|   |  | I<br>Previously Reported   | II<br>This Period | III<br>Cumulative  |                           |
| a. Total outlays  |  |  | 60,000.00         | 60,000.00  |                           |
| b. Refunds, rebates, etc.   |  |  |                   | 0.00   |                           |
| c. Program income used in accordance with the deduction alternative   |  |  |                   | 0.00   |                           |
| d. Net outlays (Line a, less the sum of lines b and c)  |  | 0.00   | 60,000.00         | 60,000.00  |                           |
| <b>Recipient's share of net outlays, consisting of:</b>   |  |  |                   |  |                           |
| e. Third party (in-kind) contributions  |  |  |                   |  | 0.00                      |
| f. Other Federal awards authorized to be used to match this award   |  |  |                   |  | 0.00                      |
| g. Program income used in accordance with the matching or cost sharing alternative  |  |  |                   |  | 0.00                      |
| h. All other recipient outlays not shown on lines e, f or g   |  |  |                   |  | 0.00                      |
| i. Total recipient share of net outlays (Sum of lines e, f, g and h)  |  | 0.00   | 0.00              | 0.00   |                           |
| j. Federal share of net outlays (line d less line i)  |  | 0.00   | 60,000.00         | 60,000.00  |                           |
| k. Total unliquidated obligations   |  |  |                   |  |                           |
| l. Recipient's share of unliquidated obligations  |  |  |                   |  |                           |
| m. Federal share of unliquidated obligations  |  |  |                   |  |                           |
| n. Total Federal share (sum of lines j and m)   |  |  |                   | 60,000.00  |                           |
| o. Total Federal funds authorized for this funding period   |  |  |                   | 75,000.00  |                           |
| p. Unobligated balance of Federal funds (Line o minus line n)   |  |  |                   | 15,000.00  |                           |
| <b>Program income, consisting of:</b>   |  |  |                   |  |                           |
| q. Disbursed program income shown on lines c and/or g above   |  |  |                   |  |                           |
| r. Disbursed program income using the addition alternative  |  |  |                   |  |                           |
| s. Undisbursed program income   |  |  |                   |  |                           |
| t. Total program income realized (Sum of lines q, r and s)  |  |  |                   |  | 0.00                      |
| 11. Indirect Expense  |  |  |                   |  |                           |
| a. Type of Rate (Place "X" in appropriate box)<br><input checked="" type="checkbox"/> Provisional <input type="checkbox"/> Predetermined <input type="checkbox"/> Final <input type="checkbox"/> Fixed                |  |  |                   |  |                           |
| b. Rate   |  | c. Base  |                   | d. Total Amount  |                           |
|   |  |  |                   | e. Federal Share   |                           |
| 12. Remarks: Attach any explanations deemed necessary or information required by Federal sponsoring agency in compliance with governing legislation.  |  |  |                   |  |                           |
| 13. Certification: I certify to the best of my knowledge and belief that this report is correct and complete and that all outlays and unliquidated obligations are for the purposes set forth in the award documents. |  |  |                   |  |                           |
| Typed or Printed Name and Title<br>Richard E. Harper Jr., Chief Accountant, MDA   |  |  |                   | Telephone (Area code, number and extension)<br>517 373-9767  |                           |
| Signature of Authorized Certifying Official<br>   |  |  |                   | Date Report Submitted<br>July 15, 2008   |                           |

Previous Edition Usable  
NSN 7540-01-012-4285

269-104

Standard Form 269 (Rev. 7-97)

200-498 P.O. 139 (Face)

