

**Oklahoma Tobacco Settlement Endowment Trust Board of Directors
Regular Board Meeting**

3800 N. Classen Boulevard
Second Floor, Board Room
Oklahoma City, OK 73118

February 20, 2015
10:00 a.m.

Minutes

Board of Directors Members present: *Jim Gebhart, FACHE; Lisa Nowlin, DDS; Casey Killblane; George E. Foster, OD; Curtis Knoles, MD; Don Millican, CPA; Ken Rowe, CPA*

Board of Directors Members absent: None

Staff Present: *Tracey Strader, Julie Bisbee, Jonás Mata, Sjonna Paulson, Kim McCoy, Elyse Maxwell, James Tyree, Jennifer Treadwell, Dorothy Antwine, Dianne McGarry*

Guests Present: *Lisa Murray, OK State Treasurer's Office; Steven Barker, Attorney General's Office; Dr. Robert McCaffree, Dr. Laura Beebe, Dr. Stephen Gillaspay, Dr. Ted Wagener, Oklahoma Tobacco Research Center; Dr. Robert Mannel, Wade Williams, Stephenson Cancer Center*

Agenda Items and Discussions	Action and Follow-Up
1. Open Meeting Act Announcement & Call to Order	
The TSET Board Chairman called the meeting to order at 10:00 a.m. and announced that TSET had met all Open Meeting Act requirements, including the filing of the meeting time and location with the Secretary of State and posting of the agenda. He introduced Steven Barker, who represented the Attorney General's Office, in Jan Preslar's absence.	
2. Approval of minutes of the November 13, 2014 Regular Board Meeting	
The Chairman asked if there were any changes to the November 13 th regular board meeting minutes. A board member asked for a clarification on Page 7 regarding recommendations for the 5.5 year continuation grant to OMRF. The Executive Director noted that the minutes should read OHCA not OMRF. Minutes will be corrected. The Chairman then asked for a motion to approve the minutes with the correction.	<p><i>A motion to approve the corrected November 13, 2014 regular board meeting minutes was made by Casey Killblane, and seconded by Don Millican. Motion passed unanimously.</i></p> <p><i>Follow-Up: Staff will correct the draft minutes and then post the corrected version to our website.</i></p>

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12. Public Comment	
The Chairman then announced changes to the agenda due to schedules, moving the Public Comments item to this section of the agenda. He asked if anyone was planning to make any public comments, without any response, he moved forward with the agenda.	
3. Update from the Board of Investors, Lisa Murray	
<p>The Chairman introduced Lisa Murray, Chief Investment Officer for the TSET Board of Investors, who provided the following updates:</p> <ul style="list-style-type: none"> • Portfolio 2014 investment returns: The one-year return for the fund was 4.5% with the policy and allocation indexes at 5.50%, the 2014 return ranks in the 54 percentile. • Gross fees: The fees were running about 47 basis points, 0.5%. • Projections: A Committee of the Board of Investors meet in February to address 5-7 year projections. The 2014 benchmarks were: S&P 500 came in a little over 13%. International was down. For bonds, the aggregate came in at 6%. The current portfolio allocation was 43% equity and 30% fixed income. The remainder is for alternative investments, such as in real estate, the purpose being to develop a diversified portfolio. The real estate allocation is up to 4% with 8% as the target. 	
7.a Presentation, “Oklahoma Tobacco Research Center Progress and Future Direction” – OTRC Co-Directors, Dr. Robert McCaffrey and Dr. Laura Beebe, and Stephenson Cancer Center Director, Dr. Robert Mannel	
<p>The Chairman, with the verbal permission of the members, moved above-referenced agenda item #7.a to this point in the agenda. He introduced Dr. McCaffrey and asked that he and his colleagues present at this time. Dr. McCaffrey thanked the board for the opportunity to present information regarding the Oklahoma Tobacco Research Center. He noted that OTRC experienced significant growth, and while the Center’s initial vision was to simply get an interest in tobacco research going in the state, the vision had grown far beyond that point. McCaffrey said that the OTRC’s initial vision was to become one of the top five tobacco and nicotine research centers in the country, which would be judged by the number of resident researchers, the amount of secured grant funding, both locally and nationally, and by the impact of the OTRC publications, not only the number but also the type of medicals journals in which they were published since journals have associated impact factors, and finally by the OTRC’s national reputation and recognition. McCaffrey provided a very brief timeline beginning in 2008, which was when the initial TSET grant for \$1,000,000 annually for five years was awarded. At that time, Dr. Laura Beebe was the only tobacco researcher in the state. He noted that the OTRC now has over 125 members in 15 institutions and five entities. McCaffrey noted that two tobacco treatment specialists have been extremely busy at the Stephenson Cancer Center (SCC) and that over 60 seed grants were awarded to get things moving. The \$3,700,000 in grants has led to more than a 2:1 match from external grants. The OTRC now conducts an annual cancer symposium, which brings together state researchers. Regarding collaborations and partnerships, McCaffrey said that the OTRC brought in two more directors, Steven Gillaspay and Ted Wagener, and there are also 8 OTRC members at OSU. There is currently an agreement with OSU to</p>	

