



**Oklahoma Tobacco Settlement Endowment Trust
Regular Board Meeting
Thursday, November 3, 2016, 8:30 a.m.**

Board Members present: *Jim Gebhart, FACHE; Ken Rowe, CPA; Bruce Benjamin, PhD; Casey Killblane; Curtis Knoles, MD; Don Millican, CPA; Michelle Stephens, JD*

TSET Staff present: *Tracey Strader, Dorothy Antwine, Julie Bisbee, Whitney Dinger, Jonás Mata*

Guests present: *Nate Atchison, Finley and Cook; Liz Breitschopf, Brent Gooden, The Gooden Group; Jan Preslar, Attorney General’s Office and Cynthia Santos, eCapitol*

Agenda Items and Discussions	Actions and Follow-Up Items
1. Open Meeting Act Announcement & Call to Order – Jim Gebhart, Chair	
The TSET Board Chair, Jim Gebhart, called the meeting to order at 8:32 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. Agenda was posted at the TSET office and the meeting location of Research Park, 655 Research Parkway, Kiva Board Room, Oklahoma City, OK 73104	
2. Succession Planning Committee – Jim Gebhart, Committee Chair	
<p>A. Discussion and possible action to enter into Executive Session, as authorized by 25 O.S. § 307(B)(1,) for Board of Directors to discuss applicants for the interim or permanent TSET Executive Director position.</p> <p>B. Discussion and possible action to enter into open session</p>	<p>A. Don Millican made the motion to enter into executive session, and Curtis Knoles seconded it. Don Millican clarifies that the motion is to enter into executive session to discuss applicants for an interim or permanent executive director. Curtis Knoles seconds this amended motion. This motion passed unanimously. The Board enters executive session at 8:34 a.m.</p> <p>B. Don Millican made the motion to enter into open session and it was</p>



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<p>C. Discussion and possible action on items arising from Executive Session. Don Millican, a member of the succession planning committee make a recommendation that the full board interview candidate A. No second needed.</p> <p>D. Discussion and possible action to enter into Executive Session, as authorized by 25 O.S. § 307(B)(1,) for Board of Directors to interview and discuss candidates for the interim or permanent TSET Executive Director position</p> <p>E. Discussion and possible action to enter into open session</p> <p>F. Discussion and possible action on items arising from executive session.</p>	<p>seconded by Bruce Benjamin. The motion passed unanimously.</p> <p>C and D. Don Millican then makes a motion to enter back into executive session to interview candidate A by the full Board. Second by Casey Killblane. No discussion. Motion passed unanimously by presiding members.</p> <p>E. Ken Rowe makes a motion to enter back into open session. This motion is seconded by Don Millican. The motion passes unanimously at 10:48 a.m.</p> <p>F. Don Millican made a motion that the board extend an offer of employment for the permanent TSET executive director position to Candidate A at a salary of \$143,714/year. Casey Killblane seconded the motion. Motion passed unanimously.</p>



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3. Approval of Minutes of the August 26, 2016 regular board meeting	
<p>Jim Gebhart left the meeting from 10:49a.m. to 10:54a.m. and Don Millican, as Vice-Chair, asked if there were any changes to the August 26, 2016 board minutes. Hearing none, he called for a motion.</p>	<p>Bruce Benjamin made a motion to approve the minutes of the August 26, 2016 board meeting minutes as written, seconded by Casey Killblane. Motion passed unanimously. Jim Gebhart was not present.</p>
5. Public Information & Outreach Committee Update – Ken Rowe, Chair	
<p>A. Update on conference sponsorships and outreach activities</p> <ul style="list-style-type: none"> • Ken Rowe states that the first conference sponsored this year was for the Oklahoma Institute for Child Advocacy, and reminds the board that the sponsorships was recently re-opened with a \$25,000 budget for the year (the prior budget was \$75,000 per year). • Julie Bisbee provides an update to the Board on outreach activities. The Public Information and Outreach department has attended trainings with grantees, had several meetings with lawmakers and met with both lawmakers and candidates at a Healthy Communities Incentive Grant big check event in Yukon. <p>B. Update and discussion on upcoming TSET interim study</p> <ul style="list-style-type: none"> • Julie Bisbee discusses the upcoming interim study entitled “An Examination of TSET” which will be at 9:00a.m. on November 14th. The study was requested by Senators Bryce Marlatt and Roger Thompson. A list of speakers at the interim study is being drafted. <p>**Jim Gebhart absent for Public Information and Outreach Committee Update.</p>	