Prescribed by OMB Circulars A-102 and A-110



|                  | FROM 02/07/07 | FROM 10/01/07 |             |
|------------------|---------------|---------------|-------------|
|                  | TO 09/30/07   | TO 06/01/08   |             |
| <b>270 AMT</b>   | \$31,937.43   | \$28,062.57   | \$60,000.00 |
|                  |               |               |             |
|                  |               |               | TOTAL       |
| Personnel        | \$21,404.16   | \$13,116.43   | \$34,520.59 |
| Benefits         | \$8,660.46    | \$9,012.28    | \$17,672.74 |
| Travel           | \$704.12      | \$0.00        | \$704.12    |
| Equip            | \$374.95      | \$0.00        | \$374.95    |
| Supplies         | \$793.74      | \$3,722.32    | \$4,516.06  |
| Contractual      | \$0.00        | \$0.00        | \$0.00      |
| Indirect Charges | \$0.00        | \$0.00        | \$0.00      |
| Other            | \$0.00        | \$2,211.54    | \$2,211.54  |
|                  |               |               |             |
| Totals           | \$31,937.43   | \$28,062.57   | \$60,000.00 |
| Grand Total      | \$31,937.43   | \$28,062.57   | \$60,000.00 |



## Membership and Committees

### Officers 2007-2008

|            |                   |
|------------|-------------------|
| Chair      | Greg Ibach, NE    |
| Vice Chair | Michael Scuse, DE |
| Secretary  | Don Butler, AZ    |
| Treasurer  | Tommy Irvin, GA   |

### Executive Committee 2007-2008

|                     |                            |
|---------------------|----------------------------|
| Chair               | Greg Ibach, NE             |
| Midwestern Region   | Andy Miller, Indiana       |
| Northeastern Region | Dennis Wolff, Pennsylvania |
| Southern Region     | Gus Douglas, West Virginia |
| Western Region      | John Stulp, Colorado       |

### Technical Advisory Committee 2008 (Selected by Regional Plant Boards)

|   |  |
|---|--|
| <b><u>Central Plant Board</u></b><br>Dave Nelson, North Dakota<br>Thomas Harrison, Ohio | <b><u>Eastern Plant Board</u></b><br>Dick Bean, Maryland<br>Randy Ciurlino, Delaware   |
| <b><u>Western Plant Board</u></b><br>John Caravetta, Arizona<br>Clair Allen, Utah       | <b><u>Southern Plant Board</u></b><br>Benny Graves, Mississippi<br>Mike Evans, Georgia |
| <b><u>USDA APHIS PPO</u></b><br>Mike Stefan   | <b><u>USDA Forest Service</u></b><br>Bob Rabaglia                                      |



**Governing Board  
2007-2008  
(37 Member States)**

| <b>Member</b>  | <b>Administrator</b>        | <b>Year Joined</b> |
|----------------|-----------------------------|--------------------|
| Arizona        | Don Butler                  | 1994               |
| Arkansas       | Daryl Little                | 1999               |
| California     | A.G. Kawamura               | 1969               |
| Colorado       | John Stulp                  | 2001               |
| Delaware       | Michael Scuse               | 1969               |
| Florida        | Charles Bronson             | 1995               |
| Georgia        | Tommy Irvin                 | 1984               |
| Illinois       | Charles Hartke/Tom Jennings | 1968               |
| Indiana        | Andy Miller/Ken Klemme      | 2005               |
| Kansas         | Adrian Polansky             | 1996               |
| Maine          | Seth Bradstreet             | 1986               |
| Maryland       | Roger Richardson            | 1976               |
| Michigan       | Don Koivisto                | 1968               |
| Minnesota      | Gene Hugoson                | 1969               |
| Mississippi    | Lester Spell                | 2006               |
| Nebraska       | Greg Ibach                  | 2004               |
| New Hampshire  | Lorraine Merrill            | 1968               |
| New Jersey     | Charles Kuperus             | 1970               |
| New Mexico     | I. Miley Gonzalez           | 1981               |
| New York       | Patrick Hooker              | 2002               |
| North Carolina | Steve Troxler               | 1975               |
| North Dakota   | Roger Johnson               | 1973               |
| Ohio           | Robert Boggs                | 1974               |
| Oklahoma       | Terry Peach                 | 1999               |
| Oregon         | Kathy Coba                  | 1981               |
| Pennsylvania   | Dennis Wolff                | 1968               |
| Puerto Rico    | Gabriel Figueroa Herrera    | 1994               |
| Rhode Island   | Kenneth Ayars               | 1999               |
| South Carolina | Hugh Weathers               | 1972               |
| Tennessee      | Ken Givens                  | 1969               |
| Texas          | Todd Staples                | 1994               |
| Utah           | Leonard Blackham            | 1985               |
| Vermont        | Roger Albee                 | 1978               |
| Virginia       | Todd Haymore                | 1974               |
| Washington     | Bob Gore                    | 1999               |
| West Virginia  | Gus Douglass                | 1968               |
| Wyoming        | John Etchepare              | 1996               |