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jointly recruit faculty who are interested in tobacco research, these researchers are members of OTRC while serving as OSU faculty. Other OTRC members are located at Tulsa, NSU in Tahlequah, OMRF and at OU/Tulsa. An additional project discussed was the special supplement publication of the American Journal of Preventive Medicine, which is, according to McCaffree, a highly respected public health journal. The supplement includes a letter of endorsement from Governor Mary Fallin and includes 18 peer-reviewed articles.

Following McCaffree, Dr. Mannel expressed his appreciation to the board for the successful partnership between TSET and the Stephenson Cancer Center (SCC), which resulted in creating successful synergy. On behalf of the SCC, Mannel said that to assure the continuance of the creative synergy, the SCC has achieved closer integration with the OTRC, which brings additional resources. The SCC opened a Deputy Director for a Tobacco Research position, which was created as a senior leadership position. SCC also moved tobacco research to one of SCC's four major focuses for the major push towards the National Cancer Institute (NCI) designation. The NCI designation is a goal for the SCC as such a designation provides access to additional programs and research dollars for the citizens of Oklahoma. For this goal to be met, SCC needs institutional commitment, hence the relationship with OSU, which agreed to salary matching along with what the OUHSC system contributes. Mannel also noted the TSET funding along with SCC contributions have provided salary matches, additional startup dollars, startup packages, and items such as endowed chairs, and a very large clinical research infrastructure. The clinical research infrastructure is statewide and reaches to other healthcare organizations within Oklahoma City as well as Tulsa, Ada, and Lawton. Mannel noted that in 2008 when he and Laura Beebe were asked to start the OTRC, he was a bit naïve in thinking that a capital stream from TSET was all that was needed to create the vision. The TSET funding moved OTRC to a point, but in looking at a statewide cancer center and a statewide network for cancer research, what Mannel realized that TSET funds had to be leveraged by other resources from the university, from the state, and from the philanthropic community. SCC has recruited 19 new TSET researcher scholars to Oklahoma and have major research partnerships with OMRF, OU Norman, and OSU. SCC has grown from 75 to 100 members, nine institutions and has more than doubled cancer research grant funding in Oklahoma – over \$31 million. In the past few years, over 490 articles were published in peer review journals and over 1,000 patients were recruited into clinical trials. TSET dollars have had a huge investment return. Mannel noted that SCC not only pulls in twice as many institutional dollars, but the same would be for the OTRC –3:1 out of state grant dollars and 2:1 institutional dollars. Mannel then turned over the presentation to Ted Wagener.

Ted Wagener described the OTRC as having three arms – core research/research scholars and student scholars, policy/tobacco regulation, and clinical services/HelpLine. Over the last two years, OTRC had 15 student scholars that generated about 40 publications. The students have been successful in approximately \$500,000 in secure grant funding. A board member asked about the OTRC structure and relationships to SCC and Wagener

