

**Oklahoma Tobacco Settlement Endowment Trust**  
**Board of Directors**  
**Minutes**  
May 17, 2012

**Board of Directors' Members Present:** Kenneth D. Rowe, Casey Killblane, Susan Walters Bizé, George E. Foster, O.D., W.R. Lissau, Lisa Nowlin, D.D.S.

**Board Members Not Present:** Jim Gebhart

**Staff Present:** Tracey Strader, Jonás Mata, Sjonna Paulson, Dorothy Antwine, Connie Befort, Julie Bisbee, Denice Yardley

**Guests Present:** Marla Baker, Laura Beebe, PhD, Robert McCaffree, M.D., Frank Merrick, Jan Preslar, Greta Puckett, Georgiana Stephens

<b>Agenda Item and Discussion</b>	<b>Action and Follow-up</b>
<p><b>1. Open Meeting Act Announcement and Call to Order</b>  Ken Rowe announced that the requirements of the Open Meeting Act, including the filing of the meeting and posting of the agenda had been met. Rowe called the meeting to order.</p>	
<p><b>2. Approval of Minutes of the February 16, 2012 regular Board Meeting and retreat.</b></p>	<p>Motion to approve Minutes of the February 16, 2012 Regular Board Meeting and Retreat made by Casey Killblane and seconded by Dr. Foster. Motion passed unanimously.  Jim Gebhart was not present.  Dorothy Antwine will make the minutes part of the permanent record.</p>
<p><b>4.a. Chair's Report – Review of Board Meeting Dates for 2012</b>  Board Members Susan Bizé and George Foster may not be able to attend September meeting as scheduled. Staff directed to find alternate date.</p>	<p>Look for alternative board meeting date for September.  –Dorothy</p>
<p><b>3.a. Board of Investors Update:</b> Georgiana Stephens from State Treasurer's Office made a presentation to the board. Stephens stated that Board of Investors has not yet met this quarter.</p>	
<p><b>3.b. Board of Investors Update – FY 2013 Contract for Staff Support</b>  The contract for staff support to TSET from the State Treasurer's Office has increased 6 percent from \$112,000 per year to \$120,000 per year, Stephens said. The 6 percent increase is due to increase cost of health benefits and salaries.</p>	
<p><b>3.b. Board of Investors Update – Status of FY 2012 Earnings</b>  Year-to-date earnings were \$20 million. Stephens said TSET investments are starting to receive payments from efforts to recover losses incurred because of Lehman Brothers collapse. About \$60,000 has been received so far and additional payments are expected. It is unclear how fees that will be charged because of the recovery. TSET investments experienced a loss of about \$700,000.</p>	

<p><b>4.b. Chair’s Report – Discussion of Joint Meeting with the Board of Investors</b>  Chairman Rowe announced that in November there will be a joint meeting with the Board of Investors prior to the quarterly meeting and planning retreat for the Board of Directors.</p>	<p>Staff will set location for November board retreat.</p>
<p><b>4.c. Chair’s Report – Status of Ethics Commission Reports</b>  Chairman Rowe reported that all State Ethics reports are in and the board is in compliance with the State Ethics Commission.</p>	
<p><b>4.d. Chair’s Report – Discussion of the Development of a Reserve Fund to Assure Stability of Program Funding</b>  Consultant Frank Merrick addressed the board to discuss long term plans for earnings and future grant awards. Merrick suggested creating a granting budget with annual increase. Merrick said the board should consider that eventually payments from the Master Settlement Agreement will end and only the earnings from investments will be used in grantmaking. Chairman Rowe asked staff to prepare a historic look back at the earnings from TSET investments and projections for the future.  Executive Director Tracey Strader said a policy passed by the board of directors in November 2011 limit’s the board of directors to spend no more than 5 percent of the corpus for operations and programs. Board member Bill Lissau suggested a three to five year average might be the best indicator of how earnings will perform in the future. Merrick suggested the board also consider the length of time it is funding grants to achieve a good mix of longer-term and shorter-term grants. Strader said some program areas can expand or shrink, depending on available funding.  Strader also said there may be new information related to “diligent enforcement” of cigarette sales by the tobacco manufacturers that did not participate in the Master Tobacco Settlement Agreement (“non-participating manufacturers”) that could impact future settlement payments. News about this arbitration is expected in mid to late 2013.</p>	<p>Staff to supply earnings and capital gains trend report from the State Treasurer’s Office. Staff to supply an updated list of anticipated funds from the Master Settlement Agreement.</p>
<p><b>5.a. Director’s Report – Training Event</b>  Strader said the annual training meeting for TSET grantees will be Oct. 10-12. Strader also told the board that several members of the TSET staff attended the Weight of the Nation conference in May. The conference looked at the growing epidemic of obesity. Health Communications Director Sjonna Paulson and Public Information Officer Julie Bisbee gave a report to the board on their impressions of the conference.  Strader also told the board about the upcoming National Tobacco Control conference in Kansas City held Aug. 15-17.  Strader encouraged board members to attend the annual meeting for TSET grantees in October.</p>	<p>Annual meeting date for TSET grantees; Oct. 10-12</p>

