

Oklahoma Tobacco Settlement Endowment Trust Board of Directors: Resolution on Protecting TSET Fund Investments.

August 2023

WHEREAS, Oklahoma voters created the Oklahoma Tobacco Settlement Endowment Trust (TSET) with overwhelming support in 2000 after Oklahoma and 45 other states reached the Master Settlement Agreement (MSA) with the tobacco industry; and

WHEREAS, in November 2020, voters reaffirmed the structure of the Tobacco Settlement Endowment Trust by overwhelmingly rejecting a state question that would have diverted MSA monies away from the TSET endowment; and

WHEREAS, voters approved and affirmed that a majority of each year's payment from Big Tobacco to the State of Oklahoma is deposited into the TSET endowment. TSET uses the earnings from the fund to improve the health of Oklahomans. Oklahoma is the only state that protected its MSA payments with a constitutional trust and is a model for the nation in tobacco cessation and prevention programs; and

WHEREAS, Article 10, Section 40 of the Oklahoma Constitution directs the fund to be invested by an appointed TSET Board of Investors. The Board invests the endowment funds in accordance with restrictions and limitations provided by law and the laws applicable to the investment of monies in state retirement funds; and

WHEREAS, the Board of Investors is chaired by the Oklahoma State Treasurer and includes appointees of the Governor, the State Auditor and Inspector, the President Pro Tempore of the State Senate and the Speaker of the Oklahoma House of Representatives; and

WHEREAS, the TSET endowment and state retirement funds are invested prudently to minimize risk and to ensure sustainable earnings growth; and

WHEREAS, the Invest in Oklahoma Act became law in 2022 and provides TSET's Board of Investors and other public funds the option to invest up to 5% in Oklahoma-based venture capital funds; and

WHEREAS, investments can be made in Oklahoma based venture capital if the investors deem it to be a prudent and reasonable investment for the TSET endowment; and

WHEREAS, the goal of the TSET endowment is to sustainably grow to ensure future generations benefit from its earnings that are used to improve health; and

WHEREAS, the TSET Board of Investors has the constitutional duty to oversee the investment of TSET endowment funds and legislative measures to dictate asset allocation run counter to the spirit of the Oklahoma Constitution and may negatively affect endowment earnings; and

BE IT THEREFORE RESOLVED, the TSET Board of Directors does not approve of legislative efforts to mandate asset allocation of endowment investments and recommends investment decisions remain at the discretion of the TSET Board of Investors, within the parameters set out in the Oklahoma Constitution.