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4. Chairs Report	
<p>A. Discussion and possible action on 2017 regular board meetings</p> <ul style="list-style-type: none"> • Mr. Gebhart directs the board members to the 2017 regular board meeting dates • Mr. Gebhart mentions he will not be available for the January meeting, and three days are being held for a retreat in August, but that can be adjusted closer to the date. <ul style="list-style-type: none"> • Mr. Gebhart states that these dates will be posted on the TSET website, and with the Secretary of State, by December 15, 2016, in accordance with the Oklahoma Open Meeting Act. <p>B. Impressions from the tobacco Master Settlement Agreement Triennial meeting</p> <ul style="list-style-type: none"> • Mr. Gebhart shares a few impressions from the Master Settlement Agreement triennial meeting including that we (TSET) is in a fight with an active enemy (tobacco companies). Tobacco companies are just as aggressive and effective as ever. We are getting outspent by tobacco companies and are spending ½ of what the CDC would recommend spending. Mr. Gebhart also mentions that the tobacco companies are looking into how to addict people to nicotine and younger smokers are more sensitive to advertisements, images, and video game messaging. TSET needs to continue to be aggressive and scientific in its fight against tobacco companies. Mr. Gebhart mentions that the TSET team and Tracey do a good job of updating Board on this information. <p>(Jim Gebhart asks to revisit remaining items in Chair’s report when presenters arrive.)</p>	<p>A. Casey Killblane made a motion to approve the 2017 regular board meeting schedule, Ken Rowe seconds. Motion passed.</p>
6. Program Implementation Committee Report – Curtis Knoles, Chair	
<p>A. Notification of TSET Impact Analysis</p> <ul style="list-style-type: none"> • Curtis Knoles states that the Executive Summary of the TSET Impact Analysis, related to an impact on Adult Smoking Prevalence, is in the board packet. This analysis used six “comparator states” (Alabama, Arkansas, Colorado, Idaho, Louisiana, and Tennessee) as a peer group for Oklahoma to answer the question, “If other key influential factors are similar, does additional tobacco control funding at the state level result in greater reduction in adult smoking prevalence?” 	<p>A. Casey Killblane and Don Millican have requested information be made available on states that have done nothing in terms of tobacco control policies. They would like to see smoking rate at a past date and compare to Oklahoma’s smoking rate then and now.</p>