<p><b>5.b. Director’s Report – Staffing Updates</b>                  Strader updated the board on staffing reporting that Kim McCoy was hired as the new grants manager and Sharon Howard was hired as the Healthy Schools Incentive Grant program manager and would start work in July.</p>	
<p><b>5.c.i. Director’s Report – Public Information and Outreach Updates –</b>                  Bisbee updated the board on the March 27 TSET Day at the Capitol. Nearly 75 grantees attended the informational day. All lawmakers were provided with legislative pages which showed the total amount of TSET grants that want to their legislative districts, how many helpline calls come from that area and the other programs in their districts.</p>	
<p><b>5.c.ii. Director’s Report – Public Information and Outreach Updates – TSET Social Media</b>                  Bisbee updated the board on TSET’s newly launched Facebook and Twitter accounts. Bisbee said the accounts continue to see an increase in the number of people interested in TSET news and information.</p>	
<p><b>5.c.iii. Director’s Report – Public Information and Outreach Updates – Policy Updates</b>                  Bisbee gave an update on legislative session and referred board members to a document in their packet that outlined the status of several legislative measures of interest.</p>	
<p><b>5.c.iv. Director’s Report – Public Information and Outreach Updates – FY 2012</b>                  Bisbee updated the Board on current conference sponsorships. To date, TSET had spent about \$48,000 on conference sponsorships to end FY 12. Paulson told the board that conference sponsorships also allow TSET to interact with various interest groups to ensure those groups know TSET and its mission. Board member George Foster asked how the process for sponsorship worked. Strader explained that groups must submit an application. Staff reviews the application and makes the recommendation for funding, which is approved by the board chair or chair’s designee. At this time, Casey Killblane, Vice-Chair, approves as the Chair’s designee. Board members are notified at the next scheduled board meeting.</p>	
<p><b>6.a. Program Development Committee Report – Update on Status of the Request for Proposals for Communities of Excellence in Tobacco Control (Wave II, Round 2)</b>                  Jonas Mata, director of grants and program said grantees were beginning to submit work plans and some were using the new online grants management software.</p>	
<p><b>6.b. Program Development Committee Report – Update on Status of Revised Unsolicited Proposals Process</b></p>	<p>Staff will work to get new guidelines for unsolicited proposals finalized and posted on the TSET website by the end of May.</p>

<p><b>6.c. Program Development Committee Report – Discussion and Possible Action on a Cost-share Agreement with the Oklahoma Health Care Authority for an FTE to Provide Technical Assistance and Coordination of Tobacco Prevention, Nutrition and Fitness, and Wellness Initiatives for the Medicaid Population</b></p> <p>Chairman Rowe expressed support for the partnership with the Health Care Authority. Foster asked if the five-year contract included a year-to-year option. Strader said it did include the year to year option. Strader said the partnership was attractive because a staff person would be dedicated to looking at the Medicaid system to identify systems changes to increase the use of cessation services among SoonerCare and Insure Oklahoma beneficiaries. In future years, the position may identify opportunities to promote healthy nutrition and physical activity as well.</p>	<p>Program Development Committee made recommendation to approve a cost-share agreement with the Oklahoma Health Care Authority for an FTE to provide technical assistance and coordination of tobacco prevention, nutrition and fitness, and wellness initiatives for the Medicaid population for a five year period at \$45,367 (TSET share) in FY 2013. Motion passed unanimously.</p> <p>Jim Gebhart was not present.</p>
<p><b>6.d. Program Development Committee Report – Discussion and Possible Action on Funding for Development and Implementation of a Youth Involvement Component Within the Nutrition and Fitness Program Area</b></p> <p>Mata said consultants Samuels and Associates have conducted an environmental scan of youth involvement programs and conducted 15 interviews with groups across the country. Strader pointed out that the budget for youth involvement may be \$375,000, but TSET would not be spending the full amount in FY2013.</p>	<p>Program Development Committee made recommendation to approve funding for development and implementation of a youth involvement component within the nutrition and fitness program area for FY 2013 for \$375,000. Motion passed unanimously.</p> <p>Jim Gebhart was not present.</p> <p>Staff to bring final recommendations for Youth Involvement Component for Nutrition and Fitness to the September board meeting.</p>
<p><b>7.a. Program Implementation Committee Report – Discussion and Possible Action on Health Communications Plans and Recommended Budget</b></p> <p>Health Communication Director Sjonna Paulson gave an update saying that a media tracking survey for Tobacco Stops With Me was currently being conducted. Paulson said that the Oklahoma Tobacco Helpline got a small increase in calls during the time the Centers for Disease Control and Prevention (CDC) ran its “Tips” campaign. The board was also updated on a ongoing partnership between several area local disc jockeys who were quitting smoking and talking about their experiences. That campaign also prompted a small increase in calls to the helpline.</p> <p>Paulson discussed the recommended budget for the upcoming fiscal year. The new figures include an expansion of the Shape Your Future brand, additional dollars to support media that might be used by the new nutrition and fitness grantees as well as expanded dollars for the TSET brand campaign.</p>	<p>Program Implementation Committee made recommendation to approve FY 2013 health communications plan and recommended budget of \$7.3 million. Of that amount, approximately \$300,000 will be received in Medicaid matching funds. Motion passed unanimously.</p> <p>Jim Gebhart was not present.</p>
<p><b>7.b. Program Implementation Committee Report – Update on Status of Request for Proposals for Health Communications Marketing FY 13 – FY 18</b></p> <p>A Request for Proposals will be released, and recommendations from the review committee will be made to the board at the September board meeting.</p>	<p>Staff will oversee the Request for Proposals process and prepare recommendations for the board.</p>