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<p>said the OTRC is specifically organized to transcend institutional boundaries, both within the college, but also outside that college, to other colleges and institutions. It has a large degree of autonomy because it needs that, but at the same time it needs to be fully integrated, so that it can take advantage of all the resources that the SCC brings and not duplicate that. OU is the legal umbrella. An additional board member asked about the biomarker lab integration and how that will work towards NCI designation. Mannel responded that any grant funding acquired counts towards the NCI designation, so it is not just the biomarker funding, but any tobacco-related funding counts. Wagener followed-up with additional information regarding the development of the tobacco biomarker lab currently under his supervision. Currently has one person is running the lab, but so far the lab has made about \$50,000. There are only two other tobacco biomarker programs in the country – University of Minnesota and UCSF – and they bring in a lot of NIH funding because of clinical trials and basic science needs for biomarker testing. Wagener mentioned that when he writes a grant he has to subcontract out to the University of Minnesota or UCSF. Over the long term, by having a sustainable biomarkers lab, the OTRC could bring in approximately \$1 million per grant for biomarkers, which makes the lab a profit unit. A board member asked if there was intent to expand the scope of the research to cover vapor and e-cigs and Wagener replied that currently 10% of his articles address those subjects. He also mentioned that OTRC is looking to recruit two more people and that a recent recruit who also conducts e-cigarette research as an e-cigarette RO1 (federal level) has returned for a second visit. OTRC is also interested in expanding research in novel tobacco products, rural, military, American Indians, and youth populations, as well as large scale epidemiologically tobacco research, and cessation research.</p> <p><i>Lisa Nowlin left the meeting.</i></p>	
<p>4.a. Upcoming Board Meeting Dates</p>	
<p>The Chairman reviewed the upcoming board dates.</p>	
<p>4.b Updated board manual, including previously approved description of the Public Information and Outreach Committee, and amendments to the tobacco-free policy, and allocation of earnings and reserve fund policy</p>	
<p>The Chairman shared with the members that the TSET Board Manual was updated and a copy was included in the board packet.</p>	
<p>4.c Discussion and possible action on a budget for the Chair’s ad hoc Leadership Development and Succession Planning committee to engage consulting services</p>	
<p>The Chairman reported that he exercised his authority and convened an ad hoc Leadership Development and Succession Planning Committee, which included two board members and a consultant. The ad hoc committee’s purpose is to plan for future growth and engage a search firm to assist with that effort.</p> <p><i>Lisa Nowlin returned to the meeting.</i></p>	<p><i>A motion to approve \$35,000 to retain the services of an executive search firm was made by Casey Killblane, seconded by Don Millican. Motion passed unanimously.</i></p>

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<p>The Executive Director suggested that the board may want to vote on a budget to assist in acquiring the services of the search firm. The Chairman then called for a motion to approve \$35,000 for the purpose of retaining the services of an executive search firm.</p> <p><i>Jim left the meeting and returned.</i></p>	
<p>5. Public Information and Outreach Committee, Ken Rowe, Committee Chair</p>	
<p>5.a Recent and upcoming training events</p> <p>The Committee Chair opened the report with sharing that the Kevin Durant event held in February was highly successful, he then complimented the staff in planning and delivery of the event. He mentioned that he had heard a lot of great feedback from attendees. A board member also shared that her guests that attended the event were also impressed and returned to their community and shared information about the great work being provided by TSET, she also mentioned that she thought it might be beneficial to have similar events in private homes in locations such as Ardmore, Lawton, Altus, and Muskogee. The Committee Chair noted that the Speaker of the House made the comment that he would like to get a copy of the video and have every House member video the documentary. Julie Bisbee said that the Speaker would have link the following week, but there was some minor edits that needed to be completed before the link could be shared.</p>	<ul style="list-style-type: none"> • <i>Follow-up item: Julie Bisbee will provide the link to the TSET documentary to the Speaker of the House once final edits were completed.</i>
<p>5.b Conference sponsorships funded in FY 15</p>	
<p>No sponsorships were on the agenda for discussion or possible action. Julie Bisbee reported that the board has funded conference sponsorships in the amount of \$38,455, leaving a remaining balance of \$36,545.</p>	
<p>5.c Distinguishing between conference sponsorships and event sponsorships</p>	
<p>The Committee Chair asked Julie Bisbee to provide an overview of the differences between conference and event sponsorships. She discussed the two categories and concluded that some conference training grants lend themselves toward TSET branding and other than events have a training focus that builds or supports capacity building for our work statewide. Events such as the OU Evening of Excellence, Champions of Health Gala, and our State Chamber sponsorship package, are brand recognition events, where it is important to get our logo and our message out there.</p>	
<p>5.d Update on Public Information and Outreach Plan</p>	
<p>Julie Bisbee provided members with updated TSET strategic map, dashboard, and a handout on legislative updates.</p>	
<p>6. Program Development Committee Report, Lisa Nowlin, DDS, Committee Chair</p>	
<p>6.a Update on <i>TSET Healthy Living</i> grant application workshops, and development of training and technical assistance resources, Kim, McCoy, TSET Director of Grants Management and Jonás Mata, Director of Programs</p>	
<p>The Committee Chair opened the report by asking Kim McCoy to share a brief update on the status of the Healthy Living program request for proposals. McCoy provided a handout of the current status and provided the following overview:</p>	

