

**MINUTES OF THE MEETING OF THE BOARD OF INVESTORS FOR THE
OKLAHOMA TOBACCO SETTLEMENT TRUST FUND**

August 20, 2025

**State Capitol Building, Senate Room 230
2300 N. Lincoln Blvd.
Oklahoma City, OK 73105**

Call to order

Treasurer Todd Russ, Chairman of the Board, called the meeting to order at 10:00 a.m. on Wednesday, August 20th, 2025.

Confirmation of quorum

Confirmation of the Open Meetings Act

Members of the Board present at the start of the meeting were Treasurer Russ, Debbie Mueggenborg, Aaron Ackerman, and John Waldo.

Others present at the meeting were OST Chief of Staff and Deputy Treasurer of Administration Jordan Harvey; Assistant Attorney General Ben Graves; OST Director of Portfolio Accounting and Reporting Phyllis Chan; OST Manager of Portfolio Accounting and Reporting Donna Beeman; OST Chief Investment Officer Lisa Murray; TSET Director of Public Information and Government Affairs Thomas Larson; TSET Director of Finance Megan Meers; Innovest Advisor Wendy Dominguez; OST Digital Media Coordinator Lara Blubaugh; Evan Walter, Paul Pustmueller, and Sean Chitwood with BOK Financial; Paul Monies with Oklahoma Watch and Emma Murphy with Oklahoma Voice.

Lisa Murray served as recording secretary

Approval of June 18, 2025 meeting minutes.

Upon a motion by Ms. Mueggenborg and a second by Mr. Waldo, the minutes from the Board meetings were unanimously adopted by roll call vote.

Presentation of Tobacco Free Investments report by Bank of Oklahoma.

Chairman Russ recognized Mr. Walter to present this item. Mr. Walter verified that the Trust was in compliance with the no-tobacco policy for the quarter ending June 30, 2025.

Discussion and Possible Action regarding class action proof of claims filed by BOK Financial and/or the Chicago Clearing Corp. on behalf of the Board of Investors for the 4th quarter of FY 2025.

Chairman Russ recognized OST Chief Investment Officer Lisa Murray to present this agenda item. Ms. Murray requested after the fact approval for the filings.

Upon a motion by Mr. Ackerman to approve the class actions claims filed in April through June 2025 and a second by Mr. Waldo the motion was accepted unanimously by a roll call vote.

Discussion and Possible Action on FY 2025 Certified Earnings.

Chairman Russ recognized Portfolio Accounting and Reporting Director Phyllis Chan to present the certified earnings. Ms. Chan presented the calculated fiscal year 2025 certified earnings for the 12 months ending June 30, 2025. The total income with net gains was \$151.7 million. Ms.

Chan asked for approval and certification for FY25 earnings in the amount of \$140,588,753.79 which reflected the deduction of \$10.6 million in investment expenses and reserved \$500 thousand for audited financials. Mr. Waldo made a motion to accept the fiscal year 2025 earnings as presented. The motion was seconded by Ms. Mueggenborg. The motion was unanimously adopted by roll-call vote.

Update on FY 2026 intra-agency administrative and legal contracts with the Treasurer's office.

Chairman Russ said the OST staff was continuing to work on completing all details of the administrative contract as the TSET Board of Directors had asked for additional services to be provided. OST staff are determining any additional costs that the additional information might entail.

Update regarding TSET Board of Directors activities.

Thomas Larson, TSET Director of Public Information and Government Affairs, provided updates regarding grant opportunities. The large Legacy grants were opened in April and a subcommittee of the Board of Directors (BOD) and TSET staff were evaluating the applications. They will make recommendations to the BOD in September regarding which applications will move on to stage 2 of the evaluation process. Those approved will be making in-person presentations at the special meeting in October with the BOD planning to award the grants in November. Mr. Larson also discussed additional grants that were currently open for projects benefiting nutrition such as farmer markets and community gardens. Physical activity will be a grant focus along with healthy incentive grants for schools and communities. In addition, retail education and local policy compliance to not sell tobacco to minors are contained in targeted achievement grants.

Presentation and discussion of FY 2025 fourth quarter investment performance.

Chairman Russ recognized Wendy Dominguez with Innovest and the first meeting with the Board as the new investment consultant. Ms. Dominguez reported that the portfolio earned 4.87% for April through June, 5.86% year-to-date and the market value as of June 30th was \$2,092,593,079. An economic update was presented and consumer sentiment, interest rates and market risks were discussed. Ms. Dominguez said as artificial intelligence (AI) investment transforms into AI adoption, the productivity gains expected by analysts may become a reality. The trust portfolio was very diversified with 45% equities, 30% bonds and 25% alternatives. The money manager scorecard was discussed which evaluates firms on quantitative criteria such as style consistency, asset base, performance and expenses. Ms. Dominguez said the portfolio should be invested with criteria such as performance and not by activism and how that affects decisions as fiduciaries. Innovest would like to discuss recommendations for prioritization of possible asset allocation changes or manager searches at the November board meeting.

Presentation and discussion of the 2024 proxy vote audit.

Chairman Russ recognized Jerry Bowyer with Bowyer Research to discuss the next two agenda items. Mr. Bowyer said they were still waiting for full disclosure from some of the asset managers for the audit report. TSET has delegated proxy voting to Alliance Bernstein, Barrow Hanley and Earnest Partners. Mr. Bowyer had completed a tentative analysis on how TSET proxies were voted but the final report was not ready to be discussed.

Presentation, Discussion, and Possible Action of 2026 Shareholder Proposals.

Mr. Jerry Bowyer, with Bowyer Research, said there is a seasonality to shareholder proposals and typically resolutions occur in the fall for proposals that will be placed on ballots the following winter and spring to be voted on by shareholders at annual meetings. The goal is constructive conversation where companies do what's right for shareholders and go back to neutral politics, risk exposure mitigation and focusing only on returns. The Board would exercise full fiduciary responsibility by reviewing and acting regarding issues that could negatively affect the value of company stocks. Key topics were selected based upon what stock is held in the TSET portfolio and issues that are important to Oklahoma values and economy. Recommended shareholder proposals included anti-trafficking policies, politicized and anti-religious discrimination in charitable gift matching, gender ideology activism in healthcare coverage, dispensing of mifepristone, risks of executive compensation plans that include DEI and ESG and risks of China exposure on shareholder return. Mr. Bowyer said that the 10 recommended shareholder proposals can be withdrawn if the companies address the issue that the proposal identifies. Discussion and questions ensued by the Board.

Mr. Ackerman made a motion to approve the shareholder proposals as presented for 2026 with a second by Ms. Mueggenborg the motion was accepted, and a roll call vote was taken. Mr. Russ voted in the affirmative and Mr. Waldo voted against the motion.

New Business.

There was none.

Adjournment.

The Board voted unanimously to adjourn.