

**MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS FOR THE
OKLAHOMA TOBACCO SETTLEMENT ENDOWMENT TRUST**

November 19, 2019

Department of Agriculture
2800 N Lincoln Blvd., Room 301
Oklahoma City, Oklahoma

1. Open Meeting Act Announcement and Call to Order

The TSET Board of Directors Chair Bruce Benjamin called the meeting to order at 1:11 p.m. and announced that all requirements of the Open Meeting Act had been met.

Members of the board present were Jack Allen, Bruce Benjamin, Curtis Knoles and Marshall Snipes, and there was a quorum. Ken Rowe entered at 1:22 p.m.

Members of the board absent for the meeting were Casey Killblane and Michelle Stephens.

TSET staff present were Julie Bisbee, Kathie Darr, Thomas Larson, Jonás Mata, Tessa North, Sjonna Paulson and Jennifer Treadwell.

Assistant Attorney General Martha Kulmacz, General Counsel for the board, was present.

2. Approval of Minutes

Allen moved board approval of the September 5 – 6 minutes as presented. Snipes provided a second. Motion carried.

Aye: Benjamin, Allen, Knoles, Snipes

3. Chair's Report

(a) Benjamin gave an overview of the September 5 – 6 annual planning retreat in Guthrie and the board deliberated modifications to the TSET mission statement.

(b) Benjamin stated that board members could find in their packet the strategic map that was revised at the September retreat to reflect current environment and strategy with which to direct decision-making, and requested a motion to adopt the formalized plan.

Allen moved board approval of the updated strategic map. Knoles provided a second. Motion carried.

Aye: Benjamin, Allen, Knoles, Snipes

(c) Benjamin stated that one of the objectives in the board-approved plan is to more effectively align strategies of the TSET Board of Directors and the TSET Board of Investors. He recognized Allen and Snipes to brief the board on their October meeting with State Treasurer Randy McDaniel. Snipes indicated that conversations about aligning investment strategy and TSET Board of Directors' funding goals would continue. The board discussed the prospect of a joint meeting to craft an approach to mutual engagement for shared goals of the agency.

(d) Benjamin proposed 2020 meeting dates as follows, and requested a motion to approve.

January 28, 2020
March 12, 2020
May 19, 2020
August 27, 2020 – August 28, 2020
November 18, 2020

Knoles moved board approval of the 2020 meeting schedule. Snipes provided a second. Motion carried.

Aye: Benjamin, Allen, Knoles, Rowe, Snipes

4. Executive Director’s Report

- (a) Bisbee provided an update on staffing matters noting two positions currently open and posted on the TSET website with an expected posting for an epidemiologist to be released soon. She stated that all positions were expected to be filled by January and had been included in FY 2020 budgeting.
- (b) Bisbee gave an overview of her activities on behalf of TSET noting most recently a speaking engagement at the 4H Healthy Living Summit in Oklahoma City. She commended TSET staff for their contributions to the successful execution of the Southern Obesity Summit and thanked board members who attended the October event.

She identified internal systems for long-term planning and collaboration within the agency, and stated that she would seek board member engagement through the committee process to craft preliminary proposals in developing the FY 2021 budget.

Bisbee relayed that Speaker of the House, Charles McCall, through an initiative to improve oversight and transparency of governing boards, had assigned select lawmakers to oversee the performance of the agency, and stated that she would appear before Budget Secretary Mike Mazzei on November 25 for an in-depth review of TSET’s financial plan.

Ken Rowe exited at 1:42 p.m.

- (c) Pursuant to the provisions in Senate Bill 198, effective November 1, 2019, Bisbee shared that she had partnered with legal counsel and communications staff to implement a social media policy as required by the new law to discourage abusive or offensive online behavior by TSET employees.

5. Audit Report Presentation

Dan Bledsoe was recognized on behalf of Finley & Cook to present findings from the audit of FY 2019 financial statements. He outlined for the board the audit process noting generally accepted accounting standards and procedures, and reported a clean opinion of TSET’s financial records with no findings of fraud, violation or conflicts.