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<p><i>Ken Rowe left the meeting and returned.</i></p> <ul style="list-style-type: none"> • TSET Healthy Living Proposals: Internal technical review is currently underway, following that review, the proposals will be sent out for external review and internal program management review. 39 external reviewers have been vetted, with the majority of reviewers credentialed at the doctoral level. External reviewers' contracts are in place and the purchase orders have been initiated. There will be 13 panels of at least three reviewers on each panel reviewing 5-7 proposals. Following the review processes, a summary scoring document will be provided along with funding recommendations for board members' review. McCoy also noted that early notices for grant termination letters for Communities of Excellence grants are being prepared, grant terminates June 30, 2015. A board member asked about financial procedures and if a conclusion was reached about the reimbursement processes. The Executive Director said that some discussions were held with a members from the Agency Operations committee and that Nate Atkinson with Finley and Cook. The Executive Director said the real issue relates to how much detail is needed for invoice reimbursement and said that staff spend approximately 2-5% of their time reviewing invoices and troubleshooting financial issues. It was noted that with the reorganization of Grants Management and Program Management, some of the processes will go through Grants Management now so Program Officers will deal with fewer budget tasks, such as the math checking, confirming allowable expenditures, and the tracking spend rates and that Program Officers should be freed up to build relationships, to do community connections, and provide grant technical assistance. Jonás Mata stated the benefit of doing the financial detailing is that TSET proactively seeks to answer a question as opposed to not having that information and then finding in an audit. One board member asked if TSET is still considered having the most difficult grants to respond to and maintain, which came from feedback from individuals saying it is the hardest grant that they have had to deal with. Mata said that he can't confirm if that feedback pertains to the financial system or if it that type of feedback pertains more to evaluation. The Executive Director then addressed the upcoming process for the Healthy Living program funding recommendations. Once all of the scores are in from the internal and external reviewers, the board members will be given everything including scores and comments. 	
<p>6.b Update on Public Health Academy of Oklahoma development, Janet Love, TSET Project Management Coordinator and Assistant to the Executive Director</p>	
<p>The Executive Director said that work continues on developing a coordinated training system with the Health Department, Department of Mental Health and TSET and that the Public Health Academy is really progressing. Each agency has teams who are contributing to the development of an online learning management system and online learning community.</p>	
<p>6.c Update on school-based health education study, Janet Love, TSET Project Management Coordinator and Assistant to the Executive Director</p>	

