MINUTES OF THE MEETING OF THE BOARD OF INVESTORS FOR THE OKLAHOMA TOBACCO SETTLEMENT TRUST FUND (TSET)
July 1, 2026
State Capitol Building, Room 5S3
2300 N. Lincoln Blvd.
Oklahoma City, OK 73105

Call to order

Treasurer Todd Russ, Chair of the Board, called the meeting to order at 10:04 a.m. on Wednesday, July 1, 2026.

Confirmation of quorum

Members of the Board present at the start of the meeting were Treasurer Russ, Aaron Ackerman, and Deborah Mueggenborg. John Waldo was absent. A quorum was confirmed.

Others present at the meeting were OST Chief Investment Officer Lisa Murray; OST Deputy Treasurer/Chief of Staff Jordan Harvey; OST Director of Portfolio Accounting and Reporting Phyllis Chan; OST Manager of Portfolio Accounting and Reporting Donna Beeman; Assistant Attorney General Benjamin Graves; Innovest Advisor's Wendy Dominguez and Wyck Brown; Evan Walter and Paul Pustmueller with BOK Financial; TSET Director of Public Information and Government Affairs Thomas Larson, TSET Accountant Britt Chapman; Paul Monies with Oklahoma Watch; OST Chief Policy Advisor Andy Ferguson; OST Digital Media Coordinator Lara Blubaugh; OST Investment Analyst Kudakwashe Rupuwu, and Matthew Felty, Special Counsel from Ryan-Whaley.

Kudakwashe Rupuwu served as recording secretary.

Certification of compliance with the Open Meeting Act

Chairman Russ advised the members, as a point of information, that an email communication the previous day had inadvertently been distributed as a reply to a group of recipients rather than by blind copy, such that the thread included enough members to constitute a quorum. Staff terminated the communication immediately upon discovery and no action or business was taken. Chairman Russ noted the incident could have constituted a potential violation of the Open Meeting Act and confirmed it had been addressed. Assistant Attorney General Ben Graves confirmed that the Board was in compliance.

Approval of minutes from the meeting on February 18, 2026

Chairman Russ presented the minutes with an amendment to reflect that the vote on the investment policy was not unanimous and record the dissenting vote of Mr. Waldo.

Upon a motion by Mr. Ackerman and a second by Ms. Mueggenborg, the minutes were adopted as amended by unanimous roll-call vote of the members present.

Presentation of Tobacco Free Investments report by Bank of Oklahoma

Chairman Russ recognized Evan Walter of BOK Financial to present the quarterly report. Mr. Walter confirmed that the portfolio remains in full compliance with the tobacco-free mandate.

Special counsel and executive session (agenda items 4, 5, and 6)

Chairman Russ explained that accepting the special counsel appointed by Governor Stitt would constitute a formal engagement establishing attorney-client privilege and would permit the Board to convene into executive session to consider its options.

Upon a motion by Ms. Mueggenborg and a second by Mr. Ackerman, the Board voted unanimously by roll-call vote of the members present to accept the special counsel appointed by Governor Stitt pursuant to 74 O.S. § 6 and Okla. Const. art. VI, §§ 2, 8, to represent the Board regarding the Private Equity Infrastructure Manager Selection authorized by the Board on February 18, 2026.

Upon a motion by Mr. Ackerman and a second by Ms. Mueggenborg, the Board voted unanimously by roll-call vote of the members present to convene into executive session pursuant to 25 O.S. § 307(B)(4) for the purpose of engaging in confidential communications between the Board and special counsel concerning the same matter, where special counsel had determined that public disclosure would seriously impair the ability of the Board to pursue legal options.

Upon a motion by Ms. Mueggenborg and a second by Mr. Ackerman, the Board voted unanimously by roll-call vote of the members present to acknowledge and return to open session. Chairman Russ stated for the record that no actions were taken, no votes were cast, and no matters other than those appearing on the agenda were discussed in executive session.

Upon a motion by Mr. Ackerman and a second by Ms. Mueggenborg, the Board voted unanimously by roll-call vote of the members present to authorize Ryan Whaley as special counsel to take all necessary and appropriate action to protect the rights and interests of the Board regarding the Private Equity Infrastructure Manager Selection, including commencing litigation.

Discussion of estimated FY26 earnings as of March 31, 2026

Chairman Russ recognized Ms. Chan to present the estimated FY26 earnings for the nine months ending March 31, 2026. Total estimated income was $47.4 million and net gains were $69.8 million. After deducting estimated investment expenses of $8.4 million and reserving $500 thousand for the audited financial statements as of September 30, estimated earnings available were $108,308,711.56. Ms. Chan confirmed, in response to a question from the Chairman, that the FY25 earnings of $142,973,260.80 were among the highest in the history of the Trust. No action was taken on this item.