<p><b>7.c. Program Implementation Committee Report – Presentation – Oklahoma Tobacco Research Center, Five Year Accomplishments</b></p> <p>Dr. Laura Beebe from the Oklahoma Tobacco Research Center (OTRC) discussed success in recruitment of faculty, research and grants awarded. Three faculty have been recruited to the OTRC. The center has recruited two TSET Research Scholars and named its first TSET Cancer Research Scholar. The Tobacco Dependence Treatment Program launched in January 2011 and includes two tobacco dependence treatment specialists. The program has seen 33 patients since launching recently. OTRC is also working on a project with the Laureate Institute for Brain Research on the neurological effects of nicotine addiction on the brain, Beebe said.</p> <p>Lissau, who works with the Laureate Institute, stated that there is a high prevalence of smoking or tobacco use among those who suffer from depression.</p>	
<p><b>7.d. Program Implementation Committee Report – Discussion and Possible Action on Funding for a Five Year Grant to the Oklahoma Tobacco Research Center within the Peggy and Charles Stephenson Cancer Center for Research in Tobacco-related Diseases</b></p>	<p>Program Implementation Committee made recommendation to approve funding on a five-year grant to the Oklahoma Tobacco Research Center within the Peggy and Charles Stephenson Cancer Center for research in tobacco-related diseases for FY 2013 for \$1.3 million per year for five years for a total of \$6.5 million. Motion passed unanimously.</p> <p>Bill Lissau and Ken Rowe abstained from voting.</p> <p>Jim Gebhart was not present.</p>
<p><b>7.e. Program Implementation Committee Report – Discussion and Possible Action on Funding for a Five Year Agreement with the Oklahoma Tobacco Research Center within the Peggy and Charles Stephenson Cancer Center for Research for Evaluation of Tobacco Control Programs</b></p>	<p>Program Implementation Committee made recommendation to approve funding for a five-year agreement with the Oklahoma Tobacco Research Center within the Peggy and Charles Stephenson Cancer Center for evaluation of tobacco control. The budget for FY 2013 is \$563,247. Motion passed unanimously.</p> <p>Jim Gebhart was not present.</p>
<p><b>7.f.i-vii. Program Implementation Committee Report – Discussion and Possible Action on a slate of Renewal of Program Grants and Contracts – i) Research grants; ii) Cessation Systems Initiatives; iii) Oklahoma Tobacco Helpline Services – Alere Wellbeing, Inc.; iv) Unsolicited Proposals; v) Program Support; vi) Health Communications Initiatives; vii) Consultation Services\</b></p> <p>Killblane asked to discuss the unsolicited proposals. Rowe asked to abstain on the vote to approve renewal of the \$5.5 million per year grant to the Stephenson Cancer Center.</p>	<p>Program Implementation Committee made recommendation to approve a five year renewal for FY 2013 for the Peggy and Charles Stephenson Cancer Center. Motion passed unanimously.</p> <p>Ken Rowe abstained from voting.</p> <p>Jim Gebhart was not present</p>

Killblane said the committee has recommended not funding the Oklahoma Insurance Department in FY2013. Killblane said uncertainty in the insurance industry as a result of the federal Affordable Care Act has made progress with the grant uncertain. Foster said as a result of the current climate within the insurance industry, objectives for continued funding of the Oklahoma Insurance Department have not been met and he agreed with the committee’s recommendation. Strader expressed appreciation to the Oklahoma Insurance Department, and the two program coordinators who served during the term of the grant.