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<p>The Executive Director reported that the School-Based Health Education survey is ready to launch and topline results should be available for the May board meeting.</p>	
6.d Discussion and possible action on award of Healthy Districts Incentive Grants	
<p>Jonás Mata presented a slate of five school districts recommended for funding for a total of \$38,000. Districts include:</p> <ul style="list-style-type: none"> <li style="display: inline-block; width: 45%;">• Ardmore City Schools <li style="display: inline-block; width: 45%;">• Olustee Public Schools <li style="display: inline-block; width: 45%;">• Braggs Public Schools <li style="display: inline-block; width: 45%;">• Springer Public Schools <li style="display: inline-block; width: 45%;">• Muskogee Public Schools 	<p><i>Upon recommendations from the Program Development Committee, the board unanimously approved a total award of \$38,000 for the slate of five school districts.</i></p>
6.e Discussion and possible action on award of Healthy Schools Incentive Grants	
<p>Jonás Mata presented a slate of seven schools recommended for funding for a total of \$22,000. Schools are:</p> <ul style="list-style-type: none"> <li style="display: inline-block; width: 30%;">• Antlers Elementary School <li style="display: inline-block; width: 30%;">• McLoud Elementary School <li style="display: inline-block; width: 30%;">• Millwood High School <li style="display: inline-block; width: 30%;">• Antlers High, Indian Camp Elementary School <li style="display: inline-block; width: 30%;">• McLoud Jr. High School <li style="display: inline-block; width: 30%;">• McLoud High School <li style="display: inline-block; width: 30%;">• Lincoln Elementary School 	<p><i>Upon recommendations from the Program Development Committee, the board unanimously approved a total of \$22,000 for the slate of seven schools.</i></p>
6.f Discussion and possible action on award of Healthy Communities Incentive Grants	
<p>Jonás Mata presented a slate of 21 cities recommended for funding for a total of \$1,041,000. Cities include:</p> <ul style="list-style-type: none"> <li style="display: inline-block; width: 30%;">• Ada <li style="display: inline-block; width: 30%;">• Hugo <li style="display: inline-block; width: 30%;">• Muskogee <li style="display: inline-block; width: 30%;">• Alva <li style="display: inline-block; width: 30%;">• Kingston <li style="display: inline-block; width: 30%;">• Pryor Creek <li style="display: inline-block; width: 30%;">• Blair <li style="display: inline-block; width: 30%;">• Lawton <li style="display: inline-block; width: 30%;">• Purcell <li style="display: inline-block; width: 30%;">• Blanchard <li style="display: inline-block; width: 30%;">• Lexington <li style="display: inline-block; width: 30%;">• Shawnee <li style="display: inline-block; width: 30%;">• Eufaula <li style="display: inline-block; width: 30%;">• Maud <li style="display: inline-block; width: 30%;">• Springer <li style="display: inline-block; width: 30%;">• Frederick <li style="display: inline-block; width: 30%;">• McAlester <li style="display: inline-block; width: 30%;">• Tahlequah <li style="display: inline-block; width: 30%;">• Guymon <li style="display: inline-block; width: 30%;">• McLoud <li style="display: inline-block; width: 30%;">• Yukon <p><i>Curtis Knoles left the meeting and returned.</i></p>	<p><i>Upon recommendations from the Program Development Committee, the board unanimously approved a total of \$1,041,000 for the slate of 21 cities.</i></p>
7. Program Implementation Committee, Casey Killblane, Committee Chair	
7.b Discussion and possible action on continuation grant application from the Oklahoma Tobacco Research Center (OTRC)	
<p>The Committee Chair opened the report with a discussion on the recommendations for the OTRC continuation grant application. She noted that the current OTRC grant has two remaining years for a total of \$20,000,000 over the current five year period. The grant would be cancelled and replaced with the new application which would start July 1, 2015 and run for a total of five consecutive years. The committee recommended of total of</p>	<p><i>Upon recommendations from the Program Development Committee, the board approve funding for the OTRC continuation grant for a total</i></p>