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<ul style="list-style-type: none"> From 2006 to 2014, the adult smoking prevalence in Oklahoma fell .50 percentage points per year (from 25.1% to 21.1%) while the adult smoking prevalence in the comparison states fell only .05 percentage points per year across this same time span (from 21.3% to 20.9%). This 10-fold greater rate of decrease suggests that TSET efforts have had a very favorable impact on the Oklahoma adult smoking prevalence. <p>B. Update on health communications</p> <ul style="list-style-type: none"> Curtis Knoles states that the health communication update is in the board packet. 	<p>Staff will provide this information in follow-up.</p>								
<p>7. Program Development Committee - Ken Rowe, Chair</p>									
<ul style="list-style-type: none"> Ken Rowe states that three schools districts that have met the criteria for a Healthy School District Incentive Grant. The Program Development Committee recommends approval of the slate as stated on the agenda. <p>A. Discussion and possible action on Healthy School District Incentive Grants</p> <p>Ken Rowe states that three school districts have met the criteria for a Healthy District Incentive Grant. The Program Development Committee recommends approval of the grants to</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Clayton Public Schools</td> <td style="text-align: right;">\$3,000</td> </tr> <tr> <td>Lone Grove Public Schools</td> <td style="text-align: right;">\$5,000</td> </tr> <tr> <td>Seminole Public Schools</td> <td style="text-align: right;"><u>\$5,000</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;">\$13,000</td> </tr> </table> <p>B. Discussion and possible action on Healthy Schools Incentive Grants</p> <p>Ken Rowe states that three school sites have met the criteria for a Healthy School Incentive Grant. The Program Development Committee recommends approval of grants to:</p>	Clayton Public Schools	\$3,000	Lone Grove Public Schools	\$5,000	Seminole Public Schools	<u>\$5,000</u>	Total	\$13,000	<p>A. Upon recommendations from the Program Development Committee, the board members unanimously approved the slate of the FY 2017 Healthy School District Incentive Grants.</p> <p>B. Upon recommendations from the Program Development Committee, the board members unanimously</p>
Clayton Public Schools	\$3,000								
Lone Grove Public Schools	\$5,000								
Seminole Public Schools	<u>\$5,000</u>								
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Ardmore Middle School (One Star)	\$3,000								
Coyle High School (One Star)	\$1,000								
Jenks East Elementary (One Star)	<u>\$4,000</u>								
Total	\$8,000								
8. Agency Operations Committee Report – Don Millican, Chair									
<p>A. Discussion and possible action on disposition of TSET Healthy Living Program grant to ACE-HI, serving Adair County</p> <ul style="list-style-type: none"> • Don Millican states that the lead agency for the TSET Healthy Living Program in Adair County, ACE-HI, is no longer in business, after having experienced financial difficulty and is unable to continue with the work of the grant. The committee recommends termination of the grant. This issue developed after the committee met so it will need a second. <p>B. Discussion and possible action on releasing a solicitation for the TSET Healthy Living program serving Adair County</p> <ul style="list-style-type: none"> • Don Millican states that as a result of the grant termination in Adair County, the committee recommends the release of a Request for Proposals to identify a new lead agency for services in Adair County through the TSET Healthy Living Grant Program. • The request for proposals will be released for the TSET Healthy Living Program in Adair County. Proposals will be submitted in December and reviewed by January, and have a recommendation for the committee and full board. Note that \$185,000 is available but does not expect an incoming grantee to spend all that money in the first year. <p>C. Notification of Certified earnings from FY 2016 investments from the Board of Investors</p> <ul style="list-style-type: none"> • Don Millican states that the Board of Investors certified \$26,330,290.31 of earnings in August, and an additional \$829,485.04 is anticipated to be certified by the Board of Investors during their Nov. 30 meeting for a total of \$27,159,775.35. This is a substantial reduction in earnings and is indicative of market conditions over the past year. 	<p>A. Don Millican motioned for a vote to terminate the TSET Healthy Living program grant in Adair County due to closure of the lead agency as a result of financial difficulties. The motion is seconded by Curtis Knoles. The motion passes unanimously.</p> <p>B. Don Millican made a motion to release a request for proposals for the TSET Healthy Living Program in Adair County. Bruce Benjamin seconds. The motion passes unanimously.</p>								



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<ul style="list-style-type: none"> • The current balance of the uncertified reserve is \$34,152,594.16, and \$18,789,437.64 is expected to be certified at the end of November by the Board of Investors, which will bring the total earnings certification for the year to \$45,929,212.99. This will leave a balance in the uncertified reserve of \$15,363,156.52. <p>D. Operating budget, fourth quarter budget-to-actual report, FY 16</p> <ul style="list-style-type: none"> • Don Millican states that 93% of the FY 2016 Operating budget was expended. • <p>E. Programs budget, fourth quarter budget-to-actual report, FY 16</p> <ul style="list-style-type: none"> • 99% of the FY 2016 Programs budget was expended. Modifying budget as we proceed through the year. Evidence of that is 82% of original budget was spent. This reflects efforts by staff and Board of Directors to adjust the budget throughout the year to ensure expenditures and budgets are in line. Strader said there were targeted budget reductions at the beginning of FY16 based on a reduction in available earnings and the target spending rate. <p>F. Operating budget, first quarter budget-to-actual report, FY 17</p> <p>G. Programs budget, first quarter budget-to-actual report, FY 17</p> <ul style="list-style-type: none"> • Mr. Millican stated that it is still too early to assess the rate of expenditure for FY 2017 as the grants are on a reimbursement basis. 	<p>C. Ken Rowe suggests revisiting the reserve fund strategy at a later date, Mr. Gebhart agrees and would like to discuss in January’s committee meeting.</p>
<p>4. Chair’s Report (Continued)</p>	
<p>C. Brief Presentation – FY 2016 TSET Audit Report – Nate Atchison, CPA, Finley & Cook, Inc. (pages 14-21)</p> <ul style="list-style-type: none"> • Due to being ahead of schedule, Jim Gebhart chooses to revisit the presentation by Nate Atchison until Mr. Atchison arrives at approximately 11:30a.m. • At 11:40a.m., Mr. Gebhart invites Nate Atchison, partner with Finley & Cook, to discuss the annual audit. Mr. Atchison reports that the agency had a clean audit with no significant findings. • Jim asks board members if they have any questions – NO ACTION NEEDED. <p>The Board moves back to the Agency Operations committee report; item H.</p>	