**i.) Research Grants:**

- 1.) Oklahoma Center for Adult Stem Cell Research – Oklahoma Medical Research Foundation

**ii.) Cessation Systems Initiatives**

- 1.) Oklahoma Hospital Association
- 2.) Oklahoma Department of Mental Health and Substance Abuse Services
- 3.) Oklahoma Health Care Authority

**iii.) Oklahoma Tobacco Helpline Services – Alere Wellbeing, Inc.**

**iv.) Unsolicited Proposals**

- 1.) Oklahoma Child Care Association – for wellness initiatives in three star child care facilities
- 2.) Oklahoma Institute for Child Advocacy – for development after school standards
- 3.) Oklahoma State University Dining Services – improved nutrition, menu labeling, and student involvement

**v.) Program Support**

- 1.) Tobacco Control State Program Office Services – Oklahoma State Department of Health, Center for the Advancement of Wellness
- 2.) Nutrition and Fitness State Consultation Office Services – Oklahoma State Department of Health, Center for the Advancement of Wellness
- 3.) Nutrition and Fitness Evaluation – Oklahoma State University, Division of Nutrition Sciences

**vi.) Health Communications Initiatives**

- 1.) Marketing Services – (RFP#0920000508) Visual Image Marketing and Branding, Inc.
- 2.) Web Site Services – Ok.gov
- 3.) Graphic Design – Shauna Schroder

**vii.) Consultation Services**

- 1.) Foundation Management, Inc.
- 2.) Tobacco Technical Assistance Consortium
- 3.) Program Consultant – Abby Rosenthal

Program Implementation Committee made recommendation to not renew funding for the grant with the Oklahoma Insurance Department for FY 2013.

Motion passed unanimously.

Jim Gebhart was not present.

Program Implementation Committee made recommendation to approve renewal of slate of program grants and contracts – i) Research grants; ii) Cessation Systems Initiatives; iii) Oklahoma Tobacco Helpline Services – Alere Wellbeing, Inc.; iv) Unsolicited Proposals; v) Program Support; vi) Health Communications Initiatives; vii) Consultation Services. Motion passed unanimously.

Jim Gebhart was not present.

<p><b>7.g.i-v. Program Implementation Committee Report – Discussion and Possible Action on Renewal of Program Contracts from other Agencies – i) Oklahoma State Department of Health - Healthy Communities and Healthy Schools Incentive Grants Programs; ii) Oklahoma Health Care Authority – Health Communications for Medicaid Beneficiaries; iii) Oklahoma Health Care Authority – Cost-share for Oklahoma Tobacco Helpline Services for Medicaid Beneficiaries; iv) Oklahoma State Educators and Employees Group Insurance Board – Cost Share for Oklahoma Tobacco Helpline Services for HealthChoice Members; v) Oklahoma State Department of Health – Cost-share for Oklahoma Tobacco Helpline Services</b></p> <p>Chairman Rowe left the meeting. Vice-Chair Killblane chaired the remainder of the meeting.</p>	<p>Program Implementation Committee made recommendation to approve slate renewal of program contracts from other agencies - i.) Oklahoma State Department of Health (Healthy Communities and Healthy Schools Incentive Grants Programs), ii.) Oklahoma Health Care Authority (Health Communications for Medicaid Beneficiaries), iii.) Oklahoma Health Care Authority (Cost-share for Oklahoma Tobacco Helpline Services for Medicaid Beneficiaries), iv.) Oklahoma State Educators and Employees Group Insurance Board (Cost-share for Oklahoma Tobacco Helpline services for HealthChoice Members), v.) Oklahoma State Department of Health (Cost-share for Oklahoma Tobacco Helpline services). Motion passed unanimously. Jim Gebhart was not present.</p>
<p><b>8.a. Agency Operations Committee Report – Update on Launch of grants Management Software and Recommended FY 2013 Budget</b></p> <p>Mata said work on grants management software is ongoing and eventually all grants would use the software, including unsolicited proposals.</p>	
<p><b>8.b. Agency Operations Committee Report – Discussion and Possible Action on TSET Tobacco-Free Property Policy</b></p>	<p>Agency Operations Committee made recommendation to approve TSET Tobacco-Free Property Policy. Motion passed unanimously. Jim Gebhart and Ken Rowe were not present.</p>
<p><b>8.c. Agency Operations Committee Report – Discussion and Possible Action on TSET Governance Policy</b></p> <p>Killblane said the executive director had previously been allowed to take action within a certain percentage; the new policy is more practical. Foster said he supported the change as long as the board is notified of budget revisions.</p>	<p>Agency Operations Committee made recommendation to approve an amendment to the TSET Governance Policy which would allow the Executive Director to make budget revisions of up to \$100,000 in the programs budget and/or operating budget without going to the board for a vote but instead notifying the board at the next subsequent board meeting. Motion passed unanimously. Jim Gebhart and Ken Rowe were not present.</p>
<p><b>8.d.i Agency Operations Committee Report - FY 2012 Third Quarter Budget to Actual - Operating Budget</b></p> <p>Killblane reported that there were no unanticipated variances in the operating budget.</p>	