## Officers History

| <b>Term of Office</b> | <b>Date of Election</b> | <b>Chairman</b> | <b>Vice Chairman</b> | <b>Secretary</b> | <b>Treasurer</b> |
|-----------------------|-------------------------|-----------------|----------------------|------------------|------------------|
| 1968-69               | 1968 <sup>(a)</sup>     | California      | Michigan             | Illinois         | Illinois         |
|                       |                         | Lyng            | Ballo                | Larkin           | Larkin           |
| 1969-70               | Feb-69                  | Michigan        | N. Hampshire         | California       | Illinois         |
|                       |                         | Ball            | Buckley              | Fielder          | Lewis            |
| 1970-71               | Mar-70                  | N. Hampshire    | Tennessee            | California       | Illinois         |
|                       |                         | Buckley         | Moss                 | Fielder          | Lewis            |
| 1971-72               | Mar-71                  | W. Virginia     | Delaware             | California       | Illinois         |
|                       |                         | Douglass        | Caulk                | Fielder          | Ropp             |
| 1972                  | Jan-72                  | Delaware        | California           | Minnesota        | Illinois         |
|                       |                         | Caulk           | Fielder              | Dennistoun       | Ropp             |
| 1972-73               | Nov-72                  | California      | New Jersey           | Minnesota        | Illinois         |
|                       |                         | Christensen     | Alampi               | Dennistoun       | Ropp             |
| 1973-74               | Sep-73                  | New Jersey      | Ohio                 | Minnesota        | Illinois         |
|                       |                         | Alampi          | Abercrombie          | Dennistoun       | Williams         |
| 1974-75               | Sep-74                  | Ohio            | S. Carolina          | Minnesota        | Illinois         |
|                       |                         | Abercrombie     | Harrelson            | Dennistoun       | Williams         |
| 1975-76               | Oct-75                  | S. Carolina     | Ohio                 | Minnesota        | Illinois         |
|                       |                         | Harrelson       | Stackhouse           | Dennistoun       | Williams         |
| 1976-77               | Nov-76                  | Ohio            | Virginia             | Minnesota        | Illinois         |
|                       |                         | Stackhouse      | Carbaugh             | Dennistoun       | Block            |
| 1977-78               | Sep-77                  | Virginia        | N. Carolina          | Minnesota        | Illinois         |
|                       |                         | Carbaugh        | Graham               | Dennistoun       | Block            |
| 1978-79               | Sep-78                  | Virginia        | N. Carolina          | Minnesota        | Illinois         |
|                       |                         | Carbaugh        | Graham               | Dennistoun       | Block            |
| 1979-80               | Sep-79                  | Virginia        | N. Carolina          | Minnesota        | Illinois         |
|                       |                         | Carbaugh        | Graham               | Dennistoun       | Block            |
| 1980-81               | Nov-80                  | N. Carolina     | California           | Minnesota        | Illinois         |
|                       |                         | Graham          | Rominger             | Dennistoun       | Block            |
| 1981-82               | Sep-81                  | California      | Vermont              | Minnesota        | Illinois         |
|                       |                         | Rominger        | Dunsmore             | Dennistoun       | Block            |
| 1982-83               | Sep-82                  | Vermont         | Michigan             | Minnesota        | Illinois         |
|                       |                         | Dunsmore        | Pridgeon             | Dennistoun       | Werries          |