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8. Agency Operations Committee Report – Don Millican, Chair (Continued)	
<p>H. Update on personnel actions</p> <ul style="list-style-type: none">• Don Millican states that all of the personnel actions approved in the May 2016 board meeting have been approved by the Secretary of Health and Human Services, and Whitney Dinger has been hired as the TSET Public Information and Outreach Specialist.• The Executive Director position approved and has extended offer. Not complete process yet.• The Director of Grants Management is approved but awaiting the arrival of the new Executive Director before posting and filling the position. <p>I. Update on grants management system</p> <ul style="list-style-type: none">• Don Millican states that the new online grants management system is working very well. The system is extremely user friendly and doesn't appear to need any support to get the applicant through the process. Don is happy to hear. Julie Bisbee reports that conference and training grants was the first category to use the online system, and users were able to complete the process without assistance from staff. Applicants have not had to call with problems.• Conference sponsorships were the first grants to be implemented online, and the staff are working on getting the TSET Healthy Living Program customized and implemented in time for the grantees to submit their renewals in the spring of 2017.• After the conclusion of item I in the Agency Operations committee report, the Board breaks from 11:51 a.m. to 12:15p.m.	



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9. Recognition of Tracey Strader, TSET Founding Executive Director	
<p>Jim Gebhart makes a statement about Tracey’s retirement. Board members each take a moment to recognize Tracey for her service to TSET.</p> <ul style="list-style-type: none"> • Tracey was hired in 2002 by the founding TSET Board of Directors. • During Tracey’s tenure at TSET, the agency’s budget for grants and programs has grown from \$500,000 to high of \$53.4 million (2014). • As earnings increased Tracey has overseen TSET’s program investment, which are strategically focused on reducing tobacco use, physical inactivity, poor nutrition, and obesity, the preventable health behaviors that lead to cancer and cardiovascular disease. <ul style="list-style-type: none"> ○ Youth smoking cut in half. Middle school smoking has declined by more than 50 percent (53 percent) since TSET began investing in programs – which means more young people are growing up with strong, healthy habits and becoming healthy adults. • The Oklahoma Tobacco Helpline is among the top performing quitlines in the nation. • Adult smoking at a historic low Adult smoking has dropped from 28.7 percent in 2001 to 21.1 percent in 2014. 	
10. Election of Officers	
<ul style="list-style-type: none"> • Jim Gebhart states that he is not eligible for another term as Board Chair. • Jim Gebhart asks for a nomination for chair. Ken Rowe nominates Don Millican. Ken Rowe states that Don Millican is capable and will do a great job. Ken Rowe acknowledges Jim Gebhart for serving admirably as Chair • Jim Gebhart then asks for a nomination for vice-chair. 	<p>Ken Rowe nominates Don Millican as Chair of the TSET Board of Directors. Casey Killblane seconds. The motion passes unanimously, Millican abstains from the vote.</p> <ul style="list-style-type: none"> • Don Millican nominates Bruce Benjamin as Vice Chair of the TSET Board of Directors. Michelle Stephens seconds. This is approved unanimously, Bruce Benjamin abstains from the vote.



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11. Public Comment	
Jim Gebhart asks for public comment. No public comments were requested or made.	
12. Adjournment	Ken Rowe motions to adjourn seconded by Curtis Knoles. Motion passes unanimously. Board of Directors meeting is adjourned at 12:37p.m.