Fund budgetary matters: FY26 revised budget and FY27 budget

Chairman Russ recognized Ms. Beeman to present this item. Ms. Beeman presented a revised FY26 budget reflecting an increase of approximately $13,000 to account for Reams, a newly added liquidity sleeve alongside the Cavanal Hill money market fund, for the fourth quarter of FY26. Administrative costs did not increase. The Board directed that the name of the investment consultant be corrected on the budget attachment. Upon a motion by Ms. Mueggenborg to approve the revised FY26 budget as amended, and a second by Mr. Ackerman, the motion passed unanimously by roll-call vote of the members present.

Ms. Beeman then presented the proposed FY27 budget, with a total budget of $7,428,286, an increase of approximately $1,001,035 over FY26, driven primarily by incremental increases in service provider fees resulting from growth in the fund. Upon a motion by Mr. Ackerman to approve the FY27 budget, and a second by Ms. Mueggenborg, the motion passed unanimously by roll-call vote of the members present.

TSET Board of Directors report

Chairman Russ recognized Mr. Larson to present an update on TSET Board of Directors activities. Mr. Larson reported that Executive Director Julie Bisbee resigned in April and that Chief of Staff Lance Thomas is serving as interim executive director. At its May meeting, the Board of Directors approved an FY27 budget of just over $141 million, comprising approximately $82 million in the core budget and approximately $59 million for the TSET Legacy Grants awarded last November, up from just over $112 million in FY26, and awarded nearly $7 million in grants to communities and nonprofits across the state. No action was taken on this item.

Discussion and possible action regarding class action proof of claims filed

Chairman Russ recognized OST Chief Investment Officer Ms. Murray to present this agenda. Ms. Murray reported that, for the third quarter of FY26, the Trust received 13 payments totaling $13,627.55 through the Chicago Clearing Corporation claims process, with an estimated payout for pending claims of $52,724.

Upon a motion by Ms. Mueggenborg to approve the class action claims filed in January through March 2026, and a second by Mr. Ackerman, the motion passed unanimously by roll-call vote of the members present.

Presentation and discussion of the third quarter FY26 investment performance report

Chairman Russ recognized Wyck Brown and Wendy Dominguez with Innovest to present the quarterly report. Wendy noted that the first calendar quarter of 2026 was difficult for markets amid the onset of the conflict in the Middle East. The portfolio declined approximately 60 basis points, or approximately $23 million, while large cap U.S. stocks declined 4% and developed international stocks declined 1.2%, such that the portfolio performed well relative to markets. One-year, three-year, five-year, seven-year, and since-inception performance remained strong. Updated performance through May 31, 2026, showed the portfolio up approximately 6% year to date, an increase in market value of approximately $163 million since March 31, which the consultant attributed principally to strong corporate earnings. No action was taken on this item.

Update on global private equity manager search

Chairman Russ recognized Wyck Brown with Innovest to present this agenda item. Wyck stated that the private equity RFP issued on March 16 drew 17 responses, which have been narrowed to four candidates following video interviews. Two finalists will present to the Board at the August 19 meeting and Innovest will provide a draft for possible issuance of a new satellite RFP. No action was taken on this item.

Status of implementation of manager proxy voting guidelines

The Board received an update on implementation of the proxy voting guidelines incorporated into the investment policy statement at the February meeting. As of June 1, all of the asset managers have agreed to align their proxy voting practices with the guidelines, a departure from their prior practice of voting according to ISS or Glass Lewis recommendations. No action was taken on this item.

Presentation and possible action regarding the proxy voting patterns observed from this season

Chairman Russ recognized Jerry Bowyer of Bowyer Research, appearing remotely, to present the proxy voting patterns observed this season. Mr. Bowyer reported that Bowyer Research reviewed the vote histories of three asset managers across the Trust's 4,584 equity ballot items to identify where the Board's instructions changed voting patterns, and that Barrow Hanley adopted the guideline change late in the season. He reported that Boeing, Mastercard, and Chipotle each addressed the concerns raised through engagement, that the Qualcomm engagement proceeded to a shareholder vote on concentration risk in China, and that the Visa engagement was not satisfactory. Mr. Bowyer corrected the record from the prior meeting, stating that Oklahoma was the sixth government fund to adopt these guidelines rather than the first, and affirmed that the Board's decisions were based on financial risk and return rather than political or ethical views.

Updates and comments

No updates or comments.

Adjournment

Upon a motion by Ms. Mueggenborg and a second by Mr. Ackerman, the Board voted unanimously to adjourn at 11:53 a.m.

Todd Russ, Chair
Tobacco Settlement Endowment Trust Fund Board of Investors