| <b>Term of Office</b> | <b>Date of Election</b> | <b>Chairman</b> | <b>Vice Chairman</b> | <b>Secretary</b> | <b>Treasurer</b> |
|-----------------------|-------------------------|-----------------|----------------------|------------------|------------------|
| 1983-84               | Sep-83                  | Tennessee       | Ohio                 | Minnesota        | Illinois         |
|                       |                         | Walker          | Locker               | Dennistoun       | Werries          |
| 1984-85               | Sep-84                  | Ohio            | California           | Minnesota        | Illinois         |
|                       |                         | Locker          | Berryhill            | Dennistoun       | Werries          |
| 1985-86               | Oct-85                  | Oregon          | Delaware             | Minnesota        | Illinois         |
|                       |                         | Kunzman         | Chandler             | Dennistoun       | Werries          |
| 1986-87               | Sep-86                  | Delaware        | Georgia              | Minnesota        | Illinois         |
|                       |                         | Chandler        | Irvin                | Dennistoun       | Werries          |
| 1987-88               | Oct-87                  | Delaware        | Georgia              | Minnesota        | Illinois         |
|                       |                         | Chandler        | Irvin                | Dennistoun       | Werries          |
| 1988-89               | Sep-88                  | Georgia         | Ohio                 | Michigan         | Illinois         |
|                       |                         | Irvin           | Maurer               | Cardwell         | Werries          |
| 1989-90               | Sep-89                  | Ohio            | Utah                 | Michigan         | Illinois         |
|                       |                         | Maurer          | Ferry                | Cardwell         | Rundquist        |
| 1990-91               | Oct-90                  | Utah            | Pennsylvania         | Michigan         | Illinois         |
|                       |                         | Ferry           | Wolff                | Cardwell         | Rundquist        |
| 1991-92               | Sep-91                  | Pennsylvania    | South Carolina       | Michigan         | Illinois         |
|                       |                         | Wolff           | Tindal               | Cardwell         | Doyle            |
| 1992-93               | Sep-92                  | South Carolina  | West Virginia        | Michigan         | Illinois         |
|                       |                         | Tindal          | Douglass             | Cardwell         | Doyle            |
| 1993-94               | Sep-93                  | Ohio            | West Virginia        | Michigan         | Illinois         |
|                       |                         | Dailey          | Douglass             | Cardwell         | Doyle            |
| 1994-95               | Sep-94                  | West Virginia   | New Jersey           | South Carolina   | Illinois         |
|                       |                         | Douglass        | Brown                | Tompkins         | Doyle            |
| 1995-96               | Sep-95                  | New Jersey      | Arizona              | South Carolina   | Illinois         |
|                       |                         | Brown           | Kelly                | Tompkins         | Doyle            |
| 1996-97               | Sep-96                  | Arizona         | Virginia             | South Carolina   | Illinois         |
|                       |                         | Kelly           | Courter              | Tompkins         | Doyle            |
| 1997-98               | Sep-97                  | Virginia        | Maine                | South Carolina   | Illinois         |
|                       |                         | Courter         | McLaughlin           | Tompkins         | Doyle            |
| 1998-99               | Sep-98                  | Arizona         | Maryland             | South Carolina   | Virginia         |
|                       |                         | Jones           | Virts                | Tompkins         | Courter          |
| 1999-00               | Sep-99                  | Maryland        | Minnesota            | California       | Virginia         |
|                       |                         | Virts           | Masso                | Lyons            | Courter          |
| 2000-01               | Sep-00                  | Minnesota       | Maine                | California       | Virginia         |
|                       |                         | Masso           | Spear                | Lyons            | Courter          |