Ken Rowe entered at 1:51 p.m.

6. Board of Investors’ Report

Lisa Murray, Chief Investment Officer for the Oklahoma State Treasurer’s Office, was recognized to give an update from the Board of Investors. She discussed asset allocations and year-to-date performance of the TSET portfolio noting that returns on many of the investment categories had surpassed benchmarks for the fiscal year. Murray verified final FY 2019 certified earnings at \$60,209,778 and total market value for the endowment at \$1,297,065,728. Project updates, she stated, included a real estate debt RFP to be released in January 2020 with finalists to present at the June meeting of the BOI.

7. Agency Operations Committee Report

Snipes presented a report from the Agency Operations Committee.

- (a) He referred the board to their packet for Budget to Actual financial reports through September 2019.

Snipes stated that the FY 2019 operating and programs budgets were at spend rates of 95% and 90%, respectively, with minimal outstanding invoices.

The FY 2020 operating and programs budgets, Snipes said, were at 16% and 4%, respectively, both falling in a range typical for the first quarter of the fiscal year.

- (b) Snipes requested board approval, on behalf of the Agency Operations Committee, for an adjustment to the FY 2020 operating budget in the amount of \$9,271 for salary increases for TSET administrative employees who meet specific requirements, effective December 1, 2019, to address disparities in pay across the agency, pending final approval by the HHS Secretary.

Agency Operations Committee recommends board approval of a revision to the FY 2020 operating budget. No second required. Motion carried.

Aye: Benjamin, Allen, Knoles, Rowe, Snipes

Snipes requested board approval, on behalf of the Agency Operations Committee, for an adjustment to the FY 2020 programs budget in the amount of \$15,692 for salary increases for TSET program staff who meet specific requirements, effective December 1, 2019, to address disparities in pay across the agency, pending final approval by the HHS Secretary, and a transfer of \$22,000 from an existing evaluation contract to VI Marketing and Branding to administer an opinion survey on vaping use.

Agency Operations Committee recommends board approval of a revision to the FY 2020 programs budget. No second required. Motion carried.

Aye: Benjamin, Allen, Knoles, Rowe, Snipes

- (c) Snipes verified \$55,084,026 available for budgeting in FY 2021 based on the board’s three year rolling average policy for reserve funds, an increase from the previous fiscal year.

- (d) Snipes stated that board members could find in their packet a report outlining multi-year contractual commitments.

8. Programs Committee Report

Knoles presented a report from the Programs Committee.

- (a) Knoles acknowledged 12 Healthy Communities Incentive Grant applications totaling \$342,000 and requested board approval.

City of Caney	\$36,000
City of Jay	\$36,000
City of Konawa	\$36,000
City of Madill	\$36,000
City of Newkirk	\$22,000

City of Talihina	\$36,000
Town of Boley	\$16,000
Town of Carney	\$22,000
Town of Davenport	\$22,000
Town of Dustin	\$22,000
Town of Meeker	\$22,000
Town of Mill Creek	\$36,000

Programs Committee recommends board approval of the slate of Healthy Communities Incentive Grants. No second required. Motion carried.

Aye: Benjamin, Allen, Knoles, Rowe, Snipes

- (b) Knoles acknowledged 19 Healthy Districts Incentive Grant applications totaling \$346,000 and requested board approval.

Afton Public Schools	\$17,000
Allen Public Schools	\$17,000
Altus Public Schools	\$30,000
Anadarko Public Schools	\$25,000
Blair Public Schools	\$15,000
Bowlegs Public Schools	\$15,000
Caney Public School	\$15,000
Crescent Public Schools	\$20,000
Drumright Public School	\$20,000
Fort Towson Public Schools	\$15,000
Grove Public Schools	\$30,000
Haileyville Public School	\$15,000
Idabel Public Schools	\$20,000
Leach Public School	\$15,000
Madill Public Schools	\$10,000
Pittsburg Public Schools	\$15,000
Silo Public School	\$20,000
Stonewall Public School	\$15,000
Warner Public School District	\$17,000

Programs Committee recommends board approval of the slate of Healthy Districts Incentive Grants. No second required. Motion carried.