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<p>\$20,000,000 over five years. The Chair reminded the board that the vision for the OTRC was to serve as a Stephenson Cancer Center asset that would support the achievement of the National Cancer Institute designation.</p>	<p><i>of \$20,000,000 over five years starting July 1, 2015. Members voting yay: Jim Gebhart, Casey Killblane, Curtis Knoles, Lisa Nowlin, George Foster, Don Millican. Members voting no: none. Members abstaining: Ken Rowe.</i></p>
<p>7.c. Progress report on the statewide outreach plan from the Boathouse Foundation, Jonás Mata, TSET Director of Programs</p>	
<p>Jonás Mata provided an update on the Boathouse statewide outreach plan. He said that Boathouse’s school outreach was challenging. They expected 12 schools that they had been working with to join the effort and they are going to work across the state with Woodward, Durant, Miami, Tahlequah, Catoosa, Stillwater and Tulsa. Mata also noted that he also asked them to consider Altus and Lawton because they have very little reach into that area. Other outreach efforts may include involving their youth rowing and kayaking program, youth program for healthy lifestyles and character building through rafting and a competition at the Boathouse called the Earth Showdown. Mata concluded that they responded to our request for expanded outreach and TSET will stay on top of it and make sure they are working all those areas across the schedule. The Board Chairman asked if the grant has measurable objectives and Mata confirmed that he is working on that with OSU.</p>	
<p>7.d Progress report on the Oklahoma Medical Loan Repayment Program grant, Jonás Mata, TSET Director of Programs</p>	
<p>Jonás Mata provided an update on the Oklahoma Medical Loan Repayment program. He said that currently the program includes eight doctors, however, when discussing the program with the Jim Bishop, the program’s executive director, he thought they could easily recruit up to 20 doctors per year. The TSET Executive Director commented that the issue is that the program was designed and budgeted to recruit ten doctors per year over four years. Mr. Bishop is saying they get more than 10 applications per year. The original goal was to recruit 20 doctors per year over a period of four years, with the caveat that each of the doctors have to practice for four years before they receive program assistance, hence the reason why the program extends through 2021. A board member asked if there was any research on whether doctors are staying in their practice locations once their loan is paid off. Other questions from the board included knowing if there was a prejudice against allopathic, homeopathic physicians and if they were any primary care specialists included. The Executive Director said there was originally a law passed that mentioned six medical specialties, but the program was never funded. TSET is not obligated to follow that law, but TSET’s intent is to go with the spirit of it. The Board Chairman suggested a report of the program at the next meeting. The Committee Chair, in closing the discussion, confirmed that everyone approved having the program recruit more than ten physicians into the program per year, and that once they get to 42 recruits that would be the end of their available TSET funds.</p>	<p><i>A motion was made by Casey Killblane to approve the recruitment of up to 42 physicians into the Oklahoma Medical Loan Repayment program within the four-year period, removing the condition of only 10 physicians per year, Motion was seconded by Dr. Foster. Motion passed unanimously.</i></p> <p><i>Follow-Up: Jonás Mata will provide a program report at the next board meeting.</i></p>

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<p>7.e Update on health communications – Sjonna Paulson, APR, TSET Director of Health Communication</p>	
<p>The Committee Chair asked Sjonna Paulson to present the committee’s report on Health Communications. She led with discussing the number of interactions engaged in by the Health Communications Coordinators with TSET grantees. Between October 1 and the end of January, staff had over 500 engagements in four months. Engagement may include answering a single question, discussing grant request forms, and/or conducting onsite presentations. Paulson also reported on HAVOC brand activities that included TSET’s participation in a study with the CDC and OTRC on new use of e-cigarettes with people who are cigarette users. Additionally, the Shape Your Future / Tobacco Stops With Me website designs are being revised and updated and should be finalized by end of June. The FY 2016 Health Communications directions have been set with Shape Your Future focusing on sugar sweetened beverages and full foods versus processed food. Deana Hildebrandt at OSU and Laura Beebe at OU are providing academic research, VI is providing communication research and the Center will provide any additional research and/or practices. The CDC provided a 12-month marketing and communications plan that focuses on celebrating the 50th Anniversary of the Surgeon General’s report. TSET will use commercials available from CDC. On the Oklahoma Tobacco Helpline, TSET will focus on updating the current website and will use the Claymation TV ads from Clearway Minnesota, which are proving to be very effective. Additionally, TSET will revamp collateral materials to match the new messages. The Shape Your Future KD MVP challenge is in its second round, selected winners were from Jenks, Oklahoma City, Ardmore, and Sallisaw. This promotion will conclude the end of March.</p>	
<p>8. Proposed Executive Session</p>	
<p>8.a Review and discussion of unsolicited proposals, as authorized by the Open Meeting Act-25 O.S. §307(b)(7) and as required to preserve confidentiality under 62 O.S. §2309(c)(4)</p>	<p><i>A motion to move into executive was made by Casey Killblane and seconded by Curtis Knoles. Jim Gebhart asked if an Executive Session was necessary. George Foster voted not to move into session. Casey rescinded her motion. The board did not move into Executive Session.</i></p>
<p>9. Consideration and possible action on items from Executive Session</p>	
<p>The Board Chairman asked Jonás Mata to discuss the INT Senior Transportation program proposal. Mata said that the proposal addressed transportation service needs of seniors in central Oklahoma. They proposed to make their transportation services available 24/7 for any type of ride for seniors from medical appointments to entertainment. Trained drivers use their own private vehicles and transport seniors, 60 year olds and older. In the proposal, they requested 29% of their total budget. The primary weakness of the proposal is that they are proposing to implement a direct service, additionally, the program is fairly new so they do not have staff or</p>	<p><i>A motion to decline funding for the INT senior transportation program was made by George Foster and seconded by Casey Killblane. Motion passed unanimously.</i></p>