| <b>Term of Office</b> | <b>Date of Election</b> | <b>Chairman</b> | <b>Vice Chairman</b>           | <b>Secretary</b>                  | <b>Treasurer</b>     |
|-----------------------|-------------------------|-----------------|--------------------------------|-----------------------------------|----------------------|
| 2001-02               | Sep-01                  | Maine           | Oregon                         | California                        | Virginia             |
|                       |                         | Spear           | Ward                           | Lyons                             | Courter              |
| 2002-03               | Sep-02 <sup>(b)</sup>   | Maine           | Oregon/<br>So. Carolina        | California                        | Virginia             |
|                       |                         | Spear           | Ward/<br>Sharpe <sup>(3)</sup> | Lyons                             | Courter              |
| 2003-04               | Sep-03                  | South Carolina  | New Jersey                     | California                        | Virginia             |
|                       |                         | Sharpe          | Kuperus                        | Lyons/<br>Kawamura <sup>(d)</sup> | Courter              |
| 2004-05               | Sep-04                  | New Jersey      | California                     | North Dakota                      | Virginia             |
|                       |                         | Kuperus         | Kawamura                       | Johnson                           | Courter              |
| 2005-06               | Sep-05                  | North Dakota    | California                     | Nebraska                          | Virginia             |
|                       |                         | Johnson         | Kawamura                       | Ibach                             | Courter              |
| 2006-07               | Sep-06                  | California      | Nebraska                       | Delaware                          | Georgia              |
|                       |                         | Kawamura        | Ibach                          | Scuse                             | Irvin <sup>(e)</sup> |
| 2007-08               | Sep-07                  | Nebraska        | Delaware                       | Arizona                           | Georgia              |
|                       |                         | Ibach           | Scuse                          | Butler                            | Irvin <sup>(e)</sup> |

<sup>(a)</sup> First meeting of the Compact was January 1969. Records indicate that officers had been elected or selected prior to this meeting, as meeting was chaired by Lyng of California.

<sup>(b)</sup> Due to absence of an Executive Director, no elections were held. Existing slate of officers agreed to serve until next annual meeting.

<sup>(3)</sup> Sharpe of South Carolina was elected Vice President at the 2003 mid year meeting to fill the vacancy created by the departure of Ward of Oregon.

<sup>(d)</sup> Kawamura of California was elected Secretary at the 2004 mid year meeting to fill vacancy created by the departure of Lyons of California

<sup>(e)</sup> Irvin of Georgia was elected Treasurer at the 2007 mid year meeting to fill vacancy created by departure of Courter of Virginia.



**INTERSTATE PEST CONTROL COMPACT INSURANCE  
FUND**

**FINANCIAL REPORT**

**For the Year Ended June 30, 2008**

## Interstate Pest Control Compact Discussion Points for Treasurer's Report

### Highlights from Fiscal Year 2008:

- ▶ Total assets available on June 30, 2008 were \$1,103,576.95. An increase of \$5,026.47 from the June 30, 2007 balance of \$1,098,550.48.
- ▶ No membership dues were received; no donations were received.
- ▶ Income on investments totaled \$58,517.63. There were no investment fees or expenses. Investment income covered all of the administrative and operating costs (\$21,740.86) for the period.
- ▶ The insurance claim to the Michigan Department of Agriculture (\$75,000) for survey and eradication of Hemlock woolly adelgid was scheduled for completion on June 1, 2008, with only \$60,000 dispersed; all funds were dispersed in FY 2007. On July 14, 2008 the IPCC received a request from Michigan Department of Agriculture to extend the claim until June 1, 2009 and utilize the remaining 15,000 in the grant to conduct survey and evaluation activities in 2009.
- ▶ Funds were invested in Smith Barney securities earning varying rates of yield.
- ▶ Investment Risk: The Smith Barney Financial Management Account, in which IPCC funds were invested, followed the investment strategy approved by the IPCC Executive Committee on September 23, 2007. The Smith Barney FMA was diversified in the following way as of June 30, 2008:

|                                 |      |
|---------------------------------|------|
| Money Fund                      | 5%   |
| Preferred Stocks                | 9%   |
| Corporate Bonds                 | 34%  |
| Government Bonds                | 18%  |
| Certificates of Deposit         | 34%  |
| Accrued Interest on Bonds / CDs | 1%   |
| Total:                          | 100% |