<p><b>8.d.ii Agency Operations Committee Report - FY 2012 Third Quarter Budget to Actual - Programs Budget</b> Killblane said budget variances are in line with what the committee anticipated with an increase in Shape Your Future expenses at the end of FY12.</p>	
<p><b>8.e.i. Agency Operations Committee Report – Discussion and Possible Action on Preliminary FY 2013 Budget – Operating Budget</b> The committee recommended a \$1.15 million operating budget for FY 13.</p>	<p>Agency Operations Committee made recommendation to approve preliminary FY 2013 Operating Budget. Motion passed unanimously. Jim Gebhart and Ken Rowe were not present.</p>
<p><b>8.e.ii. Agency Operations Committee Report – Discussion and Possible Action on Preliminary FY 2013 Budget – Programs Budget</b> The committee recommended a \$37.75 million programs budget for FY2013. Operating and Programs budgets combined are \$38.9 million. The combined budget represents \$34.95 million in TSET funding, with the remaining \$3.95 million coming from other state agency funding partners for a variety of program purposes.</p>	<p>Agency Operations Committee made recommendation to approve preliminary FY 2013 Programs Budget. Motion passed unanimously. Jim Gebhart and Ken Rowe were not present.</p>
<p><b>9.a. Proposed Executive Session - Review and discussion of Healthy Communities Foster, Bizé</b> Incentive Grant Applications, as authorized by the Open Meeting Act – 25 O.S. § 307(b)(7) and as required to preserve confidentiality under 62 O.S. Supp. 2011, § 2309(D)(4)</p>	<p>Motion to move into Executive Session to discuss unsolicited proposals made by Dr. Foster and seconded by Susan Bizé. Motion passed unanimously. Jim Gebhart and Ken Rowe were not present. Motion to move out of Executive Session made by Dr. Nowlin and seconded by Bill Lissau. Motion passed unanimously. Jim Gebhart and Ken Rowe were not present.</p>
<p><b>9.b. Proposed Executive Session – Consideration and Possible Action on Items from Executive Section</b></p>	<p>Program Development Committee made recommendation to approve 14 Healthy Communities Incentive Grant Applications totaling \$186,000. Motion passed unanimously. Jim Gebhart and Ken Rowe were not present.</p>
<p><b>10. New Business – any matter not known about or which could not have been reasonably foreseen prior to the time of posting the agenda [25 O.S. § 311 (A)(9)]</b> Casey Killblane called for new business. Strader updated the board on new figures expected to be released as part of the Centers for Disease Control and Prevention’s (CDC) Behavioral Risk Fact Surveillance System (BRFSS). Oklahoma’s prevalence of smoking is expected to increase due to a new methodology in the survey and weighting of the data. However, it appears that Oklahoma’s ranking will improve from 48<sup>th</sup> worst in the nation to 47<sup>th</sup> worst.</p>	



<p>Lissau asked if there had been progress in successfully reducing smoking in Oklahoma’s casinos. Strader said there were ongoing efforts by the State Department of Health and the Cherokee tribe was expected to open a smokefree casino and hotel wing as part of their Hard Rock casino in Tulsa. Paulson said there are also ongoing discussions with the Kaw Tribe about opening a smokefree casino.</p>	
<p><b>11. Public Comment</b> Killblane asked for any public comment. There was no public comment.</p>	
<p><b>12. Adjournment</b> Meeting adjourns at 12:02 p.m.</p>	<p>Motion made to adjourn made by Dr. Foster and seconded by Bill Lissau. Motion passed unanimously. Jim Gebhart and Ken Rowe were not present.</p>