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volunteers, they refer to a timeline in the work plan, but they did not provide a solid timeline of items included in the work plan. In a follow-up discussion with the requester, the Executive Director mentioned that one issue was that the service is limited to Oklahoma City and she asked the group if they were interested in expansion or working with other groups in areas such as Tulsa. They said they were too new to commit to a statewide initiative at this time. The program, initially started out of the county medical society, has a lot of merit and good partners, but it is considered a direct service that only reaches Oklahoma City at this time. The committee's recommendation is that TSET does not request submission of a full proposal and decline to fund.	
10. Agency Operations Committee Report, George Foster, O.D, Committee Chair	
10.a FY14 Budget-to-Actual – Final	
10.a.i Operating Budget	
The Committee Chair presented the Agency Operations Committee report. He reported that at year end of June 30, 2014, TSET utilized 96% of the Operating Budget with a closing balance of \$52,500. The Chair commended the Executive Director and TSET staff for this achievement.	
10.a.ii Programs Budget	
The Chair reported that at year end, June 30, 2014, 88% of the Program Budget was expended, leaving a closing balance of \$4.68 million. The Executive Director noted that Jonás Mata and his staff worked diligently with grantees on their spend rates throughout the year.	
10.b. Second Quarter FY15 Budget-to-Actual	
10.b.i Operating Budget	
The Chair reported that 40% of the current operating budget was expended in the first two quarters of FY 2015.	
10.b.ii Programs Budget	
The Chair reported that 16% of the current programs budget was expended in the first two quarters of FY 2015. The Executive Director noted that TSET grants are awarded on a reimbursement basis, therefore, expenditures typically run at least a quarter behind the reporting period. In research, for example, TSET has already paid invoices that are 40% of the budget, however, those invoices weren't paid until after December 31, 2014.	
10.c Discussion and possible action on FY 15 Budget Revision to address grant reviewers, incentive grants and leadership committee budget.	
All budget revision items were addressed and discussed in the committee reports.	<i>Upon recommendations from the Agency Operations Committee, the board unanimously approved 2015 budget revisions for TSET Healthy Living Grant reviewers, incentive grants and the Leadership & Succession Committee budget.</i>
10.d Update on TSET-requested projects with the Office of Management and Enterprise Services (OMES)	

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10.d.i Grants management software application	
The Executive Director provided a quick overview of the work sourced to OMES, which included acquiring the exception for the grant making software.	
10.d.ii Financial management, performance informed budget measures	
The Executive Director briefed the board members on discussions that occurred through the Governor’s office and/or legislature about the performance informed budgeting process. Julie Bisbee has been working with the person that is in charge of the performance informed budget measures for about a year, making sure we understood what their process was and making sure that our strategic goals were aligned with them. She also noted that the Governor signed an executive order hiring freeze, which is typical when the budget is tight, however, there is an exception form that can be processed and sent to Dr. Cline, Health and Human Services Cabinet Secretary. The Executive Director also acquired OMES services to work with TSET on developing a workforce market analysis of TSET positions and provide staffing plan recommendations.	
10.d.iii Personnel, payroll, market analysis of TSET	
The Committee Chair asked if there was an impact to the two board approved positions in regard to the hiring freeze. The Executive Director responded that an exception would need to be discussed with Dr. Cline. She noted that in the past, because the board votes on positions, he hasn’t declined any of the previous exceptions, however, the climate is very restrictive at this time.	
10.d.iv State Leasing	
The Executive Director reported that all the work with state leasing has been finalized include the office expansion and some renovations.	
10.d.v IT support	
Not addressed.	
11. New Business (any matter not known about of which could not have been reasonably foreseen prior to the time of posting the agenda [25 O.S. § 311 (A)(9)])	
The Board Chairman asked if there was any new business items. Julie Bisbee commented that the next TSET day at the Capitol would be March 26 th and she would follow up with event information.	
12. Adjournment	
The Board Chairman called for a motion to adjourn. Following the vote, he thanked the members and staff for their time and contributions.	<i>Motion to adjourn made by George Foster and seconded by Ken Rowe. Motion passed unanimously.</i>