**INTERSTATE PEST CONTROL COMPACT  
BALANCE SHEET  
June 30, 2008**

**Assets**

|              |             |
|--------------|-------------|
| Cash Balance | 0           |
| Money Fund   | \$54,794.98 |

**Investments**

|                   |              |
|-------------------|--------------|
| Accrued Interest  | 11,131.08    |
| Preferred Stocks  | 100,000.00   |
| Corporate Bonds   | 382,672.00   |
| Government Bonds  | 199,157.00   |
| CDs               | 378,393.90   |
| Total investments | 1,071,353.98 |

|                     |                       |
|---------------------|-----------------------|
| <b>TOTAL ASSETS</b> | <b>\$1,126,148.96</b> |
|---------------------|-----------------------|

**Liabilities & Equity**

|             |                          |
|-------------|--------------------------|
| Liabilities | \$15,000.00 <sup>1</sup> |
|-------------|--------------------------|

|        |                     |
|--------|---------------------|
| Equity | <u>1,111,148.96</u> |
|--------|---------------------|

|                                       |                       |
|---------------------------------------|-----------------------|
| <b>TOTAL LIABILITIES &amp; EQUITY</b> | <b>\$1,126,148.96</b> |
|---------------------------------------|-----------------------|

<sup>1</sup> Balance due to Michigan Department of Agriculture for completion of Hemlock Woolly Adelgid Survey and Eradication claim.

**INTERSTATE PEST CONTROL COMPACT  
STATEMENT OF CASH FLOWS  
For the 12 Month Period Ended June 30, 2008**

|  |           |            |                                   |
|--|-----------|------------|-----------------------------------|
| <i>Balance on July 1, 2007</i>         |           |            | <u>\$ 1,098,550.48</u>            |
| <br><b><u>Add - Inflows</u></b>        |           |            |                                   |
| Dividends and Interest Received        |           | 58,517.63  |                                   |
| Smith Barney interest earned           | 32,931.31 |            |                                   |
| Smith Barney dividends earned          | 4,729.16  |            |                                   |
| Smith Barney money fund earnings       | 2,124.18  |            |                                   |
| Smith Barney accrued interest received | 18,732.98 |            |                                   |
| <br>Membership Fees:                   |           | <br>0.00   |                                   |
| Donations:                             |           | 0.00       |                                   |
| Unrealized Gains/Losses                |           | -31,750.30 |                                   |
| <br>TOTAL INFLOWS                      |           |            | <br><u>26,767.33</u>              |
| <br><b><u>Deduct-Outflows</u></b>      |           |            |                                   |
| Operating Expenses:                    |           | 21,740.86  |                                   |
| Executive Director                     | 15,090.65 |            |                                   |
| General Administration Fee             | 1,995.82  |            |                                   |
| Travel                                 | 3,231.25  |            |                                   |
| Conference Registrations               | 1,150.00  |            |                                   |
| Postage                                | 0.00      |            |                                   |
| Printing                               | 0.00      |            |                                   |
| IPCC Website                           | 167.40    |            |                                   |
| Bank Service Charges                   | 0.00      |            |                                   |
| Supplies                               | 105.74    |            |                                   |
| <br>Insurance Claims                   |           | <br>0.00   |                                   |
| <br>TOTAL OUTFLOWS                     |           |            | <br><u>21,740.86</u>              |
| <br><i>Balance on June 30, 2008</i>    |           |            | <br><u><u>\$ 1,103,576.95</u></u> |

**STATEMENT OF REVENUES, EXPENDITURES, & CHANGES IN  
FUND BALANCES/EQUITY**  
For the 12 Month Period Ended June 30, 2008