Aye: Benjamin, Allen, Knoles, Rowe, Snipes

- (c) Knoles acknowledged two Healthy Schools Incentive Grant applications totaling \$17,500 and requested board approval.

Central Elementary	\$7,500
Jefferson Elementary School	\$10,000

Programs Committee recommends board approval of the slate of Healthy Schools Incentive Grants. No second required. Motion carried.

Aye: Benjamin, Allen, Knoles, Rowe, Snipes

- (d) Bisbee was recognized and discussed the transfer of funds from the programs budget to the VI Marketing and Branding contract for a study on vaping use which had received prior board approval through a budget revision earlier in the meeting.
- (e) Jonás Mata, TSET's Director of Programs, was recognized to provide an update on youth engagement initiatives. He outlined general parameters, scope of work, timetable and eligibility requirements. The board discussed the RFP process, feasibility of a pilot program and urged accelerated timeline to begin funding grants and programs that work to educate youth.

Additionally, Mata said, members should be reminded of a previous board decision prohibiting TSET from partnering with local organizations that receive tobacco funds at the national level. Noting that many potential youth partners may accept tobacco funds and could therefore be ineligible under the proposal for youth engagement, Mata suggested the board revisit the discussion as initiatives develop and determine if the previous recommendation will be upheld.

Marshall Snipes exited at 2:35 p.m.

Marshall Snipes entered at 2:37 p.m.

Jack Allen exited at 2:38 p.m.

Jack Allen entered at 2:40 p.m.

- (f) Mata stated that each November the performance of Healthy Living Program grantees is evaluated with results published in the annual TSET Healthy Living Program Performance Report which was made available at the meeting for board members and guests. Data is gathered, he said, through a rating system that assesses achievement of program outcomes. Mata noted that for FY 2019 all grantee rankings saw positive movement and of the 47 grantee evaluations, 15 received an "excellent" rating; 27 a "good" rating; and 5 were noted as needing improvement.

9. Public Information and Outreach Committee Report

- (a) Sjonna Paulson, TSET's Director of Health Communication, was recognized to provide an update on health communication initiatives. Paulson stated that TSET hosted the annual Southern Obesity Summit in Oklahoma City with the October event seeing record attendance in the conference's 13 year history with over 420 attendees.

She referred the board to their packet for overviews of ongoing mass media efforts through Tobacco Stops With Me, Shape Your Future and the Oklahoma Tobacco Helpline noting that partnerships continue to be active for all brands, and advised board members that peer-to-peer forums for the Public Health Academy of Oklahoma would be temporarily inaccessible through the Healthy Living Program RFP process to ensure fairness for all candidates.

- (b) Thomas Larson, TSET's Director of Public Information and Outreach, highlighted outreach efforts and other activities noting grant check presentations, news stories on public awareness for vaping hazards and various speaking engagements. He provided to the board an update on overall reach for the TSET newsletter and referenced a sampling of clippings in the board packet featuring news coverage for the TSET brand.

- (c) Larson stated that the sponsorship grant category was at an 80% spend rate for the fiscal year with the year's final scheduled event, the Farmers Market Manager Training program, to take place December 5 – 17.
- (d) Upcoming events, Larson said, included the State Chamber Public Affairs Forum on December 11 and the TSET annual staff retreat on December 13.

10. New Business

No new business.

11. Public Comment

No public comment.

12. Adjournment

Snipes moved board approval to adjourn. Rowe provided a second. Motion carried.

Aye: Benjamin, Allen, Knoles, Rowe, Snipes

The meeting adjourned at 3:21 p.m.