*Revenues*

|                         |             |                    |
|-------------------------|-------------|--------------------|
| Dividends and Interest  | \$58,517.63 |                    |
| Membership Fees         | 0.00        |                    |
| Donations               | 0.00        |                    |
| Unrealized Gains/Losses | (31,750.30) |                    |
| <b>Total revenues</b>   |             | <b>\$26,767.33</b> |

*Expenditures*

|                       |                  |                  |
|-----------------------|------------------|------------------|
| Operating Expenses    | \$21,740.86      |                  |
| Insurance Claims      | 0.00             |                  |
| <b>Total expenses</b> | <u>21,740.86</u> | <u>21,740.86</u> |

*Excess of revenue over expenditures* \$5,026.47

*Fund balances/equity July 1, 2007* 1,098,550.48

*Fund balances/equity June 30, 2008* \$1,103,576.95

**Interstate Pest Control Compact and Pest Control Insurance Fund  
Budget VS Actual Report  
July 1, 2007 to June 30, 2008**

| <b>Description</b>                         | <b>2007-2008</b>    |                     | <b>2006-2007</b>    |                     | <b>2005-2006</b>    |                     |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|  | <b>Budget</b>       | <b>Actual</b>       | <b>Budget</b>       | <b>Actual</b>       | <b>Budget</b>       | <b>Actual</b>       |
| <b>Management Services</b>                 |                     |                     |                     |                     |                     |                     |
| Executive Director Services                | \$ 15,000.00        | \$ 15,090.65        | \$ 15,000.00        | \$ 13,956.27        | \$ 15,000.00        | \$ 11,440.65        |
| Travel and Registration                    | \$ 3,800.00         | \$ 4,381.25         | \$ 3,800.00         | \$ 3,826.15         | \$ 3,800.00         | \$ 3,415.69         |
| Bond                                       | \$ 100.00           | \$ -                | \$ 100.00           | \$ -                | \$ 100.00           | \$ -                |
| <b>Facilities and Administrative Costs</b> |                     |                     |                     |                     |                     |                     |
| Overhead                                   | \$ 2,500.00         | \$ 1,995.82         | \$ 2,500.00         | \$ 1,520.00         | \$ 2,000.00         | \$ 2,232.00         |
| IPCC Website **                            | \$ 200.00           | \$ 167.40           | \$ 200.00           | \$ 215.10           | \$ 200.00           | \$ 188.25           |
| Supplies                                   | \$ -                | \$ 105.74           | \$ -                | \$ -                | \$ -                | \$ -                |
| Postage                                    | \$ 300.00           | \$ -                | \$ 300.00           | \$ -                | \$ 300.00           | \$ 199.90           |
| Printing                                   | \$ 500.00           | \$ -                | \$ 500.00           | \$ -                | \$ 500.00           | \$ 453.42           |
| Bank Charges                               | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ 8.50             |
| Equipment                                  | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                |
| Charitable Solicitation Registration       | \$ 1,000.00         | \$ -                | \$ 1,000.00         | \$ -                | \$ -                | \$ -                |
| <b>Contractual Services</b>                |                     |                     |                     |                     |                     |                     |
| Audit                                      | \$ 100.00           | \$ -                | \$ 100.00           | \$ -                | \$ 100.00           | \$ -                |
| <b>Special Purpose</b>                     |                     |                     |                     |                     |                     |                     |
| Technical Advisory Committee               | \$ 500.00           | \$ -                | \$ 500.00           | \$ -                | \$ 500.00           | \$ -                |
| Special Committee                          | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                |
| <b>TOTAL</b>                               | <b>\$ 24,000.00</b> | <b>\$ 21,740.86</b> | <b>\$ 24,000.00</b> | <b>\$ 19,517.52</b> | <b>\$ 22,500.00</b> | <b>\$ 17,938.41</b> |

\*\*includes website hosting and domain name registration.